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DON'T  
STAPLE**OS AA01**Statement of details of parent law and other  
information for an overseas company

Companies House

✓ **What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law.

✗ **What this form is NOT for**  
You cannot use this form for  
an alteration of management  
with accounting requirements.

WEDNESDAY



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22/09/2021

#11

COMPANIES HOUSE

**Part 1 Corporate company name**Corporate name of  
overseas company ①

SLEC HOLDINGS LIMITED

UK establishment  
number

B R 0 2 0 0 2 2

→ **Filling in this form**Please complete in typescript or in  
bold black capitals.All fields are mandatory unless  
specified or indicated by \*① This is the name of the company in  
its home state.**Part 2 Statement of details of parent law and other  
information for an overseas company****A1****Legislation**Please give the legislation under which the accounts have been prepared and  
audited.

Legislation ②

COMPANIES (JERSEY) LAW 1991

② This means the relevant rules or  
legislation which regulates the  
preparation of accounts.**A2****Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box.

☐ No. Go to **Section A3**.☒ Yes. Please enter the name of the organisation or other  
body which issued those principles below, and then go to **Section A3**.③ Please insert the name of the  
appropriate accounting organisation  
or body.Name of organisation  
or body ③

FINANCIAL REPORTING COUNCIL

**OS AA01**

Statement of details of parent law and other information for an overseas company

**A3****Audited accounts**

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☒ No. Go to Part 3 'Signature'.☐ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

① Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ①

**Part 3****Signature**

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

This form may be signed by:  
Director, Secretary, Permanent representative.

# OS AA01

Statement of details of parent law and other information for an overseas company



## Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Ross Hockley
Company name	Formula One Management Limited
Address	No. 2 St. James's Market
Post town	London
County/Region	
Postcode	S W I Y 4 A H
Country	
DX	
Telephone	



## Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



## Important information

Please note that all this information will appear on the public record.



## Where to send

You may return this form to any Companies House address:

### England and Wales:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

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Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh 1

### Northern Ireland:

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG.  
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## Further information

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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

UK Overseas Company Registration number: FC034928

Jersey Company Registration number: 68316

UK Establishment No: BR020022

# SLEC Holdings Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2020

## **SLEC Holdings Limited**

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## **SLEC Holdings Limited**

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

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

"Alpha Prema"	Alpha Prema UK Limited (a Formula 1 subsidiary)
"Delta Topco"	Delta Topco Limited (parent company of Formula 1)
"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)
"SLEC"	SLEC Holdings Limited (the company)

### **(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

## **SLEC Holdings Limited**

### **Company Information**

<b>Directors</b>	Mr D Llowarch
	Mr G Maffei
	Mr A Rosenthaler
	Ms R Wilm
	Ms S Woodward Hill
<b>Company secretary</b>	S J Secretaries Limited
<b>Registered office</b>	27 Esplanade
	St Helier
	Jersey
	JE1 1SG

## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The directors present their Report and the Financial Statements for the year ended 31 December 2020, 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 SLEC determined that the company's effective management, control and tax residency would be migrated to the UK, since when the company has been UK resident and has a UK establishment at No. 2 St. James's Market, London, SW1Y 4AH.

These financial statements have been prepared for the UK establishment. No Strategic Report has been presented because the financial statements have been prepared under the Companies (Jersey) Law 1991.

#### **Principal activity**

The company's principal activity is 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 Jersey registered company's then ultimate parent undertaking Delta Topco Limited ("Delta Topco") was acquired by Liberty Media Corporation ("Liberty"). Delta Topco and its subsidiaries are collectively referred to herein as "Formula 1" or the "Group".

#### **Review of business, results and dividends**

The profit for the year is shown in the Profit and Loss account on page 10. During the year, the company paid cash dividends to its immediate parent undertaking Alpha Prema totalling \$68.4m (see note 13), having received dividends from its subsidiary FOWC, also totalling \$68.4m (see note 7).

The company's activity as a holding company has not been affected in 2020 by the ongoing coronavirus pandemic, although it has placed constraints and created challenges for the Group and its subsidiaries. These saw the cancellation or postponement of the first 10 races of the 2020 Championship season, with racing only able to start in July and, even then, with only 17 races staged compared to the 22 originally scheduled (2019-21 races). The revised calendar with its reduced number of races also saw a heavier than normal weighting of European events and the inclusion of double headers which saw two races take place at three circuits. All but three races took place behind closed doors with no crowd, and the others operated with significantly reduced capacity to ensure COVID-19 secure environments. These factors significantly reduced both the scope of the Group's activities and its revenue generation, and whilst the revised calendar and various management initiatives reduced costs and the Group ultimately reported positive operating results, 2020's financial performance was significantly down on prior year.

