

2021 FINANCIAL REPORT

- Report of the statutory auditor on the financial statements for the year 2021
- ISU Annual report 2021



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To the Congress of the

International Skating Union

Lausanne

Report of the statutory auditor on the financial statements for the year 2021

(for the year ended December 31, 2021)

27 April 2022
10531/15'202'100/2150'0200/E
JGE/GWE/mbe

REPORT OF THE STATUTORY AUDITOR

To the Congress of the

International Skating Union, Lausanne

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of the International Skating Union, which comprise the balance sheet as at December 31, 2021, and the income statement, cash flow statement and notes for the year then ended.

Council's Responsibility

The Council is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Association's Constitution and General Regulations. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Council is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2021 comply with Swiss law and the Association's Constitution and General Regulations.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Council.

We recommend that the financial statements submitted to you be approved.

Lausanne, 27 April 2022

BDO Ltd

Jürg Gehring
Licensed Audit Expert
Auditor in Charge

Grégoire Weber
Licensed Audit Expert

Enclosure
Financial statements

INTERNATIONAL SKATING UNION, LAUSANNE**BALANCE SHEET AS OF DECEMBER 31, 2021**

ASSETS	2021	2020
	Swiss Francs	Swiss Francs
<u>Current Assets</u>		
Cash & Cash Equivalents	17 345 133	12 578 956
Short Term Deposit	60 136	76 020
Other Debtors	8 351	9 031
Current Accounts ISU Members & Officers	1 707 436	1 953 782
Prepaid expenses/rights fees to be cashed/accrued interest	4 450 064	6 003 085
Total Current Assets	23 571 120	20 620 874
<u>Non-Current Assets</u>		
Financial Assets		
Financial Assets Portfolio	261 905 032	271 047 545
Total Financial Assets	261 905 032	271 047 545
Property and Equipment		
ISU Offices House Schöneck, Davos	1	1
ISU Library	1	1
ISU Villa Olivier, Lausanne	4 725 000	4 825 000
Total Property and Equipment	4 725 002	4 825 002
Total Non-Current Assets	266 630 034	275 872 547
TOTAL ASSETS	290 201 154	296 493 421
<u>LIABILITIES & EQUITY</u>		
<u>Short Term Liabilities</u>		
Accounts payables	2 402 813	730 289
Accrued expenses	8 301 378	5 375 947
Deferred income	-	11 058 135
Other short term liabilities	355 280	55 684
ISU C-Contributions Accrued Liabilities	3 980 663	3 865 730
Total Short Term Liabilities	15 040 135	21 085 785
<u>Long Term Liabilities</u>		
Provisions and reserves		
Reserve for legal risks	7 000 000	7 000 000
Reserve for currency exchange loss on bonds	4 000 000	4 000 000
Reserve for currency exchange loss on other financial positions	1 000 000	1 000 000
Reserve for Crisis Situations	2 500 000	2 500 000
Total Long Term Liabilities	14 500 000	14 500 000
Equity		
Voluntary retained earnings	260 907 636	265 556 467
Loss for the year	(246 617)	(4 648 830)
Total Equity	260 661 019	260 907 636
TOTAL LIABILITIES & EQUITY	290 201 154	296 493 421

INTERNATIONAL SKATING UNION, LAUSANNE**INCOME STATEMENT JANUARY 1 - DECEMBER 31, 2021**

	2021	2020
	Swiss Francs	Swiss Francs
A. OPERATING INCOMES		
Televisions ISU Events (net)	15 062 448	8 522 596
Advertising ISU Events (net)	1 157 331	3 566 872
Various Incomes	497 418	2 214 711
Youth Olympic Games (YOG) Revenue	-	244 597
Total Incomes/Revenues (except OWG)	16 717 197	14 548 776
Olympic Winter Games (OWG) Revenue cashed	11 058 135	11 058 135
OWG Revenue allocation for the year	11 058 135	11 058 135
TOTAL OPERATING INCOMES	27 775 331	25 606 911
B. OPERATING EXPENSES		
1. Contribution for ISU Events & various other events including Prize Money		
Contributions to ISU Championships	5 715 409	9 113 421
Contributions to other ISU and various Events	3 912 822	1 848 828
Total ISU Contributions	9 628 231	10 962 249
Prize Money ISU Championships	1 192 161	1 554 003
Prize Money other ISU & Various Events	1 912 800	1 483 217
Total Prize Money (Championships & other ISU & Various Events)	3 104 961	3 037 220
Total Contributions incl. Prize Money	12 733 192	13 999 469
2. ISU Development Program		
a) Development Program Projects	1 064 898	1 041 670
Administration / Development Commission Office Expenses / Audit	163 172	157 234
Total Development Program Projects	1 228 070	1 198 904
b) Council projects	2 493 600	363 959
c) C-Contributions to ISU Members 2021	2 913 750	2 832 304
c) Extraordinary C-Contributions to ISU Members 2021	1 862 919	2 166 786
Release expired C-Contributions / suspended Members	(121 690)	(32 807)
Total C-Contributions to ISU Members	4 654 979	4 966 283
Total ISU Development Program	8 376 649	6 529 147
Total Contributions to ISU Events & Development Program	21 109 842	20 528 615
3. Other Operating Expenses		
Conference/Congress expenses	6 340	8 230
Committee meetings	32 853	74 934
Council and other meetings	89 867	65 372
Office Holders Remuneration/secretarial allowances	870 986	786 367
Office Holders Travel/Meeting/OWG/Office&Various Expenses	932 376	1 011 535
Event Coordinators and external Consultants remuneration	196 150	148 224
Printed Matters	44 789	13 365
General Doping Control	715 412	462 557
Legal Services	129 412	439 723
Insurance Services	465 349	473 831
Education Material	-	4 822
IT/AI Projects (Judging System/Software/Databases)	343 671	423 901
Courses/Seminars/Examinations	96 936	40 241
Media/PR/Statistics/Website	1 223 038	1 218 494
Other expenses	57 982	42 430
Total ISU Other Operating Expenses	5 205 162	5 214 026

