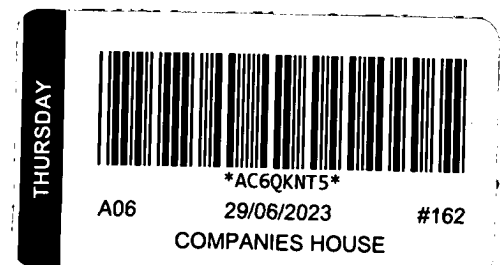


**Company Registration No. 08412477**

**Formula E Operations Limited**

**Annual Report and Financial Statements**

**For the year ended 30 September 2022**



# **Formula E Operations Limited**

## **Annual report and financial statements for the year ended 30 September 2022**

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# **Formula E Operations Limited**

## **Officers and professional advisers**

### **Directors**

Ryan Jamieson Reigle  
Alberto Luis Alvarez de Sotomayor Longo  
Michael Papadimitriou

### **Registered Office**

3 Shortlands  
9<sup>th</sup> Floor  
Hammersmith  
London W6 8DA

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# Formula E Operations Limited

## Strategic report

The directors present their strategic report for the year ended 30 September 2022.

### Review of the business

The Company is part of the Formula E Group (the “Group” or “Formula E”) which was granted the exclusive FIA right to organise a single-seater electric motor racing championship for 25 years from 2013. Low-noise, low-emission electric power enables cars to be raced in iconic, international city centres and be accessible to all generations. It was built on demand from car manufacturers, cities and brands looking to promote and associate themselves with green energy, sustainability and innovation. It has a unique linear and digital media product and is well-positioned as a pioneering sports entertainment property. From Season 7, it has also achieved World Championship status, alongside only a handful of other motorsports series.

The Company’s principal activities concentrate on the strategic management of the ABB FIA Formula E World Championship (the “Championship”), building the Formula E brand and relevant marketing and media activities. The Company undertakes all critical functions and manages all significant risks of the business. The Company has subsidiaries in the United Kingdom – Formula E Race Operations Limited (“FERO”) and Formula E Publishing Limited (previously known as Formula E Opco 2 Limited) and in Chile – Formula E Chile SpA. It also has a permanent establishment in Mexico which no longer has any activities.

The Group successfully managed to deliver the eighth racing season with ten venues visited and sixteen races completed – the most for Formula E so far.

Revenue rose to €181,451,466 from €168,719,929 as more racing events took place, which combined with a rise in cost of sales from €141,897,261 to €196,712,011 meant that gross loss for the Company was €15,260,545 (2021: profit €26,822,668). The rise in cost was mainly caused by more events (increase from 8 to 10 events) and increased operational costs such as transportation. Loss before tax was reported at €64,912,264, up from €12,568,008 in 2021, through higher intercompany recharges.

The loss has been reflected in the balance sheet as reduction of Cash and cash equivalents from €84,471,215 to €29,197,675 as well as increase in Net current liabilities from €183,037,951 to €248,010,224.

The long-term financial performance of the series is expected to improve.

### Key performance indicators

The results are set out on pages 19 to 22. The loss for the year ending 30 September 2022 is €65,008,433 (2021: €12,584,079) and net liability position is €242,591,039 (2021: €177,582,606).

Given the stage of growth, the main emphasis of the Company is on revenue. In Season 8, revenue continued to grow as the business recovered post-pandemic – increasing by €12,725,582 from €168,719,929 to €181,445,511, a growth of 8%. The increased number of delivered races in more locations resulted in 34% rise in costs.

The Company’s solvency is dependent on support from its parent company and therefore a letter of support has been provided which states that the parent will support the Company for a period of at least 12 months from the date of signing these financial statements. The Company’s main financial short-term metric is to reattain profitability.

The key strategic focus of the Group is for the Championship to become one of the leading motorsport championships while promoting sustainable energy, innovative technology and delivering value to its stakeholders. The Group’s non-financial KPIs are split into product KPIs and audience KPIs.

Strategic report (continued)

Key performance indicators (continued)

Product KPIs

- A calendar centred on a number of urban races: e.g. London, New York, Berlin, Monaco and Rome with the number of races increasing from 15 to 16 and the racing events from 8 to 10 in Season 8
- Major manufacturer support: DS Automobiles, Jaguar, Mahindra, Mercedes, Nio, Nissan, Porsche. Season 8 maintained nine manufacturer brands, with BMW, Audi and Mercedes in their final year, to be replaced by McLaren, Maserati and Cupra in Season 9
- Teams with strong industry and racing credentials: Andretti, Dragon/Penske. Reduction in teams from 12 to 11, with the departure of the Audi Sport ABT Schaeffler team
- A top-quality driving pool: some with F1 pedigree (Buemi, De Grassi, Vandoorne), with Nyck De Vries, the 2019 FIA F2 Championship winner). Of note, in Season 8, Antonio Giovinazzi (former F1 driver), Dan Ticktum (F2 4<sup>th</sup> place in 2021) and Oliver Askew (IndyCar) joined the grid

Audience KPIs

- TV audiences grew significantly with global cumulative reach standing at 381 million, representing a 20% increase on the prior season performance
- Viewer hours also increased by 58% from 62.2 million in Season 7 to 98.3 million in Season 8
- Formula E had 5.0 million social media followers as of 30 September 2022, a 15% increase from Season 7
- Formula E saw 189 million video views on social media in Season 8, representing a 50% gain from Season 7
- Formula E's website had 3.2 million unique visitors and 12.9 million page views in Season 8, representing no increase and 2% from Season 7, respectively

To date considerable progress has been made in attracting backing from key stakeholders:

- Globally recognised sponsors (ABB, Antofagasta Minerals, Allianz, Bosch, DHL, Enel, Heineken, Hugo Boss, Julius Baer, Michelin, Moët & Chandon, Saudia and Tag Heuer)
- Established international media partners (Channel 4, Pro7, CBS, Mediaset), and
- Global investors from media (Liberty Global, Discovery Communications) and technology (Qualcomm).

Principal risks and uncertainties

As a principal risk of the Company, the directors consider the potential creation of a similar electric car racing championship that could limit sponsorship interest and audience, and therefore limit the growth of the Championship. However, several smaller electric championships have launched, including Extreme E, currently with limited effect on Formula E's proposition. Indeed, the Group holds an investment in Extreme E and, while the two businesses remain independent, the deal will facilitate a strong strategic partnership. Other electric championships such as ETCR and EGT are still in early days and currently not making a significant impact. As the Formula E Group holds the only single-seater all-electric licence issued by the FIA, and therefore the pinnacle of electric racing, this risk is partially mitigated. An important factor in the success of the whole Group is generating interest from manufacturers to enter the Championship. Formula E already has the largest line-up of manufacturers ever assembled (nine), with Mercedes and Porsche having joined in Season 6. As with the World Endurance Championship (WEC) and Deutsche Tourenwagen Masters (DTM), there is a risk in these manufacturers leaving, as evidenced by Audi, BMW and Mercedes at the end of Season 8. However, unlike other championships, the number currently in Formula E would mean the series could withstand the withdrawal of some. In addition, the Group maintains a strong pipeline of potential manufacturers – Maserati have very recently agreed to join for Season 9, with McLaren Racing and Cupra also joining at the same time. Nissan also acquired e-dams race team, taking full ownership and, thus, deepening its involvement in the Championship. Further risks are apparent in the changing city line-up. Organising races on city streets bring its own challenges but as city street racing is part of the DNA of the series and holds appeal to a broad market audience, the Group continues to pursue effective city/promoter agreements. This is critical to ensure close cooperation and management of such races to avoid a repeat of Vancouver, where the event had to be cancelled at last minute due to the promoter failing to obtain all the local licences/permits on time.

# Formula E Operations Limited

## Strategic report (continued)

### Key performance indicators (continued)

Additional risks to profitability include the Company's exposure to foreign exchange movements as it organises events worldwide. These are, however, mitigated by entering into natural as well as future hedging arrangements.

### Section 172(1) statement

The directors have considered the matters set out in Section 172(1)(a) to (f) when performing their duty to promote the success of the Group.

The directors have constant regard for each of these aspects of the Group's operations to ensure that decisions made are both in the best interests of the Group and are fair to the Group's multiple stakeholders. In addition, the directors have regard for the likely long term consequences of any decisions made, including impacts of new race locations, teams and staffing levels.

The directors meet regularly to oversee implementation of the Group's strategy. This includes, but is not limited to, reviewing the Group's performance against forecasts, authorizing and monitoring capital investment, assessing compliance with environmental regulations and maintaining a high level of active training to promote a safe working environment, all of which contribute directly to the long-term success of the Group.

Given the environment Formula E operates in, the Group considers it imperative that staff are supported on an ongoing basis to deliver effective working practices and compliance with relevant legislation. To ensure Formula E governs with the highest business and ethical principles, the following policies are in place and reviewed every year:

- Code of Conduct Policy
- Anti-Bribery & Corruption Policy
- Gifts & Hospitality Policy
- Conflicts of Interest Policy
- Anti-Modern Slavery & Human Trafficking Policy Statement
- Whistleblowing Policy

Board directors and staff alike are required to read the above policies and sign governance and ethical statements to confirm their understanding of Formula E's standards and the expectations of responsibility placed on them in their roles as board directors and employees. Board directors are also required to sign a Fit & Proper Declaration to confirm their integrity, competence and financial soundness is suitable for the role, in accordance with the Financial Conduct Authority (FCA) requirements.

Furthermore, Formula E requires all new staff to complete a series of training modules as part of the onboarding process (including but not limited to UK Bribery Act, GDPR, Modern Slavery Act, Challenging behaviour), with all those mentioned above completed annually by existing staff as refreshers.

### *Sustainability showcase in sport*

Formula E was founded with a purpose bigger than the sport itself, with a vision to accelerate sustainable human progress through the power of electric racing and grow the sport in such a way that it creates a better future for the planet. #PositivelyCharged, part of the FIA's #PurposeDriven initiative, is the attitude, energy and spirit of Formula E and the combination of thrilling racing, innovation, sustainability and positive impact that makes Formula E unique in global sport. Formula E is helping to alter perceptions and speed-up the switch to electric in a bid to counteract the climate crisis as well as addressing the devastating effects of air pollution.

