

PricewaterhouseCoopers SA  
Mr Nicolas Daehler  
Avenue C.-F. Ramuz 45  
1001 Lausanne

Grono, 29 June 2022

## REPRESENTATION LETTER

In connection with your limited statutory examination of the financial statements of International Mixed Martial Arts Federation (IMMAF) for the financial year ending 31 December 2021, we submit to you this representation letter.

We have approved these financial statements for submission to the General Meeting. We acknowledge our responsibility for these financial statements as well as for designing, implementing and operating the accounting system and an internal control system.

1. These financial statements comply with Swiss law and the association's articles of incorporation and are free from material misstatements (e.g. inaccurate recognition, assessment, presentation and disclosure of business transactions or incomplete or missing information).
2. We have provided you with all accounting records, receipts and business correspondence, as well as the minutes of all General Meetings, meetings of the Board and meetings of the Board's committees. There are no resolutions that could have a material impact on the financial statements of which we have not informed you.
3. The financial statements submitted to you and approved by us include all business transactions and all assets and liabilities which we are required to record in the financial year under review. In particular, the following have been fully and properly recorded and, if required, adequately disclosed in these financial statements:
  - Assets pledged as collateral. The association has satisfactory legal title to all assets and there are no liens or encumbrances on the association's assets, except those disclosed in the notes to the financial statements.
  - Liabilities and disclosures in the notes to the financial statements, in particular current liabilities, impairments, provisions, anticipated losses arising from sale and purchase obligations, liabilities in connection with the recapitalisation of a potential pension plan deficit, guarantees or other contingent liabilities as well as comparable guarantees in favour of third parties.
  - Balances and transactions with related parties – the information provided regarding the identification of related parties is also complete.
4. Contracts, credit arrangements, litigations or disputes which are not disclosed in the financial statements but are material for the assessment of the financial statements of the association do not exist.
5. We confirm there were no breaches of the legal or other requirements (e.g. with regard to direct taxes, VAT, social security provisions, environmental protection) or we have informed you of all (actual or suspected) breaches of the legal and other requirements of which we are aware. The association fulfilled all of the contractual obligations and legal requirements that could have had a material impact on the financial statements had they not been fulfilled.
6. When using derivative financial instruments, we complied with the requirements of the Financial Market Infrastructure Act or we confirm that we did not use any derivative financial instruments during the financial year and that no such transactions remained open as of the year-end.
7. We have no plans or intentions and we are not aware of any events

- which could pose substantial doubts on the ability of International Mixed Martial Arts Federation (IMMAF) to continue its activities (going concern);
  - which could materially alter the carrying value or the disclosure of assets or liabilities in the financial statements;
  - which will result in excess or obsolete inventory or an impairment of non-current assets. Inventories are not stated in excess of net realisable value nor are any fixed assets valued above the value in use or net selling price.
8. All known events up to the date of the completion of your examination which have to be disclosed are adequately considered in in these financial statements. We will inform you immediately of all events of which we become aware up to the date of the General Meeting that affect the financial statements.

Yours sincerely,

*Kerrith Brown*

Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

**Kerrith Brown**

International Mixed Martial Arts Federation (IMMAF)

*Densign white*

Densign White (Jun 29, 2022 12:28 GMT+1)

**Densign white**

Enclosure:

- Signed financial statements (balance sheet, profit and loss statement and notes)

