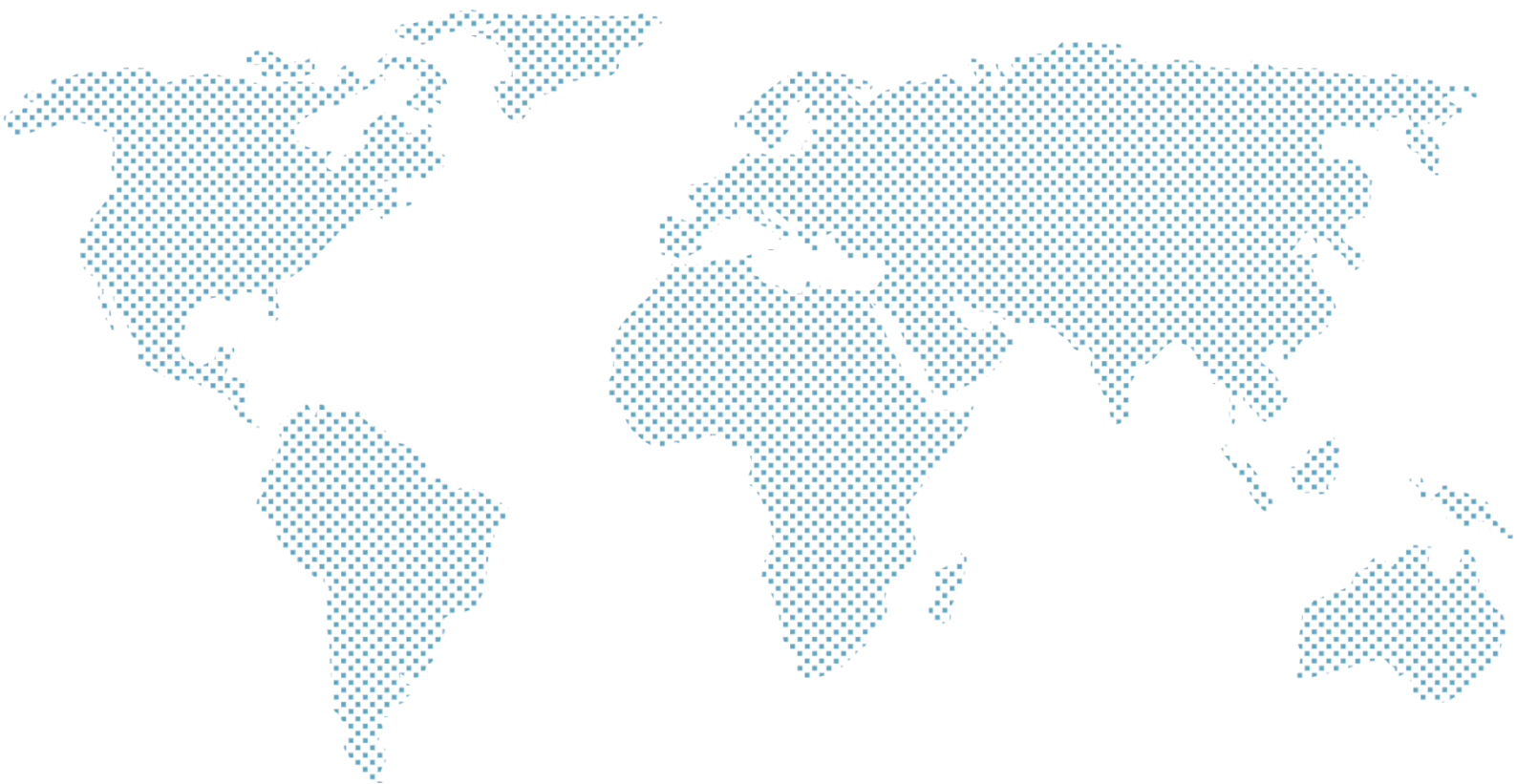


IBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

REPORT OF THE INDEPENDENT AUDITOR
ON THE FINANCIAL STATEMENTS
ENDED 30 JUNE 2022



MOORE

Report of the independent auditor
to the Board of Directors of
IBA – International Boxing Association
Lausanne

As independent auditor and in accordance with your instructions, we have audited the accompanying financial statements of International Boxing Association, which comprise the balance sheet, income statement and notes, for the year ended 30 June 2022.

