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UK Overseas Company Registration number: FC034927

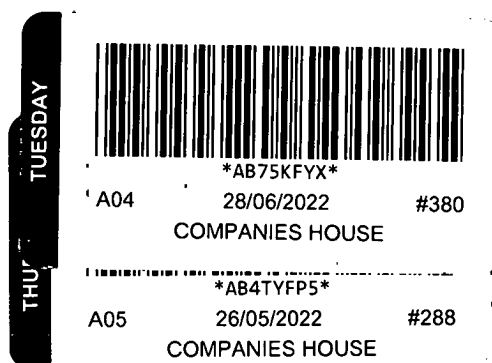
Jersey Company Registration number: 95136

UK Establishment No: BR020021

# Formula One Topco Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2021



**Formula One Topco Limited**  
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## **Formula One Topco Limited**

### **Glossary of abbreviated terms**

The following abbreviated terms are used in the Strategic Report, Directors' Report and the Financial Statements:

#### **(i) Abbreviations of the names of parent and subsidiary entities**

"Alpha Topco"	Alpha Topco Limited (a Formula 1 subsidiary)
"Delta 2"	Delta 2 (Lux) S.à.r.l. (a Formula 1 subsidiary)
"Delta 3"	Delta 3 (UK) Limited (a Formula 1 subsidiary)
"Delta Debtco"	Delta Debtco Limited (a Formula 1 subsidiary)
"Delta Topco"	Delta Topco Limited (parent company of Formula 1)
"FOM"	Formula One Management Limited (a Formula 1 subsidiary)
"Formula 1" or "Group"	Delta Topco and its subsidiaries
"FOWC"	Formula One World Championship Limited (a Formula 1 subsidiary)
"Liberty"	Liberty Media Corporation (the ultimate parent undertaking of Formula 1)
"Liberty GR ACL"	Liberty GR Acquisition Company Limited (an intermediate parent undertaking of Formula 1)
"SLEC"	SLEC Holdings Limited (a Formula 1 subsidiary)

#### **(ii) Other abbreviations used**

"the Championship"	FIA Formula One World Championship®
"CRH"	Commercial Rights Holder
"EU"	European Union
"FIA"	Fédération Internationale de l'Automobile
"FRS 101"	Financial Reporting Standard 101 'Reduced Disclosure Framework'
"GP"	Grand Prix™
"IAS"	International Accounting Standard
"IFRS"	International Financial Reporting Standard

## **Formula One Topco Limited**

### **Company Information**

**Directors** Mr Charles Carey (Chairman)  
Mr Stefano Domenicali  
Mr Duncan Llowarch  
Mr Gregory Maffei  
Ms Renee Wilm  
Ms Sacha Woodward Hill

**Company secretary** S J Secretaries Limited

**Registered office** 27 Esplanade  
St Helier  
Jersey  
JE1 1SG

## Formula One Topco Limited

### Directors' Report for the Year Ended 31 December 2021

The directors present their Report and the Financial Statements for the year ended 31 December 2021, with abbreviations used defined in the Glossary of abbreviated terms (see page 1).

#### Residency

On 7 December 2017 the directors of the Jersey registered company Delta Topco Limited ("Delta Topco") determined that the company's place of effective management, control and tax residency would be migrated to the UK. Since then the company has been UK resident and carries on business in the UK under the name Formula One Topco Limited, at No. 2 St. James's Market, London, SW1Y 4AH.

These financial statements have been prepared for the UK establishment under the requirements of the Companies (Jersey) Law 1991, so no Strategic Report has been presented.

#### Principal activity

The company's principal activity remains that of a holding company, with its principal assets being its investment in its subsidiaries, which are unquoted trading companies and include the current Commercial Rights Holder ("CRH") to the FIA Formula One World Championship® ("the Championship") FOWC.

#### Parent Company

On 23 January 2017, the company was acquired by Liberty Media Corporation ("Liberty"). The company and its subsidiaries are collectively referred to herein as "Formula 1" or the "Group".

#### Review of business

##### *Corporate simplification*

During the year, the Group completed the first phase of a corporate simplification, under which it eliminated loan notes originally issued by one of its subsidiaries, Delta 3, to a fellow Liberty subsidiary. As part of this exercise, the company's immediate parent, Liberty GR ACL, received and then contributed the receivable under the loan notes to the company on 29 June 2021. The balance of the loan notes outstanding on that date of \$1,312.0m including unpaid interest, was contributed to the company in exchange for the company issuing one ordinary share to Liberty GR ACL. This led the company to increase its ordinary share capital by \$0.01 and recognise an increase in its share premium account of \$1,312.0m (see note 13). On the same day, the company then contributed the loan notes to its subsidiary Delta Debtco in return for the issue of one additional share of \$0.01. Following this exercise, Delta Debtco and other Group companies in turn transferred the loan notes' receivable to their own subsidiaries until, after various steps, on 30 June 2021 they were offset against other intra-group balances and eliminated.

