HOCKEY CO
Form 10-K
March 26, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

/x/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ___________ TO ___________

COMMISSION FILE NUMBER 0-19596

THE HOCKEY COMPANY
*AND THE SUBSIDIARIES LISTED
IN TABLE OF ADDITIONAL REGISTRANTS
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	13-36-32297 (I.R.S. Employer Identification No.)
3500 Boulevard De Maisonneuve, Suite 800 Montreal, Quebec, Canada (Address of Principal Executive Offices)	H3Z 3C1 (Zip Code)

Registrant's telephone number, including area code: (514) 932-1118

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
None	None

Securities registered pursuant to Section 12(g) of the Act:

NON-VOTING EXCHANGEABLE COMMON STOCK, PAR VALUE $.01 PER SHARE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /x/

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).
Yes No X

The common stock of the registrant is not publicly registered or traded and, therefore, no market value of the common stock held by affiliates or non-affiliates can be readily ascertained.

As of February 19, 2004, 6,500,537 shares of the registrant's non -voting exchangeable common stock, $.01 par value per share, and 5,475,174 shares of the registrant's voting common stock, $.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE.

None

*TABLE OF ADDITIONAL REGISTRANTS

NAME OF ADDITIONAL REGISTRANT#	STATE OR OTHER JURISDICTION OF INCORPORATION OR FORMATION	I.R.S. EMPLOYE IDENTIFICATION N
Jofa AB	Sweden	-
Jofa Holding AB	Sweden	-
Maska U.S., Inc.	Vermont	03-0279482
SLM Trademark Acquisition Canada Corp.	New Brunswick	-
SLM Trademark Acquisition Corp.	Delaware	98-0229816
Sport Maska Inc.	New Brunswick	-
Sports Holdings Corp.	Delaware	03-0337606
WAP Holdings Inc.	Delaware	03-0337605

Addresses and telephone numbers of principal executive offices are the same as those of The Hockey Company.

No Additional Registrant has securities registered pursuant to Section 12(b) or Section 12(g) of the Act.

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PART I

ITEM 1. BUSINESS

INDUSTRY OVERVIEW

The sporting goods industry serves a large and growing market, which was estimated to represent approximately $49.8 billion in the United States in 2003. Within the sporting goods industry, we primarily compete in the hockey equipment and related apparel market. The hockey equipment and related apparel market is seasonal in nature, with the third and fourth quarters of the calendar year representing the largest volume of sales. We estimate the size of this worldwide market to be $681 million in sales in 2002. We are the leader in this market with an approximate market share of 30%. Our principal competitors in this market are Bauer Nike Hockey Inc., a subsidiary of Nike, Inc., with an estimated market share in 2002 of 15%, and Easton Sports, Inc., with an estimated market share in 2002 of 12%. The remaining market is highly fragmented.

SPORTING GOODS INDUSTRY TRENDS

BABY BOOMERS. Baby boomers currently represent approximately 28% of the total U.S. population. Baby boomers are entering their peak earning years, have high disposable income and high-level leisure time, therefore stimulating expenditures in the sporting goods industry. It is estimated that the mature market, ages 55 and older, will grow by approximately 40% between 2000 and 2010, representing an opportunity for higher end products.

RECREATION AND EXERCISE. There is heightened awareness of the importance of recreation and exercise in general for health benefits. Consequently, this trend has contributed to increased consumer spending in the sporting goods industry.

INTERNATIONAL MARKETS. According to Sporting Goods Intelligence, a publication of the National Sporting Goods Association, the sporting goods markets in the U.S., Europe and Japan in 2000 represented $45.5 billion, $33.6 billion and $18.0 billion, respectively, in retail volume. The Sporting Goods Manufacturers' Association has projected that total industry sales in the U.S. measured in wholesale dollars, including footwear, apparel and equipment, will grow by 1.3% to a record $50.4 billion in 2004.

HOCKEY EQUIPMENT AND APPAREL INDUSTRY TRENDS

YOUNG, AFFLUENT AND EDUCATED FANS. When compared with the National Football League, Major League Baseball, the National Basketball Association and NASCAR, a higher percentage of these NHL fans: are in the 18-49 age group; have household incomes of more than $50,000; have a bachelor's degree or higher education; have internet access; and own a personal computer. Fans are key drivers of hockey-related apparel and, to the extent that fans are also hockey participants, there is an opportunity for a more frequent product replacement cycle and a likelihood that consumers will trade up for higher priced equipment and apparel.

MARKET CONSOLIDATION. Retailers are increasingly focused on reducing the number of suppliers they deal with. This favours manufacturers with a broad product offering and has resulted in a consolidation of manufacturers in the hockey equipment and related apparel market in recent years. This trend is expected to continue.

OUR COMPANY

The Hockey Company, referred to as the Company, was incorporated in September 1991 and reorganized in April 1997.

On February 9, 1999, The Hockey Company filed an amendment to change the name of the company from SLM.

On June 11, 2003, we entered into a corporate reorganization whereby we became a wholly owned subsidiary of The Hockey Company Holdings Inc., referred to as THC Holdings. THC Holdings completed an initial public offering, referred to as the Offering, and issued 4,500,000 common shares for proceeds of approximately $47.2 million (Cdn$64.1 million), net of issue fees and expenses of approximately $5.8 million (Cdn$7.8 million). As a result, we issued 4,500,000 shares of a new class of voting common stock, par value $.01 per share, to THC Holdings for proceeds of approximately $37.0 million (Cdn$50.4 million). On July 11, 2003, THC Holdings closed on the exercise by the underwriters of their over-allotment option in connection with the initial public offering. The underwriters purchased an additional 429,200 common shares for proceeds of approximately $4.7 million (Cdn$6.4 million), net of issue fees and expenses of approximately $0.4 million (Cdn$0.5 million). As a result, we also issued 429,200 shares of voting common stock of the Company to THC Holdings for proceeds of approximately $4.7 million (Cdn$6.4 million). THC Holdings' common shares are listed on the Toronto Stock Exchange under the symbol "HCY".

As of December 31, 2002, the Company completed a reorganization of its European subsidiaries whereby a Swedish holding company, named Nordic Hockey Company AB, was formed. Nordic Hockey Company AB, pursuant to a series of share transfers and contributions, became the direct parent company of each of Jofa HoldingsAB and KHF Sports Oy. The reorganization was undertaken principally for intercompany financing arrangements by having a Swedish company, rather than a U.S. company, as the direct parent of each company.

We are the world's largest designer, manufacturer and marketer of hockey equipment and related apparel. Our primary brands, CCM, JOFA and KOHO, are among the most widely recognized brands in hockey and we estimate that we have approximately a 30% share of the worldwide hockey equipment and related apparel market. We also design, manufacture and market recreational skates and other non-hockey products. We sell our products to a diverse customer base consisting of specialty retailers, sporting goods shops, mass merchandisers and international distributors. We manufacture in-house at six highly efficient facilities, four of which are located in Canada and two in Europe. In addition, where it makes business sense, we outsource the manufacturing of certain products. We have distribution facilities located in North America, Finland, Sweden and, as of January 2004, Germany. Our products are sold in approximately 45 countries. For the fiscal year ended December 31, 2003, we generated revenue of $239.9 million and EBITDA, as defined on page 23, of $50.9 million.

We offer a complete line of hockey equipment, related apparel, recreational skates and other non-hockey products. In 2003, hockey equipment represented approximately 69% of our sales (including 3% attributable to recreational skates and 5% to non-hockey products) and hockey-related apparel represented approximately 31% of our sales.

We have been a National Hockey League, or NHL, licensee since 1967. We are currently the exclusive supplier of hockey jerseys to every NHL team and "on-ice" official and have the exclusive worldwide right to market authentic and replica NHL jerseys. On March 28, 2003 we entered into a new license agreement with the NHL which extends and enhances our exclusive relationship with the NHL until at least June 2014. In addition, commencing with the 2003/2004 hockey season, we have also become the exclusive supplier of helmets, pants, gloves, shoulder, shin and elbow protective equipment, jerseys and socks to all teams in the Canadian Hockey League, or CHL. An estimated 54% of current NHL players have previously played in the CHL. We also have a very strong international presence through sponsorship agreements with most of the major ice hockey organizations in the world, including the International Ice Hockey Federation, Ice Hockey Federation of Russia, Slovak Association of Ice Hockey and the national teams of Finland, Sweden, Denmark, Norway and the Czech Republic.

We also entered into an on-ice equipment and apparel marketing and licensing deal with the U.S. based ECHL, which will commence at the start of the 2004/2005 season and establishes us as the exclusive supplier of hockey sticks, helmets, visors, gloves, pants and protective equipment to all 31 ECHL teams. Our products are the most widely used by NHL players, which we believe highlights and reinforces the marketplace's view of the innovative nature and high quality of our equipment and apparel. As of October 2003, approximately 99% of NHL

players used at least one piece of our equipment. In addition, ten of the top 17 ranked goaltenders in the NHL, as rated by The Hockey News for the 2002/2003 hockey season, used our goalie equipment. Furthermore, every NHL player uses our apparel. We are the leading provider of helmets and other protective equipment to NHL players. We are also the NHL's second largest provider of other equipment, including skates, composite sticks and shafts and blades for sticks. Many elite athletes have already switched to our CCM Vector one-piece composite hockey sticks. In addition, approximately 100 NHL players have already adopted the new CCM Vector Pro skate since its commercial launch in the fall of 2003.

HOCKEY EQUIPMENT. Our comprehensive line of ice and roller hockey equipment includes skates, protective equipment, hockey sticks and goaltender equipment. This line provides a wide range of choices for players at all levels of competition. Our products are sold at various price points and range from high performance products used by professionals in the NHL and other professional hockey leagues, to intermediate performance products used by players of all ages and calibre and to entry-level products for the beginner.

HOCKEY-RELATED APPAREL. Our comprehensive line of hockey-related athletic apparel includes licensed hockey jerseys, team uniforms and socks, licensed and branded performance apparel, outerwear, headwear and activewear. We are also the world's largest manufacturer of team uniforms and socks worn by players in hockey leagues, camps, schools and associations. Our licensed and branded activewear lines include high quality fleece wear, pants, shirts, T-shirts, polo shirts, turtlenecks, outerwear and headwear embroidered with the NHL and/or NHL teams' logos, CHL and other league logos and team logos.

RECREATIONAL SKATES. In the fall of 2002, we introduced our new Comfort Series of recreational skates. This skate is designed for women and girls who seek a product that is warmer, more comfortable and more stylish than a traditional figure skate. This line of products fills a gap in the market for customers who seek an alternative to the traditional white skate. We believe that our new Comfort Series will accelerate the product replacement cycle by encouraging traditional skate users to migrate to our recreational line of skates. We also introduced our Classic Series of recreational and figure skates in the fall of 2002. Our Comfort Series and the figure skates in our Classic Series are endorsed by 2002 Olympic pairs figure skating gold medallists, Jamie Sale and David Pelletier.

OTHER NON-HOCKEY PRODUCTS. In addition to our primary hockey-related equipment and apparel and our recreational skates, we are the exclusive distributor of Merrell footwear, a leading outdoor footwear brand, in Finland and Sweden. We also design, manufacture and market other non-hockey-related equipment, including alpine skiing and equestrian helmets.

