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UK Overseas Company Registration number: FC034927

Jersey Company Registration number: 95136

UK Establishment No: BR020021

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Formula One Topco Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

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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

"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'
"IAS"	International Accounting Standard
"IFRS"	International Financial Reporting Standard

Formula One Topco Limited

Company Information

Directors

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 2022

The directors present their Report and the Financial Statements for the year ended 31 December 2022, 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" or "the company") determined that the company's place of effective management, control and tax residency would be migrated to the UK. Since that date the company has been UK resident carrying 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

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 services fees payable to the company's subsidiary FOM.

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

The directors consider the performance of the company during the year to be both satisfactory and in line with expectations, and believe the company is in a sound position at the balance sheet date.

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.

Formula One Topco Limited

Directors' Report for the Year Ended 31 December 2022

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.

Brexit

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.

Given the limited impact noted to date, 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.

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 terminated its contracts with the event's promoter and counterparties to other Russian-related rights' agreements. Barring the lost revenues under those terminated contracts, the war has had some effect on global logistics, contributing in part to significant inflation in freight costs, but otherwise it has had no material effect on the financial performance of the Group.

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 2023, or beyond, management will continue to monitor developments and react as necessary to any 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 and company's revenues.

COVID-19

Following the challenges created by the global coronavirus pandemic in 2020 and 2021, the Group suffered no significant effects from COVID-19 in 2022, rebounding with strong financial performance supported by a full scope of operations all year round and the return to the calendar of all but one of the races that had been prevented from taking place during the earlier years of the pandemic. Whilst it has still not yet been possible to include the Chinese GP on either the 2022 or 2023 Championship calendars, the recent decision of the Chinese government to remove its remaining COVID-19 restrictions will hopefully allow a return of that event in future.

It is possible that new variants of COVID-19 could provide further operational challenges in future, but the directors believe the Group's experience of successfully finding solutions to stage Championships consisting of a significant number of events, and mitigating other operational risks arising during the pandemic would position it well to once again navigate the business through such challenges. In such circumstances, the Group is confident that it has a pool of possible alternative race locations available to it, and a good understanding of the necessary procedures to allow it to successfully deliver a significant calendar of races whilst remaining flexible in meeting any requirements and dealing with any operational restrictions that would be faced.

Whilst it is the directors' current expectation that, consistent with the experience in 2022, COVID-19 is unlikely to impact the staging of the 2023 Championship and its events, nor prevent the Group from undertaking a full scope of activities across the year, the Group will continue to monitor any developments and risks to its activities that arise from COVID-19. Should it become necessary, as before, the Group will liaise closely with its employees, the FIA, the teams, race promoters, government authorities in race jurisdictions, commercial partners and other stakeholders, considering any applicable travel and public health restrictions as well as health and safety, travel and other advice and guidance issued by the UK Government, and other national and civil governments, and will take necessary decisions with those other stakeholders to adjust plans and operating protocols, as required, to address risks as they arise.

Formula One Topco Limited

Directors' Report for the Year Ended 31 December 2022

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

Excluding debtors due after more than one year, the company reported net current liabilities of \$317.6m at 31 December 2022 (2021-\$321.6m) as at 31 December 2022. Notwithstanding this, the financial statements have been prepared on a going concern basis.

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.

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. The company and its fellow Formula 1 subsidiaries have considerable financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries. During 2020 and 2021 when the coronavirus pandemic had a significant impact on the Group, the directors identified no issues with the going concern assumption on the basis the Group and Company had access to significant liquidity and expected to see its business rebound strongly once restrictions were lifted. That has indeed proved to be the case as conditions eased and a normal scope of activities resumed in the second half of 2021. 2022 has subsequently seen the Group deliver record revenues and operating returns.

The Group's 2023 budget and longer term forecasts project that even in a severe but plausible downside scenario it would have no requirement for additional funding in at least the next 12 months. When considering liquidity, the directors note that the Group has reported available cash on balance sheet of \$752.1m at 31 December 2022, and in addition continues to have access to a wholly undrawn \$500m revolving credit facility, which remains available to it until January 2028, which supports the directors belief that the company will have access to significant and sufficient liquidity to support its operations in the going concern period and beyond.

The revenues and returns generated by the company's subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's \$2.4bn senior debt facilities, which were refinanced in November 2022. As is the case with other Group companies, the company is an obligor of the facilities, which are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. There are no impending maturities, with the facilities maturing in January 2028 and January 2030.

