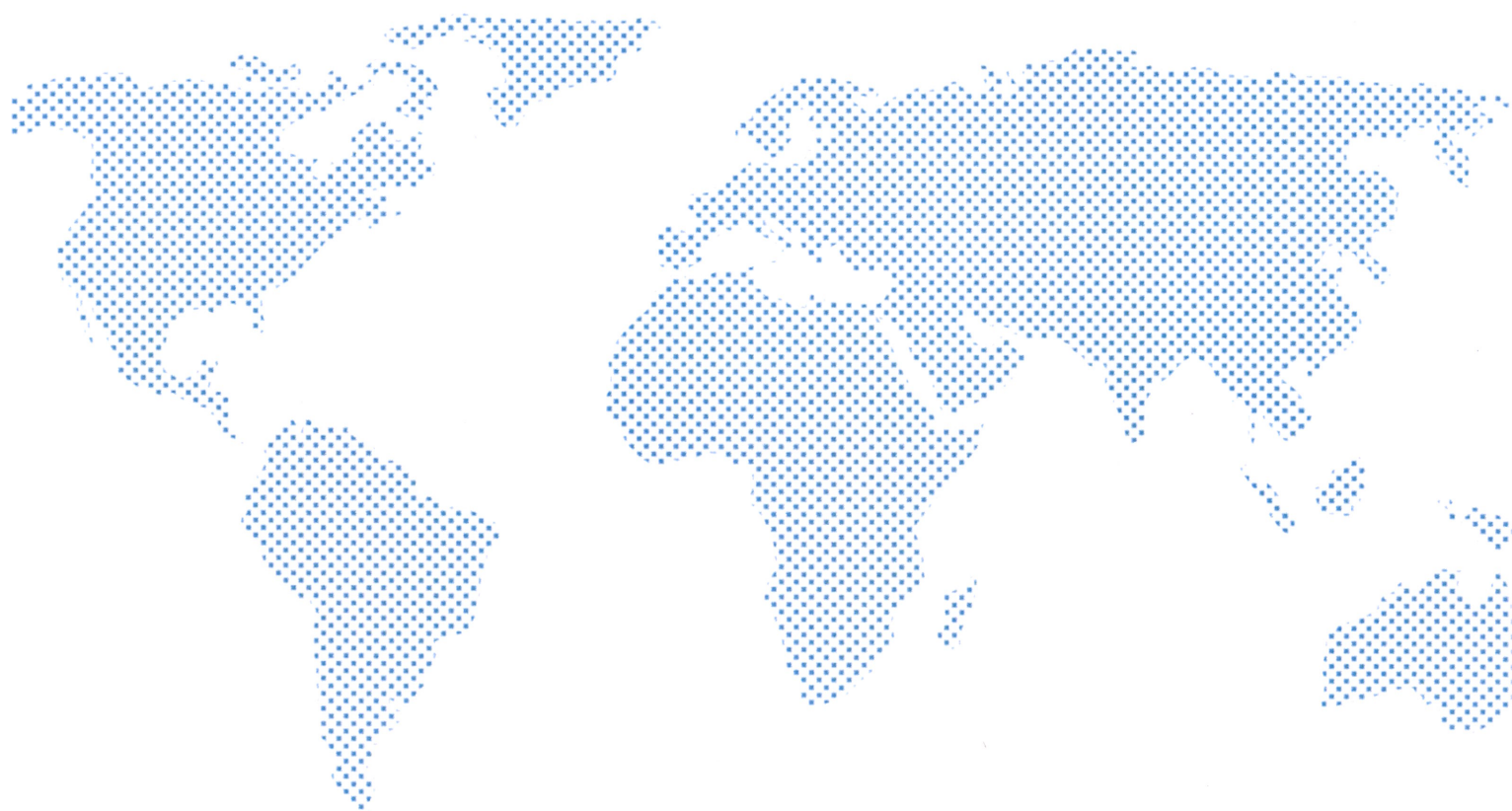


AIBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

REVIEW REPORT ON THE FINANCIAL
STATEMENTS ENDED 30 JUNE 2019



MOORE

Auditor's report
to the Executive Committee of
AIBA – International Boxing Association
Lausanne

Moore Stephens Refidar SA

Place Bel-Air 5
Case Postale 1347
1260 Nyon 1
T +41 (0)58 911 86 00
F +41 (0)58 911 86 99
nyon@moore.swiss
www.moore.swiss

In accordance with the mandate that you have given us, we have reviewed the financial statements (balance sheet, income statement and notes) of International Boxing Association for the year ended 30 June 2019.