##### *Business operations*

The profit for the year is shown in the Profit and Loss account on page 8. Profit and loss activity in the year continued to primarily comprise amortisation of contractual payments and intra-group management fees payable to the company's subsidiary FOM, with no non-executive directors' fees paid in the current year.

During the year the company did not declare or pay a dividend.

The company's activity as a holding company has not been affected in 2021 or 2020 by the ongoing coronavirus pandemic, although the coronavirus pandemic continued to put some constraints and create further challenges for the Group's operating subsidiaries. Despite this, the 2021 Championship consisted of a record 22 races (2020-17 races), including 2 major new races in the Middle East. After events in the first half of 2021 continued to be staged either behind closed doors or with significant capacity restrictions, fans returned in the second half in growing numbers as the season progressed and COVID-19-related restrictions eased, with capacity and record attendances seen at some events. The large crowds seen as the year progressed was in contrast to the 2020 season, where all but 3 of the 17 events took place behind closed doors, and the lifting of restrictions as 2021 progressed led to a return to a more normal scope of event-related activities. The second half of 2021 also saw the return of the Paddock Club, the Group's premium hospitality offering, which operated at 11 events (2020-1 event), a number of which had no limitations on capacity. The record breaking 2021 season also saw a thrilling title contest between Mercedes' Lewis Hamilton and Red Bull's Max Verstappen, only decided on the last lap of the last race of the season, and with the growing calendar, these factors significantly enhanced the scope of the Group's activities and its revenue generation in 2021 when compared to the prior year, leading it to report improving financial performance and normalisation of many financial metrics.

## **Formula One Topco Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors consider the company performed satisfactorily and in line with expectations in 2021, and continue to believe the company is in a sound position at the balance sheet date. The potential ongoing effects of, and risks arising from, the ongoing coronavirus pandemic on the company and the Group are addressed in the principal risks and uncertainties section below and in the discussion of the directors' going concern considerations in relation to the approval of these financial statements.

#### **Principal risks and uncertainties**

The review of risks and uncertainties contains certain forward-looking statements. These statements have been made by the directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising, which relate to events, and depend on circumstances, that may or may not occur in the future.

#### **Business risks**

The directors believe that the future success of the company is dependent on the continued ability of Formula 1 to successfully exploit the commercial rights to the Championship. In that regard the directors highlight certain arrangements to which the company's subsidiaries are parties, and which indirectly support the position of the company. The directors believe the effect of the ongoing arrangements will be to allow the company to continue to meet its obligations as they fall due.

In 2001 SLEC, a fellow Group company, entered into and funded a series of agreements, the counterparties to which were itself, other Group companies and the Fédération Internationale de l'Automobile ("FIA"), and under which the FIA continues to provide regulatory services and one of the Group companies, FOWC, became the CRH to the Championship for a period of 100 years commencing from 1 January 2011.

In August 2020, FOWC, SLEC, the FIA and the teams entered into the 2021 Concorde Agreement, securing the commitment of the teams to continue participating in the Championship from 1 January 2021 until 31 December 2025, and governing the relationship between the parties during that period. The 2021 Concorde Agreement is made up of two separate documents: (a) the 2021 Concorde Commercial Agreement between FOWC, SLEC and each of the teams; and (b) the 2021 Concorde Governance Agreement between FOWC, SLEC, the FIA and each of the teams. The 2021 Concorde Agreement provides, among other things, for the participation of the teams in the Championship during the term of the agreement, and also sets out the terms under which Formula 1 makes prize fund payments to the teams.

Other Group companies are also party to various long-term contractual arrangements with the promoters of the Championship's events under which the Group obtains the right to package and sell certain advertising, sponsorship, hospitality and other commercial rights in connection with the events.

Fundamentally, Formula 1 is a global business with a diverse portfolio of contracts, customers and activities, relatively few of which have been affected by the terms and consequences of the UK's exit from the EU ("Brexit"). However, as Formula 1 operates its business principally through UK-based subsidiaries and a number of the Championship's events take place within the borders of the EU, Brexit and the terms of the EU-UK Trade and Cooperation Agreement ("Trade Deal") may have some degree of future operational impact on the Group. The Group therefore continues to monitor any effects from the Trade Deal on its operations, and to identify appropriate mitigating actions to prevent significant disruption to the Championship, its European events and other aspects of the Group's operations that could be affected. To date the Group has not seen any significant operational challenges relating to the movement of equipment and personnel to and from European races, having identified ways to mitigate their impact, and additional costs have been limited, but it will continue to monitor the effects of Brexit as time moves on and any further challenges arise.