Formula E's sustainability strategy is based upon four pillars:

- Leadership and innovation - reinforcing our leadership, brand reputation and credibility through the adoption of the best internationally recognised standards for sustainable event management and environmental excellence in sporting events.
- Environmental excellence - implementing United Nations Sustainable Development Goals within our environmental strategy and align our carbon emissions onto climate science

# Formula E Operations Limited

## Strategic report (continued)

### Section 172(1) statement (continued)

- Social progress - building more inclusive, resilient and diverse communities within our host cities through the implementation of our strategic engagement plan
- Creating value through values - enhancing our Teams and Partners brand visibility and reputation by developing bespoke sustainability campaigns and activations.

### Leadership and Innovation

With a founding purpose to counteract climate change, Formula E's commitment to deliver better futures through racing drives its ongoing environmental, economic, and social sustainability initiatives around the world. Its emission reduction measures, including optimising transport and logistics, extending end-of-life options for lithium-ion battery cells and cutting out single use plastics on site, led to Formula E becoming the first racing category to receive third-party ISO 20121 certification for sustainable events and has maintained that successfully since. Formula E remains the only racing series to receive third-party ISO 20121 certification, continuing to set the international standard for sustainable practice in events.

### Environmental Excellence

A net zero carbon footprint since inception was achieved by working hard to reduce Formula E's carbon footprint and then investing in internationally certified projects within race markets to offset the remaining unavoidable emissions across every single season of electric racing since inception. The projects selected are socially sustainable, advance renewable energy production and maximise the environmental benefits of electric cars, building on Formula E's work to date to deliver positive, tangible legacies in race markets. For S9, Formula E has developed the world's first net zero carbon race car.

In total, Formula E has offset 209,400 t CO<sub>2</sub>e (covering Seasons 1 to 8) with renewable energy projects in host cities around the world with a combined reduction in GHG emissions of over 4.5 million t CO<sub>2</sub>e during their crediting periods.

Formula E has always sought to set its sustainable objectives against UN's Sustainable Development Goals (SDGs) and the Science-based Target Initiative (SBTi). In September 2021, Formula E set ambitious reduction targets for their Scope 1, 2 and 3 emissions. Formula E has committed to new measures to meet its targets including reducing its absolute Scope 1&2 Greenhouse Gas (GHG) emissions (all energy used and purchased at its HQ and events) by 60% by 2030 and Scope 3 GHG emissions (all other emissions including freight, business travels, food and beverages etc.) by 27.5% by 2030. This new commitment corresponds to cutting the championship's emissions by 45% overall by 2030 and is in line with Formula E's key mission to reduce air pollution and fight climate change.

For Season 8, Formula E has invested in the Piedra Larga Wind Farm II in Oaxaca, Mexico verified by the Clean Development Mechanism. This project contributes to the following SDGs: 4, 7, 8, 9, 13. Overall, Formula E's work directly contributes to 9 of the 17 SDGs, thanks to our promotion of electric vehicles, partnerships to fight climate change and support of technological advancements.

For Season 8, Formula E achieved a 60% reduction in absolute Scope 1 and 2 emissions and a 23% reduction in absolute Scope 3 emissions. For Scope 1 and 2, Formula E have focussed on increasing the amount of sustainable fuel used to power the championship whilst also reducing the like for like race energy consumption. For Scope 3, Formula E and DHL have continued to ensure all road and sea freight are transported using biofuels and carbon insetting. Overall, FE achieved a 24% reduction in absolute Scope 1, 2 and 3 emissions in Season 8.

Formula E has been ranked as the Best Total Performer in the 2022 Global Sustainability Benchmark in Sports (GSBS) Index, as well as winning awards for three of four subsequent categories including Best Corporate Performance, Best Environmental Performance, and Best Governance Performance.

# Formula E Operations Limited

## Strategic report (continued)

### Section 172(1) statement (continued)

#### Social progress

Formula E's sustainability mission extends beyond racing around the streets of the world's most iconic cities and have this season entered into a long-term partnership with UNICEF's Safe and Healthy Environment Fund to support UNICEF in creating a sustainable, safe and clean environment for all children. The three-year partnership builds on the success of the 2020 collaboration between Formula E and UNICEF focused on protecting vulnerable children and families affected by the coronavirus pandemic. Formula E, like UNICEF, wants to accelerate positive change around the world, with its #ChangeAccelerated campaign to ensure children and young people grow up on a cleaner, safer planet. The funding from Formula E will contribute to programmes and policy actions to improve the wellbeing of over three million children. Projects supported by the Fund include initiatives to provide schools with sustainable energy solutions and reduce child exposure to air pollution through increased monitoring and advocacy.

#### Creating value through values

At COP27 in Sharm-el-Sheik in November 2022, speakers represented Formula E in the conference's only sporting event, as part of a discussion on motorsport's unique ability to inspire mass transition to zero emission vehicles. This discussion was moderated by UNFCCC Sports for Climate Action – the framework which supports sports organisations and their stakeholders to achieve global climate change goals. Formula E showcased the role elite sport can play in achieving the Paris Agreement's reduction targets.

Formula E strives to oblige its suppliers to adopt the same business and ethical standards when assisting the delivery of events worldwide, regardless of the legal and regulatory frameworks in those territories. This means that all our contracts are prepared to include reference to the expectation of partners to comply with the UK legal framework, including specifically:

- UK Bribery Act
- Modern Slavery Act (where applicable to partners)
- UK GDPR.

Formula E has a Modern Slavery & Human Trafficking Policy Statement on its website. A risk assessment is conducted each year to determine the areas of highest risk exposure, and all existing partners in those risk areas, which meet the criteria which makes them eligible for MSA compliance have been asked to demonstrate that they have a Modern Slavery & Human Trafficking Policy Statement in place.

Within our Pre-Qualification Questionnaire (PQQ) issued as part of each tender and procurement exercise, all partners are required to disclose a) if their business meets the criteria which makes them eligible for MSA compliance; b) what controls they have in place to manage the risk of Modern Slavery & Human Trafficking in their supply chain.

Any new investors in the business, whether directly in Formula E Holdings, or with one of the Championship's Teams, are subject to a due diligence process that seeks assurances over the ultimate beneficiary ownership of the candidate and the financial soundness of their business. This process also seeks to determine whether there are any potential conflicts of interest in relation to existing partners within the Formula E environment, and help inform our annual declaration of related party transactions whether significant investors have a dual role within Formula E.

The Group's board is comprised of seven non-executive directors and all board members are nominated by a relevant shareholder. Two majority investors both have two board directors.

The aim of the stakeholder engagement procedure is to support the Sustainability champion and the ISO Sustainability Team in the process of identifying the Formula E Championship interested parties. Furthermore, the ISO 20121 Standard requires Formula E to identify all interested parties' needs; expectations and the way the organisation communicates with them with the goal of involving and including more and more stakeholders in the overall development of an inclusive sustainability strategy. The main reason for engaging with stakeholders is to help the Formula E to uncover issues for the management; subjective issues should always be taken into consideration. The directors consider the requirements and needs of different stakeholders and there have been no material disagreements during the year.



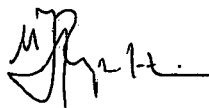
## **Formula E Operations Limited**

### **Strategic report (continued)**

#### **Future outlook and developments**

The focus for the future seasons is to concentrate on promoting the Formula E brand worldwide with emphasis on specific key markets as well as continuously enhance the innovative nature of the Championship, e.g Attack mode, launch of Gen3 cars. Management is also focusing on improving the interest and investment profile for key participants: e.g. having just introduced regulated caps on spending for both teams and manufacturers. We believe that the attractiveness of electric city street racing holds appeal to a broad market audience and establishes the unique nature of the Championship. Free of Covid-19 restrictions, management expects a full Season 9 to go ahead.

Approved by the Board of directors  
And signed on behalf of the Board



Michael Papadimitriou  
Director  
31 May 2023

# **Formula E Operations Limited**

## **Directors' report for the year ended 30 September 2022**

The directors present the annual report and the audited financial statements for the year ended 30 September 2022.

### **Principal activities**

The principal activity of the Company is the management of motorsport in connection with the Championship ("Formula E" or "the Championship") and its events under long-term agreements with the Federation Internationale de l'Automobile ("FIA").

The Group successfully managed to deliver the eighth racing season with ten venues visited and sixteen races completed – the most for Formula E so far.

The financial information has been prepared in accordance with applicable law and United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### **Results and dividend**

The Company has successfully finished the eighth season of racing electric cars during the year.

The results of the Company are included in the financial statements on pages 19 to 53.

The directors do not recommend the payment of a dividend (2021: €nil).

### **Future developments**

Management expect Season 9 to go ahead in full. Currently, the calendar has been set at eleven events and sixteen races – one more event than in Season 8.

The long-term financial performance of the series is expected to improve.

### **Directors**

The directors who served throughout the financial year were:

Ryan Jamieson Reigle  
Alberto Luis Alvarez de Sotomayor Longo  
Michael Papadimitriou

During the year ended 30 September 2022, the Company's ultimate parent company, Formula E Holdings Limited maintained insurance for the directors to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, including liabilities in respect of which the Company itself is unable to provide an indemnity.

The directors' report has been prepared in accordance with the requirements of the Companies Act 2006.

### **Financial risk management objectives and policies**

The Company's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the Board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

The financial risks identified above have been considered as part of the Company's financial risk management strategy, which is documented in note 23 of these financial statements.

## **Formula E Operations Limited**

### **Directors' report for the year ended 30 September 2022 (continued)**

#### **Going concern**

The Company is a wholly-owned subsidiary of Formula E Holdings Limited (the "Group"). The Company incurred losses in the amount of €65.0 million (2021: €12.6 million) during the year and reported net liabilities in the amount of €242.6 million (2021: €177.6 million) at the end of the financial year.

The effect of Covid-19 has diminished significantly, with no specific measures in places and venues well attended in the current Season 9. However, the Group continues to include downside Covid-led scenarios in its analysis and discussions with the Board. Of note for cost-based risks, we continued to see logistics price increases driven by supply/demand economics, fuel pricing, inflation pressure and currency movements, caused primarily by Covid-19 lag and the Ukraine war. Outside logistics, neither inflation nor other macroeconomic cost drivers had a material impact to the business in Season 8.

