

To the Executive Board of
International Hockey Federation, Lausanne

Lausanne, 24 July 2020

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Hockey Federation for the year ended 31 December 2019.

These financial statements are the responsibility of the Executive Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Without qualifying our examination conclusion, we draw attention to note "Cash Flow & Subsequent Events" in the notes to the financial statements describing International Hockey Federation economic situation and perspectives.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Enclosure

- ▶ Financial statements (balance sheet, income statement and notes)

International Hockey Federation
Lausanne, Switzerland

BALANCE SHEET AS OF 31 DECEMBER 2019

	31.12.2019 CHF	31.12.2018 CHF
ASSETS		
<u>Current Assets</u>	<u>7'256'231.20</u>	<u>9'564'960.44</u>
Cash on Hand and in Banks	4'470'768.29	5'027'859.13
Cash on Hand	3'152.61	13'877.31
Bank Current Accounts	4'467'615.68	5'013'981.82
Accounts Receivable	0.00	4'201'755.54
Accounts Receivable - Members	85'294.46	18'296.61
Accounts Receivable - TV Rights	84'396.11	4'550'663.06
Accounts Receivable - Sponsors & Others	160'420.53	122'208.87
Provision Loss on Receivable	-330'111.10	-489'413.00
Other Short Term Debtors	9'118.46	106'204.75
Accrued Income / Deferred Expenses	2'238'075.00	100'450.00
Prepaid Expenses & Advances	538'269.45	128'691.02
<u>Non Current Assets</u>	<u>83'495.64</u>	<u>102'495.64</u>
Cars	83'495.64	102'495.64
TOTAL ASSETS	7'339'726.84	9'667'456.08

International Hockey Federation
Lausanne, Switzerland

BALANCE SHEET AS OF 31 DECEMBER 2019

	31.12.2019 CHF	31.12.2018 CHF
LIABILITIES AND EQUITY		
<u>Short Term Liabilities</u>	<u>2'353'070.26</u>	<u>2'878'801.88</u>
Accounts Payable	877'524.79	2'205'796.45
Accounts Payable - Members	231'625.55	195'759.69
Accounts Payable - TV Rights	21'959.11	855'525.44
Accounts Payable - Others	623'940.13	1'154'511.32
Deferred Income	980'906.13	60'166.42
Accrued Expenses	494'639.34	612'839.01
<u>Equity and Reserves</u>	<u>4'986'656.58</u>	<u>6'788'654.20</u>
Reserve for Loss on Exchange	20'000.00	20'000.00
Olympic Games Reserve	4'945'320.00	6'113'820.00
General Reserve	654'834.20	968'198.65
Profit / Loss (-) for the Year	-633'497.62	-313'364.45
TOTAL LIABILITIES AND EQUITY	7'339'726.84	9'667'456.08

**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	CHF	CHF
OPERATING INCOME		
Income	4'797'233.30	9'405'673.80
Members - Affiliation Fees	45'821.07	47'452.27
Manufacturers - Licensing Fees	974'117.83	955'586.93
Sponsors	2'020'356.65	1'848'706.71
TV Rights	1'242'657.11	3'942'277.79
Hosting Fees	0.00	2'194'964.00
Other Income	514'280.64	416'686.10
Income from IOC	6'249'344.97	4'131'227.84
Olympic Games Annual Allocation	3'660'000.00	3'861'360.00
Allocation from Olympic Games Reserve	2'500'000.00	0.00
IOC - Other Contributions	89'344.97	269'867.84
Olympic Games Income	0.00	0.00
TOTAL OPERATING INCOME	11'046'578.27	13'536'901.64

**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	CHF	CHF
OPERATING EXPENSES		
Sport & Development	2'035'559.78	1'958'057.28
Competitions	156'821.91	164'666.77
Officials	503'020.75	73'587.58
HP, Coaching, Development	186'167.84	356'644.51
Technical	190'862.15	288'050.73
Continental Federations	998'687.13	1'075'107.69
Events, Marketing & Communication	3'670'599.93	4'257'722.32
Events	864'027.61	755'670.80
TV Costs	2'077'199.09	2'453'057.39
Marketing & Communication	353'557.21	657'512.84
Commercial	375'816.02	391'481.29
Olympic Games Expenses	0.00	0.00
Corporate & Directorate	6'031'261.91	7'086'534.27
Corporate (EB, President, Committees)	245'611.20	389'797.44
Directorate (CEO, Admin Staff, Legal, Insurance)	232'320.59	363'584.79
Payroll and Fees	5'035'447.95	5'468'017.28
Office	345'538.56	639'149.52
Other Expenses	172'343.61	225'985.24
TOTAL OPERATING EXPENSES	11'737'421.62	13'302'313.87
PROFIT / LOSS (-) before Financial Result and Extraordinary Income & Expenses	-690'843.35	234'587.77
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**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	CHF	CHF
<i>PROFIT / LOSS (-) before Financial Result and Extraordinary Income & Expenses</i>	-690'843.35	234'587.77
carried from the previous page		
Amortisation and Depreciation on Receivables	-295'817.93	-316'265.70
Loss on Receivables	-455'119.83	-120'052.70
Variation Provision Loss on Receivable (Income/Expense)	159'301.90	-196'213.00
Financial Result	-123'121.14	-237'479.71
Bank Interest & Exchange Income	250'702.54	231'400.55
Bank Charges & Exchange Loss	-373'823.68	-468'880.26
EXTRAORDINARY INCOME & EXPENSES	476'284.80	5'793.19
Extraordinary Income	476'384.72	6'578.22
Extraordinary Expenses	-99.92	-785.03
<i>PROFIT / LOSS (-) FOR THE YEAR</i>	-633'497.62	-313'364.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

GENERAL

The International Hockey Federation (herein called the "FIH"), founded in 1924, is the exclusive international sport federation (IF) recognized by the International Olympic Committee (IOC) administering field hockey and indoor hockey throughout the world. The FIH is an association according to the provisions of the articles 66ff of the Swiss Civil Code.