Please refer to the Consolidated Financial Statements and related notes included in this Form 10-K for more information on our segments.

OUR COMPETITIVE STRENGTHS

LEADING WORLDWIDE BRANDS AND MARKET POSITION. We have many of the world's most established and widely recognized hockey brands, including CCM, JOFA and KOHO. The CCM brand has been in existence since 1899, JOFA since 1926 and KOHO since 1964. Each brand is focused on a specific segment of the market: CCM is one of the industry's icon brands and embodies the tradition and history of hockey; the JOFA brand represents precision engineered Swedish equipment and appeals to the "technically savvy" hockey player; and KOHO is our "fast," "fun," "irreverent" brand, largely geared to the "free-wheeling" type of player, with an emphasis on the youth market. We estimate the worldwide hockey equipment and related apparel market at $681 million in sales in 2002. We estimate our share of this market at 30%. Our closest competitor's market share is estimated at 15%. We believe that our new NHL, CHL and ECHL agreements will help further our market share gain in the sector going forward.

EXCLUSIVE NHL, CHL ECHL AND AHL RELATIONSHIPS AND OTHER RELATIONSHIPS. Pursuant to our current license agreement with National Hockey League Enterprises, LP, or NHL Enterprises, referred to as the Current NHL License Agreement, we are the exclusive supplier of hockey jerseys to every NHL team and have the exclusive worldwide rights to market authentic and replica NHL jerseys. Our jerseys are worn by every player and "on-ice" official in the NHL. Since the 2000/2001 NHL season, the CCM logo appears above each player's name on every

"home" NHL jersey, while the KOHO logo appears above each player's name on every "away" and "third" NHL jersey. We are also the exclusive supplier of "on-ice" jerseys and pants for NHL officials under the JOFA brand name. While the Current NHL License Agreement expires on June 30, 2005, on March 28, 2003 we entered into a new license agreement effective July 1, 2004, referred to as the New NHL License Agreement, with NHL Enterprises, which extends our exclusive relationship with the NHL until at least June 2014. The New NHL License Agreement significantly enhances our relationship with the NHL by providing us with numerous additional rights and opportunities, which were not included in the Current NHL License Agreement. Certain of our new rights include:

- the exclusive right to manufacture and market authentic vintage NHL jerseys;
- the semi-exclusive right to manufacture and market replica vintage NHL jerseys along with one other supplier;
- the right to define, in cooperation with the NHL, the future look of hockey;
- the exclusive right to manufacture and market hockey socks with the trademarks of the NHL and/or NHL teams;
- the exclusive right to manufacture and market NHL price point jerseys (which simulate replica jerseys), except to certain U.S. customers;
- the right to market collectable mini jerseys;
- the right to manufacture and market skates, sticks, helmets, pants, gloves, equipment bags, shin, shoulder, and elbow pads bearing trademarks of the NHL and/or NHL teams;
- the right to use the NHL team logos on fan and vintage apparel, including T-shirts, headwear, workout wear, outerwear and activewear; and
- the exclusive right to market headwear bearing NHL team logos, names and designs under the NHL Center Ice trademark.

Pursuant to a separate agreement with the National Hockey League Players Association, referred to as the NHLPA, we are entitled to market authentic and replica game and practice jerseys identified with the names and numbers of every NHL player.

Similar to our New NHL License Agreement, we have the exclusive right to manufacture and sell authentic and replica jerseys to all 56 CHL teams pursuant to a new five-year agreement with the CHL commencing with the 2003/2004 hockey season. We also have the exclusive right to supply all CHL players with helmets, pants, gloves, shoulder, shin and elbow protective equipment and socks. In addition, we will become the exclusive supplier of pants, helmets and jerseys to all "on-ice" officials in the CHL. The CHL is the premier junior hockey league in the world with 56 teams and approximately 1,300 players. An estimated 54% of current NHL players have previously played in the CHL. Most of the 56 CHL teams are located in cities, which do not currently have an NHL franchise, thereby significantly extending the reach of our brands.

We also entered into an on-ice equipment and apparel marketing and licensing deal with the U.S. based ECHL, which will commence at the start of the 2004/2005 hockey season and establishes us as the exclusive supplier of hockey sticks, helmets, visors, gloves, pants and protective equipment to all 31 ECHL teams. The ECHL has 31 teams in 17 states which play 1,116 games, making it the largest league in professional hockey. There have been 235 ECHL players that have advanced to the NHL, including 20 in the 2003/2004 hockey season that have made their first NHL appearance since playing in the ECHL. There were 53 former ECHL players on NHL 2003/2004 season opening-day rosters. The ECHL has affiliations with 21 of the 30 teams in the NHL in the 2003/2004 hockey season and there has been an ECHL player on each of the 30 NHL teams during the 2003/2004 hockey season. We also have sponsorship agreements with most of the major hockey organizations in the world, including the International Ice Hockey Federation, Ice Hockey Federation of Russia, Slovak Association of Ice Hockey, national teams of Finland, Sweden, Denmark, Norway and the Czech Republic, American Hockey League, U.S. Hockey League and USA Hockey.

We recently reached a sponsorship agreement with the American Hockey League "AHL", which will commence at the start of the 2004/2005 hockey season and establishes us as the exclusive supplier of hockey sticks, helmets gloves, pants jerseys and socks to 26 of the 28 teams. The terms of the agreement is 10 years made up of a 4 year term plus two additional 3 year terms at the AHL's option. The multi-faceted partnership encompasses on-ice branding programs, in-arena and grass roots marketing programs, as well as a licensed jersey & apparel program. The AHL has entered its 68th season with 28 teams across North America. All AHL teams have a direct affiliation with an NHL franchise. More than 80% of all players competing in the NHL today are AHL graduates.

In our recreational skate category, our new Comfort Series of recreational skates and our Classic Series of figure skates, introduced in the fall of 2002, are endorsed by 2002 Olympic pairs figure skating gold medallists Jamie Sale and David Pelletier.

EXTENSIVE USE OF OUR PRODUCTS IN THE NHL. Our products are the most widely used by NHL players, which we believe highlights and reinforces the marketplace's view of the innovative nature and high quality of our equipment and related apparel. As of October 2003, approximately 99% of NHL players used at least one piece of our equipment. In addition, ten of the top 17 ranked goaltenders in the NHL, as rated by The Hockey News for the 2002/2003 hockey season, used our goalie equipment. Furthermore, every NHL player uses our apparel. We are the leading provider of helmets and other protective equipment to NHL players. We are also the NHL's second largest provider of other equipment, including skates, composite sticks and shafts and blades for sticks. Many elite athletes have already switched to our CCM Vector one-piece composite hockey stick. In addition, approximately 100 NHL players have already adopted the new CCM Vector Pro skate since its commercial launch in the fall of 2003. To further develop and maintain our leading market position for our equipment and our brands, we have endorsement agreements with several high visibility players including, among others, Martin Brodeur of the New Jersey Devils, Joe Thornton of the Boston Bruins, Daniel Sedin and Henrik Sedin of the Vancouver Canucks, Mark Recchi of the Philadelphia Flyers, Roberto Luongo of the Florida Panthers, Vincent Lecavalier of the Tampa Bay Lightning, Shane Doan of the Phoenix Coyotes, Jean-Sebastien Giguere of the Anaheim Mighty Ducks, Tony Amonte of the Philadelphia Flyers and Jaromir Jagr of the New York Rangers.

WORLD LEADER IN PRODUCT INNOVATION. We are an industry leader in product innovation, and have dedicated significant resources to ensure our future technological leadership. The majority of our products are developed and commercialized in our three principal research and development centres located in St-Jean, Quebec, Tammela, Finland and Malung, Sweden. The majority of our products are developed internally through our research efforts and continued feedback from professional and recreational players, as well as from retail customers. We also have strong relationships with key suppliers who assist in our development efforts. In addition, we have developed a relationship with the University of Windsor. This relationship supports our efforts to develop equipment performance benchmarks, as well as new materials and equipment designs. As an example, this relationship was instrumental in the development of our Vector one-piece composite hockey stick. In tests performed by the University of Windsor, the Vector 110 and 120 one-piece composite hockey stick have proven to be the leading stick for puck velocity and durability and provides its users with unique balance properties. Some other new product innovations introduced include our new Zero Gravity Vector skate designed exclusively with t-blade technology, our CCM Vector Pro Skate, our Gatekeeper Goalie pads, catch gloves and blockers, our Pro Tacks series of protective equipment, our Performance Brand Apparel and our `Heroes of Hockey' Vintage Jersey Series.

FULL LINE OF HOCKEY EQUIPMENT AND RELATED APPAREL. We are the only company that offers a full line of ice and roller hockey equipment, NHL licensed jerseys and other related apparel. Our products are sold at various price points and range from high performance products used by professionals in the NHL and other professional leagues worldwide, to intermediate performance products used by youth league players, to entry-level products for the beginner. Our comprehensive lines of products allow us to cover the full spectrum of consumers, diversify our revenue base and optimize production capacity at our manufacturing facilities. Further, our full line of products enhances our relationship with our customers, who are increasingly focused on dealing with fewer suppliers with more complete product lines.

COST-EFFICIENT MANUFACTURING PROCESSES. We continuously evaluate our manufacturing processes and use in-house manufacturing where our proprietary technologies and processes provide us with a competitive advantage. Through the use of proprietary technologies and extensive automation, we believe we have developed many of the industry's most advanced hockey equipment and related apparel manufacturing processes. We believe that we operate the industry's most advanced skate manufacturing facility in St-Jean, Quebec, the industry's most automated hockey stick production facility in Cowansville, Quebec and the industry's most efficient hockey apparel production facility in St-Hyacinthe, Quebec.

For other product lines where we do not have a distinct competitive manufacturing advantage, we outsource production to high quality facilities, primarily in Asia, the Czech Republic and Mexico. Approximately 57% of our product lines by sales are currently manufactured in-house while 43% is outsourced. In order to maintain our leading market position and continue to be a leader in product innovation, we will continue to make our business more flexible and less capital intensive by outsourcing the manufacturing of our products where it makes strategic and business sense. We believe that strategic outsourcing of selected manufacturing processes may result in reduced costs, an improved ability to balance our manufacturing capacity and a shorter time to market for new products.

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EXTENSIVE MULTI-CHANNEL DISTRIBUTION RELATIONSHIPS. Our products are sold internationally to more than 6,000 customers, consisting of specialty retailers, sporting goods shops, mass merchandisers, teams and international distributors. In North America, we have sales offices in Montreal, Quebec and Branford, Connecticut. Internationally, we have sales offices in Sweden, Finland, Norway and Germany and distributors in over 40 countries in Europe and the Far East. Our products are sold to certain large customers by our in-house sales force, while an extensive network of approximately 70 independent sales representatives services other accounts. We distribute our products from distribution centers in Canada, the United States, Finland, Sweden and Germany. In 2003, we generated approximately 36% of our revenue in the United States, approximately 35% in Canada, approximately 13% in Sweden, approximately 6% in Finland and approximately 10% in Russia and other countries.