As the commercial rights holder to the Championship, the Group has sufficient financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries as supported by the shareholder loan put in place in April 2023.

Free of Covid-19 restrictions, management expects a full Season 9 to go ahead. The directors' response remains that the Company has adequate resources available to continue its operational existence for a period of twelve months following the date of signing of this report. As the Company relies on the support of its parent company, the directors of the Formula E Holdings Limited provided a letter of support. Accordingly, the directors of the Company continue to adopt the going concern basis in preparing its annual report and financial statements.

#### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Subsequent events**

Season 9 is expected to go ahead in fully based on the calendar presented to the World Motorsports Council in December 2021. Several other positive conversations are ongoing with announcements expected over the next six months.

It was announced in May 2023 that the CEO of the Company will step down at the end of the current season with the replacement already appointed to support a smooth transition.

#### **Auditor**

Deloitte LLP were re-appointed as auditor in the year and will be deemed to be reappointed in accordance with Section 487(2).

## Formula E Operations Limited

### Directors' report for the year ended 30 September 2022 (continued)

#### Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR")

The Group presents the following SECR covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions during the year.

#### Current Reporting Year:

Type	tCO <sub>2</sub> -eq	KWh	Notes
Total emissions generated through combustion of fuel/oil (HVO and diesel)	273	2,933,000	At Race sites and HQ
Total emissions generated through combustion of natural gas	50	248,000	At HQ
Total emissions generated through use of purchased electricity	65	451,000	At Race sites and HQ
Total emissions generated through business travel	29,103	97,009,000	All freight transport, spectator travel and staff travel
<b>Total gross emissions</b>	<b>33,842</b>		<b>Total emissions of Season 8 for Formula E</b>
<b>Total energy use covering electricity, gas and transport</b>	<b>29,941</b>	<b>100,641,000</b>	

Emissions specific to Formula E's Headquarters (2,767 t CO<sub>2</sub>-eq) represent 8% of Formula E's total carbon footprint.

**Relative Indicators** which express the company's annual emissions in relation to a quantifiable factor associated with the company's activities:

Metric	Value	Measurement
Race	2,115	tCO <sub>2</sub> e/ race
TV Audience	89	tCO <sub>2</sub> e/ million viewers
Spectators	175	tCO <sub>2</sub> e/ thousand fans

#### Energy management

Formula E's goal is to achieve a 100% renewable energy target for all events in line with our energy roadmap, prioritising high-quality event power sources, and in line with our RE100 commitment from Climate Group. It is also the focus of Formula E's commitment to reduce absolute Scope 1 and 2 emissions by 60% by 2030.

To achieve this, Formula E powers car charging (and the whole event) with 100% green energy where possible.

Where Formula E events not powered by grid, we use sustainable fuel called HVO (Hydrogenated Vegetable Oil) to generate electrical energy locally. When doing this we ensure that electrical generation matches demand (generator capacity & load on demand) and use of energy efficient technologies (including energy stores) to minimise fuel consumption.

All emissions relating to energy management of the championship are offset as part of our Net Zero Carbon strategy with carbon credits from the highest standard renewable energy projects globally, as well as Renewable Energy Certificates (RECs) or similar to offset what we consume on the grid which is not from renewable sources. This is to ensure we maintain our Net Zero Carbon status from inception.

## Formula E Operations Limited

### Directors' report for the year ended 30 September 2022 (continued)

#### Energy efficiency

As per the above, we are committed to responsible energy management through energy efficiency practises throughout our organisation where cost effective including matching generation with demand and using efficiency techniques such as energy stores. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the strategy below for the purpose of increasing energy efficiency at FE events during the financial year:

- Need - we work with end users to confirm that there is an actual operational need for power supply. Aim is to provide essential supplies rather than just desirable.
- Efficient - we work with end users to improve the energy efficiency of the equipment we are asked to power. Ensuring that lighting can be LED and that inefficient electrical equipment is replaced.
- Appropriate - with our end users we review design and intended use of equipment to ensure that operation is both effective and efficient. Key areas we review include air conditioning solutions of large installations, public facing activations and lighting.
- Matched - when FEO use generators to meet load requirements, we always aim to match supply power demand with load. Focussed on ensuring that we are not running generators on low loads and therefore maximising the efficiency of the system.
- Optimized - we ensure that all the operational demands (such as reliability and resilience) are achieved without compromise but also that we do not 'over engineer' the solution. We aim to only have single generators running where possible and use UPS and batteries where possible to ensure that the required resilience is achieved.
- Utility grid - we use utility grid where available as this provides a significantly more efficient energy source when compared to operating generators.
- Generators - we work with our supplier to ensure that generators we use are the latest standard with the most reduced emissions e.g., Stage 5.
- Measure - we routinely measure energy consumption across the venue to ensure that we can continuously improve electrical design.
- Operation - we actively aim to minimise running hours of generators ensuring that no generator is left running unless critical to the event.
- Report - at the end of each event we create reports showing how energy is used by different functional areas across venue. The carbon footprint relating to energy is calculated and reported annually in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.
- Educate - we actively work with all of the Formula E eco-system to inform how energy is provided and used at events and what / how to make improvements.

For our offices in London, we carried out an ESOS audit in December 2019 which assessed our consumption and identified opportunities to create energy savings here, and this is due to be carried out again in December 2022.

#### Energy progress

We achieved a 58% reduction in absolute Scope 1 and 2 emissions for the current Season, meaning we are on track to achieving our 2030 Science-Based Target. This has been achieved through:

- 100% sustainable power for all but three locations – Diriyah, Mexico, Seoul
- 67% sustainable fuel use (up from 37% in Season 7)
- 45% reduction in diesel fuel consumption
- 25% reduction in like for like race fuel consumption

For the next financial year, we will continue the expansion and improvement of all the above actions as well as focussing on 100% sustainable power for all events and a continued focus on like for like race fuel consumption, and projects to reduce our co2 footprint in relation to our events. We will also be looking into an energy efficiency working group including the key event areas where there are opportunities for reductions (Fan Village, Hospitality, Partnerships).

## Formula E Operations Limited

### Directors' report for the year ended 30 September 2022 (continued)

#### Freight efficiency

With freight being the biggest contributor to our Championship footprint, we are also committed to improving this by implementing measures that will reduce the impact of freight overall where cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the strategy below for the purpose of increasing freight efficiency at FE events during the current financial year:

- **Need** – we work with all internal departments, teams, partners and suppliers to ensure that only race critical items are freighted to ensure this is reduced to a minimum and carry out regular freight inventory audits to support this.
  - **Reduce** – we are working directly with Logistics and the Official Logistics Supplier to make reductions where possible, whether this be a reduction in volume/weight of freight, a reduction (or more sustainable type of) plane but also the use of biofuels to reduce associated emissions.
  - **Efficient** – we work with our Official Logistics Supplier to look into both packaging and packing efficiencies, and to ensure that vehicles are as full as possible. We also ensure that the most efficient and optimised routes are used to minimise emissions.
  - **Appropriate** – we work with our Official Logistics Supplier to plan the modes of transport used for our events with sustainability and efficiency in mind, with road and sea prioritised over air where possible (and more recently also rail).
  - **Optimized** – we work internally to ensure the calendar is clustered/optimised as best as possible to ensure the most sustainable freight routes/modes of transport can be utilised for our events. We also have multiple freight sets to cover continents.
  - **Measure** – as part of our lifecycle assessment, we measure and track our carbon footprint related to freight.
  - **Report** – using the data collected relating to freight, we calculate the carbon footprint of this and report annually on this in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.
- Educate - we actively work with all of the Formula E eco-system to inform how much of an impact freight is to the footprint and what they can do to make improvements.

#### Freight progress

For the current financial year, we achieved a 23% reduction in absolute Scope 3 emissions meaning we are on track to achieving our 2030 Science-Based Target. This has been achieved through:

- Continued use of carbon insetting and biofuels for road and sea freight
- Reduction in volumes carried by Teams and FEO
- Increased number of double-header events

For the next financial year, we will continue the expansion and improvement of all the above actions as well as focussing on the optimising and clustering of the calendar, and maximising of sea, road and rail freight (with an increased number of sets where needed). We are also putting specific deliverables and KPIs in the Official Logistics Provider's contract as we have been through a tender process between seasons and they have been re-appointed, so this will ensure momentum is maintained on the reductions felt through freight.

## Formula E Operations Limited

### Directors' report for the year ended 30 September 2022 (continued)

#### Staff travel efficiency

Whilst staff travel is a smaller impact on our Championship footprint, we have implemented the strategy below for the purpose of ensuring it can be minimised for each event during the current racing season:

- Need/reduce - we work with all internal departments to ensure that only race critical staff travel to events, with this also going through an approval process. We will only put on ground transportation to events when necessary.
- Reduce – to reduce the impact overall, we advise the use of trains where possible for any events/activities/recces in the U.K/France.
- Appropriate – we request that our suppliers consider the modes and routes of transport used with sustainability and efficiency in mind.
- Optimized – we work internally to ensure that any transportation put on by us is as full and as few as possible.
- Measure – as part of our lifecycle assessment, we measure and track our carbon footprint related to staff travels.
- Report – using the data collected relating to staff travels, we calculate the carbon footprint of this and report annually on this in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.
- Educate - we actively work with all the Formula E ecosystem to inform how much of an impact staff travel is to the footprint and what they can do to make improvements, such as using public/shared transport to get to the airport in their home country.

For the next racing season, we will be building out a Sustainable Travel roadmap so we can also realise a reduction in emissions relating to staff travel through elements such as:

- A Sustainable Travel Policy
- Quick add-on features to Travel Portal including footprint of trips
- Involvement in industry wide conversations on sustainable aviation fuel (SAF) and potential testing of this

#### Spectator travel efficiency

Whilst spectator travel is a smaller impact on our Championship footprint, we have implemented the strategy below for the purpose of ensuring it can be minimised for each event during the current racing season:

- Availability - we work internally to ensure that there is no spectator parking advertised for our events.
- Communication – we externally communicate and encourage the use of public/sustainable modes of transport to our events with communication campaigns/wayfinding/maps and timetables to make it as easy as possible for spectators. We may also put on our own shared transport in place to support.
- Measure – as part of our lifecycle assessment, we measure and track our carbon footprint related to spectator travel through data from fan surveys.
- Report – using the data collected relating to spectator travel, we calculate the carbon footprint of this and report annually on this in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.
- Educate - we actively ensure that spectators are informed of how much of an impact their travel to our event is and how to make improvements, alongside other measures they can do to encourage sustainable lifestyles, through our Allianz Fan Village.