The FIH is composed of the individual national associations (herein called members) who administrate this Sport at the national level and who recognize that all international matters are under the sole jurisdiction and control of the FIH.

GENERAL ACCOUNTING PRINCIPLES

The financial statements were prepared according to the provisions of the Swiss Code of Obligations (CO 957-962). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Some figures from 2018 have been reclassified for a better comparison with 2019.

Revenue Recognition

IOC

The IOC pays a share of its TV income from the Olympic Games every four years to FIH. The amount is booked in full in the Olympic Year and constituted into the Olympic Game Reserve from where it is allocated to income each year. The revenue allocated for the Youth Olympic Games is booked in full in the Youth Olympic Game Year.

TV Rights and Sponsoring Income

TV Rights and Sponsoring Income are booked every year according to the existing agreements. Sponsoring income is prudently recognised as received (cash base), as the deemed value is superior to the cash received.

DETAILS REGARDING SOME BALANCE SHEET AND PROFIT AND LOSS ITEMS

Bank Current Account

Breakdown regarding currency:

	2019			2018		
	Currency	CHF	Rate	Currency	CHF	Rate
CHF		498'641.84			3'269'557.72	
USD	3'987'465.54	3'861'860.38	0.9685	1'276'938.57	1'258'785.61	0.9858
EUR	92'793.51	102'648.18	1.1062	462'368.89	521'043.51	1.1269
GBP	3'422.46	4'465.28	1.3047	-28'199.30	-35'405.02	1.2555
		<u>4'467'615.68</u>			<u>5'013'981.82</u>	
				31.12.2019		31.12.2018
<u>Accrued Income / Deferred Expenses</u>				<u>2'238'075.00</u>		<u>100'450.00</u>
Deferred Expenses ProLeague				1'950'000.00		0.00
Other Accrued Income				288'075.00		100'450.00

**International Hockey Federation
Lausanne, Switzerland**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.2019	31.12.2018
<u>Prepaid Expenses & Advances</u>	<u>538'269.45</u>	<u>128'691.02</u>
Advance to NAs/CFs	149'856.00	0.00
OG Prepaid Expenses	365'174.14	0.00
Other Prepaid Expenses	23'239.31	128'691.02
<u>Deferred Income</u>	<u>980'906.13</u>	<u>60'166.42</u>
WC Deferred Income	700'000.00	0.00
OG Deferred Income	228'321.13	0.00
Other Deferred Income	52'585.00	60'166.42
<u>Accrued Expenses</u>	<u>494'639.34</u>	<u>612'839.01</u>
Accrued Expenses Development	94'496.95	13'350.00
Projects budgeted postponed to next year	128'500.00	214'395.77
Accrued expenses for payroll (holidays, bonus)	271'642.39	385'093.24

Other Income

It is mainly composed of reimbursement of expenses and the same amount is included in Other Expenses. This item also includes development funds, fines and commissions received on Tax at Source.

Other Expenses

This item is composed of expenses which have been reimbursed and an income of the same amount is included in Other Income.

PROVISION & LOSS

The loss on receivables is referring to TV and Media Rights from 2017 and 2018. The provision for loss on receivables was used for some TV and Media Rights invoices provisioned and the remaining amount of the provision prudently covers all open receivables.

EXTRAORDINARY ITEMS

In 2019, the Extraordinary Income is composed by write-off of unapproved payable documents from 2017 and 2018.

PRO LEAGUE Details

	31.12.2019	31.12.2018
<u>Income</u>	<u>1'977'029.52</u>	<u>0.00</u>
Sponsors	1'128'208.00	0.00
TV Rights	848'821.52	0.00
<u>Expenses</u>	<u>3'480'147.28</u>	<u>748'559.74</u>
Sport	498'471.19	10'000.00
Commercial	196'893.98	15'000.00
TV & Broadcast	1'100'439.11	94'087.35
Marketing & Communication	157'473.73	94'375.89
Events	794'287.52	168'377.18
IT	9'287.81	94'219.32
Staff expenses	18'293.94	0.00
Payroll	705'000.00	272'500.00
RESULT PRO LEAGUE	-1'503'117.76	-748'559.74

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

OTHER INFORMATION

Engagement for more than one year

Leasing: CHF 49'811.- (2018: CHF 68'236)

Office rent CHF 200'000 was waived by the Foundation in 2019.

Contingency commitments

Committed transactions with UBS: CHF69'308.- (2018: 107'277.-)

In kind

These financial statements do not include in kind services that assist in achieving the FIH mission.

FIH Office employees

In 2019 and 2018, the FIH average full-time equivalent employees does not exceed 50.

Tax exemption

The FIH has received a tax exemption on 29 August 2005.

Cash Flow & Subsequent Events

FIH has made some important investments in 2019 to grow hockey globally and raise its awareness. The FIH Pro League, the first-of-its-kind global home and away League, was launched in January 2019 and is a major vehicle to drive the growth and awareness of the sport.

With the investment needed to create this competition, it was not foreseen to have a positive financial result substantial or even a break-even in year one. Unfortunately, TV production costs were underestimated while, at the same time, revenues from broadcasting deals were overestimated. This has led to the situation that the FIH shows a negative result in 2018 and an important negative result in 2019.

Several structural and financial measures have been decided and taken to remediate this situation. Thanks to all measures taken, the FIH Budgets for 2020 to 2022 are secured and show an important profit in 2022, following the FIH World Cups.