The potential ongoing effects of, and risks arising from, the coronavirus pandemic on the company and the Group in 2021 are discussed in the principal risks and uncertainties section below and in the directors' going concern considerations in relation to the approval of these financial statements.

The directors consider the performance of the company during the year to be both satisfactory and in line with expectations, and they believe the company to be 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.



## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

In 2001 the 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.

From 2013 to 2020, FOWC was party to a bilateral agreement with each Formula 1 team, securing the relevant team's commitment to continue participating in the Championship until 31 December, 2020. In August 2020, FOWC, the company, 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, the company and each of the teams; and (b) the 2021 Concorde Governance Agreement between FOWC, the company, the FIA and each of the teams. As was the case pursuant to the previous bilateral contracts, the 2021 Concorde Agreement provides, among other things, for the participation of the teams in the Championship during the term of the agreement, and provides for Formula 1 to make prize fund payments to the teams.

Fundamentally, Formula 1 is a global business with a diverse portfolio of contracts, customers and activities, relatively few of which are 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 recently agreed EU-UK Trade and Cooperation Agreement ("Trade Deal") will have some degree of operational impact on the Group. The Group therefore continues to work with its advisors, logistics partners, other F1 stakeholders and UK and other governmental authorities to assess in detail how the Trade Deal will affect its operations, and to identify appropriate mitigating actions to prevent significant disruption to the 2021 Championship, its European events and other aspects of the Group's operations that could be affected. Based on its assessments and plans to date, the Group has identified that the principal operational challenges will relate to the movement of equipment and personnel to and from European races, but in these, and other, areas, whilst the new rules may lead to additional administrative and operational burdens, the Group is confident identified solutions will mitigate their impact, and any associated additional costs will be limited.

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

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

Whilst the coronavirus pandemic has had no particular impact on the company, given its activities as an intermediate holding company are limited, its subsidiaries' business operations have faced significant disruption and risks remain given the ongoing coronavirus pandemic will continue to impact their activities into 2021. At the time of approving these financial statements members of the Group's senior management, including the directors, therefore continue to actively monitor the ongoing impact of the coronavirus pandemic, addressing the consequences, and assessing other potential risks arising and how their impact on the wider Group can be mitigated.

Given the unpredictability of the coronavirus pandemic's effect in different countries, the differing rules set by local governmental authorities around the world, and with continuing uncertainty as to when the coronavirus pandemic will recede and allow a return to more normal levels of business activity, in making plans for the 2021 season the Group is continuing to mitigate the associated risks wherever possible, and to liaise closely and actively communicate closely with its employees, the FIA, the teams, race promoters, government authorities in race jurisdictions, commercial partners and other stakeholders. On a daily basis, the Group continues to closely monitor 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 continue to adjust its plans as required to address risks, and indeed pursue opportunities, as they arise.

As at the time of approval of these financial statements a 23 race 2021 Championship calendar is scheduled, and race promoters are making necessary preparations to stage those events. Having successfully completed 17 races in 2020, should the coronavirus pandemic continue to create challenges for the staging of the 2021 season the Group is confident that it has procedures in place to be able to once again successfully deliver a significant race calendar, whilst being flexible in meeting any requirements and restrictions in the jurisdictions where races will take place.

## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The ongoing coronavirus pandemic makes it reasonably likely that some of the planned events could be cancelled in due course, and if that happens the Group will take steps to maintain as significant a calendar as possible, adding other venues if needed and where logistically deliverable, or, as an alternative, giving consideration to running more than one race at certain circuits as happened in 2020. Flexibility may continue to be needed, but as has been seen already from amendments made to the original published 2021 calendar, with plans in place to stage replacement races at Imola and Portimao and the shuffling of the calendar to allow a later date for the Australian Grand Prix™ ("GP"), the Group will make changes as necessary to meet its aim of delivering a schedule with race numbers in excess of what was achieved in 2020.