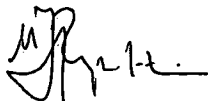
#### Methodology used in the calculation of disclosures

1. The Corporate Footprint for Formula E has been calculated following the GHG Protocol Corporate Standard and ISO 14064-1 guidance.
2. Direct emissions as well as indirect emissions (Scope 1, 2 and 3) have been calculated.
3. The GHG inventory will be third party certified for the first time in Season 8.
4. The fuel consumption is calculated based on the data collected on site based on the litres of fuel burned. The emission factor used by Ecoinvent- Formula E's preferred LifeCycle Inventory (LCI) database- is adopted to calculate the related carbon emissions.
5. For transport, the total mileage for the different types of transports is collected and Ecoinvent's methodology is used to associate an emission factor to the total mileage per mode of transport.
6. Data for electricity consumption is collected directly from bills by the provider and Ecoinvent emission factors are applied on a market-based approach.

## **Formula E Operations Limited**

### **Directors' report for the year ended 30 September 2022 (continued)**

Approved by the Board of directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M. Papadimitriou', with a horizontal line extending from the end.

Michael Papadimitriou  
Director  
31 May 2023



## **Formula E Operations Limited**

### **Directors' responsibilities statement**

*The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.*

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report to the members of Formula E Operations Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Formula E Operations Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independent auditor's report to the members of Formula E Operations Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and relevant taxation legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## **Independent auditor's report to the members of Formula E Operations Limited (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Makhan Chahal ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
31 May 2023

## Formula E Operations Limited

### Income statement

For the year ended 30 September 2022 and 30 September 2021

	Notes	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Revenue	2	181,445,511	168,719,929
Cost of sales		(197,212,011)	(141,897,261)
<b>Gross (loss) / profit</b>		<b>(15,766,500)</b>	<b>26,822,668</b>
Administrative expenses		(51,582,278)	(44,342,634)
<b>Operating loss</b>	3	<b>(67,348,778)</b>	<b>(17,519,966)</b>
Investment (loss) / income	7	(1,204,755)	1,782,654
Foreign exchange profit	8	3,641,269	3,169,304
<b>Loss before tax</b>		<b>(64,912,264)</b>	<b>(12,568,008)</b>
Taxation	9	(96,169)	(16,071)
<b>Loss for the year attributable to owners of the Company</b>		<b>(65,008,433)</b>	<b>(12,584,079)</b>

The above results were derived from continuing operations.

The accompanying notes on pages 23 to 53 are an integral part of the financial statements.

The Company had no other recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been presented.

## Formula E Operations Limited

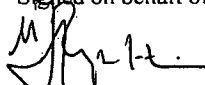
### Balance sheet

As at 30 September 2022 and 2021

	Notes	2022 €	2021 €
<b>Non-current assets</b>			
Investment in subsidiaries	23	1,350	1,350
Intangible assets	10	532,971	735,373
Plant and equipment	11	4,734,677	3,107,144
Amounts due from subsidiaries	20	-	5,481,522
Other long-term deposits and receivables	12	744,673	941,222
<b>Total non-current assets</b>		<b>6,013,671</b>	<b>10,266,611</b>
<b>Current assets</b>			
Inventories	13	566,487	566,487
Trade and other receivables	12	38,900,176	57,165,798
Cash and cash equivalents	14	29,197,675	84,471,215
<b>Total current assets</b>		<b>68,664,338</b>	<b>142,203,500</b>
<b>Current liabilities</b>			
Trade and other payables	15	(28,411,032)	(23,803,980)
Deferred income	15	(110,005,108)	(126,030,595)
Derivative financial instruments	16	(1,464,020)	-
Amounts due to subsidiaries	20	(3,460,394)	-
Amounts owed to parent company	15	(173,334,008)	(175,406,876)
<b>Net current liabilities</b>		<b>(248,010,224)</b>	<b>(183,037,951)</b>
<b>Total assets less current liabilities</b>		<b>(241,996,553)</b>	<b>(172,771,340)</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	21	-	(1,050,128)
Derivative financial instruments	16	(83,006)	-
Other long-term liabilities	15	(511,480)	(3,761,138)
<b>Net liabilities</b>		<b>(242,591,039)</b>	<b>(177,582,606)</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital	18	1	1
Accumulated losses		(236,147,835)	(171,139,402)
Exchange reserve		(6,443,205)	(6,443,205)
<b>Total deficit</b>		<b>(242,591,039)</b>	<b>(177,582,606)</b>

The financial statements of Formula E Operations Limited, registered number 08412477 were approved and authorised for issue by the Board of directors on 31 May 2023.

Signed on behalf of the Board of directors

  
Michael Papadimitriou  
Director  
31 May 2023

## Formula E Operations Limited

### Statement of changes in equity Year ended 30 September 2022 and 2021

	Share capital €	Accumulated losses €	Exchange reserve €	Total equity €
<b>Balance as at 30 September 2020</b>	1	(158,555,323)	(6,443,205)	(164,998,527)
Loss and other comprehensive loss for the year ended 30 September 2021	-	(12,584,079)	-	(12,584,079)
<b>Balance as at 30 September 2021</b>	1	(171,139,402)	(6,443,205)	(177,582,606)
Loss and other comprehensive loss for the year ended 30 September 2022	-	(65,008,433)	-	(65,008,433)
<b>Balance as at 30 September 2022</b>	1	(236,147,835)	(6,443,205)	(242,591,039)

The exchange reserve was created to reflect the impact of the change in functional currency of the Company from GBP to Euros.

There are no comprehensive income/expense items.

The accompanying notes on pages 23 to 53 are an integral part of the financial statements.

## Formula E Operations Limited

### Statement of Cash flows

Year ended 30 September 2022 and 30 September 2021

		From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
	Notes		
<b>Cash flows from operating activities</b>			
Cash used in from operations	19	(57,279,259)	(3,824,185)
Interest received		108,948	217,301
<b>Net cash used in generated from operations</b>		<u>(57,170,311)</u>	<u>(3,606,884)</u>
<b>Investing activities</b>			
Purchase of intangible assets		(80,135)	(177,985)
Purchase of property, plant and equipment		(3,387,280)	-
Proceeds from sale of property, plant and equipment		57,984	336,187
<b>Net cash generated / (used) in investing activities</b>		<u>(3,409,431)</u>	<u>158,202</u>
<b>Financing activities</b>			
Funding received from (paid to) a parent company		445,126	(5,690,083)
Net payments received from subsidiaries		5,481,522	11,890,528
Dividends received from subsidiary		446,737	-
Payments made under finance leases		(1,172,416)	(1,223,548)
Payments received under finance leases		266,164	263,824
<b>Net cash generated by financing activities</b>		<u>5,467,133</u>	<u>5,240,721</u>
<b>Cash and cash equivalents at beginning of year</b>		84,471,215	82,591,966
<b>Net (decrease) increase in cash and cash equivalents</b>		<u>(55,112,609)</u>	<u>1,792,039</u>
Foreign exchange		(160,931)	87,210
<b>Cash and cash equivalents at end of year</b>	14	<u>29,197,675</u>	<u>84,471,215</u>



# Formula E Operations Limited

## Notes to the financial statements Year ended 30 September 2022

### 1. Accounting policies

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **Basis of preparation**

Formula E Operations Limited is a private company limited by shares, which is incorporated in the UK under the Companies Act 2006. The Company is registered in England and Wales.

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), in conformity with the requirements of the Companies Act 2006 and under the historical cost convention with the exception of certain financial instruments that are held at fair value. These policies have been consistently applied for all of the periods presented.

The financial statements are presented in Euro, the functional currency of the Company.

The Company is excluded from the requirement to prepare group consolidated accounts under section 401 of the Companies Act 2006.

#### **Going concern**

Group's forecasts and projections, considering reasonably possible changes in trading performance, show that the Company has sufficient financial resources to continue operations for the foreseeable future. In reaching their conclusion the directors have reviewed the budget for 2023 and the Group's five-year business plan. The directors have also considered carefully the risks to the Group's trading performance and cash flows as a result of the difficult economic environment.

Based on measures in place and support of our shareholders, the directors' response remains that the Company has adequate resources available to continue its operational existence for a period of twelve months following the date of signing of this report.

As the Company relies on the support of its parent company, the directors of the Formula E Holdings Limited provided a letter of support. Accordingly, the directors of the Company continue to adopt the going concern basis in preparing its annual report and financial statements.

#### **Revenue recognition**

The Company recognises revenue from the following major sources which arise from contracts with customers:

- Sponsorship and broadcasting income
- Race promoters and Teams related revenues
- Other income

Under IFRS 15, the Company recognises revenue when a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

## **Formula E Operations Limited**

### **Notes to the financial statements (continued)** **Year ended 30 September 2022**

#### **1. Accounting policies (continued)**

##### **Revenue recognition (continued)**

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

##### **Contracts with multiple performance obligations (including allocation of transaction price)**

For contracts that contain more than one performance obligations, the Company allocates the transaction price to each performance obligation on a relative stand-alone selling price bases.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

##### **Principal versus agent**

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Company is an agent).