Whilst some uncertainty therefore remains as to the future impact of Brexit on Formula 1's business, the directors do not consider the risks to be significant and expect them to continue to be mitigated in due course, so therefore continue to believe Brexit will not have a material effect on the business.

## Formula One Topco Limited

### Directors' Report for the Year Ended 31 December 2021

#### *COVID-19 and risks for the company*

Whilst the company's subsidiaries have faced significant disruption during the period of the coronavirus pandemic, the company itself has not been impacted given its limited activity as an intermediate holding company as reflected by the components of its Profit and Loss Account and Balance Sheet. Even during the coronavirus pandemic the company's subsidiaries have reported positive results and have supported the company in meeting any liabilities due. It is likely that the ongoing effects of the coronavirus pandemic will see the company's subsidiaries face some further disruption and risks to their activities in 2022 but with conditions expected to be no worse than 2020 or 2021 the coronavirus pandemic is no longer seen as a significant risk to the company, its ability to meet its obligations or the carrying value of its investments in subsidiaries.

At the time of their approval, in the directors' judgement the effects of the ongoing coronavirus pandemic have not required any post-balance sheet adjustment to be made to, or specific additional disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2021.

#### *Ukraine/Russia*

Following Russia's invasion of Ukraine, it was announced that the Russian Grand Prix would not take place in 2022, and subsequently the Group has terminated its contract with the event's promoter. At the time of approving these financial statements it is intended to replace the Russian Grand Prix with a race at an alternative venue, so maintaining the 23 race Championship calendar for 2022.

In considering the impact of the ongoing developments in Ukraine, the directors note that the company had no balance sheet exposure to Russian or Ukrainian assets or liabilities at 31 December 2021, and so there have been no post-balance sheet event adjustments to consider.

Whilst, based on current circumstances, the directors do not expect the ongoing conflict to have a significant impact on the Group's or the company's results in 2022, or beyond, management will continue to monitor developments and react as necessary to the potential risks it could face, which could include rising costs, logistical challenges, and wider political and economic factors which could adversely impact the Group's revenues.

The directors consider that the developments and factors identified above should allow the company to mitigate its principal business risks for the foreseeable future and at least the next 12 months.

#### *Other risks*

Other risks and uncertainties are regularly monitored by the directors and no significant change is expected to this activity during the forthcoming year.

#### *Going concern*

Notwithstanding net current liabilities of \$321.6m as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures, are described in the Directors' Report above. The coronavirus pandemic has had a limited effect to date on the company given it is an intermediate holding company with limited activities as reflected by the components of its Profit and Loss Account and Balance Sheet. Whilst it is likely that the ongoing effects of the coronavirus pandemic will see the company's subsidiaries face some further disruption and risks to their activities in 2022, with conditions expected to be no worse than 2020 or 2021 the coronavirus pandemic is no longer seen as a significant risk to the company, its ability to meet its obligations or the carrying value of its investments in subsidiaries.

As an intermediate holding company whose primary asset is its investment in subsidiaries the company relies on income generated by its subsidiaries in order to meet its liabilities as they fall due. In turn the revenues and returns generated by those subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. The Group's \$2.9bn Senior Loan facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies, with costs serviced from the revenues generated by the Group's subsidiaries. The terms of these facilities have no financial covenants attaching and no impending maturities, as the loans are not repayable until February 2024.

## Formula One Topco Limited

### Directors' Report for the Year Ended 31 December 2021

When considering liquidity, the directors note that net cash flows of \$443.2m in 2021 saw the Group report available cash on balance sheet of \$708.5m at 31 December 2021, and in addition the Group continues to have access to a wholly undrawn \$500m revolving credit facility ("RCF"). The RCF is available until November 2023.

The Group's facilities have a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement which applies only to the RCF. With the temporary waiver from testing the covenant granted in 2020 by the lenders of the RCF ("the RCF Lenders") now expiring, testing will resume from the quarter ending 31 March 2022. Given the strong rebound in the Group's financial performance, at 31 December 2021 leverage is measured at 4.4x, so considerable headroom is projected to exist below the 8.25x test requirement at 31 March 2022. During the period of the covenant waiver from testing leverage, the Group has been subject to a temporary requirement to hold quarterly minimum liquidity above \$200m. With liquidity for this purpose defined as the sum of cash on balance sheet and undrawn and available RCF, at 31 December 2021 the Group reported liquidity multiple times above that level at \$1,208.5m.

