

Company Registration No. 08412477

Formula E Operations Limited

Annual Report and Financial Statements

For the year ended 30 September 2021



Formula E Operations Limited

Annual report and financial statements for the year ended 30 September 2021

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Formula E Operations Limited

Officers and professional advisers

Directors

Ryan Jamieson Reigle
Alberto Luis Alvarez de Sotomayor Longo
Michael Papadimitriou

Registered Office

3 Shortlands
9th Floor
Hammersmith
London W6 8DA

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Formula E Operations Limited

Strategic report

The directors present their strategic report for the year ended 30 September 2021.

Review of the business

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

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

The Group successfully managed to deliver the seventh racing season despite the pandemic affecting activities around the world. The racing calendar had to be modified again as the first race of the season (Santiago de Chile) was cancelled just a few weeks ahead of the race, the racing location in Paris was replaced by Valencia, the racing event in Mexico City had to be moved to Puebla and the race in Seoul postponed to Season 8. Ultimately fifteen races were delivered – the most for Formula E so far – at eight venues.

The financial statements have been prepared for the year ended 30 September 2021. The previous accounting period was the 14-month period ended 30 September 2020 as the previous racing season had to be extended as result of Covid-19 and the Group decided to make the change of the financial year end from 31 July to 30 September permanent (as a result, prior period figures are not directly comparable).

Revenue rose to €168,719,929 from €142,843,846 as more racing events took place, which combined with a rise in cost of sales from €119,833,419 to €141,897,261 meant that gross profit for the Company was €26,822,668 (2020: €23,010,427). Loss before tax was reported at €12,568,008, down from €38,514 in 2020, through higher intercompany recharges.

Despite some short-term uncertainty around Covid-19, the long-term financial performance of the series is expected to continue to improve.

Key performance indicators

The results are set out on pages 18 to 21. The loss for the year ending 30 September 2021 is €12,584,079 (2020: €62,660) and net liability position is €177,582,606 (2020: €164,998,527).

Given the stage of growth, the main emphasis of the Company is on revenue. The unpredictable nature of the Covid 19 pandemic has meant that budgeting and forecasting revenue has been a challenge; however, in Season 7 the Group was able to deliver more racing events than in Season 6 (albeit with limited hospitality and fan attendance) and report 15% revenue growth season on season (18% growth at Company’s level). The increased number of delivered races in more locations resulted in increase in the overall costs of the Company by 33%, driven mainly by increase in intercompany recharges.

The Company’s solvency is dependent on support from its parent company and therefore a letter of support has been provided. The Company’s main financial short-term metric is to reattain profitability.

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

Formula E Operations Limited

Strategic report (continued)

Key performance indicators (continued)

Product KPIs

- A calendar centred on a number of urban races: e.g. London, New York, Berlin, Monaco and Rome
- Major manufacturer support: DS Automobiles, Jaguar, Mahindra, Mercedes, Nio, Nissan, Porsche
- Teams with strong industry and racing credentials: Andretti, Dragon/Penske
- A top-quality driving pool: some with F1 pedigree (Buemi, De Grassi, Vandoorne), with Nyck De Vries, the 2019 FIA F2 Championship winner

Audience KPIs

- TV audiences grew significantly with global cumulative reach standing at 316 million, representing a 32% increase on the prior season performance
- Viewer hours also increased by 36% from 45.7 million in Season 6 to 62.2 million in Season 7
- Formula E had 3.4 million social media followers as of 30 September 2021, a 9% increase from Season 6
- Formula E saw 126 million video views on social media in Season 7, representing a 1% gain from Season 6
- Formula E's website had 3.2 million unique visitors and 12.9 million page views in Season 7, representing an increase of 23% and 22% from Season 6, respectively

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

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

Principal risks and uncertainties

As a principal risk of the Company, the directors consider the potential creation of a similar electric car racing championship that could limit sponsorship interest and audience, and therefore limit the growth of the Championship. However, several smaller electric championships have launched, including Extreme E, currently with limited effect on Formula E's proposition. Indeed, the Group holds an investment in Extreme E and, while the two businesses remain independent, the deal will facilitate a strong strategic partnership. As the Formula E Group holds the only single-seater all-electric licence issued by the FIA, and therefore the pinnacle of electric racing, this risk is inherently partially mitigated.