Given the ongoing challenges faced as a result of the coronavirus pandemic, it remains likely that at early seasons events, and potentially later into the year, events may once again take place, as in 2020, under conditions that will either prevent or limit certain of the Group's normal race-related business activities. For example, the operation of the Paddock Club hospitality service is likely to be compromised at any event required to take place as a closed race without spectators, or at events with limited attendance and/or strict social distancing requirements. However, in line with the views of many external forecasts and with progress now being made in the distribution of vaccines, Formula 1 believes that conditions suggest the effects of the coronavirus pandemic will reduce as the year progresses and the ability to operate a broader level of business activities will return. Whilst it is acknowledged that there can be no certainty as to when widespread vaccination is achieved in any particular country, or that vaccines will prove wholly effective against COVID-19 variants, the experience gained from, and the protocols which allowed racing in, the second half of 2020, suggest that even if prevailing conditions remain difficult and restrictive, providing travel exemptions remain for elite sport and its participants, a significant race calendar can be delivered.

The Group generates its revenues from a range of activities in association with the Championship and its events, with individual revenues relating either to (i) rights associated with an entire Championship season, (ii) rights related to a specific Championship event, (iii) rights related to a specific period, typically a calendar year, or (iv) the sale of other rights or services with more ad hoc performance obligations. If events are cancelled and cannot be rescheduled there will be an adverse impact on the Group's revenues as was seen during 2020, and even if most events can take place in 2021, it cannot be discounted that these will be on less favourable terms to the Group than originally contracted and certain event-derived revenues may be reduced or eliminated, either because the venue is closed to spectators, guests and other members of the public or because fans and commercial partners are prevented from, or choose to not, travel to or attend major events in countries and regions perceived to be higher risk.

Considering the impact on 2021 revenue generation of potential event cancellation or attendance restrictions, in line with the experience in 2020 certain revenues derived from rights for, or services delivered by the Group at cancelled or scaled-back events would most likely not be earned, and revenues from fixed fees arising from rights related to the 2021 Championship season could be subject to pro-rata or other negotiated reduction if the number of Championship events that ultimately take place in 2021 either falls below the varying level of minimum event numbers specified by certain applicable contracts or if the period of the year that the 2021 Championship takes place across is significantly shortened. It is also likely that the sale of other rights or services by the Group may be compromised to some degree, as discussed above. However, as was the case in 2020, lost revenues would be offset to some degree by cost savings, as cancellation of events or scaling back of activities would result in certain event-focused costs falling or not being incurred at all, and the Prize Fund payments made by the Group to the competing teams would be lower. As was the case in 2020, if the start of the season was delayed, or event cancellation once the season started led to a significant period with no racing, the Group would also take protective measures to minimise its operating costs and suspend all but essential and strategically important expenditure.

Whilst there remains continuing uncertainty as to the time period over which COVID-19 will impact both the Group and the company, there remain a wide range of theoretical scenarios and outcomes that are possible, featuring varying numbers of events and race locations, and different assumptions about the scope of revenue and cost generating activities. However, it is the directors' current base expectation, consistent with most external forecasts, that 2021 will see some improvement in conditions as the coronavirus pandemic recedes, and longer term the virus and its effects will be eliminated such that the disruption and its impact on the Group's financial results and position will prove temporary. Against this backdrop, the Group and the company are continuing to focus on what are considered to be the more realistic scenarios for 2021, reflecting current plans for the 2021 season, the experience of operating in the challenging conditions of 2020, and in the expectation that whilst operations will face some further disruption, likely restrictions on its activities and on fan attendance, there will be some easing as the year progresses.

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 2020.

## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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.

#### **Future developments**

The directors consider the arrangements detailed above leave the company well positioned to perform satisfactorily in the future.

#### **Going concern**

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, noting the importance of the activities of the wider Group in supporting the company's own business and the continued impact of the coronavirus pandemic on the Group's ongoing business activities. Whilst the coronavirus pandemic has had a limited effect to date on the company, given it is an intermediate holding company with limited activities, the ongoing uncertainty arising from the coronavirus pandemic and its potential continued impact has to be considered from the point of view of its anticipated effect on both the company and the rest of the Group when adopting the going concern basis in these financial statements.