The Group's 2022 budget and longer term forecasts project that even in a severe but plausible downside scenario the Group would have no requirement for additional funding in at least the next 12 months and the directors believe the Group's strong performance in the improving conditions of 2021 underlines the temporary nature of the effects of the coronavirus pandemic on its financial position. As such the directors believe the company will have access to significant and sufficient liquidity to support its operations, including any additional funding as may be needed in the going concern period and beyond.

For the reasons discussed above, the strong rebound in the Group's performance in 2021 and its expectations for 2022, the directors are confident that the company has adequate resources to continue to meet all liabilities as and when they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

#### Future developments

The directors consider the developments discussed above leave the company well positioned to continue to perform satisfactorily in the future.

#### Directors of the company

The directors who held office during the year were as follows:

Mr Ross Brawn (resigned 18 March 2021)

Mr Charles Carey (Chairman)

Mr Stefano Domenicali (appointed 18 March 2021)

Mr Duncan Llowarch

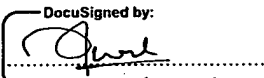
Mr Gregory Maffei

Mr Albert Rosenthaler (resigned 29 March 2021)

Ms Renee Wilm

Ms Sacha Woodward Hill

Approved by the Board on 16 March 2022 and signed on its behalf by:

DocuSigned by:  
  
Mr Duncan Llowarch  
Director



## **Formula One Topco Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Jersey company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Formula One Topco Limited****Profit and Loss Account for the Year Ended 31 December 2021**

	<b>Note</b>	<b>2021 \$ 000</b>	<b>2020 \$ 000</b>
Cost of sales		(3,484)	(3,484)
Administrative expenses		<u>(27)</u>	<u>(1,716)</u>
Operating loss		<u>(3,511)</u>	<u>(5,200)</u>
Loss on ordinary activities before interest		(3,511)	(5,200)
Interest payable and similar expenses	7	<u>(2)</u>	<u>(2)</u>
Loss before tax		(3,513)	(5,202)
Tax on loss on ordinary activities	9	<u>3,783</u>	<u>4,096</u>
Profit/(loss) for the financial year		<u>270</u>	<u>(1,106)</u>

The above results were derived from continuing operations.

# Formula One Topco Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2021

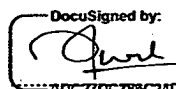
	2021 \$ 000	2020 \$ 000
Profit/(loss) for the year	270	(1,106)
<b>Other comprehensive income, net of tax</b>		
	-	-
Total comprehensive income for the year	270	(1,106)

The notes on pages 12 to 22 form an integral part of these financial statements.

**Formula One Topco Limited**  
**(Registration number: FC034927)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 \$ 000	2020 \$ 000
<b>Fixed assets</b>			
Investments	10	8,244,196	6,932,202
<b>Current assets</b>			
Debtors	11	43,407	43,950
Creditors: Amounts falling due within one year	12	<u>(337,181)</u>	<u>(337,993)</u>
Net current liabilities		<u>(293,774)</u>	<u>(294,043)</u>
Net assets		<u>7,950,422</u>	<u>6,638,159</u>
<b>Capital and reserves</b>			
Called up share capital	13	113,619	113,619
Share premium reserve	13	1,359,399	47,406
Other reserves		276,945	276,945
Profit and loss account		<u>6,200,459</u>	<u>6,200,189</u>
Shareholders' funds		<u>7,950,422</u>	<u>6,638,159</u>

Approved by the Board on 16 March 2022 and signed on its behalf by:

DocuSigned by:  
  
 -----ADCF70C788C24DS-----  
 Mr Duncan Llowarch  
 Director

**Formula One Topco Limited****Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Share capital \$ 000</b>	<b>Share premium \$ 000</b>	<b>Other reserves \$ 000</b>	<b>Retained earnings \$ 000</b>	<b>Total \$ 000</b>
At 1 January 2020	113,619	47,406	276,945	6,201,295	6,639,265
Total comprehensive income	-	-	-	(1,106)	(1,106)
At 31 December 2020	113,619	47,406	276,945	6,200,189	6,638,159
Total comprehensive income	-	-	-	270	270
Issue of shares (see note 13)	-	1,311,993	-	-	1,311,993
At 31 December 2021	<u>113,619</u>	<u>1,359,399</u>	<u>276,945</u>	<u>6,200,459</u>	<u>7,950,422</u>

The notes on pages 12 to 22 form an integral part of these financial statements.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 1 General information

The company is a private company limited by share capital, and incorporated and registered in Jersey.

The address of its registered office is:

27 Esplanade  
St Helier  
Jersey  
JE1 1SG  
Channel Islands

The company is UK resident and has a registered UK establishment at No. 2 St. James's Market, London, SW1Y 4AH with the UK Registrar of Companies. Pursuant to that registration, the company carries on business in the UK under the name Formula One Topco Limited.

These financial statements were authorised for issue by the Board on 16 March 2022.