An important factor in the success of the whole Group is generating interest from manufacturers to enter the Championship. Formula E already has the largest line-up of manufacturers ever assembled (ten), with Mercedes and Porsche having joined in Season 6. As with the World Endurance Championship (WEC) and Deutsche Tourenwagen Masters (DTM), there is a risk in these manufacturers leaving, as evidenced by Audi and BMW leaving Formula E at the end of Season 7 and Mercedes to leave at the end of Season 8. However, unlike other championships, the number currently in Formula E would mean the series could withstand the withdrawal of some. In addition, the Group maintains a strong pipeline of potential manufacturers – Maserati have very recently agreed to join for Season 9, with McLaren Racing having signed an option to join the Championship at the same time.

Due to the impact that the Covid-19 pandemic has had on the world and the ability to travel globally and hold races, the directors consider Covid-19 to be a principal risk to the Company. Senior management and the directors have a working group which considers the impact on each planned race, and has mitigations plans in place for each race, however there remains uncertainty as to the extent of any travel bans worldwide.

Further risks are apparent in the changing city line-up. Organising races on city streets bring its own challenges but as city street racing is part of the DNA of the series and holds appeal to a broad market audience, the Group continues to pursue effective city/promoter agreements.

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

Formula E Operations Limited

Strategic report (continued)

Brexit

The UK's vote to leave the European Union ("EU") has resulted in some uncertainty in future trading arrangements between the UK and the EU, as well as the rest of the world. The Group organises racing events around the world and has sponsors, manufacturers and suppliers based in the EU so the directors continue to closely monitor the impact of this increased uncertainty (especially with regards to the European races) and are continuously assessing the operational contingency plans to cover any potential adverse consequences with some of the impact areas stated below: legislation changes affecting broadcasting rights, importation processing, potential barriers against UK companies in the EU, indirect and direct taxation regulation and the restrictions to free movement of our staff.

Section 172(1) statement

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

The directors have constant regard for each of these aspects of the Group's operations to ensure that decisions made are both in the best interests of the Group and are fair to the Group's multiple stakeholders.

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

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

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

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

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

Sustainability showcase in sport

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

Formula E Operations Limited

Strategic report (continued)

Section 172(1) statement (continued)

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

- Leadership and innovation - reinforcing our leadership, brand reputation and credibility through the adoption of the best internationally recognised standards for sustainable event management and environmental excellence in sporting events.
- Environmental excellence - implementing United Nations Sustainable Development Goals within our environmental strategy and align our carbon emissions onto climate science
- Social progress - building more inclusive, resilient and diverse communities within our host cities through the implementation of our strategic engagement plan
- Creating value through values - enhancing our Teams and Partners brand visibility and reputation by developing bespoke sustainability campaigns and activations.

Leadership and Innovation

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

Environmental Excellence

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

In Season 7, Formula E took this one step further by setting approved Science-based Targets corresponding to cutting down the championship's emissions by 45% by 2030. This is in line with the mission of the planet's favourite sport to reduce air pollution and fight against climate change and aligns with the FIA #PurposeDriven movement for a better contribution from motorsport to society.

Formula E has committed to new measures to meet its targets including reducing its absolute Scope 1&2 Greenhouse Gas (GHG) emissions (all energy used and purchased at our HQ and events) by 60% by 2030 and Scope 3 GHG emissions (all other emissions including freight, business travels, food and beverages etc.) by 27.5% by 2030 from Season 5 (2019) baselines.

Social progress

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

Formula E Operations Limited

Strategic report (continued)

Section 172(1) statement (continued)

Creating value through values

At COP26 in Glasgow in November 2021, with the aim of inspiring the world to tackle climate change through the transition to clean energy and road transport, Formula E used the power of their ecosystem of brands (teams, manufacturers and partners) to set up and showcase Change.Accelerated, based upon the origin and purpose of the sport, why the ecosystem came on board and the current impacts in driving tangible change for the championship. Formula E showcased the role elite sport can play in achieving the Paris Agreement's reduction targets.