Unlike the challenge in April 2020 of considering, for going concern purposes, the then-largely unknown possible effects of the virus when approving the 2019 financial statements, the coronavirus pandemic and its effects are no longer a new development and the Group's experience of operating and successfully delivering a 17 race Championship in the second half of 2020, leave the Group optimistic as to its ability to continue to operate effectively in 2021. The Group expects, and is planning for, the 2021 season to start in Bahrain as scheduled, with the Bahrain GP due to take place on 28 March 2021. Therefore, as discussed, whilst it is likely that the scope of the Group's activities may continue to be somewhat compromised, particularly in the first few months of the season, it is expected, and reflected, in the Group's 2021 budget that conditions will improve as the year progresses and its financial results will be less severely impacted than in 2020, when despite the challenging circumstances the Group was still able to generate positive financial returns from its operations.

Whilst the Group's 2021 budget has been prepared including significant levels of contingency to protect against the ongoing effects of the coronavirus pandemic, it indicates an improvement in expectations for financial performance in 2021 and underlines the Group's belief that performance will return quickly to historic levels once conditions allow. As such, if the budget projections are proved accurate, the Group will be in a stable and liquid position. However, given the uncertainty as to how long the coronavirus pandemic will impact the business, management continue to monitor and consider possible alternative scenarios in its trading performance and cash flow. As such, the Group has prepared a cash flow forecast for a period of at least 12 months from the date of approval of these accounts which includes severe but plausible downside scenarios. The severe but plausible downside scenarios reflect the circumstances and limited scope of activities seen in 2020 repeated throughout the forecast period. In such a scenario the Group is projected to deliver an improved level of financial performance on 2020. The severe but plausible downside scenarios indicate that the Group will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Additionally, should fewer than 17 races take place, the directors are confident that the Group would have access to significant, readily-available liquidity to support its operations or access to additional funding if needed, as is discussed below. Given the success of the Group in successfully navigating 2020 and staging 17 races, and with the development and ongoing roll out of vaccine programmes globally, the significantly more severe scenario of no races being able to take place in the coming season which was considered at the time of approval of the 2019 financial statements is now considered sufficiently remote to be no longer plausible.

## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

When considering liquidity, the directors note that the Group reported available cash on balance sheet of \$265.4m at 31 December 2020, and in addition has access to a \$500m revolving credit facility ("RCF"), which was wholly undrawn at 31 December 2020 and remains undrawn at the time of approval of these financial statements. The RCF remains available to the Group until November 2023 and the need to test a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement has been temporarily waived by the lenders of the RCF ("the RCF Lenders"), with testing to be resumed from the quarter ending 31 March 2022. During the period of the waiver the Group is required to test a requirement for quarterly minimum liquidity to be above \$200m. Liquidity for this purpose is defined as the sum of cash on balance sheet and undrawn and available RCF, and as at 31 December 2020 this was measured at \$765.3m. Needing a simple majority consent to obtain the waiver, the Group received unanimous consent from all nine banks who are RCF Lenders with only a modest fee being paid to secure the agreed amendments to the terms of the RCF.

The circumstances and assumptions of the severe but plausible downside scenario would see the coronavirus pandemic's effects across 2021 as a whole mirror its effect on 2020 and therefore require widespread vaccination to prove far less effective than it is currently expected to be at the time of approving these accounts. In such circumstances the severe but plausible downside scenario projects the Group to breach its leverage covenant when it is again required to be tested at 31 March 2022, although the scenario also projects that the Group's RCF would be fully undrawn at that date. It is noted that, even when the waiver period expires in more than 12 months time, the leverage covenant will only be tested thereafter if the RCF remains in place, so its early cancellation would eliminate the test requirement completely and make the question of any future breach academic. As such, and with the continued expectation that the Group's financial performance will recover strongly once the coronavirus pandemic has receded, underpinned by some \$6.73bn of future core revenues under contract at 31 December 2020, in circumstances where a covenant breach was likely at 31 March 2022 the Group would either consider terminating the RCF or negotiating with the RCF Lenders to extend the period of the covenant waiver, or make other necessary amendments to the terms of the facility. Based on the historic support and strong, longstanding relationships with the RCF Lenders, and their unanimous support and the low costs charged for granting the ongoing waiver, the Group and the directors remain confident that any consent required for a further waiver would be given.

