

To the Executive Committee of
International Hockey Federation, Lausanne

Lausanne, 6 November 2019

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 2018. This report is replacing the one issued on 20 September 2019.

These financial statements are the responsibility of the Board of Directors. 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 2018

	31.12.2018	31.12.2017
	CHF	CHF
ASSETS		
<u>Current Assets</u>	<u>9'564'960.44</u>	<u>13'139'294.50</u>
Cash on Hand and in Banks	5'027'859.13	6'859'697.32
Cash on Hand	13'877.31	14'112.14
Bank Current Accounts	5'013'981.82	6'845'585.18
Accounts Receivable	4'201'755.54	712'154.98
Accounts Receivable - Members	18'296.61	15'726.83
Accounts Receivable - TV Rights	4'550'663.06	734'518.47
Accounts Receivable - Sponsors & Others	122'208.87	255'109.68
Provision Loss on Receivable	-489'413.00	-293'200.00
Other short term debtors	106'204.75	29'978.93
Accrued Income	100'450.00	2'867'118.80
Prepaid Expenses	128'691.02	2'670'344.47
Other Prepaid Expenses & Advances	128'691.02	2'670'344.47
<u>Non Current Assets</u>	<u>102'495.64</u>	<u>34'495.64</u>
<i>Tangible fixed assets</i>	102'495.64	34'495.64
Cars	102'495.64	34'495.64
TOTAL ASSETS	9'667'456.08	13'173'790.14

**International Hockey Federation
Lausanne, Switzerland**

BALANCE SHEET AS OF 31 DECEMBER 2018

	31.12.2018	31.12.2017
	CHF	CHF
LIABILITIES AND EQUITY		
<i>Short Term Liabilities</i>	2'878'801.88	2'210'411.49
Accounts Payable	2'205'796.45	1'228'491.77
Accounts Payable - Members	195'759.69	31'605.71
Accounts Payable - TV Rights	855'525.44	463'558.72
Accounts Payable - Others	1'154'511.32	733'327.34
Deferred Income	60'166.42	442'366.67
OC Deferred Income	0.00	407'464.00
Other Deferred Income	60'166.42	34'902.67
Accrued Expenses	612'839.01	539'553.05
Accrued Expenses Development	13'350.00	13'350.00
Other Accrued Expenses	599'489.01	526'203.05
<i>Equity and Reserves</i>	6'788'654.20	10'963'378.65
Reserve for loss on exchange	20'000.00	20'000.00
Olympic Games Reserve	6'113'820.00	9'975'180.00
General Reserve	968'198.65	87'415.07
Profit / Loss (-) for the Year	-313'364.45	880'783.58
TOTAL LIABILITIES AND EQUITY	9'667'456.08	13'173'790.14

**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	CHF	CHF
OPERATING INCOME		
Income	9'405'673.80	5'969'454.66
Members - Affiliation Fees	47'452.27	47'144.42
Manufacturers - Licensing Fees	955'586.93	775'500.42
Sponsors	1'848'706.71	1'162'440.06
TV Rights	3'942'277.79	2'893'787.94
Hosting fees	2'194'964.00	737'500.00
Other Income	416'686.10	353'081.82
Income from IOC	4'131'227.84	3'934'455.37
Olympic Games Annual Allocation	3'861'360.00	3'861'360.00
IOC - Other Contributions	269'867.84	73'095.37
Olympic Games Income	0.00	0.00
TOTAL OPERATING INCOME	13'536'901.64	9'903'910.03

**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	CHF	CHF
OPERATING EXPENSES		
Sport & Development	1'948'057.28	1'799'390.80
Competitions	164'666.77	116'502.02
Officials	63'587.58	110'228.26
HP, Coaching, Development	356'644.51	298'337.31
Technical	288'050.73	242'247.54
Continental Federations	1'075'107.69	1'032'075.67
Events, Marketing & Communication	3'791'662.58	2'604'364.50
Events	587'293.62	374'658.81
TV Costs	2'358'970.04	1'192'442.78
Marketing & Communication	468'917.63	694'609.68
Commercial	376'481.29	342'653.23
Olympic Games Expenses	0.00	0.00
TOTAL OPERATING EXPENSES	5'739'719.86	4'403'755.30
OPERATING RESULT	7'797'181.78	5'500'154.73
EXPENSES		
Corporate (EB, President, Committees)	389'797.44	253'529.79
Directorate (CEO, Admin Staff, Legal, Insurance)	363'584.79	269'530.07
Payroll and Fees	5'195'517.28	5'187'717.11
Office	639'149.52	458'305.64
Other expenses	225'985.24	273'935.38
TOTAL EXPENSES	6'814'034.27	6'443'017.99
PROFIT / LOSS (-) before Amortisation, Financial result, Provisions & Funds and Extraordinary Income & Expenses	983'147.51	-942'863.26

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**International Hockey Federation
Lausanne, Switzerland**