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

- UK Bribery Act
- Modern Slavery Act (where applicable to partners)
- Data Protection laws.

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

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

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

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

The aim of the stakeholder engagement procedure is to support the Sustainability champion and the ISO Sustainability Team in the process of identifying the Formula E Championship interested parties. Furthermore, the ISO 20121 Standard requires Formula E to identify all interested parties' needs, expectations and the way the organisation communicates with them with the goal of involving and including more and more stakeholders in the overall development of an inclusive sustainability strategy. The main reason for engaging with stakeholders is to help the Formula E to uncover issues for the management; subjective issues should always be taken into consideration.

Future outlook and developments

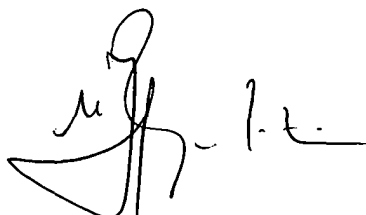
The focus for the future seasons is to concentrate on promoting the Formula E brand worldwide with emphasis on specific key markets as well as continuously enhance the innovative nature of the Championship, e.g Attack mode, introduction of Gen3 cars. Management is also focusing on improving the interest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

Due to the Covid-19 pandemic, the Season 8 calendar has gone through several changes, however the first races in Diriyah and Mexico City took place in January and February 2022. Management expect a full season to go ahead and has mitigations in place for each event, including moving races in the calendar and holding races at different locations.

Formula E Operations Limited

Strategic report (continued)

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

A handwritten signature in black ink, appearing to read 'Michael Papadimitriou', with a stylized flourish at the end.

Michael Papadimitriou
Director
18 March 2022

Formula E Operations Limited

Directors' report for the year ended 30 September 2021

The directors present the annual report and the audited financial statements for the year ended 30 September 2021.

Principal activities

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

The Group successfully managed to deliver the seventh racing season despite the pandemic still affecting activities around the world.

The financial information has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Results and dividend

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

The results of the Company are included in the financial statements on pages 18 to 51.

The directors do not recommend the payment of a dividend (2020: €nil).

Future developments

Management expect Season 8 to go ahead in full and has mitigations in place for each event, including moving races in the calendar and holding races at different locations. Currently, the calendar has been set at ten events and sixteen races – two more events and one more race than Season 7.

The long-term financial performance of the series is expected to continue to improve. Short-term uncertainty is, however, forecast given the ongoing effects of Covid-19.

Directors

The directors who served throughout the financial year were:

Ryan Jamieson Reigle

Alberto Luis Alvarez de Sotomayor Longo

Michael Papadimitriou

During the year ended 30 September 2021, the Company's ultimate parent company, Formula E Holdings Limited maintained insurance for the directors to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, including liabilities in respect of which the Company itself is unable to provide an indemnity.

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

Formula E Operations Limited

Directors' report for the year ended 30 September 2021 (continued)

Financial risk management objectives and policies

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

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

Going concern

The Company is a wholly-owned subsidiary of Formula E Holdings Limited (the "Group"). The Company incurred losses in the amount of €12.6 million (2020: €0.01 million) during the year/period and reported net liabilities in the amount of €177.6 million (2020: €165.0 million) at the end of the financial period. As the commercial rights holder to the Championship, the Group has considerable financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries.

The Group continues to take numerous steps to mitigate against Covid-19 and its impact on the business. As well as governance through additional Board meetings at Group level, the Group has set up project teams to plan for events under different scenarios. Forward planning now includes multiple scenarios for reduced fans and hospitality on site at our events to ensure we have planned for the worst case. The Board have signed off these plans and we are confident that we will be able to self-fund the management of the risk of Covid-19 on Season 8 and beyond. Based on measures in place and support of our shareholders in the current Covid-19 environment, the directors' response remains that the Company has adequate resources available to continue its operational existence for a period of twelve months following the date of signing of this report.

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

Disclosure of information to the auditor

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

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

Subsequent events

Season 8 is expected to go ahead in fully based on the calendar presented to the World Motorsports Council in December 2021. While Mercedes will exit the championship at the end of Season 8, Maserati will join the Championship in Season 9. Several other positive conversations are ongoing with announcements expected over the next six months.