Notwithstanding the fact that the severe but plausible downside scenario does not indicate the Group will have a requirement for additional funding, the directors believe that if additional temporary support was required in 2022 from its RCF Lenders it would be secured, and even if in the unlikely event that the Group was unable to generate sufficient support for any necessary request, that alternative actions would be available to it, including raising additional or alternative third party financing, or securing support from its ultimate parent Liberty. On 23 April 2020 Liberty confirmed in a press release that it had positioned significant available liquidity to support the Group and enhance the Formula 1 business as required, by reattributing certain liquid assets under its ownership. With Liberty having reconfirmed their intention to provide support to the Group should it be required, and with those liquid assets still in place, the directors believe Liberty continues to have the ability to provide this support if needed. As such, and also supported by Delta Topco's own confirmation that, during the period, it intends to provide any additional financial support to the company and its fellow subsidiaries should it be required, 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.

As discussed, the company is an intermediate holding company whose primary asset is its investment in subsidiaries, and therefore 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. As is the case with other Group companies, the company is an obligor under the Group's \$2.9bn Senior Loan facilities and these facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.

Whilst the eventual overall impact on the Group and the company of, and the period that will be affected by, the coronavirus pandemic remains uncertain, for the reasons discussed above, including the indicative parental financial support of Delta Topco and Liberty should it be required, 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.

## **SLEC Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

#### **Directors of the company**

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

Mr D Llowarch

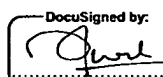
Mr G Maffei

Mr A Rosenthaler

Ms R Wilm

Ms S Woodward Hill

Approved by the Board on 18 March 2021 and signed on its behalf by:

DocuSigned by:  
  
-----  
Mr D Llowarch  
Director

## **SLEC Holdings 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards 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.

**SLEC Holdings Limited**

**Profit and Loss Account for the Year Ended 31 December 2020**

	Note	2020 \$ 000	2019 \$ 000
Operating profit/(loss)		-	-
Dividend income	7	<u>68,439</u>	<u>140,349</u>
Profit before tax		68,439	140,349
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u>68,439</u>	<u>140,349</u>

The above results were derived from continuing operations.

**SLEC Holdings Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2020**

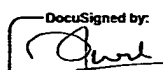
	<b>2020</b>	<b>2019</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Profit for the year	68,439	140,349
<b>Other comprehensive income, net of tax</b>		
	-	-
Total comprehensive income for the year	<u>68,439</u>	<u>140,349</u>



**SLEC Holdings Limited**  
**(Registration number: FC034928)**  
**Balance Sheet as at 31 December 2020**

	Note	2020 \$ 000	2019 \$ 000
<b>Fixed assets</b>			
Investments	10	1,969,980	1,969,980
Creditors: Amounts falling due within one year	11	(17)	(17)
Net assets		<u>1,969,963</u>	<u>1,969,963</u>
<b>Capital and reserves</b>			
Called up share capital	12	6	6
Share premium reserve		1,503,107	1,503,107
Profit and loss account		<u>466,850</u>	<u>466,850</u>
Shareholders' funds		<u>1,969,963</u>	<u>1,969,963</u>

Approved by the Board on 18 March 2021 and signed on its behalf by:

DocuSigned by:  
  
 APC270C786C24D6.....  
 Mr D Llowarch  
 Director

# **SLEC Holdings Limited**

## **Statement of Changes in Equity for the Year Ended 31 December 2020**

	<b>Share capital \$ 000</b>	<b>Share premium \$ 000</b>	<b>Retained earnings \$ 000</b>	<b>Total \$ 000</b>
At 1 January 2019	6	1,503,107	466,850	1,969,963
Total comprehensive income	-	-	140,349	140,349
Dividends	-	-	(140,349)	(140,349)
At 31 December 2019	6	1,503,107	466,850	1,969,963
Total comprehensive income	-	-	68,439	68,439
Dividends	-	-	(68,439)	(68,439)
At 31 December 2020	6	1,503,107	466,850	1,969,963

The notes on pages 14 to 20 form an integral part of these financial statements.

## SLEC Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 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.

These financial statements were authorised for issue by the Board on 18 March 2021.

#### 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 SLEC 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 2020 have had a material effect on the financial statements.

#### 3 Going concern

Notwithstanding net current liabilities of \$17k as at 31 December 2020, 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 noting the importance of the activities of the wider Group in supporting the company's own business and the continued impact of the coronavirus pandemic on the Group's ongoing business activities. Whilst the coronavirus pandemic has had a limited effect to date on the company, given it is an intermediate holding company with limited activities, the ongoing uncertainty arising from the coronavirus pandemic and its potential continued impact has to be considered from the point of view of its anticipated effect on both the company and the rest of the Group when adopting the going concern basis in these financial statements.