Prior year figures were audited by another auditor. He was not able to express an opinion on those financial statements in relation to the basis of going concern. At that time, debt settlement agreements, revenue agreements negotiations and contingencies remained incomplete.

These financial statements are the responsibility of the Executive Committee. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Swiss Auditing Standard 910 Review. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. It therefore provides less assurance than a full audit. We have performed a limited review and not a full audit and accordingly we do not express an opinion further to a full audit.

With regard to the going concern and the valuation basis, we note the following: Based on our review, we have to assume that International Boxing Association developed liquidity problems and is in an over-indebtedness situation. The ability of International Boxing Association to continue as a going concern and to repay its debts will depend upon the proper execution of two agreements signed for 2021 competitions. As of today, the payment schedule for the first competition has not been respected and the payment for the second competition is expected in December 2020. If the required amounts are not received before January 2021, International Boxing Association will not be able to repay its debt when they fall due. As a result of these matters, we were unable to assess the going concern assumption.

Due to the possible effect of the matter described in the preceding paragraph, we are not in a position to express an examination conclusion.

Should the Association be unable to continue as a going concern, the financial statements would have to be prepared on the basis of liquidation values and the Executive Committee would have to consider the Association as insolvent which will lead to its dissolution.

In addition, we draw attention to note 7 in the notes to the financial statements describing a potential litigation against International Boxing Association and that no provisions have been recognized regarding this matter. At present, it is not possible to predict whether, and to what extent, International Boxing Association will have to pay for any damages. As a result, a material uncertainty exists in relation to the measurement of provisions.

Nyon, 10 November 2020

MOORE STEPHENS REFIDAR SA



Déborah Dépraz
Licensed Audit Expert
Auditor in charge



Jacques Grossen
Licensed Audit Expert

Enclosure: Financial statements (balance sheet, income statement and notes)

AIBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

BALANCE SHEET AS OF JUNE 30, 2019

	NOTES	jun. 30, 2019 CHF	jun. 30, 2018 CHF
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		397 651	1 847 365
Trade Accounts Receivable:			
- Receivables from third parties		2 844 653	1 186 914
- Receivables from related company - WSB	3.5	0	0
- Receivables from related company - WSB-AO		0	0
- Receivables from related group company - BMA		0	24 555
- Receivables from related group company - FBB		13 202	11 021
- Receivables Valuation Adjustment	3.3	(2 330 510)	(1 174 291)
Other Current Receivables		62 058	398 307
Prepaid Expenses and Accrued Income		22 748	76 124
TOTAL CURRENT ASSETS		1 009 801	2 369 996
NON-CURRENT ASSETS			
Financial Assets:			
- Guarantee Deposits		150 000	167 429
- Loan to related party - WSB-AO	3.7	0	188 418
- Loan to related party - BMA	3.6	0	3 815 782
Subordination agreement to related parties		0	(4 004 200)
Investments:			
- Investment in WSB	3.5	1	300 000
- Investment in BMA	3.6	0	0
Property, Plant and Equipment:			
- Furniture and equipment	3.1	33 728	40 752
- IS (computers, softwares)	3.1	40 065	68 715
- Leasehold improvement	3.1	2 779	3 763
- Building	3.1	865 793	938 422
TOTAL NON-CURRENT ASSETS		1 092 366	1 519 081
TOTAL ASSETS		2 102 167	3 889 077
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Trade Account Payable:			
- Payables due to third parties		315 329	337 717
- Payables due to related party - WSB	3.5	1 167 159	1 552 227
- Payables due to related party - BMA	3.6	0	96 501
Other Current Liabilities:			
- Liability in relation to guarantee on WSB AO loan from third party	3.7	985 560	11 483 247
- Other current liabilities		285 674	(1 527)
Accruals and deferred income:			
- Accruals		1 102 063	505 572
- Deferred Income International Olympic Committee		2 152 722	6 458 167
- Other Deferred income		5 641 678	1 972 523
TOTAL CURRENT LIABILITIES		11 650 185	22 404 428
NON-CURRENT LIABILITIES			
Other non-current liabilities:			
- Other non-current liabilities		172 691	500 000
- Liability in relation to guarantee on WSB AO loan from third party	3.7	7 884 480	0
TOTAL NON-CURRENT LIABILITIES		8 057 171	500 000
TOTAL LIABILITIES		19 707 355	22 904 428
UNRESTRICTED FUNDS			
Unrestricted operating funds		(19 015 352)	(17 224 709)
Result for the period - Gain / (Loss)		1 410 163	(1 790 643)
TOTAL UNRESTRICTED FUNDS	3.9	(17 605 188)	(19 015 352)
TOTAL LIABILITIES AND FUNDS		2 102 167	3 889 077

INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2019

		Interim Exercise <u>Jul. 01 - Jun.30</u> 2018 - 2019 12 months CHF	Full Exercise <u>Jul. 01 - Jun.30</u> 2017 - 2018 12 months CHF
	NOTES		
OPERATING INCOME			
Revenue from Sale of Goods and Services:			
Olympics	3.8	4 408 689	4 305 445
Sponsorship and TV Rights Revenue		1 004 533	757 610
Licensing		350 432	2 185
Sport Events		800 000	2 098 100
Grant & Subsidies		203 582	53 212
Donations from President		173 352	0
Membership Fees		47 043	49 510
Sales of Merchandising Products		7 459	10 117
Examination Income		123 069	133 592
Miscellaneous income		92 938	19 195
Total Revenues		7 211 097	7 428 965
Impairment on receivables	3.3	(510 147)	(803 693)
TOTAL OPERATING INCOME		6 700 950	6 625 272
OPERATING EXPENSES			
Expense from affiliated company - WSB		0	(1 100 650)
President Office		(146 173)	(184 642)
Personnel Expenses		(2 026 138)	(2 045 315)
HQ - Rent & Utilities		(97 257)	(153 707)
HQ - Office expenses		(155 660)	(201 460)
HQ - Travel expenses		(114 382)	(84 459)
HQ - External services		(1 287 259)	(1 632 513)
AIBA representatives travel & expenses		(368 736)	(248 321)
Marketing Expenses		0	0
Communication Expenses		(253 579)	(497 290)
Continental Bureaus & Permanent Center		(74 929)	(243 515)
Commissions		(90 738)	(20 219)
AIBA Meetings		(931 649)	(417 895)
AOB Championships & Events		(358 572)	(203 432)
Training & Education expenses		(173 849)	(175 236)
Ethics & Anti-doping		(227 252)	(191 406)
Miscellaneous Expenses		(175)	(2 225)
Purchases of Merchandising Products		(4 757)	(5 115)
Depreciation	3.1	(118 764)	(139 328)
TOTAL OPERATING EXPENSES		(6 429 869)	(7 546 730)
OPERATING RESULT - GAIN / (LOSS)		271 081	(921 458)
OTHER INCOME AND EXPENSES			
Financial Income		5 655	22 387
Financial Expenses		(39 429)	(363 509)
Foreign Exchange Gain		44 826	181 218
Foreign Exchange Loss		(115 178)	(182 664)
Extraordinary non-recurring Income	8	3 374 622	54 864
Extraordinary non-recurring Expenses	8	(2 130 069)	(578 600)
TOTAL OTHER INCOME AND EXPENSES		1 140 427	(866 305)
RESULT BEFORE TAXES		1 411 508	(1 787 763)
Taxes	3.2	(1 345)	(2 880)
NET GAIN / (LOSS)		1 410 163	(1 790 643)
Accumulated gain at beginning of year		(19 015 352)	(17 224 709)
ACCUMULATED LOSS AT END OF YEAR		(17 605 188)	(19 015 352)

AIBA – International Boxing Association, Lausanne

Notes to the financial statements for the period of 01 July 2018 to 30 June 2019

A. General information

1. Accounting principles

The annual accounts have been prepared based on the principles set out in the Swiss code of obligations (CO) in particular CO 957 – 962. The financial statements for the period ended 30 June 2019 have been prepared in accordance with the new provisions of the Swiss Law regarding accounting and financial reporting.

Currency and exchange rate. The annual accounts are maintained in Swiss Francs (CHF).