Auditor

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

Formula E Operations Limited

Directors' report for the year ended 30 September 2021 (continued)

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

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

Current Reporting Year:

Type	tCO2e	KWh	Notes
Total emissions generated through combustion of fuel/oil (HVO and diesel)	595	2 865 000	At Race sites and HQ
Total emissions generated through combustion of natural gas	0	0	N/A
Total emissions generated through use of purchased electricity	141	380 000	At Race sites and HQ
Total emissions generated through business travel	17 328	57 760 000	All freight transport, spectator travel and staff travel
Total gross emissions	19 541		Total emissions of Season 7
Total energy use covering electricity, gas and transport	18 064	61 005 000	

Emissions specific to FE's headquarters (380 t CO2-eq) represent 2% of Formula E's total carbon footprint.

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

Metric	Value	Measurement
Race	1 303	tCO2e/ race
TV Audience	62	tCO2e/ million viewers
Spectators	590	tCO2e/ thousand fans

Year-on-year comparison data will be included in future report.

Energy efficiency

We are committed to responsible energy management and will practice energy efficiency throughout our organisation, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

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

- **Need** - we work with end users to confirm that there is an actual operational need for power supply. Aim is to provide essential supplies rather than just desirable.
- **Efficient** - we work with end users to improve the energy efficiency of the equipment we are asked to power. Ensuring that lighting can be LED and that inefficient electrical equipment is replaced.
- **Appropriate** - with our end users we review design and intended use of equipment to ensure that operation is both effective and efficient. Key areas we review are air conditioning solutions of large installations, public facing activations and lighting.
- **Matched** - when FEO use generators to meet load requirements we always aim to match supply power demand, with load. Focussed on ensuring that we are not running generators on low loads and therefore maximising the efficiency of the system.

Formula E Operations Limited

Directors' report for the year ended 30 September 2021 (continued)

Energy efficiency (continued)

- Optimized - we ensure that all the operational demands (such as reliability and resilience) are achieved without compromise but also that we do not 'over engineer' the solution. We aim to only have single generators running where possible and use UPS and batteries where possible to ensure that the required resilience is achieved.
- Utility grid - we use utility grid where available as this provides a significantly more efficient energy source when compared to operating generators.
- Generators - we work with our supplier to ensure that generators we use are the latest standard.
- Measure - we routinely measure energy consumption across the venue to ensure that we can continuously improve electrical design.
- Operation - we actively aim to minimise running hours of generators ensuring that no generator is left running unless critical to race event.
- Report - at the end of each event we create reports showing how energy is used by different functional areas across venue. The carbon footprint relating to energy is calculated and reported annually in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.
- Educate - we actively work with all of the Formula E eco-system to inform how energy is provided and used at events and what / how to make improvements.

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

The following energy efficiency measures are under consideration for implementation during the current financial year:

- With an approved Science-based Target to reduce Scope 1 and 2 emissions by 60% by 2030 achieved in 2021, we have drafted a roadmap to help us move to 100% renewable energy and achieve these reductions using Hydrogenated Vegetable Oil.
- Expanding and improving on all the above actions.
- We are looking to do an electrical survey at some point this year to identify the biggest draws of electricity within HQ and if we can reduce this at all.
- Actively working on projects to reduce our CO2 footprint, primarily in relation to our events.

Freight efficiency

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

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

- Need - we work with both internal departments, teams, partners and suppliers to ensure that only race critical items are freighted to ensure this is reduced to a minimum and carry out regular freight inventory audits to support this.
- Reduce - to reduce the impacts, we are not only looking at more sustainable types of planes as well as a reduction in planes but also biofuels for the various modes of transport used.
- Efficient - we work with our Official Logistics Supplier to look into both packaging and packing efficiencies, and to ensure that where possible, the vehicles are as full as possible.
- Appropriate - we work with our Official Logistics Supplier to plan the modes of transport used to freight to our events with sustainability and efficiency in mind, with road and sea prioritised over air where possible.
- Optimized - we work internally to ensure the calendar is clustered/optimised as best as possible to ensure the most sustainable freight routes/modes of transport can be utilised for our events. We also have multiple freight sets to cover continents.
- Measure - as part of our lifecycle assessment, we measure and track our carbon footprint related to freight.
- Report - using the data collected relating to freight, we calculate the carbon footprint of this and report annually on this in our Sustainability Reports. This is then offset via our Net Zero Carbon strategy.