Management believes that we have an excellent relationship with our largest customers. In 2003, we were named "Category Captain" by Wal-Mart Canada and awarded the "Vendor of the Year" award by Play It Again Sports in the U.S. In 2001 and 2002, we were the recipient of Canadian Tire's "Service Recognition" award.

STRONG AND EXPERIENCED MANAGEMENT TEAM. We have a strong and experienced management team at the corporate and operating levels. Our senior management has an average of 17 years experience in the hockey and sporting goods industry.

OUR GROWTH STRATEGY

Our objectives are to grow both revenues and operating margins by accelerating the product replacement cycle through product innovation, maintaining our overall market leadership position and becoming the undisputed leader in each key segment of the global market for hockey equipment and related apparel. Key elements of our growth strategy are as follows:

DRIVE GROWTH THROUGH PRODUCT INNOVATION

Since 1937, when we introduced the revolutionary Tackaberry (Tacks) hockey skate, through the recent launch of our 745-gram Vector Zero Gravity skate, we have a long history of being a leader in bringing technological advancements and equipment innovations to the hockey industry. We will continue to drive our growth through continued product innovation, which we believe strengthens our brands and creates a more rapid equipment replacement cycle. Our goal is to replace and/or refresh our products every second year. By continually introducing innovative products, we are able to compete primarily on technology and brand rather than on price, resulting in higher margins and stronger brand differentiation.

Some of our recent product innovations include:

- CCM VECTOR ZG (ZERO GRAVITY) SKATE PRODUCTS. This new skate product is designed exclusively with t-blade technology and the new Vector ZG boot technology. It provides hockey players with the lightest skate in the market at only 745 g. The t-blade system features a thin highly polished stainless surgical steel runner (blade) that is ultra light, super fast and offers a consistent customizable edge. The boot features the new Asymmetrical Externo-Skel technology which reduces mass and adds stiffness to the outside layer of the skate for maximum support, protection and durability.

- CCM VECTOR PRO SKATE. This skate is one of the lightest skates launched at the start of the 2003/2004 NHL season and delivers support that moves with the player while maximizing comfort. It is a lightweight, well-balanced design and is only 798 g. This allows the skater to maximize stride frequency, resulting in maximal acceleration and top end velocity. The Externo-Skel technology is a key element to reducing mass in the skate since it eliminates a layer of material and adds stiffness to the outside layer of the skate. It also delivers support, protection and durability. The Skate Lock locks the lace at the pivot point, positioned at the 4th eyelet, allowing players to lock-in forefoot comfort and support, independently of the top 3 eyelets. Players can then personally customize their support by

tightening the top 3 eyelets independently from the forefoot. The end result is constant dynamic support that moves with the skater that maximizes the power of each stride.

- CCM GATEKEEPER PRO SERIES OF GOALIE PADS, CATCH GLOVES AND BLOCKERS. This series features an innovative concept that uses the latest technologies with a traditional design. Designed for pro goalies like 2003 Stanley Cup Champion and Vezina Trophy winner Martin Brodeur and 2000 Vezina Trophy winner Olaf Kolzig, the GATEKEEPER(TM) series was built using lightweight materials to minimize reaction time.

- PRO TACKS SERIES OF PROTECTIVE EQUIPMENT. With input from premier NHL players like Joe Thornton and Vincent Lecavalier, the series was built on a classic styling platform. The Pro Tacks series encompasses the most modern of materials and design processes and the F-I-T-System customized features provide not only a great fit, but the ability for each player to adjust their level of protection. The H2O Control liner helps keep the body cool by wicking moisture away from the skin. The end result is the optimal combination of impact protection, lightweight design, and personal customization. CCM also offers the same standard and quality features of the Pro Tacks protective series to the youth elite player.

- CCM VECTOR 120 ONE-PIECE STICK. This new one piece composite stick with its super lightweight design features a rubberized texture that provides a better feel and grip. An exposed Texalium Matrix blade provides a dynamic new look and increased shot velocity. A fit system helps identify the best shaft geometry - `C' or contoured for finesse players preferring rounder corners or `T' for players wanting a more traditional square shape. In addition, a variety of different shaft flexes allow players of different sizes and strengths to choose a stick that will allow them to optimally load the shaft for harder shots. Patented "Impact Layer Technology" is a white thermoplastic resin layer within the shaft's graphite laminates that provides 30% extra durability. It works like a trampoline, allowing the delicate graphite fibers to absorb impacts and spring back.

- PERFORMANCE BRAND APPAREL. This new line of apparel fit is for all types of players and fans. The new line, which includes the Performance Fit Series, Extreme Series, team Wear Series and Custom program, features new looks and fabrics throughout.

- 2004 `HEROES OF HOCKEY' VINTAGE JERSEY SERIES. This new jersey line features names and numbers of players of the past, on a vintage design of their respective era. The vintage jerseys, which have a retro look to them, are based on team logos and designs from hockey's past. The names and numbers of players include Orr, Gretzky, Dionne, Bossy and Roy.

EXPAND WITH NEW PRODUCT CATEGORIES

We continually seek new product categories that will allow us to increase our current revenue base. Such initiatives include expanding into new branded and licensed apparel markets. Examples include a CCM vintage apparel line, lifestyle apparel products, women's replica jerseys and performance apparel. Under our New NHL License Agreement, we also have obtained the right to use NHL league and team logos on certain ice hockey products which we believe will provide additional sales opportunities. In addition, there are a number of hockey-related accessory products that we believe we can successfully bring to market. Finally, we plan to increase revenues through the licensing of our brands for certain other products.

EXPAND INTERNATIONAL SALES

We believe that there exists untapped demand for our products in international hockey markets, especially in the former Soviet Bloc countries and in Central Europe. Consequently, we recently commenced a new distribution relationship with a company in Russia. Russia alone has the potential to be the third largest hockey market in the world and participation continues to increase. Our sales of hockey sticks, CCM brand hockey skates and apparel are increasing in Russia. Our gross sales in the former Soviet Bloc countries increased from $1.2 million in 1998 to $8.0 million in 2003.

PURSUE STRATEGIC ACQUISITIONS

We plan to supplement our internal growth with selected strategic acquisitions that would complement our product offering, benefit from our strong brands or leverage our broad and diverse distribution network. As recently as August 21, 2003, we acquired all of the issued and outstanding shares of Roger Edwards Sport Ltd., which has established itself as a leading vintage sports apparel brand recognized for its premium quality lifestyle apparel products and was recently selected by the Canadian Football League as the exclusive apparel designer for the new CFL Turf Traditions line, including vintage replica jerseys, apparel and headwear. On January 5, 2004, we acquired Norbert Ewald GmbH ("Ewald"), a former distributor of our products and a leading hockey equipment distributor in Germany, in order to better service the Central European market. This acquisition will continue to strengthen our existing presence in the Central European hockey market. On January 16, 2004, we purchased a 33 1/3% ownership stake in t'blade Inc., the exclusive marketer and distributor of t'-blade products and technology in North America, based on our belief that the T-BLADE technology is the next standard of ice skate blade technology. While we have no other agreements regarding any material acquisitions as of the date hereof, we continuously review opportunities as they arise.

OUR PRODUCTS

We manufacture and market a fully integrated line of hockey equipment and related apparel. Our hockey equipment product lines include ice hockey and roller hockey skates, hockey sticks, protective body equipment and gloves, helmets, pants and accessories, and goaltender equipment. Our hockey-related apparel products include NHL licensed hockey jerseys, team uniforms and socks, and licensed and branded activewear. We also manufacture and market recreational and non-hockey products, including recreational skates.

HOCKEY EQUIPMENT PRODUCT LINES

ICE HOCKEY AND ROLLER HOCKEY SKATES. We manufacture and market a wide range of ice hockey skates primarily under the CCM brand name. The tradition of CCM skates, first introduced to the market in 1905, is interwoven throughout the history of ice hockey and the NHL and is led by two premium lines of skates; the Tacks series and the Vector series. The two lines offer distinct product features and are targeted at different market segments. They are both compatible with CCM's F-I-T System technology. We manufacture all of our high end ice hockey skates and outsource all of our entry level ice hockey, roller hockey and figure skates. We focus on marketing premium roller hockey skates targeted at high price points.

HOCKEY STICKS. We believe that we are the premier manufacturer of hockey sticks and set the industry standards for quality, innovation and performance. We market a wide range of hockey sticks incorporating various materials, designs and performance characteristics. Our sticks are sold under the CCM, JOFA and KOHO brands. Led by the technologically advanced Vector one-piece composite stick, our product line ranges from high performance composite sticks, shafts and blades to entry-level wood constructions.

PROTECTIVE BODY EQUIPMENT AND GLOVES. We market a variety of protective body equipment, including shoulder pads, shin guards, elbow pads and gloves under the CCM, JOFA and KOHO brands. CCM gloves and body protective equipment are marketed under the Tacks sub-brand. JOFA is the only brand carrying the NHL "Center Ice" logo. Its patented JDP, ASD and Hyper X technologies make it the protective brand of choice for 99% of NHL players.

HELMETS. We market our helmets under the CCM and JOFA labels, which have been two of the leading brands of helmets for over 30 years. More players in the NHL wear our helmets than any other competitor's products. Our helmets are certified by CSA International and the Hockey Equipment Certification Council and prominently display the CCM and JOFA brand names.

PANTS AND ACCESSORIES. We market hockey pants under the CCM, JOFA and KOHO labels. CCM branded pants also carry the Tacks sub-brand name. At the NHL level, CCM pants are worn by more players than any other brand. In addition, we market several accessories, such as carry bags and equipment for officials.

GOALTENDER EQUIPMENT. We produce a fully integrated line of goaltender equipment. We market our goaltender facemasks, catch mitts and blockers, pants, goaltender arm and body protectors and leg pads under the CCM and KOHO brands. In addition, ten of the top 17 ranked goaltenders in the NHL, as rated by The Hockey News for the 2002/2003 hockey season, used our goalie equipment.

HOCKEY-RELATED APPAREL PRODUCTS

LICENSED HOCKEY JERSEYS. We have supplied NHL teams with authentic jerseys for over 35 years. Pursuant to our Current NHL License Agreement, we have the exclusive right to provide authentic jerseys used by every team in the NHL and have the exclusive right to market authentic and replica jerseys of all 30 teams. In addition to our Current NHL License Agreement, under our license agreement with the NHLPA, we have the right to market these jerseys with the names and numbers of NHL players. In addition to our Current NHL License Agreement, we also maintain agreements to provide jerseys to professional teams in other leagues. Beginning with the 2003/2004 season, we became the exclusive jersey supplier to all 56 CHL teams.

TEAM UNIFORMS AND SOCKS. We sell non-team identified team uniforms and socks that are primarily used by organized leagues, amateur hockey associations and schools. The majority of these jerseys are of replica quality and are sold through retail channels. We also produce hockey socks for both professional and recreational markets.

LICENSED AND BRANDED ACTIVEWEAR. We offer a high quality line of performance apparel, outerwear, activewear, T-shirts and headwear bearing our brands, the NHL and/or NHL teams' logos and other league and team logos. We market these products pursuant to several license agreements with a variety of organizations, including the NHL, major colleges and universities and USA Hockey. We outsource the production of all of our activewear products.

