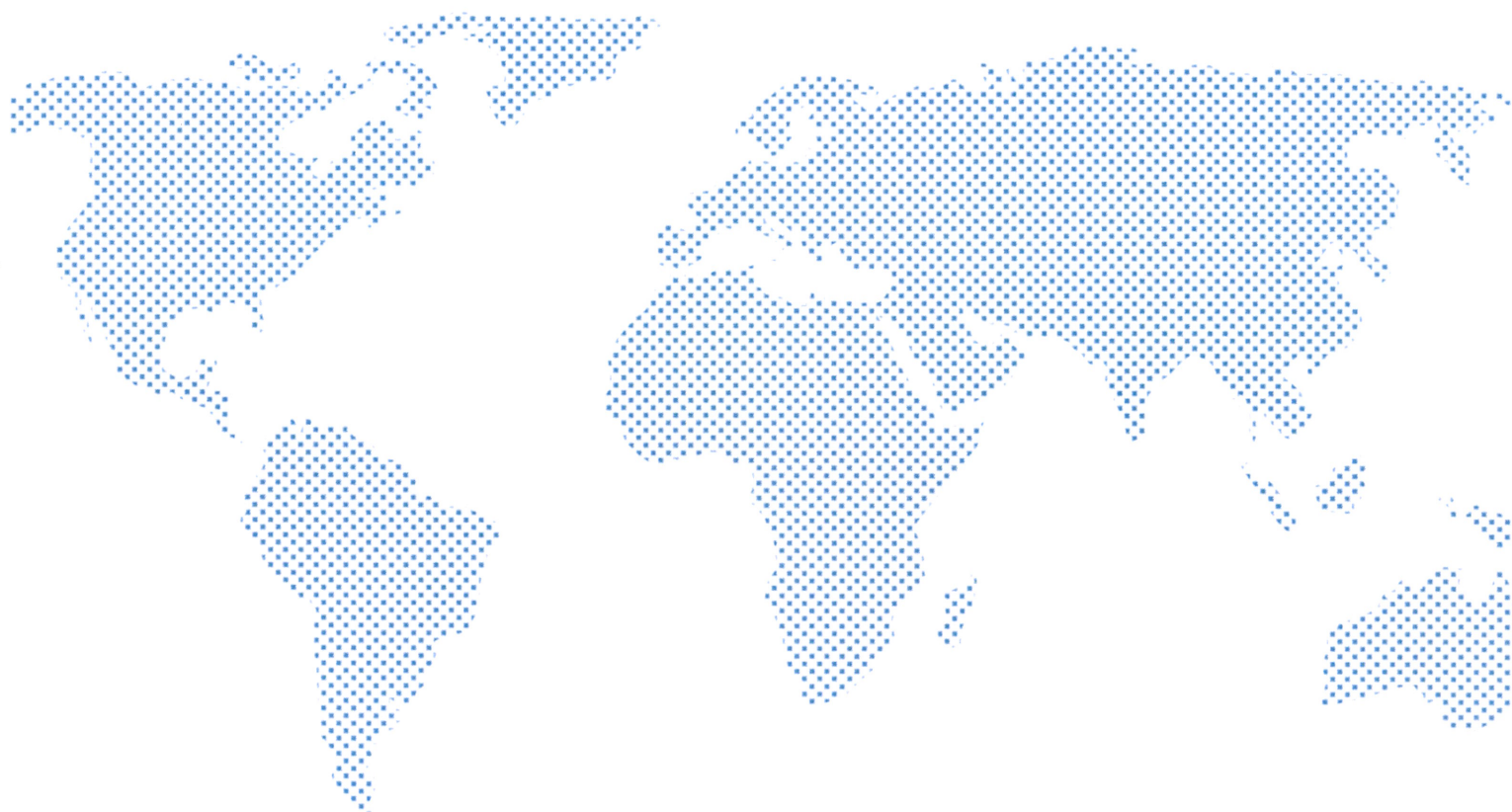


AIBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

REVIEW REPORT ON THE FINANCIAL
STATEMENTS ENDED 30 JUNE 2020



MOORE

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

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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 2020.