INTERNATIONAL SKATING UNION, LAUSANNE**INCOME STATEMENT JANUARY 1 - DECEMBER 31, 2021**

	<u>2021</u> <u>Swiss Francs</u>	<u>2020</u> <u>Swiss Francs</u>
ISU Office building Lausanne		
Office transformation and improvements	-	200
Depreciation	100 000	100 000
Condominium Expenses	62 511	62 350
Total ISU Office building Lausanne	<u>162 511</u>	<u>162 550</u>
ISU Secretariat Expenses		
Salaries & Benefits	3 647 621	3 359 538
General Costs (Electricity, cleaning, recruitment, subscriptions, various)	129 622	149 457
Office Material & furniture	40 641	14 095
IT equipment / services	53 865	36 244
Postage, Fax, Telephone	21 679	18 630
Office Insurance	2 325	2 189
Storage Rent Lausanne	3 000	3 000
Total ISU Secretariat Expenses	<u>3 898 754</u>	<u>3 583 152</u>
TOTAL OPERATING EXPENSES	<u>30 376 268</u>	<u>29 488 344</u>
<u>C. OPERATING RESULT</u>	<u>(2 600 936)</u>	<u>(3 881 433)</u>
<u>D. FINANCIAL INCOMES AND EXPENSES</u>		
Investment interest incomes	5 575 534	6 200 004
Financial expenses (bank expenses and bonds sales/purchases costs)	(950 616)	(1 140 266)
Realized gains on bonds	2 651 005	2 650 773
Realized losses on bonds	(6 155 412)	(5 779 236)
Unrealized losses on Bonds	(989 438)	(10 186 096)
Unrealized gains on Bonds	2 259 345	-
TOTAL FINANCIAL INCOMES AND EXPENSES	<u>2 390 418</u>	<u>(8 254 821)</u>
<u>E. OTHER ITEMS</u>		
Release of / (allocation to) currency exchange loss on bonds reserve	-	5 000 000
Release of / (allocation to) reserve for crisis situation	-	2 500 000
Extraordinary results	(12 775)	15 653
Taxes/provision for taxes	(23 325)	(28 230)
TOTAL OTHER ITEMS	<u>(36 100)</u>	<u>7 487 423</u>
<u>F. (LOSS) / PROFIT FOR THE YEAR</u>	<u>(246 617)</u>	<u>(4 648 830)</u>

INTERNATIONAL SKATING UNION, LAUSANNE**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	<u>Swiss Francs</u>	<u>Swiss Francs</u>
(Loss) / Profit for the year :	(246 617)	(4 648 830)
Depreciation on tangible fixed assets	100 000	100 000
(Release of) / Allocation to currency exchange loss on bonds reserve	-	(5 000 000)
(Release of) / Allocation to reserve for crisis situations	-	(2 500 000)
Unrealized (gains)/losses on financial assets	(1 269 907)	10 186 096
Deferred income	(11 058 135)	(11 058 135)
Current assets - decrease / (increase) :		
Short term deposit	15 884	(29 539)
Other debtors	681	28 371
Current account ISU Members & Officers	246 345	16 896
Prepaid expenses	1 553 021	(1 078 246)
Short term liabilities - increase / (decrease)		
Accounts payables	1 672 524	(337 063)
Accrued expenses	2 925 431	132 429
Other short-term liabilities	299 596	(1 596 838)
ISU C-Contributions	114 934	299 354
Net cash (used in) / generated from operating activities	<u>(5 646 243)</u>	<u>(15 485 505)</u>
Net Disposal / (Acquisitions) of financial assets	10 412 420	18 046 158
Net cash generated from / (used in) investing activities	<u>10 412 420</u>	<u>18 046 158</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4 766 177</u>	<u>2 560 653</u>
Cash and cash equivalents on January 1st	12 578 956	10 018 303
Cash and cash equivalents on December 31st	17 345 133	12 578 956
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4 766 177</u>	<u>2 560 653</u>

INTERNATIONAL SKATING UNION, Lausanne

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

GENERAL

The International Skating Union (herein called the "ISU"), founded in 1892, is the exclusive international sport federation (IF) recognized by the International Olympic Committee (IOC) administering Figure Skating and Speed Skating Sports throughout the world. The ISU is composed of the individual national associations (herein called "ISU Members") which administer these Sports at the national level, and which recognize that all international matters are under the sole jurisdiction and control of the ISU.

GENERAL ACCOUNTING PRINCIPLES

These 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.

Please note that all numbers are rounded. Therefore, some totals may show a difference of +/- 1.

ASSETS

The Assets are composed as follows:

	31.12.2021		31.12.2020	
	CHF	%	CHF	%
<u>Current Assets</u>				
Cash & cash equivalents	17'345'133	6.0	12'578'956	4.3
Short Term Deposit	60'136	0	76'020	0
Current Accounts ISU Members & Officers	1'707'436	0.6	1'953'782	0.7
Other debtors/Prepaid expenses/Rights fees to be cashed/accrued interest	4'458'415	1.5	6'012'117	2.0
<u>Non-Current Assets</u>				
Long Term financial assets	261'905'032	90.2	271'047'545	91.4
Properties and equipment	4'725'002	1.6	4'825'002	1.6
Total Assets	<u>290'201'154</u>	100	<u>296'493'421</u>	100

The bank accounts in foreign currencies have been converted at the closing rates issued by the Swiss tax authorities as of December 31, 2021, and 2020 respectively.

The Current Accounts ISU Members and Officers are mostly related to ISU payments of ISU Championships contributions to ISU Members for ISU Championships to be held in 2022.

The "other debtors/prepaid expenses/rights fees to be cashed/accrued interest" amounting to CHF 4'458'415 (in comparison, in 2020 total CHF 6'012'117) are composed of the interest income on bonds at year-end CHF 1'400'247 (2020: CHF 1'582'717), pending TV rights incomes related to 2021 to be cashed in 2022 (CHF 847'202), advanced payments for 2022 ISU travel and meeting expenses (CHF 1'182'932), pending refunds for 2021 ISU World Championships advanced payment (CHF 722'244), as well as various prepaid expenses (CHF 305'790).

The net book value of the ISU office property in Lausanne amounts to CHF 4'725'000 after a seventh-year depreciation of CHF 100'000 (2020: CHF 100'000).

The former ISU offices in Davos (currently rented out) as well as the library are presented in the balance sheet at the same value as the previous year, i.e. at CHF 1 each.

INTERNATIONAL SKATING UNION, Lausanne

The **exchange rates** of the foreign currencies against the CHF (based on those of the tax authorities) were:

	31.12.2021	31.12.2020	Variation %	2021 Average exchange rates	2020 Average exchange rates	Variation %
USD	0.91114	0.88394	+3.08%	0.91431	0.93808	-2.53%
EUR	1.03615	1.08155	-4.20%	1.08101	1.10704	+0.99%
GBP	1.23410	1.20830	+2.14%	1.25747	1.20388	+4.45%

The average interest rates, and the rates of the bonds showed the following average changes during 2021:

	Average Interest rates		2021	
	2021	2020	Variation points	Variation %
USD	2.25%	2.52%	USD -0.276	-10.7
EUR	1.23%	1.29%	EUR -0.060	-4.3
GBP	1.28%	1.28%	GBP 0.000	0.0
CHF	1.16%	0.50%	CHF +0.667	+110.3

FINANCIAL ASSETS PORTFOLIO

The Financial Assets Portfolio (bonds and short-term fiduciary deposits) has decreased by CHF 9'158'397 during the year. While the small net loss for the year 2021 had a very limited impact on the Financial Assets, the decrease in the Financial Assets is mostly due to the fact that the IOC income for the 2018 Olympic Winter Games was already cashed in 2018 but allocated with a yearly amount of CHF 11 million to the Income Statement over four years, namely 2018, 2019, 2020 and 2021.