For the reasons discussed above, 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.

Formula One Topco Limited

Directors' Report for the Year Ended 31 December 2022

Directors of the company

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

Mr Stefano Domenicali

Mr Duncan Llowarch

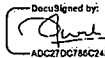
Mr Gregory Maffei

Ms Renee Wilm

Ms Sacha Woodward Hill

Mr Charles Carey (Chairman) (resigned 31 December 2022)

Approved by the Board on 20 March 2023 and signed on its behalf by:

DocuSigned by:


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Mr Duncan Llowarch
Director

Formula One Topco Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the company Financial Statements in accordance with applicable law and regulations.

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. Under that law they have elected to prepare the company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and applicable law. In preparing those 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 sufficient 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 2022**

	Note	2022 \$ 000	2021 \$ 000
Cost of sales		(3,506)	(3,484)
Administrative expenses		<u>340</u>	<u>(27)</u>
Operating loss		<u>(3,166)</u>	<u>(3,511)</u>
Loss on ordinary activities before interest		(3,166)	(3,511)
Interest payable and similar expenses	7	<u>(2)</u>	<u>(2)</u>
Loss before tax		(3,168)	(3,513)
Tax on loss on ordinary activities	9	<u>3,723</u>	<u>3,783</u>
Profit for the financial year		<u><u>555</u></u>	<u><u>270</u></u>

The above results were derived from continuing operations.

Formula One Topco Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 \$ 000	2021 \$ 000
Profit for the year	555	270
Other comprehensive income, net of tax		
	-	-
Total comprehensive income for the year	<u>555</u>	<u>270</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Formula One Topco Limited
(Registration number: FC034927)
Balance Sheet as at 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Fixed assets			
Investments	10	8,244,196	8,244,196
Current assets			
Debtors	11	41,234	43,407
Creditors: Amounts falling due within one year	12	<u>(334,453)</u>	<u>(337,181)</u>
Net current liabilities (including debtors due after more than 1 year)		<u>(293,219)</u>	<u>(293,774)</u>
Net assets		<u>7,950,977</u>	<u>7,950,422</u>
Capital and reserves			
Called up share capital	13	113,619	113,619
Share premium reserve	13	1,359,399	1,359,399
Other reserves		276,945	276,945
Profit and loss account		<u>6,201,014</u>	<u>6,200,459</u>
Shareholders' funds		<u>7,950,977</u>	<u>7,950,422</u>

Approved by the Board on 20 March 2023 and signed on its behalf by:

DocuSigned by:



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Mr Duncan Llowarch
Director

Formula One Topco Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital \$ 000	Share premium \$ 000	Other reserves \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2021	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	113,619	1,359,399	276,945	6,200,459	7,950,422
Total comprehensive income	-	-	-	555	555
At 31 December 2022	113,619	1,359,399	276,945	6,201,014	7,950,977

The notes on pages 12 to 21 form an integral part of these financial statements.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 20 March 2023.

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 2022 have had a material effect on the financial statements.

3 Going concern

Excluding debtors due after more than one year, the company reported net current liabilities of \$317.6m at 31 December 2022 (2021-\$321.6m) as at 31 December 2022. Notwithstanding this, the financial statements have been prepared on a going concern basis.

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.

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. The company and its fellow Formula 1 subsidiaries have considerable financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries. During 2020 and 2021 when the coronavirus pandemic had a significant impact on the Group, the directors identified no issues with the going concern assumption on the basis the Group and Company had access to significant liquidity and expected to see its business rebound strongly once restrictions were lifted. That has indeed proved to be the case as conditions eased and a normal scope of activities resumed in the second half of 2021. 2022 has subsequently seen the Group deliver record revenues and operating returns.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

3 Going concern (continued)

The Group's 2023 budget and longer term forecasts project that even in a severe but plausible downside scenario it would have no requirement for additional funding in at least the next 12 months. When considering liquidity, the directors note that the Group has reported available cash on balance sheet of \$752.1m at 31 December 2022, and in addition continues to have access to a wholly undrawn \$500m revolving credit facility, which remains available to it until January 2028, which supports the directors belief that the company will have access to significant and sufficient liquidity to support its operations in the going concern period and beyond.