RECREATIONAL SKATES

Our line of recreational skates includes traditional figure skates and other recreational skates. Our new Comfort Series of recreational skates, designed for women and girls who seek a product that is warmer, more comfortable and more stylish than a traditional figure skate and our Classic Series of recreational and figure skates were introduced in the fall of 2002. Our Comfort Series and the figure skates in our Classic Series are endorsed by 2002 Olympic pairs figure skating gold medallists, Jamie Sale and David Pelletier.

OTHER NON-HOCKEY PRODUCTS

In addition to our primary hockey-related equipment and apparel and our recreational skates, we also design, manufacture and market other equipment, including alpine skiing and equestrian helmets. In addition, we are the exclusive distributor of Merrell footwear, a leading outdoor footwear brand, in Finland and Sweden.

OUR BRANDS

We conducted in-depth marketing studies to gain insight into customers' preferences of our hockey brands and provide a basis for our multiple brand strategy. Our market research has demonstrated that our three main brands, CCM, JOFA and KOHO, maintain distinct brand identities in the marketplace and appeal to different consumer segments. Our multiple brand strategy allows us to respond to the needs of the whole market and target different market segments and price points which would otherwise be difficult with a single brand strategy. We

differentiate each of our brands through their unique appearance and their distinct performance and construction attributes. We position each of our brands in the marketplace as follows:

CCM. CCM, established in 1899, is one of the industry's icon brands and embodies the tradition and history of hockey. The CCM name represents a century of tradition combined with state-of-the-art technology. CCM products are sold across the full spectrum of the pricing range, covering all key retail price points.

JOFA. The JOFA brand, established in 1926, represents precision engineered Swedish equipment and appeals to the "technically savvy" hockey player. JOFA products are sold at the mid to above premium point of the pricing range.

KOHO. KOHO, established in 1964, is our "fast," "fun," "irreverent" brand, largely geared to the "free-wheeling" type of player, with emphasis on the youth market. The KOHO brand is focused on creating high performance hockey tools. KOHO stick and protective products are primarily sold at the mid to low point of the pricing range whereas goalie products are sold across the full spectrum of the pricing range.

Working with advertising agencies, we created individual slogans and marketing campaigns for each of the CCM, JOFA and KOHO brands that embody these brands' unique identities and key attributes. We have introduced the slogan "when you're born to play" to reinforce CCM's attributes of tradition and authenticity. Consistent with JOFA's attribute of precise Swedish engineering, we have created the slogan "smart hockey." KOHO's slogan, "a whole new game," reinforces the brand's irreverent quality. Our advertising campaigns are designed to clearly communicate the distinct image of each of our main brands. The popularity of our brands and our products are also reflected in our web site activity (www.ccmsports.com, www.koho.com and www.jofa.com).

SALES AND MARKETING

Our sales and marketing effort is based on a strategy internally referred to as the "Power Triangle". At the cornerstone of this strategy is our first goal to bring innovative products to market every year. Second, we provide validation of our new products through use by NHL and other elite player usage. Third, we use various media to promote and reinforce our brands and make our products known to the consumer and to the trade.

ELITE ATHLETE USAGE. We believe that we have a unique market position when it comes to validating our products through elite athlete usage. The strong penetration of our products in the NHL, our Current NHL License Agreement, our New NHL License Agreement and our other major alliances and sponsorship agreements allow us to highlight the advanced performance features of our products and provide a high level of exposure for our brands through elite athletes. On March 7, 2003, CCM was awarded the NHL's "All-Star Player" trophy for excellence in sports marketing. CCM won this award for its Externo Joe Thornton campaign, based on its "Best Use of NHL Players" and "Best NHL Partner Activation" using NHL athletes. We intend to leverage existing relationships and enter into new agreements and alliances to continue to promote our products.

Some key elements of our elite athlete usage strategy include:

o EXCLUSIVE NHL LICENSE AGREEMENT. We are the exclusive supplier of hockey jerseys to every NHL team and have the exclusive worldwide right to market authentic and replica NHL jerseys. Our jerseys are worn by every player and "on-ice" official in the NHL.

o NHL MARQUEE PLAYER ENDORSEMENT CONTRACTS. We have endorsement agreements with 18 high visibility NHL players that allow us to use their names and likeness for communication purposes and require them to be available for personal appearances.

o NHL USAGE. Our products are the most widely used by NHL players. As of October 2003, approximately 99% of NHL players used at least one piece of our high performance equipment and every NHL player uses our apparel. We have 16 employees who are solely dedicated to serving the needs of these players.

o EXCLUSIVE SUPPLIER TO THE CHL. Pursuant to a new five-year agreement, commencing with the 2003/2004 hockey season, we became the exclusive supplier of helmets, pants, gloves, shoulder, shin and elbow protective equipment, jerseys and socks to all teams in the CHL. The CHL is the premier junior hockey league in the world and includes 56 teams, with a total of approximately 1,300 players. An estimated 54% of current NHL players previously played in the CHL. Most of the 56 teams in the CHL are in cities which do not currently have a NHL franchise, thereby significantly extending the reach of our brands.

o SPONSORSHIP AGREEMENTS. We have sponsorship agreements with most major hockey organizations in the world, including the International Ice Hockey Federation, the Ice Hockey Federation of Russia, the Slovak Association of Ice Hockey, the national teams of Finland, Sweden, Denmark, Norway and the Czech Republic, the American Hockey League, the U.S. Hockey League, USA Hockey and the ECHL. In addition, we are an official sponsor of the Sky Rink Youth and Adult Hockey Program at the Chelsea Piers in New York City.

o JAMIE SALE AND DAVID PELLETIER. In our recreational skate category, we have recently entered into an endorsement agreement with Canadian pairs figure skating gold medallists Jamie Sale and David Pelletier to market and sell the new Comfort Series of recreational skates and our Classic Series of figure skates. Our Comfort Series is designed for women and girls who seek a product that is warmer, more comfortable and more stylish than a traditional figure skate.

To support the validation of our products through elite athlete usage we use television, radio, internet and print advertising featuring our new products and endorsed players to communicate our product innovation message and increase consumer awareness of our brands. We also provide in-store advertising materials, brochures and print materials to assist our retailers in the communication of the features and benefits of our products to the consumer.

GLOBAL MARKETING/PRODUCT CREATION. Our marketing and product creation effort is headed by our Vice President, Global Marketing and Product Creation, who supervises a team of over 50 employees and is also responsible for endorsement contracts with elite athletes. We have five category directors who are responsible for consumer research, product development, research and development briefs, pricing strategy and overall sales program development for our key product categories within our three primary brands. We also have a global marketing director who is responsible for overall creative development, including television, print and radio ads, brand communication and league sponsorships. Other key positions in marketing include a marketing services manager responsible for trade and sales shows, point-of-purchase displays, logos and graphic designs and an e-commerce coordinator responsible for our web sites. To link our marketing organization to our sales organization, we hold monthly strategic business unit meetings. These meetings are attended by members of each of our research and development, purchasing and logistics teams. These sessions, chaired by the category directors, serve as a forum to discuss new product developments, recent research findings, current product performance and overall sales program strategy and execution.

NORTH AMERICAN SALES. In Canada, our equipment sales organization is comprised of a group of independent representatives that sell CCM branded equipment and apparel and another group of independent representatives dedicated to selling KOHO and JOFA equipment. In the U.S., independent representatives carry all brands. Sales representatives are charged primarily with selling equipment, products and jerseys to our smaller hockey specialty accounts. Regional managers, in both Canada and the U.S., are charged with overseeing the sales representative organization and also maintaining our larger accounts across all brands.

In the U.S., our largest apparel market, we have a separate sales force, comprised of a national sales manager, a key account manager and independent representative organizations. Our apparel sales team possesses extensive industry experience in athletic brand and licensed apparel. Our sales representatives are responsible for selling apparel, including licensed jerseys and licensed and branded activewear, to independent retailers, large sporting goods and department stores in the U.S.

INTERNATIONAL SALES. In Sweden, Finland, Norway and Germany, we sell our equipment and apparel directly to retailers and teams through our in-house sales team. Outside of those countries, we sell our products through distributors located in over 40 countries in Europe, the Far East, South America, Central America, Africa and Australia. These distributors, in turn, sell our products to teams and retailers. All non-European sales activities are controlled through our Senior Vice President, European Division.

CUSTOMERS AND DISTRIBUTION CHANNELS

We have a diversified and broad base of over 6,000 customers worldwide and are not dependent on any single customer. Our customer base consists of independently-owned hockey specialty retail stores, large sporting goods retailers, department stores and other retailers. In 2003, we generated approximately 36% of our revenue in the United States, approximately 35% in Canada, approximately 13% in Sweden, approximately 6% in Finland and approximately 10% in Russia and other countries. In fiscal 2003, no customer accounted for more than 10% of our sales. We sell our hockey-related apparel, including jerseys and licensed and branded activewear, through the same channels as our equipment products, in addition to generating revenue from sales to "in-stadium" concession stores. Jerseys are sold mainly through specialty retail and "in-stadium" concession stores. Our New NHL License Agreement provides us with better access to "in-stadium" concession stores to market our licensed jerseys and licensed and branded activewear. We believe "in-stadium" concession stores who purchase authentic licensed jerseys from us will increase their orders for our licensed and branded activewear products due to purchasing efficiencies. We have established a separate U.S. sales force that markets our hockey-related licensed and branded activewear. We expect this sales force to generate sales from large retailers, department stores and other retailers.

NHL AGREEMENTS

EXCLUSIVE NHL RIGHTS. We have been an NHL licensee since 1967 and have enjoyed an exclusive license to supply authentic, replica and practice game jerseys used "on-ice" by all NHL teams since July 2000. Our Current NHL License Agreement with NHL Enterprises, the marketing affiliate of the NHL, expires on June 30, 2005. However, on March 28, 2003, we entered into a New NHL License Agreement, which extends through at least June 30, 2014.

Our Current NHL License Agreement gives us the exclusive rights to manufacture and market authentic, replica and practice game jerseys used "on-ice" by the 30 NHL teams, including all-star jerseys. Game jerseys are manufactured and marketed under the CCM and KOHO brand names, while practice jerseys are manufactured and marketed under the JOFA brand name. Pursuant to the Current NHL License Agreement, our brand names appear above the player's name on the outside rear neck on the jersey of all NHL players. These rights include the right to use the names, logos, and other indicia of the NHL and the NHL member teams on an exclusive basis in connection with the manufacture, supply and sale of authentic, replica and practice jerseys of the 30 NHL teams. Pursuant to a separate agreement with the NHLPA, we are entitled to market authentic and replica game and practice jerseys identified with the names and numbers of NHL players. We are also the exclusive supplier of "on-ice" jerseys and pants for NHL officials under the JOFA brand name. Since the beginning of the 2000/2001 NHL season, the CCM logo appears above each player's name on every "home" NHL jersey, the KOHO logo appears above each player's name on every "away" and "third" NHL jersey and the JOFA label is on uniforms for all NHL officials.