#### 2 Basis of preparation

Abbreviations used in these financial statements are defined in the Glossary of abbreviated terms (see page 1).

These financial statements were prepared in accordance with The Overseas Companies Regulations 2009, under Companies (Jersey) Law 1991, and also in accordance with FRS 101 issued by the Financial Reporting Council and under historical cost accounting rules.

The financial statements have not been audited.

The financial statements contain information about Formula One Topco Limited as an individual company and do not contain consolidated financial information as the parent of a group, as the company is exempt under section 402A of The Overseas Companies Regulations 2009 from the requirement to prepare consolidated financial statements.

The financial information is presented in US dollars and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated.

##### *New standards, interpretations and amendments effective*

None of the new standards, interpretations and amendments adopted by the company for the first time for its annual reporting period commencing 1 January 2021 have had a material effect on the financial statements.

#### 3 Going concern

Notwithstanding net current liabilities of \$321.6m as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures, are described in the Directors' Report on page 3. The coronavirus pandemic has had a limited effect to date on the company given it is an intermediate holding company with limited activities as reflected in the components of its Profit and Loss Account and Balance Sheet. Whilst it is likely that the ongoing effects of the coronavirus pandemic will see the company's subsidiaries face some further disruption and risks to their activities in 2022, with conditions expected to be no worse than 2020 or 2021 the coronavirus pandemic is no longer seen as a significant risk to the company, its ability to meet its obligations or the carrying value of its investments in subsidiaries.

As an intermediate holding company whose primary asset is its investment in subsidiaries the company relies on income generated by its subsidiaries in order to meet its liabilities as they fall due. In turn the revenues and returns generated by those subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. The Group's \$2.9bn Senior Loan facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies, with costs serviced from the revenues generated by the Group's subsidiaries. The terms of these facilities have no financial covenants attaching and no impending maturities, as the loans are not repayable until February 2024.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 3 Going concern (continued)

When considering liquidity, the directors note that net cash flows of \$443.2m in 2021 saw the Group report available cash on balance sheet of \$708.5m at 31 December 2021, and in addition the Group continues to have access to a wholly undrawn \$500m revolving credit facility ("RCF"). The RCF is available until November 2023.

The Group's facilities have a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement which applies only to the RCF. With the temporary waiver from testing the covenant granted in 2020 by the lenders of the RCF ("the RCF Lenders") now expiring, testing will resume from the quarter ending 31 March 2022. Given the strong rebound in the Group's financial performance, at 31 December 2021 leverage is measured at 4.4x, so considerable headroom is projected to exist below the 8.25x test requirement at 31 March 2022. During the period of the covenant waiver from testing leverage, the Group has been subject to a temporary requirement to hold quarterly minimum liquidity above \$200m. With liquidity for this purpose defined as the sum of cash on balance sheet and undrawn and available RCF, at 31 December 2021 the Group reported liquidity multiple times above that level at \$1,208.5m.

The Group's 2022 budget and longer term forecasts project that even in a severe but plausible downside scenario the Group would have no requirement for additional funding in at least the next 12 months and the directors believe the Group's strong performance in the improving conditions of 2021 underlines the temporary nature of the effects of the coronavirus pandemic on its financial position. As such, the directors believe the company will have access to significant and sufficient liquidity to support its operations, including any additional funding as may be needed in the going concern period and beyond.

For the reasons discussed above, the strong rebound in the Group's performance in 2021 and its expectations for 2022, the directors are confident that the company has adequate resources to continue to meet all liabilities as and when they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

#### 4 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c), 40A, 40B, 40C, 40D and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### 5 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

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

## **Formula One Topco Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **5 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the Profit and Loss account. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the Profit and Loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the Profit and Loss account, are also recognised in other comprehensive income or the Profit and Loss account, respectively).

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is charged or credited to the Profit and Loss account except where it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable for the year based on the tax rates and laws enacted or substantively enacted at the balance sheet date, plus any adjustments to tax payable in respect of previous periods.

Tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the taxes relate to the same taxation authority and to the same taxable entity or to different entities which intend to settle the current tax assets and liabilities on a net basis.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts relevant for tax purposes. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the underlying temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is not recognised on temporary differences that arise on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

##### **Investments**

Investments in subsidiaries are carried at cost less provision for impairment.



## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 5 Accounting policies (continued)

##### **Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

##### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments consist of intra-group receivables and intra-group payables.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of financial assets and financial liabilities at initial recognition.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as "at amortised cost" and financial assets "at fair value through other comprehensive income" ("FVOCI") are included within the carrying value of such instruments. Transaction costs directly attributable to the acquisition of financial instruments which are classified as fair value through profit and loss ("FVPL") are recognised immediately in the Profit and Loss account.