The breakdown by currency, at market value, is as follows:

	31.12.2021		31.12.2020	
	CHF	%	CHF	%
USD	198'841'113	76	205'226'114	76
EUR	41'464'437	16	43'979'431	16
CHF	18'006'268	7	18'286'690	7
GBP	3'653'350	1	3'631'330	1
Market value	261'965'168	100	271'123'565	100
Short Term deposit	60'136		76'020	
Long Term financial assets	261'905'032		271'047'545	
Book value	261'965'168		271'123'565	

The bonds and short-term deposits are accounted for and presented in the balance sheet at their market value. This is in line with Swiss law and has been consistently applied since 2018. The long-term financial assets portfolio also includes CHF 37.5 million of short-term deposits with maturity dates within a year that are subject to re-investment and therefore presented in the non-current assets.

INTERNATIONAL SKATING UNION, Lausanne

LIABILITIES

The accounts payable correspond to current payable accounts with ISU Members and Officers, and other creditors which amount to CHF 2'402'813 as of December 31, 2021 (2020: CHF 730'289).

The accrued expenses as of December 31, 2021 amount to CHF 8'301'378 (2020: CHF 5'375'947). CHF 3'798'435 of this amount corresponds to value adjustment on the incomes, CHF 2'034'882 concern deferred income and the remaining balance concerns 2021 expenses for which the invoices have not been received at year-end.

The remaining deferred income of CHF 11'058'135 booked in 2020 related to the income from the PyeongChang 2018 OWG equally attributed throughout the four-years Olympic cycle was completely dissolved in 2021. Other short-term liabilities amounting to CHF 355'280 concern pending VAT (2020: CHF 55'684).

The ISU Development Program C-Contributions provision as of December 31, 2021, payable to ISU Members, amounts to CHF 3'980'663 (2020: CHF 3'865'730). CHF 3'050'420 concern contributions allocated during the year 2021 but paid during the first quarter of 2022. The balance refers to allocated contributions during the years 2017-2020 which have not been claimed by the related ISU Members and/or for which the ISU Members have not yet provided the required reports.

SPECIAL PROVISIONS / RESERVES

The provision for expenses related to legal cases as of December 31, 2021 amounts to CHF 7'000'000. This amount was deemed sufficient and remains unchanged compared to 2020.

Considering the substantial total amount of the Financial Asset Portfolio, the reserve for currency exchange loss on bonds was left unchanged at CHF 4'000'000, representing about 1.53 % of the bond portfolio. The reserve for currency exchange loss on other financial positions remained unchanged at CHF 1'000'000.

The reserve for crisis of CHF 2'500'000 is maintained at its current level to anticipate necessary responses to unpredictable world events, such as difficulties related to the lingering Covid-19 pandemic as well as the war in the Ukraine which is also resulting in detrimental financial consequences for the ISU in the form of reduced media rights income from Russia.

INCOME STATEMENT ANALYSIS

Comparison 2021 versus 2020

The loss for the year 2021 amounts to CHF 246'617 which, compared to the year 2020 (loss of CHF 4'648'830) represents a reduction of CHF (4'402'212). This variance is mainly the result of the different impact of the Covid-19 pandemic on the ISU's activity between 2020 and 2021, in particular:

+ CHF 2.2 million higher operating incomes in 2021 compared to 2020. While in 2020 only 3 ISU Championships were cancelled due to the pandemic, the reduction in media rights and advertising rights incomes due to these cancellations was higher in 2020 than 2021. The main reason is that the cancellation of the 2020 ISU World Figure Skating Championships in Montreal, being the most lucrative annual ISU Event, resulted in reduced incomes amounting to over approximately USD 10 million just for this sole Championships. In 2021, 13 ISU Events, including 8 ISU Championships and the ISU Grand Prix of Figure Skating Final, had been cancelled but the 2021 ISU World Figure Skating Championships were successfully held in Stockholm. This allowed the ISU to secure the related media rights and advertising rights for this most important annual ISU Event and despite substantial additional expenses for Covid-19 counter-measures through a rigorous and costly bubble and testing system, the net effect was more positive than in 2020.

+ CHF 1.3 million lower ISU contributions and prize money paid by the ISU to the organizing ISU Members in 2021, namely CHF 14 million in 2020 versus CHF 12.7 million in 2021. This difference arises mostly from the above-mentioned cancellations of 13 ISU Events in 2021.

INTERNATIONAL SKATING UNION, Lausanne

- CHF 1.8 million higher Development Program expenditures in 2021 than in 2020 since the Development Program activity was sharply reduced in 2020 due to the outbreak of the pandemic while in 2021 this activity gradually increased again thanks to the positive effects of vaccination that started to be felt during the second half of 2021.

- Basically, no change in the “Other Operating Expenses” that remained stable in 2021 after having already been reduced in 2020 due to the pandemic-related restrictive ISU travel and meetings policy.

- CHF 0.3 million higher ISU Secretariat expenses in 2021 compared to 2020 due to an increase in staff and the accumulation of accrued over-time and untaken vacation as employees were confronted with situations requiring continued problem solving and crisis management during the pandemic.

+ CHF 10.6 million higher financial income in 2021 compared to 2020 mainly caused by the US Dollar versus Swiss Franc currency exchange rate development in 2020. The US Dollar recovered in 2021 from its very low level at the closing date of December 31 (CHF/USD 0.88394 in 2020 vs 0.91114 in 2021). As pointed out in the 2020 Financial Report, the low US Dollar value against the Swiss Franc had a substantial negative effect on the Swiss Franc book value of the ISU financial assets mainly held in US Dollars but reported in Swiss Francs. Please also refer to the comments under “Financial Assets Portfolio” above and the comments under “Financial Incomes and Expenses” below.

- CHF 7.5 million related to Reserves since in 2020 it was decided to dissolve part of the reserve for currency exchange loss on bonds by CHF 5'000'000 as well as CHF 2'500'000 of the reserve to sustain losses during crisis situations. In 2021 the existing Reserves were maintained with no changes.

Comparison 2021 actuals versus 2021 Budget (Budget as approved by ISU Members through a mail vote in June 2021)

In comparison to the 2021 budgeted loss of CHF 3'540'225, the actual 2021 loss of CHF 246'617 represents a positive variance of CHF 3'293'608 which may be summarized by the following basic developments:

- CHF 1.8 million lower operating incomes than budgeted mainly due to the Covid-19 pandemic related cancellations of 13 ISU Events. These cancellations resulted in significantly lower media rights and advertising rights incomes.