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 1. Accounting policies (continued)

##### Intangible assets

Intangibles are capitalised and stated at cost less amortisation and accumulated impairment losses. Management performs an annual impairment review for indicators such as technological obsolescence and impact of changes to the racing calendar. Amortisation is provided at rates calculated to write off the cost of intangible assets over their useful lives on the following bases:

Software	3-4 years' straight-line
Intellectual property rights	3-4 years' straight-line
Cars intangible	4 years' straight-line
Trademarks	10 years' straight line / licencing period

##### Plant property and equipment

Plant property and equipment is stated at cost less depreciation and accumulated impairment losses. The management performs an annual impairment review for indicators such as technological obsolescence and impact of changes to the racing calendar. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

IT equipment	3 years' straight-line
Office equipment	5 years' straight-line
Cars & Car equipment	4 years' straight-line
Other installations	5 years' straight-line

##### Impairment of intangible and tangible assets

The Company determines the estimated useful lives and related depreciation charges for its intangible assets and plant and equipment. This estimate is based on the historical experience of the actual useful lives of intangible assets and plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

The estimates and underlying assumptions are reviewed on an ongoing basis. The main assumptions are the Group continues racing in the foreseeable future and hence all the assets are required to deliver the events. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determining whether certain intangible assets and plant and equipment is impaired requires an estimation of the value in use of those intangible assets and plant and equipment. The value in use calculation requires the Company to estimate the future cash flows expected to arise from respective intangible assets and plant and equipment and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Company's estimation, a material impairment loss may arise. As at 30 September 2022, the carrying amounts of intangible assets and plant and equipment is €532,971 (2021: €735,373) and €4,734,677 (2021: €3,107,144), respectively.

##### Inventories

Inventories are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving stocks. Cost is based on the external acquisition costs and valued using an average cost method.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 1. Accounting policies (continued)

##### Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for derecognition in accordance with IFRS 9 *Financial Instruments*.

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income immediately.

##### Financial assets

The Company's financial assets comprise trade and other receivables and cash and cash equivalents, amounts due from subsidiaries and long terms deposits.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Any provision is calculated using an expected credit losses (ECL) method as prescribed in IFRS 9 *Financial Instruments*, using the simplified method. The ECL calculation on a debtor categorisation and ageing matrix which identifies the historical sums credited to specific debtors or categories of debtor while assessing their expected future recoverability and applies that percentage to current levels of debt. Criteria for Stage 3 assessment include the debtors being in financial difficulties or amounts/services delivered in dispute.

##### Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### Fair Value

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 1. Accounting policies (continued)

##### Share based scheme

The Company adopted a share option scheme whereby certain employees were invited to take up options to subscribe for growth shares of the Group. The purpose of this Employee Share Scheme is to provide an opportunity for employees to acquire an equity participation in the Company and to encourage them to work towards enhancing its value. The Group has no obligation to settle the awards in cash, the shares are settled in equity on the vesting date. The award of the shares needs to be recognised as an expense based on the estimated fair value of the share-based payments made. The awards should be fair valued at the date of issue and the calculation of the fair value not adjusted at a later date (except where there is a modification to the terms of the award). Whilst the award of growth shares is not a share option, the terms of these shares effectively replicate those of a market value (or premium priced) share option (i.e. to the extent share value increases above the hurdle the holders of the growth shares will realise value, but to the extent the share value falls below the hurdle the participants do not realise a significant loss). As the shares are not publicly traded, the fair value of the options granted was estimated by applying an option pricing model, in this case a Black-Scholes model.

This expense would normally be recognised over the vesting period of the shares, from the issue date to the expected vesting date (being the date of an expected realisation event). The recognition of fair value is normally adjusted if the holder of the shares ceases to be an employee during the vesting period. Further details are given in note 17.

##### Income taxes, including deferred income taxes

Income tax payable on profits is recognised as an expense in the year in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Expected future tax rates are used in the determination of deferred income tax. A deferred tax asset is only recognised when it is anticipated that there will be sufficient future taxable profits to offset the asset against.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Foreign currencies

Transactions in the foreign currency of the Company are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the historical rate prevailing at the date of the transaction. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

##### New standards and interpretations

During the year ended 30 September 2022, the following accounting standards and guidance were adopted by the Company:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to Property, plant and equipment – proceeds before intended use
- Amendments to Onerous Contracts – Cost of Fulfilling a Contract; and
- Annual improvements to IFRS Standards 2018-2020

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 1. Accounting policies (continued)

##### New standards and interpretations - continued

The adoption of the Standards and Interpretations has not significantly impacted these financial statements.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective and have not been applied in these financial statements:

- Insurance contracts (IFRS 17);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Definition of Accounting Estimates (Amendments to IAS 8);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The directors of the Company have considered the above amendments and don't expect the adoption of any of the above to have a material impact in the foreseeable future.

##### Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

##### Impairment

At each balance sheet date the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Company reviews all receivables for impairment and ensures an expected credit loss recorded reflects the actual recoverability of the amounts included in the financial statements, based on knowledge of the customers as well as the markets in which it operates.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 1. Accounting policies (continued)

##### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

There were no judgements that were deemed critical in the preparation of these financial statements and no key sources of estimation uncertainty.

##### Key sources of estimation uncertainty

The Company does not have any key sources of estimation uncertainty.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 2. Revenue

##### (a) Disaggregation of revenue from contracts with customers

Revenue recognised during the year is as follows:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
<b>Service income</b>		
Race promotion and licencing income	99,886,244	100,983,054
Race and service related revenues	79,267,754	63,348,775
Other income	2,291,513	4,388,100
<b>Total</b>	<b>181,445,511</b>	<b>168,719,929</b>
<b>Timing of revenue recognition</b>		
Over time	100,052,911	101,149,722
A point in time	81,392,600	67,570,207
<b>Total</b>	<b>181,445,511</b>	<b>168,719,929</b>

##### (b) Performance obligations for contracts with customers

###### (i) Service income

Race and service related revenues and other income are recognised at a point in time upon the completion of race weekends. Race promotion and licensing income is recognised over time over the course of the season.

The Company is exempt from the requirements of IFRS 8 to disclose segment information. Services related income included services provided and recharges invoiced to teams partaking in races.

The directors decided not to disclose the sources of revenues as it is considered commercially sensitive and hence not in the best interest of the Company.

The Company typically satisfies its performance obligations upon the completion of a race weekend or at the end of the Championship season, depending on the terms of the contract and the services provided by the Group. Given the nature of the payment terms, there are no significant financing components within contracts and no significant obligations for returns, refunds or warranties.

There are unsatisfied performance obligations outstanding as at 30 September 2022 due to the Covid-19 pandemic which impacted delivery of certain contractual obligations and which were postponed to the following financial year. They are recorded under deferred revenues and other payables in the balance sheet with the amount of €2,623,788 (2021: €7,463,967) expected to be delivered within one financial year and the amount of €511,480 (2021: €3,761,138) to be satisfied in the periods greater than one year.



## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 3. Operating loss

Operating loss has been arrived at after charging:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Depreciation	1,650,478	1,924,382
Amortisation	282,537	422,662
Staff costs (see note 5)	16,553,301	15,702,028
Profit on sale of fixed assets	38,715	307,416
Loss on disposal of fixed assets	90,000	11,543
Auditor's remuneration for audit services	122,134	116,694
Auditor's remuneration for non-audit services	168,376	280,126
Impairment of trade receivables (net)	3,790,726	2,199,367
Intercompany recharges and royalties payable to parent company	<u>161,911,829</u>	<u>115,674,544</u>

Intercompany recharges and royalties were incurred in accordance with the intercompany relationships and business service agreements. The costs related to those increased due to higher revenues and more racing events taking place.

Payments under operating leases were €1,172,416 (2021: €1,223,548) – see note 21 for more details.

#### 4. Auditor's remuneration

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Audit services		
- statutory audit fees	122,134	116,694
Non-audit services		
- tax advisory fees	168,376	191,736
- other advisory fees	-	88,390
Total	<u>290,510</u>	<u>396,820</u>

No amounts for other services have been paid to the auditor (2021: €nil).

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 5. Staff costs

The average monthly number of employees (including executive directors) employed by the Company was 132 (2021: 115), split into the following areas:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Sales, Marketing and Media	53	58
Administration (Legal, Finance, HR and other)	79	57
<b>Total</b>	<b>132</b>	<b>115</b>

Their aggregate remuneration comprised:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Wages and salaries	13,896,768	12,662,603
Employee Share Scheme	942,400	1,163,839
Social security costs and payroll tax	1,550,578	1,585,878
Pension costs	348,536	278,616
Other staff costs	(184,981)	11,092
	<b>16,553,301</b>	<b>15,702,028</b>

#### 6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Emoluments	1,743,434	2,067,660
Money purchase schemes	30,821	29,255
	<b>1,774,255</b>	<b>2,096,915</b>

An option pool of 4,251 Growth shares was created in 2016 to provide incentives to directors and eligible employees. During the year, no shares were allotted or issued to existing employees (2021: nil) – see note 17 for more details.

The highest paid individual director's remuneration (excluding the impact of Employee Share Scheme accretion) was €702,659 (2021: €803,352).

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 7. Investment (loss) / income

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Bank interest income	51,670	217,301
Interest income on intercompany loans	57,278	98,224
Finance lease interest income	16,324	26,614
Finance lease interest expense	(78,370)	(117,784)
Unrealised financial (loss) gain on derivatives	(1,698,394)	1,558,299
Dividend received from subsidiary	446,737	-
	<u>          </u>	<u>          </u>
Investment (loss) / income	<u>(1,204,755)</u>	<u>1,782,654</u>

#### 8. Foreign exchange profit

Foreign exchanges profits were mainly result of the translation of the significant GBP and USD bank balances and short-term treasury deposits. In 2022, the main movement was driven by bank balances affected by the foreign currency movements between EUR and GBP €598,554 (2021: €1,126,067) and EUR and USD €1,652,625 (2021: loss €229,512). In 2021, the main reasons were the short-term treasury deposits which were positively affected by the foreign currency movements between EUR and GBP (2022: €nil; 2021: €2,000,410) and EUR and USD (2022: €152,070; 2021: €296,805).