The Current NHL License Agreement also grants us the exclusive right to market T-shirts, workout wear, outerwear, polo shirts and activewear bearing NHL logos, names and designs under the NHL's Center Ice trademark and the non-exclusive right to use the NHL team logos on headwear.

The NHL's Center Ice apparel is worn exclusively by players and coaches during practice and work-out and worn by the trainers of all NHL teams during games. We market all of the foregoing products to North American and Scandinavian retailers for resale, as well as to European and Asian distributors. Pursuant to the Current NHL License Agreement, we are required to pay a license fee and royalties to the NHL based on our net sales, with minimum royalty amounts guaranteed to be paid by us each license year. In addition to these costs, we have agreed to purchase a fixed dollar amount of marketing from the NHL and from each of the NHL teams.

As part of the Current NHL License Agreement, we also have a license for the exclusive use of the NHL's Center Ice trademark for our JOFA hockey equipment. The premium products in the equipment line (helmets, sticks, gloves, pants, shoulder, shin and elbow pads) are co-branded with the Center Ice trademark, also referred to as "the official equipment worn by the NHL." The NHL reserves this mark for products with overwhelming usage by NHL players. Other JOFA products are co-branded with the NHL's shield trademark.

In addition to extending our rights under the Current NHL License Agreement, the New NHL Licence Agreement significantly enhances our NHL relationship by providing us with numerous additional rights and opportunities. Certain of our new rights include:

- the exclusive right to manufacture and market authentic vintage NHL jerseys;
- the semi-exclusive right to manufacture and market replica vintage NHL jerseys along with one other supplier;
- the right to define, in cooperation with the NHL, the future look of hockey;
- the exclusive right to manufacture and market hockey socks with the trademarks of the NHL and/or NHL teams;
- the exclusive right to manufacture and market NHL price-point jerseys (which simulate replica jerseys), except to certain U.S. customers;
- the right to market collectable mini-jerseys;
- the right to manufacture and market skates, sticks, helmets, pants, gloves, equipment bags, shin, shoulder, and elbow pads bearing trademarks of the NHL and/or NHL teams;
- the right to use the NHL team logos on fan and vintage apparel, including T-shirts, headwear, workout wear, outerwear and activewear; and
- the exclusive right to market headwear bearing NHL team logos, names and designs under the NHL Center Ice trademark.

Our unique alliance with the NHL solidifies our position as the premier hockey equipment and apparel company in the world. Beyond providing long-term stability, pricing power, and steady cash flow, it allows us to further expand our sales in apparel and equipment through several new product categories. It also provides a long-term platform for unparalleled exposure for our brands and hockey equipment products.

PLATINUM SHIELD COLLECTION. The new product line combines the CCM brand with the NHL platinum shield exclusively on those equipment and apparel products that will be used by NHL players and coaches. In addition to the NHL authentic jersey, the highest quality CCM skates, sticks, helmets, protective equipment, outerwear, activewear and headwear will now include the NHL Platinum Shield designation, as well as an NHL Platinum Shield hangtag.

NHL "ON-ICE" EQUIPMENT LICENSE. Also as part of our agreements with the NHL, our brands are permitted to appear on equipment used by NHL players "on-ice" during NHL games. The extensive use of our products by NHL players significantly promotes the high visibility of our brands among consumers. All of our products prominently display their respective brand and sub-brand logos, resulting in significant and cost-effective exposure in arenas, on television and in newspapers, magazines and other printed media. Our market research indicates that NHL use of a particular brand of equipment is among the key factors in a consumer's purchase decision. Our products enjoy widespread usage among NHL players without paid endorsement. We have endorsement agreements with several high visibility players including, among others, Martin Brodeur of the New Jersey Devils, Joe Thornton of the Boston Bruins, Daniel Sedin and Henrik Sedin of the Vancouver Canucks, Mark Recchi of the Philadelphia Flyers, Roberto Luongo of the Florida Panthers, Vincent Lecavalier of the Tampa Bay Lightning, Shane Doan of the Phoenix Coyotes, Jean-Sebastien Giguere of the Anaheim Mighty Ducks, Tony Amonte of the Philadelphia Flyers and Jaromir Jagr of the New York Rangers.

MEDIA PROMOTION. In addition to our "on-ice" exposure, as part of our agreements with the NHL, we purchase advertising during both locally and nationally televised hockey games in Canada and the U.S. We also have camera visible billboards promoting our products and brands in the majority of NHL arenas. Reinforcing the

television and billboard campaign are full-page color advertisements placed in game programs, trade and consumer hockey publications distributed throughout North America on a national and regional basis, such as The Hockey News and Hockey Business News.

RESEARCH AND DEVELOPMENT

We are an industry leader in product innovation and have dedicated significant resources to ensure our future technological leadership. Our research and development team, which has over 40 members, is divided into five groups, with each group dedicated to the following categories: skates and head and face; protective and team uniforms; goal; sticks and athletic apparel. External university research programs are also used to help develop our performance insights. For example, we co-developed, with the University of Windsor, a slap shot robot that allowed us to measure the puck velocity generated by the Vector V110 and V120 full composite stick in a standardized manner compared to other sticks. The results generated by the slap shot robot allowed us to demonstrate the benefits of our Vector one-piece composite sticks, which was found to rank ahead of our competitors in puck velocity and durability. This standardized method of evaluation is an industry first. Our objective is to initiate additional research activities in other product categories.

The objective of our research and development program is to maintain or improve our leadership position in each of our key product categories. Our product creation process is driven by the needs of the player with special emphasis on the elite athlete. Our marketing and research and development teams work together in order to develop and create innovative products. Firstly, our marketing team gathers information from consumers and retailers by performing both qualitative (through pro testing, definition of performance attributes, focus groups and field visits) and quantitative (through retail tracking and consumer tracking) research to determine what players need. Secondly, our research and development team, using a combination of research approaches, creates prototypes of our products, which are tested both in the laboratory and in the field. Thirdly, based on the data obtained through laboratory and field tests, the product is adjusted to ensure it meets the needs of the player in all possible respects. Lastly, the product is taken to market.

The majority of our products are developed and commercialized in our three research and development centres located in St-Jean, Quebec, Tammela, Finland and Malung, Sweden. These facilities employ designers, engineers and model makers and feature comprehensive testing equipment, woodworking, spray painting, molding and sculpting capabilities and have creative services departments which are responsible for packaging and catalogue design and development.

Costs for new product research and development as well as changes to existing products are expensed as incurred and totaled approximately $1.8 million, $1.9 million and $2.4 million (before any research and development tax credits) for the years ended December 31, 2001, 2002 and 2003, respectively.

MANUFACTURING

Our products are either manufactured in-house at our six facilities, four of which are located in Canada and two of which are located in Europe, or outsourced. Approximately 57% of our product lines by sales are currently manufactured in-house while 43% are outsourced.

We continuously evaluate our manufacturing processes and use in-house manufacturing where our proprietary technologies and processes provide us with a competitive advantage. Through the use of proprietary technologies and extensive automation, we believe we have developed many of the industry's most advanced hockey equipment and related apparel manufacturing processes. We believe that we operate the industry's most advanced skate manufacturing facility in St-Jean, Quebec, the industry's most automated hockey stick production facility in Cowansville, Quebec and the industry's most efficient hockey apparel production facility in St-Hyacinthe, Quebec.

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For other product lines, where we do not have a distinct competitive manufacturing advantage, we outsource production to high quality facilities, primarily in Asia, the Czech Republic and Mexico. In order to maintain our leading market position and continue to be a leader in product innovation, we will continue to make our business more flexible and less capital intensive by outsourcing the manufacturing of our products where it makes strategic and business sense. We believe that strategic outsourcing of selected manufacturing processes may result in reduced costs, an improved ability to balance our manufacturing capacity and shorten the time to market for new products.

We are a vertically integrated manufacturer of hockey jerseys and socks and make extensive use of automation. In order to maintain our high quality standards, we knit our own jersey fabric and hockey socks and cut and assemble the components for our jerseys. In addition, we have developed sophisticated sewing equipment that facilitates the labour-intensive finishing process of jersey production. We have recently implemented several initiatives that have dramatically increased throughput and the overall efficiency of our jersey manufacturing lines. We have outsourced a small portion of our jersey production to meet demand. For our activewear line, we source blank jackets, fleecewear and other apparel from third parties and, in turn, have them embellished by other third parties with team crests and logos and our brand names.

SUPPLIERS

We have a diverse network of suppliers of raw materials, equipment, stationary, computers and finished products. No single supplier accounted for more than 10% of our consolidated purchases during the year ended December 31, 2003.

COMPETITION

Our principal competitors in the hockey equipment and related apparel market are Bauer Nike Hockey Inc., a subsidiary of Nike, Inc. and Easton Sports, Inc. with an estimated market share in 2002 of 15% and 12%, respectively. In addition to Bauer Nike Hockey Inc., we compete with several smaller companies that typically do not offer full product lines. Although we, Bauer Nike Hockey Inc. and Easton Sports, Inc. together account for a significant portion of the worldwide hockey equipment market, the remaining market is highly fragmented. We compete on the basis of brand image, technology, quality and performance of our products, method of distribution, price, style and intellectual property protection.

We have exclusive license arrangements with the NHL, CHL and, commencing in the 2004/2005 ECHL season, the exclusive supplier of authentic and replica jerseys to 10 of the ECHL teams. In the team uniform and sock market, our competitors include Bernard Athletic Knit & Enterprise Ltd., SP Apparel Inc. and Kobe Sportswear Inc. In the licensed and branded activewear market, we compete with companies such as Nike, Inc., Lee Sport, which is a division of VF Corporation, Majestic Athletic Wear Ltd. and New Era Cap Co., Inc.

INTELLECTUAL PROPERTY

We have a permanent Intellectual Property Committee that meets approximately once every two months to discuss new products, patents that should be applied for, patents which are pending, potential litigation and any inventions submitted to us by third parties. Our Intellectual Property Committee is composed of our Director of Legal Affairs, our Vice President, Equipment Division, our Director of Research and Development, our Vice President, Global Marketing and Product Creation, and one of our external intellectual property counsel.

Where management considers it beneficial, we seek protection under the trademark, copyright and patent laws of those countries where our products are produced or sold. As a result, we own a substantial number of patents and trademarks, which we view as significant assets. As at December 31, 2003, we had 22 patents or pending applications for patents. As at January 31, 2004, we also had 339 trademark registrations and 110 pending applications to register trademarks in various countries. These registrations and applications cover various trademarks owned and/or licensed by us, although primarily we seek to register various trademarks in key markets where we conduct business. As at December 31, 2003, we also had over 22 industrial design registrations.

We actively assess opportunities to license trademarks and copyright works owned by third parties that we believe have lasting appeal with our targeted customers, are consistent with our brand image, have the potential for significant growth and are available at a reasonable price. Pursuant to our New NHL License Agreement, we have an exclusive license to use the NHL trademark to market authentic and replica NHL jerseys until at least 2014. See "The Business - NHL Agreements".

PATENTS. We currently hold patents and industrial designs in multiple countries. The patents encompass various product innovations and designs. Many of our patents represent what have become industry standards in performance and quality. Examples include the F-I-T System thermo-forming process that is featured in our hockey skate line and Hyper X Joint Discharge Principle that are featured in our protective equipment product line.