+ CHF 2.7 million lower ISU contributions and prize money paid by the ISU to the organizing ISU Members than budgeted due to the cancellations of 13 ISU Events.

+ CHF 2.5 million lower Development Program expenditures than budgeted due to pandemic-related reduced Development Program activities, as well as favourable actual currency exchange rates versus budget.

+ CHF 1.6 million lower “Other Operating Expenses” than budgeted. This is mainly the consequence of the pandemic-related restrictive ISU policy for travel, meetings and seminars. Furthermore, the cancellation of ISU Events resulted in reduced legal, media and marketing expenses.

+ CHF 0.1 million lower ISU Secretariat expenses than budgeted.

+ CHF 0.4 million higher than budgeted net interest income and lower safekeeping expenses.

- CHF 2.2 million loss on the bond portfolio mainly due to the lower bond prices due to increasing inflation and interest rates. Please also refer to the comments under “Financial Assets Portfolio” above and the comments under “Financial Incomes and Expenses” below.

INTERNATIONAL SKATING UNION, Lausanne

Development Program

	<u>2021</u>
Payments made and promised for Development Projects:	CHF 1'064'898
Administration / Development Commission Office Expenses / Audit:	<u>CHF 163'172</u>
Total Development Projects	CHF 1'228'070
Council Projects including the ISU Junior World Cup Speed Skating, ISU Junior Grand Prix of Figure Skating, Junior Short Track Challenge competitions, eLearning initiatives, Centers of Excellence projects and one Worldwide seminar	
Total Council Projects	CHF 2'493'600
ISU C-Contributions to ISU Members:	
Release of expired contributions 2016/suspended ISU Members	CHF (217'111)
Currency exchange rates (gain)/loss on 2016-2020 contributions' provision	CHF 95'422
Exceptional Contributions attributed in 2021 as support during the pandemic	CHF 1'862'919
Contributions attributed in 2021	<u>CHF 2'913'750</u>
Total ISU Contributions	CHF 4'654'979
Total amount expended for the Development Program during 2021	CHF 8'376'649

Compared to the 2021 Development Program budget, this represents an unused budget amount of CHF 2.5 million. In comparison to 2020, the pandemic continued to limit the number of project applications due to the difficulty of planning and carrying out projects during such an uncertain period, and therefore the financial support remained stable in 2021. Regarding Council projects, in 2021 the Junior Speed Skating World Cups the Junior Grand Prix Events (except the Final, which had to be cancelled) and Junior Short Track Challenge competitions could be held. One Worldwide Seminar was held online but the other five Seminars had to be cancelled. The ISU continued to expand the eLearning platform and develop the ISU Centers of Excellence (CoE). As in 2020, an exceptional contribution for ISU Members was approved by the Council as an additional support during the pandemic.

Since October 2016, a Development Program Director monitors the financial aspects of the Development Program, which are also reviewed by the Internal Controller. Furthermore, if necessary, the Council may mandate external audits of Development Program Projects.

FINANCIAL INCOMES AND EXPENSES

In accordance with the Swiss Accounting Standards, financial incomes and expenses are reported separately from the operating incomes and expenses.

The interest income from the bond portfolio amounted to CHF 5'575'534 and decreased by CHF -624'470 compared to 2020 due to lower interest rates and yields on bonds of the existing bond portfolio. On the other hand, the safekeeping bank expenses amounting to CHF 950'616 also decreased by CHF -189'650.

The bonds and short-term deposits are accounted for and presented in the balance sheet at their market value. While the favorable US Dollar vs Swiss Franc currency exchange rate evolution of 3.08% in 2021 resulted in currency exchange gains in 2021, the bond prices dropped during the year in light of surging inflation and higher interest rates which resulted in an overall loss on bonds of approximately CHF 2.2 million, consisting of realized loss of CHF 3.5 million and an unrealized profit of CHF 1.3 million. In the medium and long term however, the increasing interest rates and corresponding higher yields on bonds will have a positive impact on the ISU's investments since newly bought bonds will benefit from these higher yields.

Please also refer to the comments under "Financial Assets Portfolio" above.

In this respect, it must be reiterated that the ISU has not suffered from any actual loss such as for example, if bonds or short-term financial investments had lost all or part of their value due to the bad financial situation of the entities that issued the bonds.

INTERNATIONAL SKATING UNION, Lausanne

OTHER ITEMS

The tax authorities have granted the ISU a tax exemption regarding its income and capital taxes on a cantonal, communal and federal level. The only taxes applicable to the ISU relate to its real estate properties in Davos.

At December 31, 2021, the ISU has additionally cashed a total amount of CHF -12'775 concerning charges relating to previous years that could not have been previously anticipated.

OTHER INFORMATION

ISU Secretariat Staffing

During 2021, the ISU Secretariat employed an average of 16 full-time employees, and 8 part-time employees (full-time equivalent of 21.75 vs 20.70 in 2020), which is the consequence of the creation and hiring of one new part-time position during the year. The "Salaries & Benefits" amount included in the Income Statement includes a provision for accrued overtime and holidays amounting to CHF 72'512. The provision recorded in the balance sheet is CHF 403'516 (2020: CHF 331'004).

ISU Event Managers and Consultants

Since the 2019/20 season, one Figure Skating Event Manager and two Assistant Figure Skating Event Managers were contracted. The ISU also has a consultancy agreement with a Figure Skating specialist who works on specific tasks assigned to him on a case-by-case basis. On the Speed Skating side, the ISU continues to contract one Short Track Speed Skating Event Director (also acting as Sports Director Speed Skating). Since the season 2020/2021 the Event Manager Speed Skating has been integrated as part of the Secretariat Staffing.

ISU Indemnity Policy

In line with the ISU Indemnity Policy (ISU Circular Letter No. 619) ISU Office Holders receive Office Expenses paid in an annual lumpsum. A limited number of Office Holders, depending on their function and subject to their ISU workload exceeding a reasonable level that can be expected from an elected or appointed volunteer Office Holder, receive Secretarial allowances or a fixed remuneration. During 2021 this applied to 15 Office Holders.

External Audit

The ISU accrued CHF 36'635 or the fees of BDO SA related to the audit of the financial statements 2021 (2020: CHF 38'557). Other audit-related and non-audit services were charged during 2021 by BDO SA for a total of CHF 8'498.