# **Financial Statements 2021**

**International Mixed Martial Arts Federation (IMMAF), Grono**

## International Mixed Martial Arts Federation (IMMAF), Grono

### Balance sheet as at 31 December (in USD)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	615'437	2'027'171
Trade receivables	172'101	327'046
<i>due from third parties</i>	207'799	327'046
<i>Allowance for Doubtful Accounts</i>	-35'698	-
Other current receivables	-	7'235
<i>due from third parties</i>	-	7'235
Accrued income and prepaid expenses	36'221	19'338
<b>Total current assets</b>	<b>823'759</b>	<b>2'380'789</b>
<b>Non-current assets</b>		
Property, plant and equipment	22'976	15'789
Intangible assets	2'558	4'077
<b>Total non-current assets</b>	<b>25'534</b>	<b>19'866</b>
<b>Total assets</b>	<b>849'294</b>	<b>2'400'656</b>
<b>Liabilities</b>		
<b>Short-term liabilities</b>		
Trade payables	340'033	329'356
<i>due to third parties</i>	340'033	329'356
Other short-term liabilities	10'219	15'276
<i>due to third parties</i>	10'219	15'276
Accrued expenses and deferred income	1'873'190	2'811'638
<b>Total short-term liabilities</b>	<b>2'223'441</b>	<b>3'156'270</b>
<b>Reserves</b>		
Cumulated reserves	-755'614	-413'819
Loss for the period	-663'303	-297'512
Translation adjustment	44'769	-44'283
<b>Total Reserves</b>	<b>-1'374'148</b>	<b>-755'614</b>
<b>Total liabilities</b>	<b>849'294</b>	<b>2'400'656</b>

*Kerrith Brown*  
Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

Kerrith Brown

*Densign white*  
Densign white (Jun 29, 2022 12:28 GMT+1)

Densign white

## International Mixed Martial Arts Federation (IMMAF), Grono

### Profit and loss statement for the period (in USD)

	31.12.2021	28.05.2020-31.12.2020
Turnover	1'815'329	777'644
Cost of sales	-1'420'179	-763'800
Other operating expenses	-930'560	-247'146
Depreciation and valuation adjustments to fixed assets	-8'838	-3'601
<b>Earnings before interest and taxes</b>	<b>-544'248</b>	<b>-236'903</b>
Financial expenses	-119'055	-60'609
<b>Earnings before taxes</b>	<b>-663'303</b>	<b>-297'512</b>
<b>Result before taxes</b>	<b>-663'303</b>	<b>-297'512</b>
Direct taxes	-	-
<b>Loss for the period</b>	<b>-663'303</b>	<b>-297'512</b>

*Kerrith Brown*

Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

Kerrith Brown

*Densign white*

Densign white (Jun 29, 2022 12:28 GMT+1)

Densign white

## International Mixed Martial Arts Federation (IMMAF), Grono

### Balance sheet as at 31 December

(in Swiss francs)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	563'735	1'786'788
Trade receivables	157'259	288'265
<i>due from third parties</i>	189'878	288'265
<i>Allowance for Doubtful Accounts</i>	-32'619	-
Other current receivables	-	6'377
<i>due from third parties</i>	-	6'377
Accrued income and prepaid expenses	33'098	17'045
<b>Total current assets</b>	<b>754'091</b>	<b>2'098'475</b>
<b>Non-current assets</b>		
Property, plant and equipment	20'097	13'957
Intangible assets	2'624	4'012
<b>Total non-current assets</b>	<b>22'720</b>	<b>17'968</b>
<b>Total assets</b>	<b>776'812</b>	<b>2'116'443</b>
<b>Liabilities</b>		
<b>Short-term liabilities</b>		
Trade payables	310'709	290'301
<i>due to third parties</i>	259'914	290'301
Other short-term liabilities	9'338	13'464
<i>due to third parties</i>	9'338	13'464
Accrued expenses and deferred income	1'711'655	2'478'234
<b>Total short-term liabilities</b>	<b>2'031'702</b>	<b>2'781'999</b>
<b>Reserves</b>		
Cumulated reserves	-665'555	-399'690
Loss for the period	-611'584	-262'233
Translation adjustment	22'248	-3'633
<b>Total Reserves</b>	<b>-1'254'891</b>	<b>-665'556</b>
<b>Total liabilities</b>	<b>776'812</b>	<b>2'116'443</b>

*Kerrith Brown*

Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

Kerrith Brown

*Densign white*

Densign White (Jun 29, 2022 12:28 GMT+1)