Assets and liabilities denominated in currencies other than Swiss Francs are recorded in the balance sheet based on exchange rates ruling at the year-end. Transactions denominated in currencies other than Swiss Francs are recorded at monthly average rates; all exchange losses and realized exchange gains are recognized as financial income or expense.

At June 30 2019, the period end exchange rate USD / CHF is 0.98556.

At June 30 2019, the period end exchange rate EUR / CHF is 1.12018.

At June 30 2019, the period end exchange rate GBP / CHF is 1.24844.

2. Going Concern

The fact that AIBA's liabilities exceed its assets (i.e. is over-indebted) is mainly due to support provided to World Series of Boxing (WSB) and to the dissolved World Series of Boxing America Operations S.A. (WSB AO) notably through the guarantee of the loan WSB AO received from Benkons MMC (see Note 3.7). As at the date of preparation of these financial statements, AIBA is still operating and its underlying activity remains profitable.

Furthermore:

- The management prepared cash flow forecast, for the next twelve months, shows the association is dependent upon the proper execution of two agreements signed for 2021 competitions (see note 9).
- In relation to the guarantee on WSB AO loan from Benkons, AIBA management has finalized an agreement scheduling its repayment beginning January 2021 onwards (see note 3.7).

Consequently, the Executive Committee's conclusion is that AIBA will remain as a going concern over the next twelve months, under the assumption the two abovementioned agreements will be duly complied with.

3. Information, breakdowns and explanations relating to items on the balance sheet and in the profit and loss account

Balance Sheet

3.1 Fixed assets

Fixed assets are recorded on the balance sheet at the acquisition value and depreciated on a straight line basis.

Useful life:

Furniture and equipment	8 years
IS, computer, hardware and software	3 years
Other electronic device, office machine	5 years
Office improvements	8 years
Building	25 years
License	5 years

3.2 Taxes

AIBA is exonerated from its liabilities to income and capital taxes because its activity is considered as of pure public usefulness.

3.3 Receivables Valuation Adjustment

Adjustments to the value of receivables have been made based on the following principle:

- Falling due within 12 months – no adjustment
- Falling due within 12 to 24 months – 50% adjustment
- Falling due after 24 months – 100% adjustment

The provision schedule has been accelerated when specific risks were identified.

3.4 Financial engagements / lease commitments

There are no lease commitments.

3.5 World Series of Boxing SA

World Series of Boxing SA (WSB) is a Swiss corporation with its registered office in Lausanne. Its statutory purpose is to develop a single professional boxing championship. It is wholly owned by AIBA, as of prior year the share capital amount has been fully impaired to a nominal value of CHF 1 from the original share capital amount of CHF 300,000.

Since the finals VIII in 2018, activities of WSB are on hold. While in activity, any WSB surplus profit was repaid to AIBA, while company shortage was financed by AIBA.

The contribution due by AIBA to WSB for the financial period amounts to to CHF 1'167'159 (2018: CHF 1'552'227 due by AIBA).

3.6 Boxing Marketing Arm SA (dissolved since April 2018)

Boxing Marketing Arm SA (BMA) was a Swiss corporation with its registered office in Lausanne. BMA has been dissolved on 19 April 2018 and struck off the Trade Register on 2 April 2019.

AIBA had agreed to subordinate its receivable against BMA for an amount of CHF 3'815'782 as of 31 January 2017.

AIBA has recovered CHF 105'379.60 following the liquidation.

3.7 Liability in relation to guarantee on WSB AO loan from third party

On 18 November 2010, AIBA granted a guarantee in relation to a USD 10.0M loan made by Benkons MMC (Baku) to WSB America Operations SA (WSB AO SA), due for repayment on 18 November 2013.

WSB AO S.A. was a Swiss corporation having its registered office in Lausanne, who was wholly owned by WSB S.A. This company has been written off from the trade register following its closure due to bankruptcy.

The loan was not repaid by WSB-AO on 18 November 2013 and as such an amount of USD 10'000'000 has been booked in the prior year financial statements of AIBA.

AIBA and Benkons have signed an agreement fixing terms and conditions of the loan settlement with a long term repayment plan without interest. The contract has been ratified by the Executive Committee on July 12-13 2018. The accumulated interest was in the amount of CHF 1'829'095 and has been released as Extraordinary Income in July 2018.