INTERNATIONAL SKATING UNION, Lausanne

Other information

To the extent that the corresponding recognition criteria were met at the balance sheet date, the impact of the Covid-19 pandemic and the impact of the war in Ukraine on the ISU activity were taken into account in the financial statements of ISU. The Council and management of ISU continue to monitor the events and take action as necessary. At the time of approval of these financial statements, the financial and economic consequences of the direct and indirect impact of the pandemic and the war in the Ukraine on the ISU activity and finances cannot yet be reliably assessed. Apart from the effects of a severe and prolonged recession, the ISU's ability to continue as a going concern cannot, from today's point of view, be regarded as threatened within the meaning of Art. 958a, para. 2 of the Swiss Code of Obligations.

Based on the volatility observable in the financial markets, the ISU anticipates continued changes in equity or debt securities prices, foreign exchange rates, interest rates or other market prices after the reporting date that will significantly impact the measurement of assets and liabilities in future periods. In particular, the volatile currency exchange rate of the US Dollar vs the Swiss Franc (see also "Financial Incomes and Expenses" above) will have a continued impact on the ISU's equity in Swiss Francs.

The impact on the fair value measurement of investment properties cannot be reasonably estimated to date.

The current assessments are based on the information currently available. Due to rapid developments, the actual impact on the financial reporting period 2021 may differ significantly from ISU expectations. Also, considering the above-mentioned circumstances surrounding the coronavirus, in 2019 the ISU created a reserve amounting to CHF 5 million "for crisis situations" out of which CHF 2.5 million remain in place at the end of 2021 (Refer to "Special Provisions / Reserves" above).

The ISU Council has approved the 2021 Financial Statements on April 24, 2022. The ISU Council, Director General, Treasurer and ISU Staff will continue to monitor developments and, in particular referring to the ongoing coronavirus pandemic, will continue to take appropriate and timely measures.

Significant events after the balance sheet date

Due to the conflict between Russia and the Ukraine, followed by new sanctions announced by the U.S. and the EU countries against Russia, the ISU has assessed the relevant risk factors relating to its activity, results of operations and financial condition in a holistic approach. The ISU has only limited business flows with Russian counterparties, service providers and with Russian banks and, therefore, is not seriously affected as of the date of the approval of these financial statements.

ANNUAL REPORT 2021

PREAMBLE

In line with the ISU mission, the Budget approved by ISU Members in June 2021, and the priorities of the ISU Council published in 2018 (see <https://isu.org/inside-isu/financial-and-other-reports/council-priorities/21313-priorities-of-the-isu-council-2018-2022/file>), the ISU has continued its focus on three strategic pillars in the period from 2018-2022, namely

- Development
- Marketing and Promotion
- Good Governance.

ISU WORKFORCE

During 2021 the ISU Secretariat employed an average of 16 full-time employees and 8 part-time employees (between 40% and 80% - full-time equivalent of 21.75 employees vs 20.7 in 2020). In addition, the ISU contracted freelance personnel in the areas of event management, sports technical monitoring and media coverage as follows:

- 1 Figure Skating Sports Technical Director
- 1 Event Manager Figure Skating (full-time)
- 2 Assistant Event Managers (part-time)
- 1 Event Director Short Track also acting as Speed Skating Sports Technical Director
- 1 Consultant with Figure Skating expertise (part-time)
- 1 Freelancer for media services at ISU Figure Skating Events (part-time)
- 1 Freelancer for media services at ISU Speed Skating Events (part-time)
- 1 Freelancer for media services at ISU Short Track Events (part-time)
- 1 Photographer at every ISU Event (part-time)

The ISU furthermore relies on volunteer-based elected and/or appointed ISU Office Holders serving on the ISU Council (13), ISU Technical Committees (31), ISU Disciplinary Commission (5), ISU Legal Advisors (2), ISU Treasurer (1), ISU Medical Commission (7), ISU Development Commission (3), and ISU Athletes Commission (5).

SPORT/COMMERCIAL/ECONOMIC SITUATION AND PROSPECTS

The lingering Covid-19 pandemic resulted during 2021 in the cancellation of 13 ISU Events, 12 of which were scheduled during the first half of the year. It must nevertheless be pointed out that the ISU focused on maintaining the most prestigious ISU Events of the January-April Championships season 2021. The joint efforts of the ISU Members, Officials, health care workers, volunteers, Event Coordination Teams, ISU Secretariat and the ISU Council and Office Holders, along with substantial additional ISU financial support for Covid-19 counter-measures and to compensate for lack of ticket sales, resulted in successful and safe 2021 ISU World Championships in Speed Skating, Short Track Speed Skating and Figure Skating. In addition, the 2021 European Championships in Speed Skating and Short Track Speed Skating, two ISU World Cups Speed Skating and the ISU World Team Trophy in Figure Skating were successfully and safely maintained. Despite pandemic-related training restrictions, the Skaters continued to perform at an exceptionally high level. Skaters and Coaches must be applauded for their resilience and motivation during this critical period.

The reduction in media rights and advertising rights incomes due to cancellations was lower in 2021 than 2020 despite the fact that in 2020 only 3 ISU Championships were cancelled due to the emerging pandemic. The main reason was that the cancellation of the 2020 ISU World Figure Skating Championships in Montreal, being the most lucrative annual ISU Event, resulted in reduced incomes amounting to over USD 10 million just for this one Championships. In 2021, 13 ISU Events, including 8 ISU Championships and the ISU Grand Prix of Figure Skating Final, were cancelled but the 2021 ISU World Figure Skating Championships were successfully held in Stockholm. This allowed the ISU to secure the related media rights and advertising rights for this most important annual ISU Event and, despite substantial additional expenses for Covid-19 counter-measures through a rigorous and costly bubble and testing system, the net effect was more positive than in 2020.

The continuing pandemic also resulted in the postponement and/or cancellation of ISU meetings and seminars. Following the postponement of the 2020 Congress to 2021, the 2021 Congress again had to be cancelled. In line with the relevant provision in the ISU Constitution, ISU Members were asked to vote through correspondence on motions the ISU Council considered as urgent and essential for the correct administration of the ISU.

In the light of the pandemic developments and ISU Event cancellations, the TV rights and sponsorship rights income, and consequently the 2021 Operating Income, dropped significantly as outlined in detail in the Notes to the Financial Statements.

As to the prospects looking forward, the reduced impact of the pandemic in 2022 allowed the holding of most ISU Events during the first half of 2022 as well as the Beijing 2022 Olympic Winter Games, thanks to an efficient closed loop approach. Subject to no new detrimental coronavirus variants appearing during the second half of 2022, it can be expected that the planned ISU Events can be held as scheduled but some additional expenses for Covid-19 counter-measures might still be necessary.