Densign white

## International Mixed Martial Arts Federation (IMMAF), Grono

### Profit and loss statement for the period (in Swiss francs)

	31.12.2021	28.05.2020-31.12.2020
Turnover	1'653'304	685'431
Cost of sales	-1'297'710	-673'229
Other operating expenses	-850'313	-217'839
Depreciation and valuation adjustments to fixed assets	-8'076	-3'174
<b>Earnings before interest and taxes</b>	<b>-502'795</b>	<b>-208'811</b>
Financial expenses	-108'788	-53'422
<b>Earnings before taxes</b>	<b>-611'584</b>	<b>-262'233</b>
<b>Result before taxes</b>	<b>-611'584</b>	<b>-262'233</b>
Direct taxes	-	-
<b>Loss for the period</b>	<b>-611'584</b>	<b>-262'233</b>

*Kerrith Brown*

Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

Kerrith Brown

*Densign white*

Densign White (Jun 29, 2022 12:28 GMT+1)

Densign white

## International Mixed Martial Arts Federation (IMMAF), Grono

### Notes to the financial statements for the year ended December 31, 2021

(expressed in USD)

#### 1 Purpose of the organization

The objectives of IMMAF are:

- Promote and develop the sport of mixed martial arts (MMA) at all levels, as a means to contribute to the positive development of society;
- Assist its Members in strengthening their position as national leaders;
- Develop specific services for its Members and provide them with assistance, training and support;
- Increase the level of recognition of IMMAF and its Members by GAISF and the Olympic Movement stakeholders as well as by other entities involved in the sport;
- Organise international championships, tournaments, contests between countries and large sporting events;
- Provide administrative and other appropriate support to its Members;
- Recognise the autonomy of its Members and between its Members and any other sport organisation;
- Coordinate and protect the common interest of its Members;
- Collaborate with organisations having as their objective the promotion of MMA on a worldwide basis;
- Collect, collate and circulate information to and among its Members.

#### 2 Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Significant balance sheet items are accounted for as follows:

##### Trade receivables

Trade receivables and other short-term receivables are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

##### Recognition of revenue

The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and recognized as revenue when the related expenses are incurred or the restrictions have been met. Revenue for services provided is recorded when earned and collection is reasonably assured. Sponsorship revenue is recorded in the period the amounts relate to or the sponsorship requirements are met.

##### Non-current assets and leases

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property, plant and equipment	Useful life	Method
Fixtures and fittings	10 years	25% degressive

#### Details, analyses and explanations to the financial statements

#### 3 Number of employees

The association has no employees.

#### 4 Fonctionnal currency

Monetary assets and liabilities denominated in other than GBP are translated at the rate in effect at the date of the balance sheet. The fonctionnal currency is the GBP. The presentation currency is USD and for the purpose of Swiss Law, the financial statement are also presented in CHF. Transactions in currencies other than GBP are translated at the rate in effect at the transaction date. Gains and losses resulting from fluctuations in the exchange rate associated with these transactions are recorded in the period they arise. Non-monetary assets are recorded at the historical rate of exchange in effect at the date of acquisition.

The Organization faces foreign currency risk on its cash and cash equivalents and other financial assets denominated in currencies other than USD. The following exchange rates have been used in order to convert the financial statements from GBP to USD and to CHF.

	2021
	GBP
USD	1,35003
CHF	1,23361

#### 5 Lease liabilities (not terminable or expiring within 12 months of balance sheet date)

None

#### 6 Patrimonial situation due to pandemic

International Mixed Martial Arts Federation have incurred a loss of \$663k for the financial year to 31.12.2021 and as of that date the current liabilities exceeded the total assets by \$1,374k.

However, there are significant post-year end revenues in the form of sponsorship (\$1,000k), championship fees (£377k) and hosting rights income (\$4,375k) that indicate that the use of going concern as a basis to prepare the financial statements is appropriate.

*Kerrith Brown*

Kerrith Brown (Jun 29, 2022 12:16 GMT+1)

Kerrith Brown

*Densign white*

Densign white (Jun 29, 2022 12:28 GMT+1)

Densign white