TRADEMARKS. We own a substantial number of trademarks including JOFA, KOHO, Tacks, Heaton, Titan, Canadien and Externo. All of our trademarks are owned by us except for the CCM trademarks which are owned by CCM Holdings (1983) Inc., which in turn is 50% owned by us through our subsidiaries. The remaining 50% of CCM Holdings is owned by an unaffiliated Canadian bicycle company. We have the exclusive and perpetual right to use the CCM trademark royalty free in connection with skates, hockey equipment and hockey-related apparel.

EVENTS AND UNCERTAINTIES

The collective bargaining agreement between the NHL and the NHL Players' Association expires September 15, 2004. The popularity of the NHL affects the sales of our hockey equipment and hockey-related apparel. Our brands receive significant on-ice exposure as a result of our license agreement with the NHL. In the event of a labour dispute resulting in a work stoppage, the popularity of the NHL could suffer and our brands will not receive any on-ice exposure during NHL games. This, together with the absence of in-stadium sales during a work stoppage, would significantly affect our apparel sales. In addition, in the event of a labour dispute resulting in a work stoppage, we will continue to have certain royalty payment obligations, although reduced, under the New NHL License Agreement. Management has been extremely pro-active in anticipation of a work stoppage and believes that it has taken appropriate measures to minimize the impact on our operations and financial position. In the event of a work stoppage, the term of our agreement with the NHL will be extended.

We in the normal course of business are exposed to market risk from changes in foreign currency exchange rates and interest rates (see Item 7A Quantitative and Qualitative Disclosures About Market Risk).

SEASONALITY

Our business is seasonal. The seasonality of our business affects net sales and borrowings under our credit agreements. Traditional quarterly fluctuations in our business may vary in the future depending upon, among other things, changes in order cycles and product mix.

EMPLOYEES

As of December 31, 2003, we employed 1,303 persons, of which 1,066 are employed in Canada, 29 are employed in the United States and the balance are employed in Europe. None of our employees in the United States are unionized, while 268 of our employees at our St-Jean, Quebec facility, 92 of our employees at our Malung, Sweden facility and 84 of our employees at our Tammela, Finland facility are unionized. The collective bargaining agreement with the union in St-Jean was renewed in 2003 and expires in 2008. The collective bargaining agreements with the unions in Finland were renewed in March 2003 and expire in 2005. The collective bargaining agreement with the union in Malung, Sweden expires in 2004. Our management believes that our relations with these unions are positive. There have been no work stoppages, strikes or lockouts at our St-Jean, Malung or Tammela sites in over 20 years.

ITEM 2. PROPERTIES

Our primary executive offices of our operations are located in Montreal, Canada and we conduct our operations through 19 facilities(1): 2 in the U.S., 8 in Canada, and 9 in Europe. We believe that our existing manufacturing and distribution facilities have sufficient capacity to support our business without the need for significant additional or upgraded equipment or capital expenditures. The following table summarizes each of our principal facilities for its operations.

FACILITY LOCATION	USE	APPROXIMATE SQUARE FEET	LEAS
UNITED STATES			
Bradford, Vermont	Apparel distribution	51,670	O
Branford, Connecticut	Sales office	1,950	Le
CANADA			
Cap de la Madeleine, Quebec	Hockey apparel sewing	12,650	Le
Cowansville, Quebec	Hockey stick manufacturing	45,428	O
Granby, Quebec	North American apparel distribution center	53,200	Le
Toronto, Ontario	Apparel factory, warehouse and sales office	28,518	Le
Montreal, Quebec	Executive and administrative offices	23,151	Le
St-Hyacinthe, Quebec	Hockey apparel cutting and sewing	72,380	Le
St-Hyacinthe, Quebec	North American equipment distribution center	178,540	Le
St-Jean, Quebec	Hockey equipment and skate manufacturing	137,915	Le
EUROPE			
Fredrikstad, Norway	Sales office	1,600	Le
Gothenbourg, Sweden	Sales office	1,227	Le
Helsingborg, Sweden	Sales office	400	Le
Oulu, Finland	Sales office	450	Le
Helsinki, Finland	Sales office	1,474	Le
Johannesh, Sweden	Sales office	1,561	Le
Malung, Sweden	Protective equipment factory, warehouse and offices	145,000	Le
Munich, Germany (3)	Distribution center and office	14,316	Le
Tammela, Finland	Hockey stick factory (land)	325,826	Le
Tammela, Finland	Hockey stick factory (warehouse and offices)	73,114	O

(1) We also lease temporary space on a month to month basis in Georgia, Vermont and Cowansville, Quebec, with an aggregate size of approximately 23,000 square feet.

(2) In January 2004, we announced the closure effective April 2004 of our Apparel Sewing facility in Cap de la Madeleine, Quebec.

(3) On January 5, 2004, we acquired the assets of Norbert Ewald GmbH (Ewald Sport Service).

INSURANCE

We maintain insurance policies covering risks typically encountered in our business, including third party liability, product liability, and damages to our information systems and other business assets. We believe that we carry insurance in amounts and scope that are adequate for our business. No material claim is pending as of the date hereof for which insurance coverage would not appear to be adequate.

ENVIRONMENT

In 1996, Maska U.S., Inc. ("Maska"), a subsidiary of the Corporation, and the State of Vermont entered into a consent decree whereby Maska agreed to remediate specified hazardous materials located on one of its properties. Remediation efforts are now believed to be in the final stages. A charge of $600,000 was recorded by us in 2002 to provide for the balance of costs to be incurred. Any further charges or claims that might arise with respect to this property are expected to be covered by insurance.

ITEM 3. LEGAL PROCEEDINGS

Other than certain legal proceedings arising from the ordinary course of business, which we believe will not have a material adverse effect, either individually or collectively, on the financial position, results of operations or cash flows, there is no other litigation pending or threatened against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. PRICE RANGE OF COMMON STOCK

The voting common stock, par value $.01 per share, of The Hockey Company outstanding prior to the corporate reorganization in 2003 was quoted on the OTC Bulletin Board under the trading symbol "THCX." The range of closing prices of the common stock is not provided, as there had been a limited amount of trading activity. This class of common stock was merged out of existence in connection with our corporate reorganization in 2003. There is no market for the currently outstanding shares of the new class of voting common stock, par value $.01 per share, of The Hockey Company, all of which were issued to The Hockey Company Holdings Inc. in return for proceeds from its initial public offering. There is no market for the shares of non-voting exchangeable common stock received in connection with the merger.

B. APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

As of February 28, 2004, the approximate number of record holders of our non-voting exchangeable common stock was 567 and the approximate number of record holders of our voting common stock was one. We did not pay dividends on our common stock and we have no current plans to pay cash dividends in the foreseeable future. Effective November 19, 1998, one of our U.S. subsidiaries, Maska U.S., Inc., as the borrower, and the credit parties named therein entered into a credit agreement with the lenders referred to therein and with General

Electric Capital Corporation, as Agent and Lender for a period of three years. Simultaneously, one of our Canadian subsidiaries, Sport Maska Inc., as the borrower, and the credit parties named therein entered into a credit agreement with the lenders referred to therein and General Electric Capital Canada Inc., as Agent and Lender for a period of three years. The GECC credit agreements were further extended and amended on October 17, 2002 for a period of three years in connection with the issuance in April 2002 of the 11.25% Senior Secured Note Units due in April 2009 to reflect the repayment in full of the Caisse term loans and to maximize the amount of loans and letters of credit under the two credit agreements to $35.0 million and $7.0 million, respectively. The credit agreements restrict, among other things, the ability to pay cash dividends on the common and preferred stock. In addition, on April 3, 2002, we completed a private offering of $125 million aggregate principal amount of 11 1/4 % Senior Secured Note Units due April 15, 2009, each such Unit consisting of $500 principal amount of 11 1/4% Senior Secured Notes due April 15, 2009 of the Company and $500 principal amount of 11 1/4% Senior Secured Notes due April 15, 2009 of Sport Maska Inc. Under the indenture that governs these Units and Notes, the payment of dividends is restricted.

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EQUITY COMPENSATION INFORMATION

Options have been granted pursuant to employment agreements and on an "ad hoc" basis.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (a)	WEIGHTED AVER EXERCISE PRI OF OUTSTANDI OPTION, WARRANTS, RIGHTS (b
Equity compensation plans approved by security holders		
Stock Options................................	--	--
Equity compensation plans not approved by security holders...	1,287,222	$10.53
Total...	1,287,222	$10.53

C. RECENT SALES OF UNREGISTERED SECURITIES

On June 11, 2003, The Hockey Company Holdings Inc. completed its initial public offering for the issue of 4,500,000 common shares, referred to as the Offering. The Hockey Company Holdings Inc. participated in a reorganization with us whereby the The Hockey Company Holdings Inc., which had incorporated Hockey Merger Co. on February 24, 2003, and Hockey Merger Co. entered into a merger agreement on April 2, 2003 with us and whereby, upon the closing of the initial public offering on June 11, 2003, Hockey Merger Co. merged into us. As a result, we issued 4,500,000 shares of a new class of voting common stock, par value $.01 per share, to The Hockey Company Holdings Inc. for proceeds of approximately $37.0 million (Cdn$50.4 million). In the merger, each existing holder of common stock received one share of our non-voting exchangeable common stock, referred to as Exchangeable Shares, for each share of common stock held. This issuance of Exchangeable Shares was exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended. Each holder of an Exchangeable Share has the right to exchange one Exchangeable Share for one common share of The Hockey Company Holdings Inc., subject to certain adjustments in the event, among others things, of stock splits or similar events. The delivery of the common shares upon exercise of the put right shall be subject to applicable U.S. securities laws. On July 11, 2003, The Hockey Company Holdings Inc. closed on the exercise by the underwriters of their over-allotment option in connection with the initial public offering. The underwriters purchased an additional 429,200 common shares. As a result, we also issued 429,200 shares of the new class of voting common stock to The Hockey Company Holdings Inc. for proceeds of approximately $4.7 million (Cdn$6.4 million). The issuances of the voting common stock to The Hockey Company Holdings Inc. were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

On September 8, 2003, we completed our final distribution in connection with the Chapter 11 reorganization of The Hockey Company, formally known as SLM International, Inc. Pursuant to the distribution, a total of 508,553 Exchangeable Shares were distributed to approximately 470 parties. The issuance of the Exchangeable Shares was exempt from registration pursuant to Section 1145 of the United States Bankruptcy Code and the related confirmation order.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table contains selected consolidated historical financial data derived from our audited consolidated financial statements for the five fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003. This selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes contained elsewhere in this Form 10-K. Certain amounts of the preceding years have been reclassified to conform to the current year's presentation.