#### 9. Taxation

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
<b>Continuing operations</b>		
<b>Current tax:</b>		
UK corporation tax	-	-
Mexico corporation tax (Formula E Operations Mexico Permanent Establishment)	2,464	-
Withholding taxes deducted	93,705	16,071
<b>Deferred tax</b>		
Current year charge	-	-
	<u>          </u>	<u>          </u>
Total tax charge	<u>96,169</u>	<u>16,071</u>

Corporation tax is calculated at 19% (2021: 19%) of the estimated assessable loss for the year.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 9. Taxation (continued)

The charge for the year can be reconciled to the loss per the Income statement as follows:

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Loss before tax:	(64,912,264)	(12,568,008)
Tax at the UK corporation tax rate of 19% (2021: 19%)	12,333,330	2,387,922
Non-deductible expenses	(50,571)	(32,249)
Deferred tax not provided	(12,282,759)	(2,355,673)
Income taxes paid overseas	2,464	-
Withholding taxes deducted	93,705	16,071
Total tax charge	<u>96,169</u>	<u>16,071</u>

The Company's unused tax losses are denominated in GBP and are therefore subject to foreign exchange movements on translation. The Company has not recognised a deferred tax asset of approximately €53.5 million (2021: €28.2 million) of tax losses carried forward due to insufficient certainty of future profits.

The increase of the corporation income tax rate from April 1, 2023 to 25% was announced in October 2022, affecting companies with profits of more than £250,000. The change has not been reflected in the calculations above.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 10. Intangible assets

	Trademarks €	Cars – Intangible €	Intellectual property (i) €	Software €	Total €
<b>Cost</b>					
At 30 September 2020	1,188,879	634,099	99,992	1,098,051	3,021,021
Additions	78,585	-	-	99,400	177,985
At 30 September 2021	1,267,464	634,099	99,992	1,197,451	3,199,006
Additions	32,650	-	-	47,485	80,135
At 30 September 2022	1,300,114	634,099	99,992	1,244,936	3,279,141
<b>Amortisation</b>					
At 30 September 2020	570,530	634,099	99,992	736,350	2,040,971
Amortisation (ii)	157,573	-	-	265,089	422,662
At 30 September 2021	728,103	634,099	99,992	1,001,439	2,463,633
Amortisation (ii)	160,197	-	-	122,340	282,537
At 30 September 2022	888,300	634,099	99,992	1,123,779	2,746,170
<b>Net book value</b>					
At 30 September 2022	411,814	-	-	121,157	532,971
At 30 September 2021	539,361	-	-	196,012	735,373

- (i) The intellectual property asset relates to race track designs.  
(ii) The amortisation charge is included within administrative expenses.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 11. Plant and equipment

	Right of use Assets €	Office & IT equipment €	Cars & Car equipment €	Other installations €	Total €
<b>Cost</b>					
At 30 September 2020	3,195,640	2,364,261	11,471,246	6,812,407	23,843,554
Additions	207,668	-	-	-	207,668
Disposals	-	-	(491,005)	(1,341,880)	(1,832,885)
At 30 September 2021	3,403,308	2,364,261	10,980,241	5,470,527	22,218,337
Additions	-	-	-	3,387,280	3,387,280
Disposals	-	-	(182,500)	-	(182,500)
At 30 September 2022	3,403,308	2,364,261	10,797,741	8,857,807	25,423,117
<b>Depreciation</b>					
At 30 September 2020	1,006,372	1,427,873	10,161,553	6,383,584	18,979,382
Charge for the year	863,968	316,320	448,534	295,560	1,924,382
Disposals	-	-	(479,462)	(1,313,109)	(1,792,571)
At 30 September 2021	1,870,340	1,744,193	10,130,625	5,366,035	19,111,193
Charge for the year	861,666	283,262	434,515	71,035	1,650,478
Disposals	-	-	(73,231)	-	(73,231)
At 30 September 2022	2,732,006	2,027,455	10,491,909	5,437,070	20,688,440
<b>Net book value</b>					
At 30 September 2022	671,302	336,806	305,832	3,420,737	4,734,677
At 30 September 2021	1,532,968	620,068	849,616	104,492	3,107,144

Depreciation of fixed assets is included within administrative expenses as well as the costs associated with disposal or write-off.

The Company leases their offices in London and Donington. The average remaining lease term is 1.5 years. The total cash outflow for leases amounts to €1,172,416 (2021: €1,223,548) in the financial year.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 12. Trade and other receivables

	2022 €	2021 €
<b>Non-Current</b>		
Financial assets - rental deposits	416,534	412,878
Finance lease receivable	-	199,146
Long-term bank guarantee	328,139	328,139
Fair market value of long term hedging instruments	-	1,059
	<u>744,673</u>	<u>941,222</u>
<b>Current</b>		
Trade receivables	19,012,075	44,147,924
Prepayments	11,473,064	9,029,463
VAT and sales taxes receivable	2,809,405	3,016,059
Accrued income and other receivable	4,321,761	574,357
Fair market value of short term hedging instruments	-	150,309
Other deposits	1,089,315	-
Finance lease receivable	194,556	247,686
	<u>38,900,176</u>	<u>57,165,798</u>

The amount of finance lease receivable in the total amount of €194,556 (2021: €446,832) represents a sublease of the office rental space by the Company to Extreme E Limited, a related party (see note 20 for more details), recognised upon adoption of IFRS 16.

The Company also provided a 3-year bank guarantee to the Italian government in order to receive a VAT refund (€328,139).

The Company was also required to hold €1,089,315 (2021: €nil) of deposits for its outstanding derivative instruments.

An expected credit loss on trade receivables was calculated based on the lifetime expected losses adjusted for the future market in the amount of €22,671 (2021: €2,290,241) where, in the opinion of the directors, trade receivables are not recoverable at their book value. Any trade receivables where it is felt that recovery of the debt is uncertain are provided against in full. Trade receivables are stated net of expected credit loss.

The directors consider that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

“Trade and other receivables” and “Cash and cash equivalents” constitute the financial assets within the category “Financial assets” as defined by IFRS 9.

Trade receivables are non-interest bearing and generally have 30 day credit terms.

As at 30 September 2022, trade receivables of €15,404,410 (2021: €34,571,341) were past due but not impaired.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 12. Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	2022 €	2021 €
Amounts not past due	3,607,665	9,576,583
Amounts past due but not impaired	15,404,410	34,571,341
Amounts impaired	22,671	2,290,241
Less impairment	(22,671)	(2,290,241)
	<u>19,012,075</u>	<u>44,147,924</u>

The movements in the expected credit loss of trade receivables were as follows:

	2022 €	2021 €
At 1 October	2,290,241	4,350,122
Release of the previous years' charges	(2,267,570)	(4,350,122)
Charged in the year	-	2,290,241
	<u>22,671</u>	<u>2,290,241</u>
At 30 September		

The release of the previous years' charges results from the foreign exchange movements and a write off of the amounts due during the reporting year which is then offset by the charge for the year and included in the Administrative expenses. The other classes within trade and other receivables do not contain impaired assets.

#### 13. Inventories

	2022 €	2021 €
Assets held for sale	566,487	566,487
	<u>566,487</u>	<u>566,487</u>

In preparation for Gen3 launch, the Company purchased certain equipment on behalf of teams to assist with testing of the new racing car. The equipment will be sold to the teams during the next financial year.

#### 14. Cash and cash equivalents

	2022 €	2021 €
Cash at bank and in hand	<u>29,197,675</u>	<u>84,471,215</u>

The directors consider that the carrying amount of these assets approximates to their fair value. As at 30 September 2022, the Group held \$1 million (2021: \$1 million) on fixed term treasury deposits, expiring within 3 months of the financial year end and included in the figure above.



## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 15. Trade and other payables

	2022 €	2021 €
<b>Current</b>		
Trade payables	10,473,170	12,218,734
Other taxes and social security	435,259	360,416
Other payables	3,827,099	5,602,306
Accruals	11,693,266	4,288,701
Finance lease liabilities	1,025,923	1,076,798
Other provisions	956,315	257,025
Total trade and other payables	<u>28,411,032</u>	<u>23,803,980</u>
Deferred income	<u>110,005,108</u>	<u>126,030,595</u>
Amounts owed to the parent company and subsidiaries	<u>176,794,402</u>	<u>175,406,876</u>
<b>Non-current</b>		
Unsatisfied performance obligations	511,480	3,761,138
Loss on fair market valuation of hedging instruments	83,006	-
Finance lease liabilities	-	1,050,128
Total other long-term liabilities	<u>594,486</u>	<u>4,811,266</u>

The directors consider that the carrying amount of trade payables approximates to their fair value. No interest is charged on trade and other payables.

The amount of finance lease liabilities in the total amount of €1,025,923 (2021: €2,126,926) represents an office space lease in London (in 2021 also included the lease in Donington), recognised upon adoption of IFRS 16.

Trade payables, other payables and amounts payable to group companies constitute the only financial liabilities measured at amortised cost as defined by IFRS 9.

Amounts owed to the parent company are repayable on demand with no interest changes and have no other restrictions attached.

Non-current liabilities represent unsatisfied performance obligations to be delivered to sponsors in the periods greater than one year.

#### 16. Derivative financial instruments

	2022 €	2021 €
Derivative financial instruments	<u>(1,547,026)</u>	<u>151,368</u>

The balance represents the foreign currency forward contracts entered by the Company with two different counterparty agents. As part of the trade, the Company was required to hold collateral deposits with one of the counterparties. As of 30 September 2022, the amount of deposits held was €1,089,315 (2021: €nil).