##### **Financial assets**

##### **(a) Classification and subsequent measurement**

All recognised financial assets are classified as either financial assets at amortised cost, FVOCI or FVPL. The company currently has no financial assets classified as either FVOCI or FVPL.

##### **Financial assets at amortised cost**

Financial assets that meet the following conditions are classified as 'financial assets at amortised cost':

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest; and
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The asset was not acquired principally for the purpose of selling in the near term or management for short-term profit taking (held for trading).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate ("EIR") method. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income or finance costs in the Profit and Loss account.

Financial assets at amortised cost are subject to impairment review. Gains and losses are recognised in the Profit and Loss account when the asset is derecognised, modified or impaired.

##### **(b) Impairment of financial assets**

The company assesses financial assets at amortised cost and recognises an impairment loss allowance to reduce the carrying amount of the assets. The impairment loss, as required by IFRS 9, is based on expected credit losses ("ECL") and reflects forward looking information. The ECL is first recognised on the date of initial recognition of the asset.

The simplified approach is used under IFRS 9 for assessing the potential impairment of short term trade receivables, long term trade receivables, accrued income and lease receivables, with the general approach used for other financial assets.

The simplified approach:

Impairment loss is assessed based on credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) and is calculated, for a class of assets, as the weighted average of credit losses where the weights are the probabilities of default. Factors such as historical credit loss experience, future economic climate and forward-looking factors specific to the debtors are taken into account when estimating the probability of default.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 5 Accounting policies (continued)

The general approach:

Impairments are assessed and recognised in three stages to reflect the potential variation in credit quality of financial assets:

-Stage 1: items that have not deteriorated significantly in credit quality since initial recognition. For these items, the ECL is based on credit losses that result from default events that are possible within the next 12 months (a 12 month ECL) and is calculated as lifetime losses from default inside 12 months weighted by the probability of default in 12 months

-Stage 2: items that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. For these items, the ECL is equal to a lifetime ECL and interest is calculated based on the gross carrying value of the asset

-Stage 3: items that have objective evidence of impairment at the reporting date. For these items the ECL is also equal to a lifetime ECL but the interest is calculated based on the net carrying value of the asset.

The amount of credit loss is calculated as the present value of estimated cash shortfalls discounted at the financial asset's original EIR.

#### *(c) Financial assets held by the company*

##### *(i) Intra-group receivables*

Intra-group receivables are recognised at transaction price less any provision for impairment on receivables.

#### *Financial liabilities*

##### *(a) Classification and subsequent measurement*

All recognised financial liabilities are subsequently measured at either amortised cost or fair value. Financial liabilities that are not held for trading and are not designated as at fair value through profit and loss are classified as 'Financial liabilities measured at amortised cost' and are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts that are subsequently measured at amortised cost are determined based on the EIR method (see above). The company's financial liabilities include trade and other creditors, intra-group payables and intra-group loans. All of the company's financial liabilities are classified as 'Financial liabilities measured at amortised cost'.

##### *(i) Intra-group payables*

Intra-group payables are initially recognised at the transaction price and subsequently measured at amortised cost using the EIR method.

##### *(ii) Loans*

All loans are initially recorded at the amount of proceeds received, net of transaction costs. Loans are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### 6 Judgements and key sources of estimation uncertainty

The preparation of historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Uncertainty in making these judgements, assumptions and estimates can result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 6 Judgements and key sources of estimation uncertainty (continued)

In preparing the financial statements management have made certain judgements, estimates and assumptions which are considered to have a significant effect on the amounts recognised in the historical financial information and where significant uncertainty may exist, with the risk that a material adjustment to the carrying amounts of assets and liabilities may be required within the next financial year. Those judgements, estimates and assumptions are discussed below.

#### *COVID-19 impact on going concern considerations*

As discussed in note 3 and in the Directors' Report to these financial statements, in light of the ongoing issues caused by the outbreak of COVID-19, management have had to carefully consider the potential impact of the crisis on the going concern consideration. In order to support the preparation of the financial statements on a going concern basis, the Group has considered both its 2022 budget, its base case expectation for 2023 and various alternative scenarios, including cash flow modelling, which assess on a broadly conservative basis the currently foreseeable range of impacts on the Group's financial performance in 2022, through the end of the going concern period ending 12 months from approval of these financial statements, and through the balance of 2023. The scenario modelling has then been used to assess liquidity requirements and availability.

#### 7 Interest payable

	2021 \$ 000	2020 \$ 000
<b>Interest payable and similar expenses</b>		
Other finance costs	<u>(2)</u>	<u>(2)</u>

#### 8 Staff costs

The company had no employees during the year, and incurred no directors' remuneration costs.