However, the outbreak of the war in Ukraine and the protective measure decision taken by the ISU Council not to allow the participation of Skaters and Officials from Russia and Belarus has resulted in other detrimental consequences for ISU activity. In particular, the absence of Russian Skaters at the ISU World Championships in March 2022 resulted in reduced media rights incomes from Russia. Also, the holding of ISU Events in Russia or Belarus will be negatively affected.

Considering the above-mentioned developments related to the pandemic and the war in Ukraine, it was decided to maintain the reserve of CHF 2'500'000 to sustain losses during crisis situations.

Despite the negative consequences due to the pandemic and the war in Ukraine, the commercial agreements currently in place represent a stable income situation for the coming three to four years. The incomes for both Branches were slightly increased. Due to different reasons beyond the ISU's control, the ISU was unable to re-activate sponsorship agreements in the key markets for Short Track Speed Skating, namely China and the Republic of Korea, but efforts to do so are ongoing.

The IOC incomes from the Olympic Winter Games in PyeongChang have been allocated equally over the period 2018 through 2021. For the 2022 Beijing Olympic Winter Games, the initial IOC indications point to reduced incomes for the International Federations compared to 2018.

Thanks to its long-standing conservative investment policy, the ISU has managed to secure substantial reserves in the form of high-rated bonds (see the Balance Sheet) that ensure a substantial and stable annual interest income independent from commercial partners' interests. The interest income in 2021 remained basically stable compared to the previous years.

While the favorable US Dollar vs Swiss Franc currency exchange rate evolution in 2021 resulted in currency exchange gains in 2021, the bond prices dropped during the year in the light of surging inflation and higher interest rates, which resulted in lower bond prices and an overall loss on bonds of approximately CHF 2.2 million. In the medium and long term however, the increasing interest rates and corresponding higher yields on bonds will have a positive impact on the ISU's investments since newly bought bonds will benefit from these higher yields.

While the ISU bond portfolio contains only good quality investment grade bonds, it cannot be excluded that potential negative world-wide financial market developments might also have a negative impact on the interest rates and the bond market. The market evolution and the solvency and credit rating of the entities that issued the bonds will therefore be closely monitored. In this respect, it must be reiterated that the ISU has not suffered from any actual loss such as could have occurred, for example, if bonds or short-term financial investments had lost all or part of their value due to the bad financial situation of the entities that issued the bonds.

Considering the substantial total amount of the Financial Asset Portfolio, the reserve for currency exchange loss on bonds was left unchanged at CHF 4'000'000, representing about 1.53 % of the bond portfolio. The reserve for currency exchange loss on other financial positions remained unchanged at CHF 1'000'000.

For detailed information on the ISU Reserves, please refer to the Balance Sheet and the Notes to the Financial Statements "Special Provisions/Reserves".

RISK EVALUATION

Risk related to reduced incomes and higher expenses related to the coronavirus pandemic

The impact and detrimental consequences and outlook related to the pandemic and the war in Ukraine are outlined in the section "Commercial/economic situation and prospects" above. In summary, the income prospects for the second half of 2022 are cautiously optimistic thanks to reduced negative consequences from the pandemic but on the other hand taking into account the detrimental impact on the ISU activity of the war in Ukraine.

Risk of reduced audiences for ISU Events and related reduced ISU incomes

Mindful of the ISU Council's priorities, the ISU continually faces the risk and challenge of finding new ways to attract a larger, wider, and possibly younger global audience and continues to step up its efforts and budget in this area as well as its cooperation with its media and marketing partners and the ISU Members organizing ISU Events. In the medium and long term, the marketing possibilities for niche sports in a constantly changing, innovative, digitally driven, and increasingly competitive marketplace will call for new expertise and new solutions.

The ISU continues to benefit from substantial media rights and advertising/sponsorship rights incomes thanks to long term cooperation with its commercial partners. The main partners for the media rights are Fuji TV, TV Asahi, JSports in Japan, Infront in Europe and some additional territories, SBS Korea, IceNetwork USA and Infront/CCTV China. For the advertising rights, the ISU cooperates with IMG for the Figure Skating Championships and the ISU Grand Prix of Figure Skating Final and with House of Sports for the Speed Skating ISU Events.

Attractive and well-organized ISU Events remain the necessary basis for continued solid incomes and for the ISU efficient cooperation among organizing ISU Members and the ISU Event Management teams is highly important and is continuously being reinforced.

In parallel, the ISU must monitor and adapt to global economic activity, trade and geopolitical tensions, and market trends. In this regard, the global spread of the [coronavirus](#) crushed hopes for stronger economic growth in 2020 and most of 2021, with sports events being cancelled and postponed around the globe, and negative economic effects on sports organizations, broadcasters, events promoters, and athletes. Market disruption has created uncertainty for stakeholders who traditionally acquire sports rights. While the pandemic is not yet over, the war in Ukraine took the world by surprise in February 2022, intensifying uncertainty in the world's economy. In this context, advertising and sponsorship spending on small to medium sports properties is expected to slow in several key markets in the years to come. Furthermore, the bulk of sports sponsoring investment continues to be concentrated on a few top sports/Events and increasingly on e-sports. This trend, which is not benefiting smaller sports organizations and niche sports, has been confirmed in 2020/2021 and is amplifying. There are also signs of saturation in the sports industry, compounded by growing competition from other entertainment formats (source: PWC's sport survey 2019). Advertising spending is clearly shifting away from TV broadcasters to social media/digital and the gaming industry, and there is an increased dominance from major tech firms (GAFAs) which capture the largest share of the advertising revenues.

The above-mentioned situation and trends will have potential detrimental consequences for the ISU's commercial activities.

In order to support future sponsorship and media activities, the ISU has to engage in the process of developing a marketing strategy which is more data driven and future proof. Given that the majority of ISU revenue is generated through broadcast and sponsorship rights, greater ownership of the ISU audience is essential in order to offer more value and insight to sponsors in the future. The ISU is seeking to grow its audience, increase fan engagement through personalized communication, and gain a deeper insight into the motivation of skating fans. While the demand for digital marketing opportunities among ISU sponsors remains limited for the time being, the ISU must take proactive steps with the objective of delivering more value to sponsors in the future. A key component of such a strategy is the development of a fan database, and of a reasonable level of marketing automation capability.