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 16. Derivative financial instruments (continued)

As at 30 September 2022, the Company had the following outstanding foreign currency forward contracts, which were related to the purchase of GBP. The terms of these contracts were as follows:

2022

Exercise period	Amount to be purchased (GBP)	Exchange Rate	EUR equivalent
October 2022	1,500,000	1.170	1,755,420
November 2022	1,500,000	1.165	1,748,150
December 2022	1,500,000	1.176	1,764,250
January 2023	3,400,000	1.166	3,962,720
February 2023	1,500,000	1.167	1,751,200
March 2023	1,500,000	1.180	1,769,500
April 2023	1,500,000	1.177	1,765,500
May 2023	5,400,000	1.165	6,289,430
June 2023	5,000,000	1.166	5,831,900
July 2023	4,500,000	1.162	5,228,250
August 2023	2,750,000	1.160	3,188,975
September 2023	1,500,000	1.156	1,733,750
October 2023	500,000	1.158	578,950
November 2023	500,000	1.157	578,450
December 2023	500,000	1.156	577,950
	<b>33,050,000</b>		<b>38,524,395</b>

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 16. Derivative financial instruments (continued)

2021

Exercise period	Amount to be purchased (GBP)	Exchange Rate	EUR equivalent
October 2021	2,500,000	1.147	2,868,700
November 2021	2,000,000	1.143	2,285,150
December 2021	1,500,000	1.157	1,735,050
January 2022	3,300,000	1.157	3,818,670
February 2022	1,500,000	1.156	1,733,800
March 2022	1,250,000	1.155	1,443,945
April 2022	1,250,000	1.155	1,443,670
May 2022	5,050,000	1.156	5,837,515
June 2022	4,000,000	1.155	4,620,085
July 2022	4,000,000	1.154	4,616,255
August 2022	3,450,000	1.153	3,979,340
September 2022	850,000	1.154	980,745
October 2022	850,000	1.153	979,645
November 2022	1,000,000	1.152	1,152,250
December 2022	500,000	1.149	574,250
January 2023	500,000	1.147	573,550
February 2023	500,000	1.146	573,050
	<b>34,000,000</b>		<b>39,215,670</b>

The foreign currency forward contracts are measured at the fair value at the end of each reporting period. During the year ended 30 September 2022, a fair value loss of €1,698,394 was recognized in the Income statement relating to the change in fair value of foreign currency forward contracts (2021: gain €1,558,299).

Fair value of the Company's financial assets is measured at fair value on a recurring basis. Further detail of the valuation basis is included within note 1.

#### Fair Value estimation

The fair value of financial instruments inputs other than quoted prices traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price. Note 1 discloses the methods used in determining fair values on a specific asset/liability basis with further details on level 2 financial instruments. Other financial assets/liabilities represent the fair value of foreign exchange forward agreements in place at the year end.

Where applicable, further information about the assumptions used in determining fair value is disclosed in the note 1.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 17. Share-based payment

##### a) Types of share-based payments

A pool of 4,251 Growth shares was created for the primary purpose of providing incentives to directors and eligible employees during the financial year ended 31 July 2016. The shares are issued by Formula E Holdings. As employees are employed by Formula E Operations, the Company reimburses Formula E Holdings Ltd for the fair value of the shares issues through the year.

On 10 December 2015, the Board authorised the allotment and issuance of 2,108 such shares eligible to existing employees of the Company. The proposed scheme to deliver the option pool was an Employee Share Scheme ("ESS") involving delivery of shares which allow eligible management participation in any equity growth above a pre-defined hurdle value at issuance. On 4 April 2017, the Board authorised another allotment and issuance of 626 B Growth shares. As the benefits of the ESS were removed by the Chancellor at 2016 Budget announcement, this allotment was issued as a standard management share scheme. On 5 April 2018, a further allotment of 189 C Growth shares was issued to management.

During the year, there were no transactions affecting the Growth shares (2021: 415 A Growth shares and 63 C Growth shares deferred).

Details of specific categories of options are as follows:

	Date of grant	Exercise price EUR
Type A Growth shares	10 December 2015	6,653
Type B Growth shares	4 April 2017	7,362
Type C Growth shares	4 April 2018	7,938

The shares were issued at a pre-agreed hurdle rate. At 30 September 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,193 (2021: 1,193), representing 2.8% (2021: 2.8%) of the shares of the Formula E Holdings Ltd in issue at that date.

In March 2020, a new share incentive scheme (the "new ESS") was approved by the Board for the remaining 1,684 unissued Growth shares. The Board decided to issue the incentive as Options over Ordinary share instead of further Growth shares. The accretion costs related to the 684 unissued but committed shares to be issued to the initial participants adjusted for the newly committed (270 shares) and for shares of staff leaving the company during the financial year ended 30 September 2021 (187 shares) were included in the total share-based incentive costs of that year.

During the financial year ended 30 September 2022, three additional and new management team members were awarded 249 new options. The costs are included in the total share-based incentive costs.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 17. Share-based payment (continued)

##### b) Number of share options

Option Type	Issued/Committed at 1 October 2021	Granted during the year	Issued/Committed at 30 September 2022
Type A	773	-	773
Type B	333	-	333
Type C	87	-	87
Options over Ordinary	767	249	1,016
Exercisable at year end	1,960	249	2,209

Option Type	Issued/Committed at 1 October 2020	Granted during the year	Cancelled during the year	Issued/Committed at 30 September 2021
Type A	773	-	-	773
Type B	333	-	-	333
Type C	87	-	-	87
Options over Ordinary	684	270	(187)	767
Exercisable at year end	1,877	270	(187)	1,960

##### c) Fair value calculation

The fair value was calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2019
Share price	€6,689
Exercise price	€7,938
Expected volatility	54.0%
Risk-free rate	1.05%
Expected dividend yield	-

Expected volatility under the ESS was determined by using the historical volatility of the Formula E Holdings Ltd's share price over the previous 3 years (2021: 3 years). Expected volatility for the new ESS was determined by using the historical share price of listed companies in similar industry across the same length as the vesting periods (from 4.25 to 5.25 years).

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 17. Share-based payment (continued)

	2020
Share price	€14,380
Exercise price	€14,380
Expected volatility	27.8-37.3%
Risk-free rate	-0.8/-0.7%
Expected dividend yield	-

The Company recognised the total expense of €942,400 for the year ended 30 September 2022 (2021: €1,163,839) in relation to accretion value of the Growth shares / Options over ordinary shares during the year.

#### 18. Share capital

	2022 €	2021 €
<b>Allotted, called up and fully paid</b>		
1 ordinary shares of £1	1	1

#### 19. Cash flows from operating activities

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
Loss before taxation	(64,912,264)	(12,568,008)
Depreciation	1,650,478	1,924,382
Amortisation	282,537	422,662
Profit on sale of fixed assets	(38,715)	(307,416)
Increase in inventories	-	(566,487)
(Decrease)/Increase in payables	(14,668,092)	3,115,629
Decrease in receivables	18,062,182	5,656,440
Increase in provisions	699,290	257,025
Fair value change in derivatives	1,698,394	(1,558,299)
Payment of corporate income taxes	(96,169)	(16,071)
Interest income	(108,948)	(315,525)
Interest income on lease receivables and other interest income	(16,324)	(26,614)
Interest expense on lease liabilities	78,370	117,784
Write off of inventory and fixed assets	90,000	40,313
Cash used in operations	(57,279,259)	(3,824,185)

Cash and cash equivalents (which are presented as a single class of assets on the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 20. Related party transactions

During the year, the Company held a loan from Formula E Holdings Limited ("FEH"), its parent. At 30 September 2022, €173,334,008 (2021: €175,406,876) was owed by the Company to FEH and is included within current liabilities. The amounts are repayable on demand and subject to expected availability of funds.

The Company was provided funding from Formula E Race Operations Ltd in the amount of €3,460,394 (2021: loan receivable included within non-current assets €1,558,254) (see note 24 for more details).

FEO Chile fully repaid its intercompany balance in the amount of €3,981,897 (2021: €3,923,268) during the financial year. The amount also included the intercompany interest income from FEO Chile. On top of that repayment, FEO Chile also paid €446,737 of dividends to the Company – the amount has been recorded in the amount of Investment (loss) / income.

The Company also received services from both its parent, subsidiaries and another group company, Formula E Rights Limited, and incurred charges in the amount of €36.8 million (2021: incurred charges in the amount of €6.2 million) which are reflected in the financial statements.

The Company recorded a finance lease arrangement with Extreme E Ltd in which Extreme E Ltd ("XE") subleases the offices from the Company. XE's CEO is the Championship founder and the Chairman of FEH, the parent company. The finance lease receivable outstanding as of September 30, 2022, was €194,556 (2021: €446,832).

The Company also signed a consultancy agreement with AAL Investments Ltd owned by the Chairman of FEH and incurred costs in the amount of €927,894 (2021: €nil).

#### Key Management Personnel

There have been no short-term or post-employment benefits provided to the directors, who are the key management personnel of the Company (other than the ones stated in note 6) as specified in IAS 24 *Related Party Disclosures*.

#### 21. Lease liability and Operating lease arrangements

At 30 September 2022, the Company had one lease obligation (2021: two) recorded in fixed assets with future lease payments falling due as follows:

	2022 €	2021 €
<b>Maturity analysis</b>		
Year 1	742,997	1,153,748
Year 2	314,324	760,527
Year 3	-	321,740
	<hr/>	<hr/>
	1,057,321	2,236,015
	<hr/>	<hr/>
Less: unearned interest	(31,398)	(109,089)
	<hr/>	<hr/>
	1,025,923	2,126,926
	<hr/>	<hr/>

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 21. Lease liability and Operating lease arrangements (continued)

	2022 €	2021 €
<b>Maturity analysis</b>		
Analysed as:		
Non-current	-	1,050,128
Current	1,025,923	1,076,798
	<u>1,025,923</u>	<u>2,126,926</u>
	2022 €	2021 €
<b>Amounts recognised in profit and loss</b>		
Depreciation expense on right-of-use assets	861,666	863,968
Interest expense on lease liabilities	78,370	117,784
Income from sub-leasing right-of-use assets	16,324	26,614

#### 22. Parent undertaking and controlling party

The Company's ultimate and immediate parent undertaking and controlling party is Formula E Holdings Limited, a company incorporated in Hong Kong which is the largest and smallest Group into which the company is consolidated. The Registered Office Address of Formula E Holdings Limited is 15/F Manulife Place, 348 Kwun Tong Road, Hong Kong.