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, 2020

	NOTES	jun. 30, 2020 CHF	jun. 30, 2019 CHF
A S S E T S			
CURRENT ASSETS			
Cash and Cash Equivalents	3.1	317 212	397 651
Trade Accounts Receivable:			
- Receivables from third parties	3.1	1 984 576	2 844 653
- Receivables from related group company - FBB		13 202	13 202
- Receivables Valuation Adjustment	3.4	(1 399 927)	(2 330 510)
Other Current Receivables		219 152	62 058
Prepaid Expenses and Accrued Income		58 954	22 748
TOTAL CURRENT ASSETS		1 193 170	1 009 801
NON-CURRENT ASSETS			
Financial Assets:			
- Guarantee Deposits		(0)	150 000
Investments:			
- Investment in WSB	3.6	1	1
Property, Plant and Equipment:			
- Furniture and equipment	3.2	25 576	33 728
- IS (computers, softwares)	3.2	5 698	40 065
- Leasehold improvement	3.2	2 054	2 779
- Building	3.2	793 164	865 793
TOTAL NON-CURRENT ASSETS		826 493	1 092 366
TOTAL ASSETS		2 019 663	2 102 167
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Trade Account Payable:			
- Payables due to third parties		357 969	315 329
- Payables due to related party - WSB	3.6	1 370 342	1 167 159
Other Current Liabilities:			
- Liability in relation to guarantee on WSB AO loan from third party	3.8	960 741	985 560
- Other current liabilities		397 478	285 674
Accruals and deferred income:			
- Accruals		1 035 352	1 102 063
- Deferred Income International Olympic Committee	3.9	0	2 152 722
- Other Deferred income		1 036 186	5 641 678
TOTAL CURRENT LIABILITIES		5 158 067	11 650 185
NON-CURRENT LIABILITIES			
Other non-current liabilities:			
- Other non-current liabilities		0	172 691
- Liability in relation to guarantee on WSB AO loan from third party	3.8	6 725 187	7 884 480
TOTAL NON-CURRENT LIABILITIES		6 725 187	8 057 171
TOTAL LIABILITIES		11 883 254	19 707 355
UNRESTRICTED FUNDS			
Unrestricted operating funds		(17 605 188)	(19 015 352)
Result for the period - Gain / (Loss)		7 741 597	1 410 163
TOTAL UNRESTRICTED FUNDS	3.10	(9 863 591)	(17 605 188)
TOTAL LIABILITIES AND FUNDS		2 019 663	2 102 167

AIBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2020

		Full Exercise Jul. 01 - Jun.30 2019 - 2020	Full Exercise Jul. 01 - Jun.30 2018 - 2019
		12 months	12 months
	NOTES	CHF	CHF
OPERATING INCOME			
Revenue from Sale of Goods and Services:			
Olympics	3.9	2 152 722	4 408 689
Sponsorship and TV Rights Revenue		990 383	1 004 533
Licensing		472 031	350 432
Sport Events		5 500 000	800 000
Grant & Subsidies		0	203 582
Donations from President		0	173 352
Membership Fees		48 266	47 043
Sales of Merchandising Products		6 013	7 459
Examination Income		26 696	123 069
Miscellaneous income		10 416	92 938
Total Revenues		9 206 528	7 211 097
Impairment on receivables	3.4	(76)	(510 147)
TOTAL OPERATING INCOME		9 206 452	6 700 950
OPERATING EXPENSES			
Expense from affiliated company - WSB		0	0
President Office		(121 751)	(146 173)
Personnel Expenses		(793 349)	(2 026 138)
HQ - Rent & Utilities		(82 251)	(97 257)
HQ - Office expenses		(146 694)	(155 660)
HQ - Travel expenses		(3 786)	(114 382)
HQ - External services		(123 959)	(1 287 259)
AIBA representatives travel & expenses		(83 755)	(368 736)
Marketing Expenses		0	0
Communication Expenses		(30 947)	(253 579)
Continental Bureaus & Permanent Center		0	(74 929)
Commissions		0	(90 738)
AIBA Meetings		(68 502)	(931 649)
AOB Championships & Events		0	(358 572)
Training & Education expenses		(5 500)	(173 849)
Ethics & Anti-doping		9 131	(227 252)
Miscellaneous Expenses		0	(175)
Purchases of Merchandising Products		0	(4 757)
Depreciation	3.2	(115 873)	(118 764)
TOTAL OPERATING EXPENSES		(1 567 236)	(6 429 869)
OPERATING RESULT - GAIN / (LOSS)		7 639 216	271 081
OTHER INCOME AND EXPENSES			
Financial Income		215	5 655
Financial Expenses		(13 936)	(39 429)
Foreign Exchange Gain		105 048	44 826
Foreign Exchange Loss		(91 929)	(115 178)
Extraordinary non-recurring Income	8	3 379 636	3 374 622
Extraordinary non-recurring Expenses	8	(3 273 747)	(2 130 069)
TOTAL OTHER INCOME AND EXPENSES		105 287	1 140 427
RESULT BEFORE TAXES		7 744 503	1 411 508
Taxes	3.3	(2 906)	(1 345)
NET GAIN / (LOSS)		7 741 597	1 410 163
Accumulated gain at beginning of year		(17 605 188)	(19 015 352)
ACCUMULATED LOSS AT END OF YEAR		(9 863 591)	(17 605 188)

AIBA – International Boxing Association, Lausanne

Notes to the financial statements for the period of 01 July 2019 to 30 June 2020

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 2020 have been prepared in accordance with the 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 2020, the period end exchange rate USD / CHF is 0.96071.

At June 30 2020, the period end exchange rate EUR / CHF is 1.08050.

At June 30 2020, the period end exchange rate GBP / CHF is 1.18234.

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 3.8). 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 3.8).

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 Cash and Cash Equivalents & Receivables from third parties

AIBA's Cash balance recorded on the balance sheet includes CHF 187'029 belonging to WSB.

Additionally, CHF 35'000 have been deposited to a Swiss notary public and are reserved for payroll payments.

3.2 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

3.3 Taxes

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

3.4 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.

3.5 Financial engagements / lease commitments

There are no lease commitments.

3.6 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 CHF 1'370'342 (2019: CHF 1'167'159 due by AIBA).

3.7 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.

3.8 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 instalments starting from January 2021 (2021 to 2028).

The current balance is CHF 960'741 (2019: CHF 985'560) and the non-current balance is CHF 6'725'187 (2019: CHF 7'884'480) resulting in a total liability of CHF 7'685'928 (2019: 8'870'040).

3.9 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 2.2 million for the current period, which represents the balance of the 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.

3.10 Unrestricted Funds

For the business year under review, the unrestricted funds are CHF 9'863'591 overdrawn (2019: 17'605'188 overdrawn), see note 2.

Profits and loss

3.11 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 business year review went from 16 full-time positions in July 2019 to 3 since January 2020, and until June 2020.

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 and Legal Matters

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 3.7).

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 105'889 (2019: CHF 1'244'533) is mainly driven by recovered VAT on realized non-recoverable receivables from BMA of CHF 181'800 and various operations from prior periods

	Extraordinary Income CHF	Extraordinary Expenses CHF	Net CHF
- Boxing Marketing Arm (BMA)	2 272 500	(2 272 500)	0
- Alisport	900 000	(900 000)	0
- VAT (includes BMA CHF 181'800)	181 800	(41 752)	140 048
- various operations from prior periods	25 336	(59 495)	(34 159)
	<u>3 379 636</u>	<u>(3 273 747)</u>	<u>105 889</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