The main focus in the critical area of Media/Communications/Public Relations and Marketing will be as follows:

- Reviewing ISU Event formats in order to ensure compact and attractive ISU Events while at the same time allowing the broadest possible participation of ISU Members. Specific progress has been made for the ISU World Speed Skating Championships format. For the ISU World Figure Skating Championships, a new and more inclusive proposal has been worked out by a Working Group and the ISU Council for a vote by the 2022 ISU Congress.
- Increasing the global viewing audience through TV and other online channels and multiple carve-outs in the main ISU media rights agreements providing the ISU with opportunities to exploit selected media rights through its own platforms.
- Expanding digital engagement and content (social media, ISU website, App development, media advisories, newsletters and expanded eLearning tools). Launched in August 2011, the ISU's social media strategy has greatly improved and continues to evolve over the years and the coverage and growth persists. May 2021 marked the fifth year that the ISU mandated an external company to conduct an in-depth analysis of its overall performance and results of its social media properties, which includes 10 accounts across Facebook, Instagram, Twitter, YouTube and Weibo. One of the objectives of the ISU Media Team is to rank as high as possible among International Federations in the yearly #SportOnSocial report. The impact of the pandemic on the ISU is clearly illustrated in the 2021 report, where the ISU dropped 2 places in the Overall Rankings to 14th. This is a direct consequence of the small number of Events that took place during the season 2020/21. Considering the limited number of ISU Events, there was still growth and through the ISU Skating Awards and #UpAgain campaign, the fans were kept engaged, but the biggest impact always comes from the ISU Events. However, with a cautiously optimistic initial assessment of the Olympic season and the hope that most ISU Events will take place during the second half of 2022, the ISU will work towards resuming its extensive coverage of ISU Events across all social media platforms.
- Improving event presentation, event promotion and fan engagement through extended cooperation with Organizing Committees and business partners, making available standardized design and branding materials to ISU Event organizers, on-site ISU media support and assigning ISU photographers to ISU Events.
- Maximizing media/television/marketing rights fee income through direct prospecting and negotiations with the commercial partners and/or through marketing agencies such as IMG, Infront, and House of Sports.
- Pursuing digital marketing and fan engagement initiatives. In 2019 the ISU decided to engage in the process of developing a more data-driven and future-proof marketing strategy. The ISU's objective is to grow audience on its owned platforms, increase fan engagement through personalized communication, and gain a deeper insight into ISU fans. These developments aim at enabling the ISU to propose new benefits and deliver additional value to ISU partners and sponsors.

A key component for such a strategy is the development of a fan database, and, to a reasonable level, marketing automation capability. As a first step, the ISU mandated a specialized company to conduct a data assessment in 2020. The second phase of the project is ongoing since 2021 and involves data warehouse and marketing automation implementation, development of marketing strategy and processes, licensing e-mailing and dashboard platforms, automated journeys implementation and insights that drive acquisition and retention of ISU newsletter subscribers. This is an ongoing process for the ISU to become digitally mature and build direct-to-consumers capabilities. The ISU will continue developing this activity and evaluate on a regular basis the level of investment and technology that is necessary for the ISU activity vs the return on investment.

- Exploring new promotion possibilities, including in new markets and also by taking advantage of the proximity of Figure Skating to the show-business/music industry. Despite being affected by the pandemic, the 2020 and 2021 ISU Skating Awards were successful and will be continued.
- Fine tuning of branding and corporate identity by delivering a consistent look and feel across a range of applications and platforms, for both print and digital environments. This includes the creation of logos and branding guidelines for all ISU projects and initiatives. Venue branding material in line with sponsoring guidelines was elaborated for ISU Events in Short Track and Speed Skating with the objective of presenting a consistent look and feel and ensuring correct use of the ISU's and sponsors' logos.

Risk of insufficient human resources/staffing

The challenges and risks in the area of Event organization and management continue to increase due to higher demands from the public, media and related commercial partners. The training of a broader base of skilled individuals is increasingly important to maintain high quality ISU Events. Failing to do so might have detrimental consequences, especially related to the incomes to be secured through commercial agreements. Consequently, the ISU is continually striving to broaden and strengthen its Event management and marketing teams.

Risk of loss of credibility

Good governance and sustainability are of the utmost importance. The ISU, through its Working Group which has been in place since 2017 and is supported by the ISU Secretariat, continues to strive to improve in this area in order to protect the ISU's good reputation, credibility and integrity. In line with the principles of the ISU Code of Ethics, the focus is on improving awareness and education in the fight against discrimination, harassment/abuse, fraud/corruption and undue influencing. Other initiatives focus on avoiding conflicts of interest, favoring inclusion of all groups in the skating sports, increasing transparency and maximizing internal controls and data protection.

Particular attention is being given to the implementation in 2022 of the ISU Athlete Safeguarding Policy based on the principle that all athletes have the right to participate and develop in sport in a safe, inclusive and respectful environment, free from all forms of discrimination, harassment and abuse, violence, neglect, and exploitation. The aim of the ISU Athlete Safeguarding Policy is to raise awareness of the existence of abuse and harassment in sport and to promote good practice of providing athletes of all ages with appropriate safety and protection while participating in ISU Events and activities, and further, to raise awareness that abuse and harassment are prohibited by the ISU Code of Ethics and there are reporting and handling procedures in place in the ISU Code of Ethics for reported incidents of abuse and harassment to the ISU. For incidents reported to the ISU, the ISU will ensure appropriate action is taken upon determination that an individual violated the ISU Code of Ethics. It is a further aim of this Athlete Safeguarding Policy to encourage all ISU Members to adopt their own Athlete Safeguarding Policy.

In area of safeguarding and protecting athletes, the ISU is partnering with the ISU Members in France, Hungary and the Netherlands, along with specialist organizations focused on preventing sexual harassment of athletes, and Lyon University, to work together on a project on this crucial topic. The aim is to research best practices within Europe and to develop athlete safeguarding protocols and education tools. Of course, these outcomes will also be relevant and available to sports outside Europe and beyond Ice Skating. The project group has been granted Erasmus+ funding by the European Union for a three-year project starting in March 2022.

In the area of sustainability, the ISU has joined the IOC/DOW carbon initiative as well the UNFCC Sports for Climate Action Framework and delivered its first annual carbon footprint measurements. The ISU is currently working diligently to reduce its overall carbon footprint and the environmental impact of ISU Events and activities by - 50% by 2030 with the goal of achieving net zero by 2040 so that current and future generations around the world can continue to participate in the ISU sports. To do so, the ISU shall collect additional data during the organization of its ISU Events and is working on a carbon footprint calculation model which will allow definition of which measures must be taken in the coming years.

In the area of Anti-Doping, the ISU maintains a long-standing, high-profile Anti-Doping program thanks to an experienced Medical Commission supported by highly qualified and experienced Anti-Doping managers at the ISU Secretariat. In view of the growing calls for Anti-Doping monitoring by independent entities, the ISU is gradually increasing collaborations with independent bodies but on the condition that the quality, effectiveness and cost efficiency of the services will not be compromised.