Board of Directors' Responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements for the year ended 30 June 2022 comply with Swiss law and the association's articles.

We draw attention to Notes 6 and 7 in the notes to the financial statements describing an uncertainty around operating as a going concern in the mid to long term. Indeed, the ability to continue operating for a period over 12 months is conditional upon adherence to approved budget, the capacity of IBA to continue to find sources of revenues and to whether the risk of a potential litigation mentioned in note 6 materializes. Currently, it is not possible to predict whether, and if so, to what extent, IBA will have to pay for any damages, consequently, a material uncertainty exists in relation to this contingency. Nevertheless, our opinion is not qualified in respect of this matter.

Nyon, 2 December 2022

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)



IBA
International Boxing Association, Lausanne

STATUTORY ACCOUNTS

AS OF

30 JUNE 2022

Lausanne, 01 December 2022

IBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

BALANCE SHEET AS OF 30 JUNE 2022

	<u>30 June 2022</u>	<u>30 June 2021</u>
	CHF	CHF
A S S E T S		
CURRENT ASSETS		
Cash and Cash Equivalents	14 240 759	30 946 936
Securities	3 927 060	5 043 632
Trade Receivables:		
- Receivables from third parties	6 666 824	1 672 564
- Receivables from related company - WSB	1 383 002	1 432 070
- Receivables from related group company - FBB	23 109	23 109
- Accruals on receivables	(4 167 001)	(1 399 851)
Other Current Receivables	29 300	4 007
Prepaid Expenses and Accrued Income	<u>821 901</u>	<u>2 390 335</u>
TOTAL CURRENT ASSETS	<u>22 924 956</u>	<u>40 112 802</u>
NON-CURRENT ASSETS		
Investments:		
- Investment in WSB	1	1
Property, Plant and Equipment:		
- Furniture and equipment	10 324	17 958
- IT equipment	17 815	0
- Leasehold improvement	17 940	1 329
- Building	647 864	720 493
Intangible assets:		
- Licences and other intangible assets	<u>18 178</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS	<u>712 122</u>	<u>739 780</u>
TOTAL ASSETS	<u>23 637 078</u>	<u>40 852 582</u>
LIABILITIES AND FUNDS		
CURRENT LIABILITIES		
Trade Account Payable:		
- Payables due to third parties	4 755 823	1 026 077
Other Current Liabilities:		
- Other current liabilities	716 149	249 353
Accruals and deferred income:		
- Accruals	1 828 405	705 863
- Other Deferred income	<u>11 865 978</u>	<u>44 035 731</u>
TOTAL CURRENT LIABILITIES	<u>19 166 356</u>	<u>46 017 024</u>
TOTAL LIABILITIES	<u>19 166 356</u>	<u>46 017 024</u>
UNRESTRICTED FUNDS		
Unrestricted operating funds	(5 164 442)	(9 863 591)
Result of the year - Gain / (Loss)	<u>9 635 164</u>	<u>4 699 149</u>
TOTAL UNRESTRICTED FUNDS	<u>4 470 722</u>	<u>(5 164 442)</u>
TOTAL LIABILITIES AND FUNDS	<u>23 637 078</u>	<u>40 852 582</u>