	2021 \$ 000	2020 \$ 000
Directors' remuneration	<u>-</u>	<u>390</u>

The directors' remuneration paid by the company in 2020 represented directors' fees paid to 3 non-executive directors for qualifying services, all of whom resigned from the company's board in December 2020. The other directors who served the company during 2020 and 2021 received no emoluments for their services to the company. The highest paid director in the prior year received aggregate emoluments from the company of \$290,000.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 9 Taxation

Tax credited in the Profit and Loss account:

	2021 \$ 000	2020 \$ 000
<b>Current taxation</b>		
Receipt from fellow Formula 1 subsidiaries in respect of Group taxation relief	(3,766)	(4,083)
Group relief adjustment to prior periods	<u>(17)</u>	<u>(275)</u>
	(3,783)	(4,358)
<b>Deferred taxation</b>		
Adjustment in respect of prior periods	<u>-</u>	<u>262</u>
Tax receipt in the Profit and Loss account	<u>(3,783)</u>	<u>(4,096)</u>

Tax charged to the Profit and Loss account differs from tax calculated applying the average rate of corporation tax in the UK of 19% (2019-19%) to the result before tax for the period. The differences are reconciled below:

	2021 \$ 000	2020 \$ 000
Loss before tax	<u>(3,513)</u>	<u>(5,202)</u>
Corporation tax at standard rate	(667)	(989)
Increase from effect of expenses not deductible in determining taxable loss	662	662
Effect of other permanent differences	(3,761)	(3,756)
Adjustments in respect of prior periods - current tax	(17)	(275)
Adjustments in respect of prior periods - deferred tax	<u>-</u>	<u>262</u>
Total tax credit	<u>(3,783)</u>	<u>(4,096)</u>

#### Changes in tax rates and factors affecting the future tax charge

During March 2021, the UK Government announced its intention to increase the UK standard rate of corporation tax from 19% to 25%, applicable from 1 April 2023. The rate change was included in Finance Act 2021 which was granted Royal Assent on 10 June 2021.

#### Deferred tax movement during the year

	Tax losses carried forward \$ 000	Net tax assets/ (liabilities) \$ 000
At 1 January 2020	262	262
Recognised in income	<u>(262)</u>	<u>(262)</u>
At 31 December 2020	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 10 Investments

##### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (\*indicates investment is held by a subsidiary undertaking):

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>				
Allsport Management SA*	Switzerland	Ordinary shares	100%	Non-trading
Alpha Prema UK Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Alpha Topco Limited*	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company
Beta Holdings Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Delta 2 (Lux) S.à. r.l.*	Luxembourg	Ordinary shares	100%	Intermediate holding company
Delta 3 (UK) Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Delta Debtco Limited	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company
Formula One Research, Engineering and Development Limited*	England and Wales	Ordinary shares	100%	Formula 1® research, engineering and development services
Formula Motorsport Limited*	England and Wales	Ordinary shares	100%	Motorsport management, administration and organisation
Formula One Administration Limited*	England and Wales	Ordinary shares	100%	Intellectual property ownership
Formula One Asset Management Limited*	England and Wales	'A' Ordinary shares	100%	Intellectual property ownership
Formula One Digital Media Limited*	England and Wales	Ordinary shares	100%	Digital media exploitation
Formula One Hospitality and Event Services Limited*	England and Wales	Ordinary shares	100%	Formula 1® hospitality and event services
Formula One Licensing BV*	Netherlands	Ordinary shares	100%	Intellectual property ownership
Formula One Management Limited*	England and Wales	Ordinary shares	100%	Formula 1® management, administrative and technical services
Formula One Marketing Limited*	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights
Formula One Marketing II Limited*	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 10 Investments (continued)

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Formula One World Championship Limited*	England and Wales	Ordinary shares	100%	Formula 1® commercial rights exploitation
Liberty Dice, Inc.*	United States of America	Common stock	100%	Non-trading
SLEC Holdings Limited*	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company

The investments in subsidiaries represents the company's cost of investment in its sole directly owned subsidiary Delta Debtco Limited.

Subsidiaries	\$ 000
<b>Cost or valuation</b>	
At 1 January 2021	6,932,202
Additions	<u>1,311,994</u>
At 31 December 2021	<u>8,244,196</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>8,244,196</u>
At 31 December 2020	<u>6,932,202</u>

On 29 June 2021, the company's immediate parent, Liberty GR ACL, contributed to the company loan notes due from Delta 3 and with a balance including unpaid interest on that date of \$1,312.0m, in exchange for the company issuing one share (see note 13). On the same day, the company contributed the loan notes of \$1,312.0m to Delta Debtco in exchange for Delta Debtco issuing one ordinary share of \$0.01 with a subscription price of \$1,312.0m.