	FISCAL YEAR ENDED DECEMBER			
	2003	2002	2001	2
	(IN THOUSANDS OF U.S. DOLLARS, EXCEP			
INCOME STATEMENT DATA:				
Net sales....................................	$ 239,905	$ 212,693	$ 198,187	$ 1
Cost of goods sold before restructuring and unusual charges............................	132,253	119,390	117,296	1
Restructuring and unusual charges..............	--	1,617	1,198	
Gross profit..................................	107,652	91,686	79,693	
Selling, general and administrative expenses before restructuring and unusual charges......	73,759	64,303	61,768	
Restructuring and unusual charges..............	--	496	4,495	
Amortization of excess reorganization value and goodwill..........................	--	--	4,390	
Operating income..............................	33,893	26,887	9,040	
Other (income) expense, net....................	(852)	1,311	538	

Interest expense	18,861	17,989	18,639	
Foreign exchange (gain) loss	(11,266)	85	(1,803)	
Loss on early extinguishment of debt	--	3,265	1,091	
Income (loss) before income taxes	27,150	4,237	(9,425)	
Income taxes	10,157	2,450	3,375	
Net income (loss)	$ 16,993	$ 1,787	$ (12,800)	$ (
Basic earnings (loss) per share	$ 1.72	$ 0.25	$ (1.81)	$
Diluted earnings (loss) per share	$ 1.68	$ 0.25	$ (1.81)	$
BALANCE SHEET DATA (AS OF YEAR-END):				
Cash and cash equivalents	$ 42,609	$ 19,484	$ 6,503	$
Working capital, net (1)	92,758	85,558	75,685	
Property, plant and equipment, net of accumulated depreciation	15,042	15,318	16,834	
Total assets	291,804	222,953	199,423	1
Total debt, including current portion	123,944	124,154	114,385	1
Accrued dividends payable (2)	--	8,155	5,779	
Deferred income taxes and other long-term liabilities	4,836	2,056	1,128	
13% Pay-in-Kind redeemable preferred stock (2)	--	11,715	11,571	
Cash dividends declared per common share	--	--	--	
Total stockholders' equity	121,914	48,209	42,220	
OTHER FINANCIAL DATA:				
NET CASH PROVIDED (USED IN):				
Operating activities	$ 21,917	$ 12,002	$ (9,122)	$
Investing activities	(31,747)	(1,902)	(1,137)	
Financing activities	28,701	1,402	14,397	
Capital expenditures	(1,963)	(1,902)	(1,478)	
EBITDA (3) (Unaudited)	$ 50,913	$ 29,631	$ 19,607	$
EBITDA margin (3) (Unaudited)	21.2%	13.9%	9.9%	
Restructuring and unusual charges (4)	--	2,520	5,693	

(1) Working capital, net, is defined as current assets excluding cash and cash equivalents less current liabilities excluding short-term debt and the current portion of long-term debt. Working capital is not a measure of performance or financial condition under Generally Accepted Accounting Principles, but it is presented because it is a widely accepted indicator of a company's liquidity. It should be noted that companies calculate working capital, net, differently and, therefore, working capital, net, as presented for us may not be comparable to working capital, net, reported by other companies.

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(2) The 13.0% Pay-in-Kind preferred stock was subject to mandatory redemption six months after the maturity of the Notes. On June 11, 2003, all of the 13% Pay-In-Kind redeemable Preferred Stock were repurchased by us for cancellation together with all accrued and unpaid dividends.

(3) EBITDA is defined as earnings (net income) before interest, income and

capital taxes and depreciation and amortization. EBITDA includes restructuring charges, and other unusual items if it is reasonably likely that they will recur within two years. This non-GAAP financial measure does not replace the presentation of GAAP financial results, specifically EBITDA as an alternative to cash flows as a measure of liquidity or as an alternative to net income as a measure of operating performance, but is provided to enhance overall understanding of the Company's current financial performance and prospects for the future. The Company's management believes that non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to its financial condition and results from operations. In addition, management uses certain non-GAAP financial measures for reviewing the Company's financial results and evaluating its financial performance. It should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. We view EBITDA as mostly an indicator of our operating performance and, therefore, the nearest GAAP measure is net income. The following is a reconciliation of our EBITDA to our net income:

	FISCAL YEAR ENDED DECEMBER 31,			
	2003	2002	2001	2000
	(IN THOUSANDS OF U.S. DOLLARS)			
Net income (loss)	$ 16,993	$ 1,787	$ (12,800)	$ (10,189)
Income taxes	10,157	2,450	3,375	1,293
Depreciation and amortization........	4,177	3,620	8,869	9,001
Capital taxes.......................	725	518	588	506
Interest............................	18,861	17,989	18,639	17,766
Loss on early extinguishment of debt.	-	3,265	1,091	-
Other...............................	-	2	(155)	(129)
EBITDA..............................	$ 50,913	$29,631	$ 19,607	$ 18,248

Under the terms of the Company's short and long-term debt agreements, restructuring and other unusual or non-recurring items would be added back to EBITDA. Included in EBITDA for the year ended December 31, 2003 is a foreign exchange gain of $11.3 million.

(4) Restructuring and unusual charges of $2.5 million in 2002 includes $2.1 million of restructuring charges (see Restructuring Reserves), of which $1.6 million is recorded under cost of goods sold and $0.5 million in selling, general and administrative expenses. The balance of $0.4 million is recorded in the Other income (expense) line and includes primarily unusual charges of $0.3 million related to an unsuccessful acquisition bid, and $0.6 million related to an estimated environmental remediation for one of our properties, partially offset by a foreign exchange gain of $0.6 million which resulted from the translation of our U.S. dollar denominated long-term debt, 50% of which is held by the Canadian subsidiary, Sport Maska Inc.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BACKGROUND AND INTRODUCTION

We can trace our origins to September 1899, when the Canada Cycle and Motor Company (CCM) was formed as a manufacturer of bicycles and motorcars. In 1905, CCM began marketing ice hockey skates for a sport barely 30 years old at that time and in 1937 acquired the Tackaberry (later Tacks) trade name. In 1983, CCM was amalgamated with Sport Maska Inc., a manufacturer of hockey jerseys for the NHL since 1967. In April 1997, WS Acquisition LLC, an affiliate of Wellspring Capital Management LLC, acquired a controlling interest. In November 1998, we acquired Sports Holdings Corp., Europe's largest manufacturer of ice, roller and street hockey equipment and their JOFA, KOHO, Canadien, Heaton and Titan brands. As a result, we are now the world's largest marketer, designer and manufacturer of hockey equipment and related apparel. On June 11, 2003 we became a subsidiary of The Hockey Company Holdings Inc., a Canadian public corporation. Our business is seasonal. The seasonality of our business affects net sales and borrowings under our credit agreements. Traditional quarterly fluctuations in our business may vary in the future depending upon, among other things, changes in order cycles and product mix.

Fiscal year 2003 was a solid year for the Company's hockey equipment business. Revenue and margins grew in every category - sticks, skates, helmets, protective and goalie - for a total increase of 17% in sales and 22.5% in gross margin. The Company's biggest gains came in the stick and skate categories, fuelled by the new Vector one-piece composite hockey sticks and growth in the performance skate segment. These products and others targeted at elite players allowed the Company to continue its momentum and overall leadership position in the hockey equipment industry.

In 2003, the apparel business got off to a slow start with sales in the first half down by 7.8% but sales in the second half rebounded up 9.4% compared to the same periods in 2002 to finish up 4% for the year. As indicated earlier in the year, the soft first half results were primarily a result of small market teams advancing far into the NHL playoffs and thus affecting sales of replica jerseys. In the second half, sales of the NHL "Vintage" series significantly contributed to the growth in sales. The Company expects the momentum in the "Vintage" series of jerseys and related apparel products to continue in 2004. In 2003, we also expanded our footprint in apparel business through the acquisition of Roger Edwards Sport Ltd., a casual apparel company that operates under several licensed properties, including the NCAA, the Canadian Football League and Team Canada.

Although we acknowledge that there has been a great deal of discussion about a potential NHL work stoppage in 2004, we believe that the Company is well positioned to manage through any interruption in the NHL season, if necessary. While sales in the apparel segment would decrease during an interruption in play, we believe that the equipment side would be unaffected and overall the Company's results would continue to be profitable.

From a balance sheet perspective, we have significantly reduced our debt load through the redemption of our 13% Pay-in-Kind Preference Stock and the generation of $21.0 million in cash from operations to finish the year with $42.6 million in the bank.

The following discussion provides an assessment of our results of continuing operations, financial condition and liquidity and capital resources, and should be read in conjunction with our Consolidated Financial Statements and Notes thereto included elsewhere herein. (All references to "Note(s)" refer to the Notes to the Consolidated Financial Statements.) The information presented below should be read in conjunction with the consolidated financial statements included elsewhere in this Form 10-K.

RESULTS OF OPERATIONS

Our results of operations as a percentage of net sales for the periods indicated were as follows:

	2003	2002
		%
Net sales	100.0	100.0
Cost of goods sold before restructuring and unusual charges	55.1	56.1
Restructuring and unusual charges	--	0.8
Gross profit	44.9	43.1
Selling, general and administrative expenses before restructuring and unusual charges	30.7	30.2
Restructuring and unusual charges	--	0.2
Amortization of excess reorganization value and goodwill	--	--
Operating income	14.2	12.7
Other (income) expense, net	(0.3)	0.6
Interest expense	7.9	8.5
Foreign exchange gain	(4.7)	--
Loss on early extinguishment of debt	--	1.5
Income (loss) before income taxes	11.3	2.1
Income taxes	4.2	1.2
Net income (loss)	7.1	0.9
EBITDA (1)	21.2	13.9

(1) EBITDA is defined as earnings (net income) before interest, income and capital taxes and depreciation and amortization. EBITDA includes restructuring charges, and other unusual items if it is reasonably likely that they will recur within two years. This non-GAAP financial measure does not replace the presentation of GAAP financial results, specifically EBITDA as an alternative to cash flows as a measure of liquidity or as an alternative to net income as a measure of operating performance, but is provided to enhance overall understanding of the Company's current financial performance and prospects for the future. The Company's management believes that non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to its financial condition and results from operations. In addition, management uses certain non-GAAP financial measures for reviewing the Company's financial results and evaluating its financial performance. It should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. We view EBITDA as

mostly an indicator of our operating performance and, therefore, the nearest GAAP measure is net income. The following is a reconciliation of our EBITDA to our net income:

	FISCAL YEAR ENDED DECEMBER 31 (IN THOUSANDS OF U.S. DOLLARS	
	2003	2002
Net income (loss)	$ 16,993	$ 1,787
Income taxes	10,157	2,450
Depreciation and amortization	4,177	3,620
Capital taxes..............................	725	518
Interest...................................	18,861	17,989
Loss on early extinguishment of debt........	--	3,265
Other......................................	--	2
EBITDA.....................................	$ 50,913	$ 29,631

Under the terms of the Company's short and long-term debt agreements, restructuring and other unusual or non-recurring items would be added back to EBITDA. Included in EBITDA for the year ended December 31, 2003 is a foreign exchange gain of $11,266.

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2003 COMPARED TO 2002

Net sales grew by 12.8% to $239.9 million from $212.7 million in 2002.

The equipment business grew by 17%. The growth in equipment sales was fueled by our Stick and Skate categories, in particular our performance ice skates and Vector one-piece composite hockey sticks. These products, as well as the overall selection of products, are enabling us to maintain our overall leadership position in the industry and improve market share in specific categories.