Finally, mindful of the ISU's need and capability to continuously and swiftly innovate in an environment that is ever more dynamic and complex, the ISU Council agreed to cooperate with the consultancy company "Think Sport" based in Lausanne, which is supported by the local government (Canton de Vaud) and the International Olympic Committee and can therefore offer its consultancy services at extremely advantageous financial conditions to International Sport Federations based in Lausanne. Think Sport, through its Sports Foundry Project, is performing an innovation audit for the ISU between November 2021 and May 2022. The report and recommendations, including a roadmap for ISU innovation, will be evaluated by the current ISU Council and then forwarded together with the current Council's comments to the newly elected Council in June 2022.

RESEARCH AND DEVELOPMENT ACTIVITIES

The ISU continues to run its high-profile Development Program through its Development Commission, dedicated Project Groups for eLearning and Centers of Excellence, and with increased capacity and efforts at the ISU Secretariat.

The number of development projects taking place during 2021 remained lower than in previous years because fewer project applications were received due to the difficulties of planning and carrying out projects during the uncertain pandemic period. However, there were fewer cancellations and postponements than in 2020 and the projects had an important positive psychological effect for the participating Skaters and Coaches. The Junior Ice Dance Development Seminar took place online, but the other worldwide Seminars had to be cancelled. On the other hand, for Council projects, all three ISU Junior Speed Skating World Cups could be held, and also the ISU Junior Grand Prix of Figure Skating series, (though the Final was cancelled), and four out of five of the planned Junior Short Track Challenge Series took place.

The development of ISU eLearning platform has continued to grow at a rapid rate and there are now 42 modules available. They are becoming increasingly popular with stakeholders and by December 2021, the platform had more than 3900 active users (compared to 2'000 users in January 2021, 1'400 users in June 2020, and 600 users in 2019). The ISU eLearning team has constantly made more modules available and in addition, online education activities such as Level 1 and 2 Coach education courses for Figure Skating, and Technical Controllers and Specialists Reappointment Learning Exercises, online seminars for Speed Skating Officials took place through the eLearning platform.

2021 was the second pilot year for ISU Centers of Excellence (CoE). In general, all nine CoEs have continued to take an active role in piloting new concepts and realizing innovative projects in 2021, such as webinars, tutorial videos and the internship program for developing ISU Members. The network formed by the CoEs is well perceived by all the ISU CoEs and they have acted as an important resource for the ISU, sharing their expertise and serving the ISU community remotely and professionally.

The ISU pursued another promising project focusing on the use of data analytics and Artificial Intelligence (AI). The world of sports is abundant in quantifiable elements, making it ideal for the use of AI, and the ISU acknowledges that applications of AI are making inroads into the area of sports with a positive impact and growing capabilities.

The ISU, in cooperation with the Canadian Company Sportlogiq headed by former Olympic Pair Skater Craig Buntin, has initiated a “proof of concept” project for the possible development of artificial intelligence/technology options with the initial objectives of

- helping Figure Skating Officials to apply the rules correctly, and giving them the technical support to evaluate the performed elements in the fairest and most impartial way possible.
- offering Skaters and Coaches measurement and analysis tools to evaluate and improve their performance, as well as keep track of the work done and goals achieved.
- expanding the multi-media audience, allowing the sport to be enjoyed on different platforms and connecting the key players and their teams with the public and fans by presenting instantaneous statistics/graphics.

In addition to the annual C Contribution, an exceptional development contribution for ISU Members was approved by the Council as an additional support during the pandemic, which was a period of great uncertainty for many Federations.

The ISU will continue to monitor closely the Development Program's effectiveness and apply adjustments, if and when appropriate, with the focus on the following priorities:

- Expanding the ISU eLearning management system
- Consolidating ISU Centers of Excellence
- Consolidating the Coach Education Qualification Framework for Coaches in both Branches and providing eLearning tools to support this Framework
- Improving the quality of ISU Officials by increasingly using eLearning tools
- Increasing the number of participating ISU Members, sharing development project results, and evaluating the impact of the Development Program
- Continuing virtual Figure Skating test competitions with remote judging, ultimately allowing the conduct of virtual International Competitions
- Exploring the use of data analytics and Artificial Intelligence to assist Officials, Skaters, Coaches and improve media coverage
- Launching an annual worldwide "World Ice Skating Day".

EXCEPTIONAL EVENTS

The detrimental consequences of the coronavirus, the war in Ukraine and two pending legal proceedings must be considered as exceptional events:

- The impact and detrimental consequences and outlook related to the coronavirus pandemic and the war in Ukraine are outlined in the section "Commercial/economic situation and prospects" and "Risk evaluation" above.
- The Pechstein doping case in which the Pechstein party appealed against the German Federal Court decision of June 2016, is pending at the German Constitutional Court.
- By its judgment of December 16, 2020, the EU General Court upheld the 2017 decision of the EU Commission finding that the ISU Eligibility Rules in their 2016 and previous versions violated EU competition law. However, the EU General Court accepted the pre-authorization system of the ISU, i.e. the requirement that competitions organized by parties other than the ISU and/or its Members must be previously approved by the ISU Council. Most importantly, the EU General Court acknowledged that the fight against betting and the protection of the economic interests of the ISU are legitimate objectives of its pre-authorization system. The EU General Court further accepted that jurisdiction in appeals against Council eligibility decisions is conferred upon CAS and partly annulled the Commission decision on that basis.

The ISU maintains that its Eligibility Rules have never been enforced with a view to preventing the organization of third-party ice-skating events and regrets that the judgement does not address the substantial evidence put forward by the ISU confirming this. The ISU lodged a partial appeal with the European Court of Justice (ECJ) against those parts of the decision of the EU General Court, where it decided against the ISU,. A decision is expected during 2022 or early 2023.

Apart from its appeal to the ECJ, the ISU amended its eligibility rules (2018 version which remains the current version) in order to meet the objections of the EU Commission. The EU Commission indicated its satisfaction with the respective amendments, without however formally confirming that the current eligibility rules are in conformity with EU competition law.

OUTLOOK

For the year 2022, subject to the pandemic situation basically remaining under control, no substantial ISU Event cancellations can be expected, allowing the ISU to cash the contractual and budgeted commercial incomes. However, the level of the IOC income related to the Beijing 2022 Olympic Winter Games remains uncertain. Also, the impact of the war in Ukraine and continued Covid-19 counter measures might have a detrimental impact on the ISU activity and operating results.

While during the past years, thanks to basically positive financial developments, the ISU was able to increase its expenditures and in particular contributions to the ISU Members, the same will no longer be possible and cost savings will be necessary to limit the annual losses.

Finally, during the ISU Congress in June 2022 in Thailand, the members of the ISU Council (including ISU President and ISU Vice Presidents), the ISU Technical Committees and the ISU Disciplinary Commission will be elected for a four-year term. While the main focus will be on the election of a new ISU President, it goes without saying that the ISU will continue to depend on the availability of competent and dedicated ISU Office Holders on all levels.