IBA - INTERNATIONAL BOXING ASSOCIATION, LAUSANNE

**INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2022**

	Full Exercise <u>01.07 - 30.06</u> 2021 - 2022 12 months CHF	Full Exercise <u>01.07 - 30.06</u> 2020 - 2021 12 months CHF
OPERATING INCOME		
Olympics	0	0
Sponsorship and TV Rights Revenue	27 173 462	7 729 167
Licensing	399 609	401 792
Sport Events	9 694 329	0
Membership Fees	0	15 298
Income from affiliated company - WSB	0	1 315 537
Miscellaneous income	34 030	0
	<hr/>	<hr/>
TOTAL REVENUES	37 301 430	9 461 794
	<hr/>	<hr/>
Impairment on receivables	(2 758 053)	(23 322)
	<hr/>	<hr/>
TOTAL OPERATING INCOME	34 543 378	9 438 472
	<hr/>	<hr/>
OPERATING EXPENSES		
President Office	0	(52 166)
Personnel Expenses	(2 251 223)	(477 360)
HQ - Rent & Utilities	(90 230)	(82 003)
HQ - Office expenses	(149 762)	(308 965)
HQ - Travel expenses	(77 420)	(33 883)
HQ - External services	(870 495)	(668 099)
Reform & Investigation	(2 816 505)	(387 641)
AIBA representatives travel & expenses	(60 290)	(10 716)
Marketing Expenses	(3 449 907)	(530 496)
Communication Expenses	(1 183 033)	(635 799)
Confederation Support	(1 958 688)	(703 268)
Commissions	(250)	(232)
IBA Meetings	(1 161 762)	(263 501)
AOB Championships & Events	(7 625 459)	(978 909)
Training & Education expenses	(2 130 029)	(28 867)
Ethics & Anti-doping	(469 917)	(224 971)
Miscellaneous Expenses	(100)	0
Depreciation	(81 653)	(91 422)
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	(24 376 724)	(5 478 298)
	<hr/>	<hr/>
OPERATING RESULT - GAIN / (LOSS)	10 166 654	3 960 174
	<hr/>	<hr/>
OTHER INCOME AND EXPENSES		
Gain/(Loss) on Securities	(527 688)	44 653
Financial Expenses	(101 498)	(69 639)
Foreign Exchange Gain	1 068 472	894 078
Foreign Exchange Loss	(976 864)	(139 066)
Extraordinary non-recurring Income	6 088	11 356
Extraordinary non-recurring Expenses	0	0
	<hr/>	<hr/>
TOTAL OTHER INCOME AND EXPENSES	(531 490)	741 381
	<hr/>	<hr/>
RESULT BEFORE TAXES	9 635 164	4 701 555
	<hr/>	<hr/>
Taxes and duties	0	(2 406)
	<hr/>	<hr/>
RESULT OF THE YEAR	9 635 164	4 699 149
	<hr/>	<hr/>

IBA – International Boxing Association, Lausanne

Notes to the financial statements for the period of 01 July 2021 to 30 June 2022

A. General information

0. General information

International Boxing Association is a not for profit association governed by the provisions of the Swiss Civil Code, with registered office in Lausanne (Vaud, Switzerland).

In the course of the current business year, the Association has changed its name from AIBA to IBA - International Boxing Association.

1. Accounting principles

The 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 2022 have been prepared in accordance with the provisions of the Swiss Law regarding accounting and financial reporting.

Currency and exchange rates

The 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 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.

	Closing rates	
	30.06.2022	30.06.2021
1 USD / CHF	0.95738	0.92436
1 EUR / CHF	1.00399	1.09464
1 GBP / CHF	1.16275	1.27695

2. Going Concern

At end of June 2021, the fact that IBA's liabilities exceeded its assets (i.e. over-indebtedness) was mainly due to CHF 44'035'731.00 of current deferred income. This amount was related to events and sponsorship revenues cashed in advance. This amount has been proportionally released to the profit and loss statement as revenue over the period running from July 2021 to June 2022, the remaining balance being presented under 'Deferred income' in the balance sheet.

At end of June 2022, IBA activities are profitable and the year-end balance sheet shows again a positive equity.

In addition, the management prepared a budget, for the next twelve months, shows the association has been able to secure sufficient cash thanks to agreements for sponsorship and the organisation of competitions. The Board of Directors conclusion is that IBA will remain as a going concern over the next twelve months.

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 & Shares

An amount had been invested in a low risk fund in the year 2020/2021. The balance at year-end amounts to CHF 3'927'060.