Whilst the Group's 2021 budget has been prepared including significant levels of contingency to protect against the ongoing effects of the coronavirus pandemic, it indicates an improvement in expectations for financial performance in 2021 and underlines the Group's belief that performance will return quickly to historic levels once conditions allow. As such, if the budget projections are proved accurate, the Group will be in a stable and liquid position. However, given the uncertainty as to how long the coronavirus pandemic will impact the business, management continue to monitor and consider possible alternative scenarios in its trading performance and cash flow. As such, the Group has prepared a cash flow forecast for a period of at least 12 months from the date of approval of these accounts which includes severe but plausible downside scenarios. The severe but plausible downside scenarios reflect the circumstances and limited scope of activities seen in 2020 repeated throughout the forecast period. In such a scenario the Group is projected to deliver an improved level of financial performance on 2020. The severe but plausible downside scenarios indicate that the Group will continue to have sufficient funds to meet its liabilities as they fall due for that period.

## SLEC Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 3 Going concern (continued)

Additionally, should fewer than 17 races take place, the directors are confident that the Group would have access to significant, readily-available liquidity to support its operations or access to additional funding if needed, as is discussed below. Given the success of the Group in successfully navigating 2020 and staging 17 races, and with the development and ongoing roll out of vaccine programmes globally, the significantly more severe scenario of no races being able to take place in the coming season which was considered at the time of approval of the 2019 financial statements is now considered sufficiently remote to be no longer plausible.

When considering liquidity, the directors note that the Group reported available cash on balance sheet of \$265.4m at 31 December 2020, and in addition has access to a \$500m revolving credit facility ("RCF"), which was wholly undrawn at 31 December 2020 and remains undrawn at the time of approval of these financial statements. The RCF remains available to the Group until November 2023 and the need to test a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement has been temporarily waived by the lenders of the RCF ("the RCF Lenders"), with testing to be resumed from the quarter ending 31 March 2022. During the period of the waiver the Group is required to test a requirement for quarterly minimum liquidity to be above \$200m. Liquidity for this purpose is defined as the sum of cash on balance sheet and undrawn and available RCF, and as at 31 December 2020 this was measured at \$765.3m. Needing a simple majority consent to obtain the waiver, the Group received unanimous consent from all nine banks who are RCF Lenders with only a modest fee being paid to secure the agreed amendments to the terms of the RCF.

The circumstances and assumptions of the severe but plausible downside scenario would see the coronavirus pandemic's effects across 2021 as a whole mirror its effect on 2020 and therefore require widespread vaccination to prove far less effective than it is currently expected to be at the time of approving these accounts. In such circumstances the severe but plausible downside scenario projects the Group to breach its leverage covenant when it is again required to be tested at 31 March 2022, although the scenario also projects that the Group's RCF would be fully undrawn at that date. It is noted that, even when the waiver period expires in more than 12 months time, the leverage covenant will only be tested thereafter if the RCF remains in place, so its early cancellation would eliminate the test requirement completely and make the question of any future breach academic. As such, and with the continued expectation that the Group's financial performance will recover strongly once the coronavirus pandemic has receded, underpinned by some \$6.73bn of future core revenues under contract at 31 December 2020, in circumstances where a covenant breach was likely at 31 March 2022 the Group would either consider terminating the RCF or negotiating with the RCF Lenders to extend the period of the covenant waiver, or make other necessary amendments to the terms of the facility. Based on the historic support and strong, longstanding relationships with the RCF Lenders, and their unanimous support and the low costs charged for granting the ongoing waiver, the Group and the directors remain confident that any consent required for a further waiver would be given.

Notwithstanding the fact that the severe but plausible downside scenario does not indicate the Group will have a requirement for additional funding, the directors believe that if additional temporary support was required in 2022 from its RCF Lenders it would be secured, and even if in the unlikely event that the Group was unable to generate sufficient support for any necessary request, that alternative actions would be available to it, including raising additional or alternative third party financing, or securing support from its ultimate parent Liberty. On 23 April 2020 Liberty confirmed in a press release that it had positioned significant available liquidity to support the Group and enhance the Formula 1 business as required, by reattributing certain liquid assets under its ownership. With Liberty having reconfirmed their intention to provide support to the Group should it be required, and with those liquid assets still in place, the directors believe Liberty continues to have the ability to provide this support if needed. As such, and also supported by Delta Topco's own confirmation that, during the period, it intends to provide any additional financial support to the company and its fellow subsidiaries should it be required, 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.