A sponsorship agreement for USD 2'000'000 is included in the agreement to be netted against the original debt. The remaining USD 8'000'000 will be repaid over 8 annual installments starting from January 2021 (2021 to 2028).

The current balance is CHF 985'560 (2018: CHF 11'483'247) and the non-current balance is CHF 7'884'480 (2018: CHF 0) resulting in a total liability of CHF 8'870'040 (2018: 11'483'247).

3.8 Revenues from Sale of Goods and Services Olympics

In the year of the Olympic Summer Games, AIBA used to receive a Contribution from the International Olympic Committee (IOC). It was considered that these proceeds, which are only received once every four years, represent a core financing of AIBA both for the year of the Games and the succeeding three years. It is recognized as income and made available for operating expenditure on a prorata basis over four years, starting with the year of the Olympic Summer Games. AIBA received a total of USD 17.3 million (CHF 17.2 million) in 3 instalments for the 2016 Olympic Games. AIBA recognized a revenue of CHF 4.4 million for the current period, which is related to funds received for the Olympic Games Rio 2016.

In May and June 2019, the International Olympic Committee (IOC) decided to provisionally suspend AIBA's recognition and to remove from AIBA the organisation of the Olympic Boxing Tournament Tokyo 2020. A decision by the IOC with respect to AIBA's recognition was expected in August 2020. However, due to the postponement of the Olympic Games Tokyo 2020 in summer 2021, a decision by the IOC on AIBA's future recognition has also been postponed by one year and is expected in the Summer of 2021.

3.9 Unrestricted Funds

For the business year under review, the unrestricted funds are CHF 17'605'188 overdrawn (2018: 19'015'352 overdrawn), see note 2.

Profits and loss

3.10 Revenue Recognition and related expenditure

Revenues and expenses related to AIBA are recognized in the appropriate period.

Instalments received in advance are stated on the liabilities side of the balance sheet under "Deferred income" while commissions and due expenses are on the assets side of the balance sheet under "Deferred expenses".

B. Detailed information (CO 959c (2))

4. Business name, legal form and registered office

International Boxing Association is an association having its registered office in Lausanne (Vaud, Switzerland).

5. Number of full-time positions on annual average

The annual average number of full-time positions for the business year under review is of 16.

6. Investments in affiliated companies

AIBA holds the following direct and indirect participations:

Direct participations:

- 100% of the shares and voting rights in WSB, Lausanne, i.e. 300 shares of a nominal value of CHF 1'000

7. Contingent liabilities

First Commitment International Trade (FCIT) has initiated a debt enforcement procedure on 30th September 2020 by having an order to pay served on AIBA for CHF 18'991'229 + 5% interest since 10 December 2016, resulting in a total claim of around CHF 22'500'000 as of today.

AIBA filed an objection to the order to pay and rejects this claim on the basis that AIBA does not owe anything to FCIT.

The rejected claim of CHF 18'991'229 actually relates to a loan between FCIT and BMA, which is now dissolved (see note 3.6).

Consequently no booking has been made into the accounts, however CHF 300'000 has been accrued in provision for potential legal costs.

8. Extraordinary Income and Expenses

Net Extraordinary Income and Expenses of CHF 1'244'553 (2018: CHF - 523'735) is mainly driven by the reversal of the accumulated interest as per agreement signed with Benkons MMC.

	Extraordinary Income CHF	Extraordinary Expenses CHF	Net CHF
- Benkons Interest	1 829 095		1 829 095
- Alisport	900 000	(900 000)	0
- Boxing Marketing Arm (BMA)	325 829		325 829
- WSB impairment shares		(299 999)	(299 999)
- VAT		(249 390)	(249 390)
- cancelation bad debt related to India (100K) & Taishan (93K)	193 243		193 243
- various operations from prior periods	126 456	(680 680)	(554 225)
	<u>3 374 622</u>	<u>(2 130 069)</u>	<u>1 244 553</u>

9. Subsequent events

Several contracts for future incomes have been signed and future event fees have been partially collected during the 3rd quarter of 2020:

- Global Boxing Cup for an amount of CHF 5'000'000 with CHF 933'427.298 collected in September 2020 and remaining balance to be collected in December 2020
- World Men Championship for an amount of CHF 5'000'000 to be collected entirely in 2021