#### 11 Debtors

	2021 \$ 000	2020 \$ 000
Amounts due from other Formula 1 companies	11,936	8,971
Prepayments	<u>31,471</u>	<u>34,979</u>
Total trade and other receivables	<u>43,407</u>	<u>43,950</u>

Amounts due from other Formula 1 companies are trading balances and no interest is charged.

No ECL has been provided on amounts due from other Formula 1 companies because under the simplified approach for trade receivables, the probability of default is considered to be extremely remote as the Group has considerable financial resources. Therefore the lifetime ECL is deemed to be immaterial and no impairment has been recognised.

Prepayments include payments made to the FIA in respect of various contractual commitments, which are being charged to the income statement in line with the underlying terms of the agreements to which they relate.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 11 Debtors (continued)

##### Details of non-current debtors

\$27.9m (2020-\$31.4m) of prepayments are classified as non-current, representing amounts related to contractual arrangements which are being charged to the Profit and Loss account over the period to which the arrangements relate.

#### 12 Creditors: Amounts falling due within one year

	Note	2021 \$ 000	2020 \$ 000
Amounts due to other Formula 1 companies		2,858	3,670
Other creditors		115	115
Loans and borrowings	14	334,208	334,208
		<u>337,181</u>	<u>337,993</u>

Amounts due to other Formula 1 companies are trading balances, and no interest is charged.

#### 13 Share capital and Share premium reserve

##### Allotted, called up and fully paid shares

	No.	31 December 2021 \$ 000	No.	31 December 2020 \$ 000
Ordinary shares of \$0.01 each	11,361,851,301	113,619	11,361,851,300	113,619
Redeemable ordinary shares of \$0.01 each	-	-	2	-
	<u>11,361,851,301</u>	<u>113,619</u>	<u>11,361,851,302</u>	<u>113,619</u>

##### New share allotted and increase in Share premium reserve

On 29 June 2021, the company's immediate parent, Liberty GR ACL, contributed to the company loan notes, due from Delta 3, with a balance including unpaid interest on that date of \$1,312.0m, in exchange for the company issuing one \$0.01 ordinary share to Liberty GR ACL. As a result, the company recorded an increase in issued ordinary share capital of \$0.01 and its share premium account increased by \$1,312.0m. On the same day, the company contributed the loan notes to its subsidiary Delta Debtco in exchange for Delta Debtco issuing one ordinary share, resulting in the addition to Investments in subsidiaries (see note 10).

##### Shares redeemed

The two redeemable ordinary shares held by McLaren Services Limited and Ferrari S.p.A. were redeemed at par on 25 January 2021. Prior to their redemption, the redeemable ordinary shares ranked pari passu with the company's ordinary shares and carried the right for each of the holders to appoint a director to the company's board. With the expiry of the related team agreements at the end of 2020, the company opted to redeem the shares and the McLaren and Ferrari representative directors stood down from the board.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 14 Loans and borrowings

	2021 \$ 000	2020 \$ 000
<b>Current loans and borrowings</b>		
Loans from other Formula 1 companies	<u>334,208</u>	<u>334,208</u>

As at 31 December 2021, the company had outstanding loans from its subsidiary companies, FOWC of \$201.2m (2020-\$201.2m) and Delta 3 of \$133.0m (2020-\$133.0m), totalling \$334.2m (2020-\$334.2m). Both loans are repayable within one year and no interest is charged.

#### 15 Guarantees and other financial commitments

The company had no capital or other financial commitments at 31 December 2021 (2020-Nil).

#### 16 Related party transactions

The company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly-owned subsidiaries of Liberty.

#### 17 Parent and ultimate parent undertaking

The company's immediate parent undertaking is Liberty GR ACL, a company incorporated in England and Wales and a wholly-owned subsidiary of Liberty.

As at the balance sheet date Liberty, a Nasdaq listed company incorporated in the United States of America, is the parent undertaking of the smallest and largest group for which publicly available group financial statements are prepared which include the results of the company. Liberty's consolidated accounts are publicly available from 12300 Liberty Blvd, Englewood, CO 80112, USA. Liberty is considered to be, in the opinion of the directors, the ultimate parent undertaking of the company.

#### 18 Non adjusting events after the financial period

##### ***COVID-19 and Russia's invasion of Ukraine***

In the period since 31 December 2021 and at the date of approval of these financial statements the company continues to monitor the possible effects and any issues arising from the continued coronavirus pandemic, and has also considered the impact of Russia's invasion of Ukraine in February 2022. In the directors' judgement neither issue has resulted in the requirement to make any post-balance sheet adjustment to, nor specific disclosure of the potential impact on, any of the company's balance sheet assets and liabilities as reported at 31 December 2021.