As discussed, the company is an intermediate holding company whose primary asset is its investment in subsidiaries, and therefore 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. As is the case with other Group companies, the company is an obligor under the Group's \$2.9bn Senior Loan facilities and these facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.

## **SLEC Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **3 Going concern (continued)**

Whilst the eventual overall impact on the Group and the company of, and the period that will be affected by, the coronavirus pandemic remains uncertain, for the reasons discussed above, including the indicative parental financial support of Delta Topco and Liberty should it be required, 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.

##### **Dividend income**

Income is recognised when the company's right to receive the payment is established.

##### **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.

## **SLEC Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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

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 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.

##### **Investments**

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

##### **Dividends**

Dividend distributions to the company's parent are recognised in the company's financial statements in the period in which the dividends are approved.

#### **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.

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 2021 budget, its base case expectation for 2022 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 2021, through the end of the going concern period ending 12 months from approval of these financial statements, and through the balance of 2022. The scenario modelling has then been used to assess liquidity requirements and availability.

The directors' deliberations have also been supported by the indication of intended financial support received by the company from Delta Topco, and the similar confirmation of intent received by Delta Topco from Liberty such that the directors have concluded the company will have access to sufficient liquidity across the going concern period in all foreseeable or plausible scenarios.

**SLEC Holdings Limited****Notes to the Financial Statements for the Year Ended 31 December 2020****7 Dividend income**

	2020 \$ 000	2019 \$ 000
Dividend income	<u>68,439</u>	<u>140,349</u>

The company received cash dividends from its subsidiary FOWC of \$68.4m on 9 November 2020.

**8 Staff costs**

The company had no employees during the year (2019-Nil). Directors' remuneration is paid by another member of the Group and the Group has not allocated any directors' remuneration to this entity in the current or prior period.

**9 Income tax**

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

	2020 \$ 000	2019 \$ 000
Profit before tax	<u>68,439</u>	<u>140,349</u>
Corporation tax at standard rate	13,003	26,666
Non-taxable dividend income	<u>(13,003)</u>	<u>(26,666)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

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

Under Finance Act 2016, the UK standard rate of corporation tax was scheduled to reduce from 19% to 17% from 1 April 2020. In March 2020, the UK Government confirmed that the reduction in the UK standard rate of corporation tax to 17% would be cancelled in Finance Act 2020, which was substantively enacted on 17th March 2020.

**10 Investments**

	2020 \$ 000	2019 \$ 000
Investments in subsidiaries	<u>1,969,980</u>	<u>1,969,980</u>

The investments in subsidiaries represent the historic cost of acquiring the company's subsidiary undertakings.

## SLEC Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 10 Investments (continued)

##### 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>				
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 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 World Championship Limited	England and Wales	Ordinary shares	100%	Formula 1® commercial rights exploitation

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

	2020 \$ 000	2019 \$ 000
Amounts due to other Formula 1 companies	<u>17</u>	<u>17</u>

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

#### 12 Share capital

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

	No. 000	2020 \$ 000	No. 000	2019 \$ 000
Ordinary shares of £0.10 each	<u>36</u>	<u>6</u>	<u>36</u>	<u>6</u>

#### 13 Dividends

	2020 \$ 000	2019 \$ 000
Dividends paid	<u>68,439</u>	<u>140,349</u>

On 9 November 2020 the company declared and paid a cash dividend of \$68.4m to its parent Alpha Prema.



## **SLEC Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **14 Guarantees and other financial commitments**

The Group's third party loan facilities and hedging arrangements are secured by fixed and floating charges (including share pledges and security over intra-group and book debts) 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).

#### **15 Related party transactions**

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

#### **16 Parent and ultimate parent undertaking**

The company's immediate parent undertaking is Alpha Prema, 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.

#### **17 Non adjusting events after the financial period**

##### ***COVID-19***

In the period since 31 December 2020 and as of the date of approval of these financial statements the company has been addressing issues arising from the continued COVID-19 pandemic. In the directors' judgement COVID-19 has not required any post-balance sheet adjustment to be made to, or specific 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 2020, although there remains evident economic risk exposures for its business in 2021 and potentially beyond, as discussed at length in the Directors' Report.