The revenues and returns generated by the company's subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's \$2.4bn senior debt facilities, which were refinanced in November 2022. As is the case with other Group companies, the company is an obligor of the facilities, which are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. There are no impending maturities, with the facilities maturing in January 2028 and January 2030.

For the reasons discussed above, 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), 16, 38A, 38B-D, 111 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 2022

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.

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.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

5 Accounting policies (continued)

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 2022

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, although in preparing the financial statements management do not consider that they have been required to apply any judgement, estimate or assumption, which could have a significant effect on the amounts recognised in these financial statements.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Interest payable

2022	2021
\$ 000	\$ 000

Interest payable and similar expenses

Other finance costs	(2)	(2)
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8 Staff costs

The company had no employees during the year (2021-Nil), the personnel needed to perform the company's activities having been provided by FOM, a fellow Group company, under an intragroup services agreement. The directors are either paid by another member of the Group or by Liberty with no remuneration paid for services provided to the company in the current or prior year.

9 Taxation

Tax credited in the Profit and Loss account:

2022	2021
\$ 000	\$ 000

Current taxation

Receipt from fellow Formula 1 subsidiaries in respect of Group taxation relief	(3,723)	(3,766)
Group relief adjustment to prior periods	-	(17)
	(3,723)	(3,783)

Tax charged to the Profit and Loss account differs from tax calculated applying the average rate of corporation tax in the UK of 19% (2021-19%) to the result before tax for the period. The differences are reconciled below:

2022	2021
\$ 000	\$ 000

Loss before tax	(3,168)	(3,513)
Corporation tax at standard rate	(602)	(667)
Increase from effect of expenses not deductible in determining taxable loss	662	662
Effect of other permanent differences	(3,783)	(3,761)
Adjustments in respect of prior periods - current tax	-	(17)
Total tax credit	(3,723)	(3,783)

Changes in tax rates and factors affecting the future tax charge

In 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.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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
Subsidiary undertakings				
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 2022

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
Las Vegas Grand Prix, Inc. (formerly Liberty Dice, Inc.)*	United States of America	Common stock	100%	Las Vegas GP race promotion
SLEC Holdings Limited*	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company
Subsidiaries				\$ 000
Cost or valuation				
At 1 January 2022				<u>8,244,196</u>
At 31 December 2022				<u>8,244,196</u>
Carrying amount				
At 31 December 2022				<u>8,244,196</u>
At 31 December 2021				<u>8,244,196</u>

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

On 29 June 2021 the company subscribed for a further ordinary share of \$0.01 in Delta Debtco, in consideration for the contribution of loan notes of \$1,312.0m to Delta Debtco.

11 Debtors

	2022 \$ 000	2021 \$ 000
Amounts due from other Formula 1 companies	13,285	11,936
Prepayments	<u>27,949</u>	<u>31,471</u>
Total trade and other receivables	<u>41,234</u>	<u>43,407</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.

Details of non-current debtors

\$24.4m (2021-\$27.9m) 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.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Creditors: Amounts falling due within one year

	Note	2022 \$ 000	2021 \$ 000
Trade creditors		111	-
Amounts due to other Formula 1 companies		19	2,858
Other creditors		115	115
Loans and borrowings	14	<u>334,208</u>	<u>334,208</u>
		<u>334,453</u>	<u>337,181</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 2022 \$ 000	No.	31 December 2021 \$ 000
Ordinary shares of \$0.01 each	11,361,851,301	113,619	11,361,851,301	113,619
Redeemable ordinary shares of \$0.01 each	-	-	-	-
	<u>11,361,851,301</u>	<u>113,619</u>	<u>11,361,851,301</u>	<u>113,619</u>

Share allotment 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.

14 Loans and borrowings

	2022 \$ 000	2021 \$ 000
Current loans and borrowings		
Loans from other Formula 1 companies	<u>334,208</u>	<u>334,208</u>

As at 31 December 2022, the company had outstanding intra-group loans from FOWC of \$201.2m (2021-\$201.2m) and Delta 3 of \$133.0m (2021-\$133.0m). Both loans are repayable within one year and no interest is charged.

15 Guarantees and other financial commitments

In November 2022 the company acceded to the terms of the Group's refinanced debt facilities which are secured by fixed and floating charges including share pledges and security over the present and future assets of the Group's main operating companies (of which the company is one), with cross guarantees as appropriate (including from the company). There were no capital or other financial commitments at 31 December 2022, nor at the prior year end.

Formula One Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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.