#### 23. Financial instruments

Primary financial Instruments 2022	Loans and receivables at amortised cost	Financial liabilities measured at amortised cost	Financial instruments designated as fair value through profit or loss	Total carrying amount
<b>EUR</b>				
Trade receivables	19,012,075	-	-	19,012,075
Cash and cash equivalents	29,197,675	-	-	29,197,675
<b>Financial assets</b>	<u>48,209,750</u>	<u>-</u>	<u>-</u>	<u>48,209,750</u>
Trade and other payables	-	15,761,450	-	15,761,450
Fair value of hedging instruments	-	-	1,547,026	1,547,026
Amounts owed to other group companies	-	176,794,402	-	176,794,402
<b>Financial liabilities</b>	<u>-</u>	<u>192,555,852</u>	<u>1,547,026</u>	<u>194,102,878</u>



## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

Primary financial Instruments 2021	Loans and receivables at amortised cost	Financial liabilities measured at amortised cost	Financial instruments designated as fair value through profit or loss	Total carrying amount
<b>EUR</b>				
Trade receivables	44,147,924	-	-	44,147,924
Fair value of hedging instruments	-	-	150,309	150,309
Cash and cash equivalents	84,471,215	-	-	84,471,215
<b>Financial assets</b>	<b>128,619,139</b>	<b>-</b>	<b>150,309</b>	<b>128,769,448</b>
Trade and other payables	-	19,515,280	-	19,515,280
Amounts owed to parent company	-	175,406,876	-	175,406,876
<b>Financial liabilities</b>	<b>-</b>	<b>194,922,156</b>	<b>-</b>	<b>194,922,156</b>

The directors of the Company consider that the carrying value amounts of financial assets and liabilities recorded at amortised cost approximate to their fair values. Derivative financial instruments were recognised at fair value through the profit and loss account. There were no reclassifications of financial assets and no transfers between levels in the year.

Changes in financial liabilities	As of 1 October 2021	Financing cash flows	Fair value adjustments	Impact of fx	Interest expense	At 30 September 2022
Loans from related parties	175,406,876	1,387,526	-	-	-	176,794,402
Lease liabilities	2,126,926	(1,172,416)	-	(6,957)	78,370	1,025,923
Fair value hedging financial liabilities	-	-	1,547,026	-	-	1,547,026
<b>Total liabilities from financing activities</b>	<b>177,533,802</b>	<b>215,110</b>	<b>1,547,026</b>	<b>(6,957)</b>	<b>78,370</b>	<b>179,367,351</b>

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

Changes in financial liabilities	As of 1 October 2020	Financing cash flows	Fair value adjustments	New leases	Impact of fx	Interest expense	At 30 September 2021
Loans from related parties	181,096,959	(5,690,083)	-	-	-	-	175,406,876
Lease liabilities	2,872,930	(1,223,548)	-	207,668	152,092	117,784	2,126,926
Fair value hedging financial liabilities	1,406,931	-	(1,406,931)	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>185,376,820</b>	<b>(6,913,631)</b>	<b>(1,406,931)</b>	<b>207,668</b>	<b>152,092</b>	<b>117,784</b>	<b>177,533,802</b>

#### Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, trade receivables, amounts due from related party, amounts due to related companies and trade and other payables. Details of the financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### **Market risk**

##### *Currency risk*

Certain transactions of the Company are denominated in British Pound ("GBP") and United States dollar ("USD"), which are different from the respective functional currency, and therefore the Company is exposed to foreign currency risk. Operating costs for the Company's operations are affected by exchange rate movements between GBP and EUR as a large portion of payroll and recurring overheads are incurred in GBP within the UK through the Company. To manage this risk, the Company entered into derivative contracts to fix the future exchange rate on these costs.

The management monitors foreign exchange exposure and during the financial year entered into financial contracts to reduce foreign currency exposure.

#### Fair value measurements of financial instruments

(i) The Company's financial assets are measured at fair value on a recurring basis.

##### Derivative financial instruments

Foreign currency forward contracts of the Company are measured at fair value at the end of each reporting period.

The fair value of financial instruments inputs other than quoted prices traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. Disclosed below are the methods used in determining fair values on a specific asset/liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

##### Derivative financial instruments - continued

(ii) The Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis.

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the financial statements approximate to their fair values using discounted cash flow valuation technique.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instrument	Fair Value EUR	Fair Value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Foreign Currency forward contracts	€(1,547,026) (2021: €151,368)	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates. The higher the discount rate, the lower the fair value	The higher the discount rate, the lower the fair value

The carrying amounts of the Company's foreign currency denominated monetary assets / liabilities at the end of the reporting year are as follows:

	2022 €	2021 €
<i>Assets</i>		
GBP	7,115,445	46,807,791
USD	11,530,402	27,221,183
	<u>18,645,847</u>	<u>74,028,974</u>
	2022 €	2021 €
<i>Liabilities</i>		
GBP	7,280,737	8,114,637
USD	2,318,245	2,474,212
	<u>9,598,982</u>	<u>10,588,849</u>

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

##### Financial risk management objectives and policies (continued)

##### Derivative financial instruments - continued

##### Sensitivity analysis

The Company is mainly exposed to currency risk related to GBP and USD. The following table details the Company's sensitivity to a 5% (2021: 5%) increase and decrease in EUR against the relevant foreign currency. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss where EUR strengthen 5% (2021: 5%) against the relevant currency. For a 5% (2021: 5%) weakening of EUR against the relevant currency, there would be an equal and opposite impact on the loss and the balances below would be negative.

	From 01.10.2021 to 30.09.2022 €	From 01.10.2020 to 30.09.2021 €
<i>Loss/(Gain) for the year</i>		
GBP	(8,265)	1,934,658
USD	460,608	1,237,349

##### **Credit risk**

As at 30 September 2022, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the balance sheet in the amount of Trade receivable of €38,900,176 and €57,165,798 as of 30 September 2022 and 2021, respectively.

To manage its credit risk, management monitors on a regular basis credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment for expected credit losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

	Parties within the eco-system	Medium risk	High risk	Total EUR
<b>2022</b>				
Expected loss rate	0%	64.4%	100%	-
Gross amount – trade receivables	19,012,075	-	22,671	19,034,746
Credit loss allowance	-	-	22,671	22,671

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

##### Financial risk management objectives and policies (continued)

##### Derivative financial instruments - continued

##### Sensitivity analysis

	Parties within the eco-system	Medium risk	High risk	Total EUR
<b>2021</b>				
Expected loss rate	0%	64.4%	100%	-
Gross amount – trade receivables	44,147,924	-	2,290,241	46,438,165
Credit loss allowance	-	-	2,290,241	2,290,241

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit-rating agencies. The majority of trade receivable balance consist of customers with whom the Company have a long-term relationship (global sponsors, broadcasters, and teams) and that has been incorporated into the determination of expected credit losses. The management of the Company considers the concentration risk is low.

##### **Liquidity risk**

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The parent company provided a letter of support which states that debt won't be called in if the Company is unable to pay and that financial support will be given should the Company require it.

##### *Liquidity risk tables:*

	Less than 1 month or on demand EUR	Total un-discounted cash flows EUR	Carrying amount EUR
<b>2022</b>			
Trade and other payables (current)	14,735,528	14,735,528	14,735,528
Other liabilities (non-current)	-	511,480	511,480
Finance lease liability (current)	1,025,923	1,025,923	1,025,923
Amounts owed to group companies	176,794,402	176,794,402	176,794,402
	192,555,853	193,067,333	193,067,333

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 23. Financial instruments (continued)

##### Financial risk management objectives and policies (continued)

##### Derivative financial instruments - continued

##### Sensitivity analysis

	Less than 1 month or on demand EUR	Total un-discounted cash flows EUR	Carrying amount EUR
<b>2021</b>			
Trade and other payables (current)	18,438,482	18,438,482	18,438,482
Other liabilities (non-current)	-	2,400,000	2,400,000
Finance lease liability (current)	1,076,798	1,076,798	1,076,798
Finance lease liability (non-current)	-	1,050,128	1,050,128
Amounts owed to parent company	175,406,876	175,406,876	175,406,876
	<u>194,922,156</u>	<u>198,372,284</u>	<u>198,372,284</u>

#### 24. Investment in subsidiaries

These financial statements present the results of the Company as the exemption from consolidation has been applied. The fully consolidated accounts are prepared for Formula E Holdings Limited which is incorporated in Hong Kong.

Details of the Company's subsidiaries at 30 September are as follows:

Name <i>Directly owned</i>	Place of incorporation	Principal activities	Equity interest (direct)	
			2022	2021
Formula E Race Operations Ltd (previously called Formula E OPCO 1 Ltd) ("FERO")	United Kingdom	Provision of race related activities and race support	100%	100%
Formula E Publishing Ltd (previously called Formula E OPCO 2 Ltd)	United Kingdom	Dormant	100%	100%
Formula E Chile SpA	Chile	Management of race activities in Chile	100%	100%
<i>Indirectly owned</i>				
Formula E Mexico Race Operations, S.de R.L.de C.V. ("FERO Mexico")	Mexico	Management of race activities in Mexico	0.03%	0.03%
Formula E Enterprise, Inc	USA	Management of race activities in the USA	100%	100%
Formula E Brazil, Ltda	Brazil	Management of race activities in Brazil	100%	-

## Formula E Operations Limited

### Notes to the financial statements (continued) Year ended 30 September 2022

#### 24. Investment in subsidiaries (continued)

Investments in subsidiaries are stated at their historic cost of share capital (€1,350 for Formula E Chile SpA and €1 for both Formula E Race Operations Ltd and OPCO 2 Ltd).

The subsidiaries are registered at the following addresses:

FERO / Formula E Publishing Ltd: 3 Shortlands, London, W6 8DA, United Kingdom

Formula E Chile SpA: 222 Miraflores, Santiago de Chile, 8320198, Chile

FERO Mexico: 418-307 Avenida Ejercito Nacional, Polanco V, Miguel Hidalgo, 11560 Ciudad de Mexico, Mexico

Formula E Enterprise Inc: 28 Old Rudnick Lane, Dover, 19901 Kent, Delaware, the United States of America

Formula E Brazil Ltda: Alameda Santos 1293, Sao Paulo, 01419-904 Sao Paulo, Brazil

#### 25. Subsequent events

Overall the championship is on a roll, with many elements clicking into place for the first time since Covid-19. Season 9 started successfully with three new race locations – in India, South Africa and Brazil – and all races so far this year have effectively sold out. The racing has, once again, developed a tight leader board, with Porsche and Jaguar currently at the top, and the Gen3 car has been received well by drivers and teams, with the focus already shifting to how Gen4 car could deliver even more. The level of enthusiasm and positivity around Formula E from partners, teams, manufacturers, broadcasters, the media and most importantly our fans is high and support for growth, in terms of more races and better quality product, is strong.

It was announced in May 2023 that the CEO of the Company will step down at the end of the current season with the replacement already appointed to support a smooth transition.