The apparel business grew by 4% compared with a year ago, mainly as a result of the positive foreign exchange fluctuations. The apparel business was impacted in the first half of the year due to small market teams advancing far into the NHL playoffs and negatively affecting sales of replica jerseys. Our "Vintage" series line was a success story at retail and we expect the momentum in this series of jerseys to continue in 2004.

Geographically, sales in Canada and Europe continue to demonstrate strength while the United States economy provides greater challenge. Foreign exchange rate fluctuations play a part in the reported results. Sales in 2003 were positively impacted by approximately $20.6 million compared with a year ago on a constant dollar basis. Similarly, operating and other expenses are negatively impacted, mitigating the overall impact on the Company's reported earnings. While the Company reports in U.S. dollars, it has significant exposure to the Canadian dollar, the Euro and the Swedish krona. Our Canadian subsidiary is also exposed to the U.S. dollar because 50% of our long-term debt is held by the Canadian subsidiary.

Gross profit was $107.7 million in 2003 compared to $91.7 million in 2002, an increase of 17.4%. Measured as a percentage of net sales, gross margin increased to 44.9% in 2003 from 43.1% in 2002. The gross profit before restructuring and unusual charge in 2002 was $93.3 million.

The gross margins for the equipment business as a percentage of sales grew to 42.0% from 40.2% in 2002, mainly attributable to product mix.

Apparel gross margins as a % of sales increased to 51.3% from 48.9% in 2002, mainly related to an overall reduction in product costs due to overall operational efficiencies.

Selling, general & administrative expenses increased as a percentage of sales to 30.7% of 2003 sales from 30.2% of total 2002 sales. In dollar terms, there was an increase to $73.8 million in 2003 from $64.3 in 2002. The increase was principally related to the movement in exchange rates as mentioned above and was also attributable to expenses directly related to the increased sales and research and development expenses.

Operating income for the year ended December 31, 2003 was $33.9 million compared to $26.9 million or $29.0 million excluding the restructuring charges, in the year ended December 31, 2002.

As a result of the above, EBITDA, as defined earlier, increased by $21.3 million to $50.9 million for 2003 compared to $29.6 million in the year ended December 31, 2002. Included in the increase was approximately $13.0 million resulting from the foreign exchange translation of the 50% portion of U.S. dollar denominated long-term debt held by our Canadian subsidiary.

Other income of $0.9 million consisted primarily of $0.5 million related to the gain on sale of our Drummondville manufacturing facility which had become redundant and closed in December 2002. Other expense of $1.3 million in 2002 consisted primarily of $0.3 million related to the unsuccessful bid to acquire the Rollerblade division from the Benetton Group and $0.6 million related to an estimated environmental remediation for one of our properties.

Interest expense including amortization of deferred financing costs ($1.3 million and $1.4 million in 2003 and 2002, respectively) and the dividend on the 13% Pay-In-Kind redeemable Preferred Stock ($2.0 million and $2.5 million in 2003 and 2002, respectively) increased to $18.9 million in 2003 compared to $18.0 million in 2002. The increase in 2003 was mainly attributable to the movement in exchange rates and it reflects a full year of interest on the high-yield Secured Notes which were issued in April 2002.

Included in foreign exchange gain of $11.3 million in 2003 was a foreign exchange gain of approximately $13.0 million for the year ended December 31, 2003 which resulted from the translation of our U.S. dollar denominated long-term debt, 50% of which is held by our Canadian operating company with a functional currency of the Canadian dollar.

The loss on early extinguishment of debt of $3.3 million in 2002 consisted of the write-off of deferred financing costs as a result of the extinguishment of the Caisse de depot et placement du Quebec ("Caisse") loan in April 2002.

Income before income taxes was $27.2 million in 2003 compared to $4.2 million for 2002.

Our net income attributable to common stockholders for the year ended December 31, 2003 was $17.0 million compared to $1.8 million for the year ended December 31, 2002.

2002 COMPARED TO 2001

Net sales grew by 7.3% in 2002 to $212.7 million from $198.2 million in 2001. The increase was primarily due to higher apparel, ice skates and sticks sales. Apparel sales were strong again with an increase of 13.1%, or $8.2 million, over 2001. Much of this improvement was a result of our strategy to get orders for the NHL season out before opening night. Skate sales increased 4.3%, or $2.0 million, over 2001, mainly related to our new line of recreational skates as part of our endorsement relationship with Olympic Gold Medal skaters Jamie Sale and David Pelletier. Stick sales increased 9.3%, or $2.7 million, over 2001, mainly attributable to the strong demand for our CCM Vector one-piece full composite stick.

Gross profit was $91.7 million in 2002 compared to $79.7 million in 2001, an increase of 15.1%. Measured as a percentage of net sales, gross margin increased to 43.1% in 2002 from 40.2% in 2001. The increase was mainly attributable to our apparel and protective categories. Apparel margins were significantly up from 2001, which was due to a healthy product mix weighted towards high margin licensed jerseys, as well as an overall reduction in product costs due to efficiencies in our manufacturing processes, partially reflecting the benefits of restructuring efforts in 2001. Protective margins were also significantly up in 2002, due to our new Koho protective line and significant margin improvement in our low entry level glove line. The gross profit before restructuring and unusual charge was $93.3 million in 2002 compared to $80.9 million in 2001.

Selling, general & administrative expenses before restructuring and unusual charges decreased as a percentage of sales to 30.2% of 2002 sales from 31.2% of total 2001 sales. In dollar terms, there was an increase to $64.3 million in 2002 from $61.8 in 2001. This increase was mainly related to increases in NHL related expenses, selling and marketing variable expenses and research and development expenses. Our NHL related expenses were the contractual increase of $1.3 million through royalties paid to National Hockey League Enterprises, LP and additional NHL team marketing expenses related to having the right to produce and market authentic team jerseys for all 30 NHL teams. Our selling and marketing variable expenses increased by $0.7 million related to higher sales. Our research and development expenses increased by $0.3 million as we continued to invest more dollars in product development.

Operating income for the year ended December 31, 2002 was $26.9 million compared to $9.0 million in the year ended December 31, 2001. We did not amortize any goodwill or excess reorganizational value in 2002, whereas in 2001 we recorded an amortization of $4.4 million. (See "Intangible Assets".)

In 2002 we recorded a total restructuring charge of $2.1 million compared to $5.7 million in 2001 (See "Restructuring Reserves").

Other expense consists primarily of $0.3 million related to the unsuccessful bid to acquire the Rollerblade division from the Benetton Group and $0.6 million is related to an estimated environmental remediation for one of our properties.

EBITDA, as defined earlier, increased by 51.0% to $29.6 million for 2002 compared to $19.6 million 2001.

Interest expense including amortization of deferred financing costs ($1.4 million and $2.7 million in 2002 and 2001, respectively) and the dividend on the 13% Pay-In-Kind redeemable Preferred stock ($2.5 million and $2.3 million in 2002 and 2001, respectively) decreased to $17.9 million in 2002 compared to $18.6 million in 2001.

Included in foreign exchange loss (gain) is a foreign exchange gain of $0.6 million for the year ended December 31, 2002 which resulted from the translation of our U.S. dollar denominated long-term debt, 50% of which is held by our Canadian operating company with a functional currency of the Canadian dollar.

As a result of the extinguishment of the Caisse loan, we wrote off $3.3 million of deferred financing costs in 2002 (See "Liquidity and Capital Resources"). In 2001, as a result of the substantive modification to the terms of our long-term debt with Caisse which was fully repaid in 2002, we wrote off $1.1 million of deferred financing costs.

Income before income taxes was $4.2 million in 2002 versus a loss before income taxes of $9.4 million for 2001.

Our net income attributable to common stockholders for the year ended December 31, 2002 was $1.8 million compared to a $12.8 million net loss for the year ended December 31, 2001.

INCOME TAXES

Our income tax provision is comprised of both United States and foreign tax components. Due to changes in the relative contribution of income or loss by country, differences in the effective tax rates between countries (principally the U.S. and Canada) and permanent differences in effective tax rates between income for financial statement purposes and tax purposes, the consolidated effective tax rates may vary significantly from period to period. We and our U.S. subsidiaries consolidate their income for U.S. federal income tax purposes. However, gains and losses of certain subsidiaries may not be available to other subsidiaries for tax purposes.

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Based on our performance in 2003 and our projected future earnings and taxable income, we have not recorded a valuation allowance on the temporary differences (other than net operating loss and investment tax credits as we did in 2001) and recognized a deferred tax asset as at December 31, 2003. As a result, our effective tax rate has changed from approximately (36%) in the year ended December 31, 2001 to approximately 37% in the year ended December 31, 2003.

Fresh-start reporting requires us to report a provision in lieu of income taxes when there is a taxable income and utilization of a pre-reorganization net operating loss carry-forward. This requirement applies despite the fact that our pre-reorganization net operating loss carry-forward and other deferred tax assets would substantially reduce the related federal income tax payable. The current and future year tax benefit related to the carry-forward is recorded as a reduction of reorganization value in excess of amounts allocable to identifiable assets until exhausted and then as a direct increase to paid in capital. The amount of income tax provision that has been used to reduce the reorganizational value in excess of amounts allocable to identifiable assets is reflected as a provision in lieu of income taxes in our Consolidated Statements of Operations.

We are currently undergoing an audit by the Canada Revenue Agency for its 1996 to 2001 taxation years, which includes transfer pricing and other matters for which an accrual has been recorded. It is not possible at this time to determine the amount of the final liability that may arise as a result of this audit and the actual assessment may differ significantly from our current estimate.

LIQUIDITY AND CAPITAL RESOURCES

On June 11, 2003, The Hockey Company Holdings Inc. ("THC Holdings") completed its initial public offering for the issue of 4,500,000 common shares (the "Offering") for proceeds of $47.2 million (Cdn$64.1 million), net of issue fees and expenses of approximately $5.8 million (Cdn$7.8 million). On July 11, 2003, the underwriters exercised their over-allotment option, which resulted in the issuance of an additional 429,200 common shares for proceeds of $4.6 million (Cdn$6.4 million), net of issue fees and expenses of $0.4 million (Cdn$0.5 million). THC Holdings participated in a reorganization with us whereby THC Holdings, which had incorporated Hockey Merger Co. ("Subco") on February 24, 2003, and Subco entered into a merger agreement on April 2, 2003 with us and whereby Subco merged into us. In return for proceeds from The Offering, THC Holdings received 4,929,200 shares of a new class of our voting common stock, representing all of our outstanding voting common stock. Each existing holder of common stock received one share of our non-voting exchangeable common stock (the "Exchangeable Shares") for each share of common stock held. Each holder of an Exchangeable Share has the right to exchange one Exchangeable Share for one common share of THC Holdings, subject to certain adjustments in the event, among others things, of stock splits or similar events. The delivery of the common shares upon exercise of the put right shall be subject to applicable U.S. securities laws. We have accounted for the merger as a continuity of The Hockey Company as a transaction between related parties and, accordingly, the consolidated financial statements of THC Holdings will be prepared using the historical cost basis as though both THC Holdings and The Hockey Company had been combined since inception.

On March 28, 2003, we