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
IT equipment	3 years
Leasehold improvements	8 years
Other electronic device, office machine	5 years
Building	25 years
License and other intangible assets	5 years

3.3 Taxes

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

IBA – International Boxing Association, Lausanne

Notes to the financial statements for the period of 01 July 2021 to 30 June 2022

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 IBA, 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 competition finals of season VIII in 2018, WSB's activities are on hold. Any WSB surplus profit is repaid to IBA, conversely WSB's shortage is financed by IBA.

The total contribution due by IBA to WSB for prior periods has been settled in June 2021. As of the current financial period the net position is now a receivable of CHF 1'383'002 due by WSB to IBA (30-06-2021: CHF 1'432'070).

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, which was wholly owned by WSB S.A. This company has been written off from the trade register following its closure due to bankruptcy.

On 14 April 2021, Benkons and AIBA signed an amendment to the original settlement agreement. The effect of this agreement was payments to be made in EUR instead of USD (total of EUR 6,688,000), and the postponement of the first term payment to 30 April 2021. AIBA fully settled its debt with Benkons with two payments, made on 20 April 2021 and on 19 May 2021.

3.8 Revenues from Sale of Goods and Services Olympics

In the year of the Olympic Summer Games, IBA 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 IBA 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. As a reminder IBA (ex-AIBA) received a total of USD 17.3 million (CHF 17.2 million) in 3 instalments for the 2016 Olympic Games.

In May and June 2019, the International Olympic Committee (IOC) decided to provisionally suspend IBA's recognition and to remove from IBA the organisation of the Olympic Boxing Tournament Tokyo 2020. A decision by the IOC with respect to IBA's recognition was expected in August 2020. IOC have listed a number of requirements in order IBA's suspension to be removed. Those required actions are currently being implemented by IBA. All requirements should be shortly met in order to get a positive decision by the IOC on IBA's future recognition. Boxing remains in the program of the Olympic Games 2024 in Paris.

3.9 Unrestricted Funds (Equity)

IBA being an association, all the cumulated profit & loss are presented under the account 'Unrestricted Funds'.

Profits and loss

3.10 Revenue Recognition and related expenditure

Revenues and expenses related to IBA 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".

IBA – International Boxing Association, Lausanne

Notes to the financial statements for the period of 01 July 2021 to 30 June 2022

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

4. Number of full-time positions on annual average

The business year review closed with 13 full-time positions compared to 7 FTE for the prior year.

5. Investments in affiliated companies

IBA holds the following direct and indirect participations:

Direct investments :

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

6. Contingent liabilities and legal matters

A. First Commitment International Trade (FCIT) has initiated a debt enforcement procedure on 30th September 2020 by having an order to pay served on IBA for CHF 18'991'229 + 5% interest since 10 December 2016, resulting in a total claim of around CHF 24'350'000 as of today. A further procedure was initiated in October 2022 to renew the claim and prevent its automatic closure.

IBA filed an objection to each order to pay and rejects this claim on the basis that IBA 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. Consequently no booking has been made into the accounts, however CHF 300'000 has been accrued in provision for potential legal costs.

B. On 29 November 2022, IBA notified Green Hill about the termination of the agreement. The second instalment in the amount of USD 750'000 will be canceled. The remaining payable balance of USD 500'000 will be set off against IBA receivable under Licensing Agreement signed 1 January 2020.

7. Subsequent events & future perspectives

During the next twelve months, a range of measures will keep being implemented. In the mid to long term, these measures should enable IBA to increase and diversify its revenue streams on the one hand, while further reinforcing financial stability on the other hand.

There remains uncertainty, however, over the issue of Olympic status and revenue (as further discussed in 3.8). This uncertainty is based on the question of boxing's future in the Olympic Games and the question of IBA's recognition by the International Olympic Committee (IOC) as the body responsible for the boxing tournament therein. However, the Board of Directors remain confident on a final positive outcome from the IOC thanks to the new measures being implemented.

There is no other information to be disclosed as per article CO 959c (Swiss code of obligations).

Lausanne, 01 December 2022