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	CHF	CHF
<i>PROFIT / LOSS (-) before Amortisation, Financial result, Provisions & Funds and Extraordinary Income & Expenses</i>	983'147.51	-942'863.26
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Amortisation and Depreciation on receivable	0.00	0.00
Loss on Receivables	0.00	0.00
<i>PROFIT / LOSS (-) before Financial result, Provisions & Funds and Extraordinary Income & Expenses</i>	983'147.51	-942'863.26
Financial Result	-237'479.71	-149'122.40
Bank Interest & Exchange Income	231'400.55	171'269.01
Bank Charges & Exchange Loss	-468'880.26	-320'391.41
<i>PROFIT / LOSS (-) before Provisions & Funds and Extraordinary Income & Expenses</i>	745'667.80	-1'091'985.66
EXTRAORDINARY INCOME & EXPENSES	5'793.19	2'452.99
Extraordinary incomes	6'578.22	15'300.74
Extraordinary expenses	-785.03	-12'847.75
PROVISION & LOSS	-316'265.70	933'950.16
Release of accrued expenses previous years (Income)	0.00	896'150.16
Allocation to accrued expenses previous years (Expense)	-120'052.70	-169'000.00
Reversal Provision Loss on Receivable (Income)	0.00	456'000.00
Allocation to Provision Loss on Receivable (Expense)	-196'213.00	-249'200.00
ALLOCATION TO/FROM RESERVES	0.00	1'036'366.09
Allocation from Olympic Games Reserve (Income)	0.00	756'366.09
Allocation from Loss on exchange (Income)	0.00	280'000.00
Allocation to Loss on exchange (Expense)	0.00	0.00
<i>PROFIT / LOSS (-) FOR THE YEAR - FIH</i>	435'195.29	880'783.58
PRO LEAGUE Cost	-748'559.74	
<i>PROFIT / LOSS (-) FOR THE YEAR</i>	-313'364.45	880'783.58

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 60ff 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 2017 have been reclassified for a better comparison with 2018.

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. There was one exception, the long term Star TV Income which have been allocated equally on the first term of the contract (2015-2018).

DETAILS REGARDING SOME BALANCE SHEET AND PROFIT AND LOSS ITEMS

Bank current account

Breakdown regarding currency:

	2018			2017		
	Currency	CHF	Rate	Currency	CHF	Rate
CHF		3'269'557.72			140'856.43	
USD	1'276'938.57	1'258'785.61	0.9858	5'869'817.13	5'851'033.72	0.9968
EUR	462'368.89	521'043.51	1.1269	722'660.80	852'161.61	1.1792
GBP	-28'199.30	-35'405.02	1.2555	1'147.94	1'533.42	1.3358
		<u>5'013'981.82</u>			<u>6'845'585.18</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

<u>Accrued income</u>	31.12.2018	31.12.2017
Accrued income StarTV agreement (next year)	0.00	2'573'917.70
Accrued income other TV Rights	0.00	233'718.00
Other accrued income	100'450.00	59'483.10
	<u>100'450.00</u>	<u>2'867'118.80</u>
 <u>Prepaid expenses</u>		
Advance to Foundation	11'666.65	2'500'000.00
Advance to NAs	0.00	44'220.00
Other prepaid expenses (next year)	117'024.37	126'124.47
	<u>128'691.02</u>	<u>2'670'344.47</u>
 <u>Deferred Income</u>		
2018 World Cup	0.00	407'464.00
Income received in advance (next year)	60'166.42	34'902.67
	<u>60'166.42</u>	<u>442'366.67</u>
 <u>Accrued expenses</u>		
Projects budgeted postponed to next year	63'350.00	46'350.00
Accrued expenses for payroll (holidays, bonus)	385'093.24	467'064.29
Accruals for late invoices	164'395.77	26'138.76
	<u>612'839.01</u>	<u>539'553.05</u>

Provision for loss on exchange

Reserve amount CHF 20'000 (31.12.2017: CHF 20'000)

Other income

Is mainly composed of reimbursement of expenses and the same amount is included in Other expenses.
This item also included 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

EXTRAORDINARY ITEMS

In 2018, the extraordinary items were composed by write-offs from 2017 and before.

PROVISION & LOSS

Most of the provision on loss on receivables is relative to TV and Media Rights.

ProLeague 2018 details

Income	Income	0.00
Expenses	Sport	10'000.00
	Commercial	15'000.00
	TV & Broadcast	94'087.35
	Marketing & Com	94'375.89
	Events	168'377.18
	IT	94'219.32
	Payroll	272'500.00
	Result ProLeague 2018	-748'559.74

OTHER INFORMATION

Engagement for more than one year

Leasing: CHF 68'236 (2017: CHF 107'130)

Office rent CHF 188'333

Contingency commitments

Committed transactions with UBS: CHF 107'277.- (2017: 118'562)

In kind

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

FIH Office employees

In 2018 and 2017, 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 investments 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.