Formula E Operations Limited

Directors' report for the year ended 30 September 2021 (continued)

Freight efficiency (continued)

- Educate - we actively work with all of the Formula E eco-system to inform how much of an impact freight is to the footprint and what they can do to make improvements.

Staff travel efficiency

Whilst staff travel is a smaller impact on our Championship footprint, we have implemented the strategy below for the purpose of ensuring it can be minimal for each Formula E event during the current financial year:

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

Spectator travel efficiency

Whilst spectator travel is a smaller impact on our Championship footprint, we have implemented the strategy below for the purpose of ensuring it can be minimal for each Formula E event during the current financial year:

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

Methodology used in the calculation of disclosures

The Corporate Footprint for Formula E has been calculated following the GHG Protocol Corporate Standard.

Direct emissions as well as indirect emissions (Scope 1, 2 and 3) have been calculated.

The fuel consumption is calculated based on the data collected on site based on the litres of fuel burned. The emission factor used by Ecoinvent- FE's preferred LifeCycle Inventory (LCI) database- is adopted to calculate the related carbon emissions.

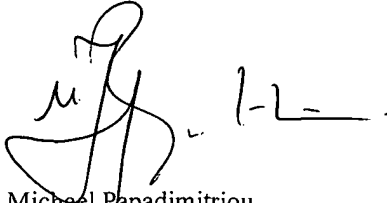
For transport, the total mileage for the different types of transports is collected and Ecoinvent's methodology is used to associate an emission factor to the total mileage per mode of transport.

Data for electricity consumption is collected directly from bills by the provider and Ecoinvent emission factors are applied on a market-based approach.

Formula E Operations Limited

Directors' report for the year ended 30 September 2021 (continued)

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

A handwritten signature in black ink, appearing to be 'M. Papadimitriou', followed by a horizontal line.

Michael Papadimitriou
Director
18 March 2022

Formula E Operations Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Modification to sponsorship revenue contracts:

- Assessing the relevant controls over sponsorship revenue recognition;
- Reviewing modifications to sponsorship contracts signed within the year to ensure that revenue has been recognised correctly within the period;
- Assessing the accounting treatment of sponsor compensation and deferred revenue in accordance with IFRS 15 and performing testing on the balances; and
- Reviewed the disclosures in relation to revenue in the financial statements to ensure compliance with IFRS 15.

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

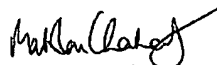
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 March 2022

Formula E Operations Limited

Income statement

For the year ended 30 September 2021 and the period ending September 2020

	Notes	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Revenue	2	168,719,929	142,843,846
Cost of sales		(141,897,261)	(119,833,419)
Gross profit		<u>26,822,668</u>	<u>23,010,427</u>
Administrative expenses		(44,342,634)	(20,453,454)
Operating (loss) / profit	3	(17,519,966)	2,556,973
Investment income	7	1,782,654	330,449
Foreign exchange profit / (loss)	8	3,169,304	(2,925,936)
Loss before tax		<u>(12,568,008)</u>	<u>(38,514)</u>
Taxation	9	(16,071)	(24,146)
Loss for the year/period attributable to owners of the Company		<u>(12,584,079)</u>	<u>(62,660)</u>

The above results were derived from continuing operations.

The accompanying notes on pages 22 to 51 are an integral part of the financial statements.

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

Formula E Operations Limited

Balance sheet

As at 30 September 2021 and 2020 and 1 August 2019

	Notes	2021 €	2020* €	2019* €
Non-current assets				
Investment in subsidiaries	23	1,350	1,350	1,350
Intangible assets	10	735,373	980,050	1,248,476
Plant and equipment	11	3,107,144	4,864,172	4,057,687
Amounts due from subsidiaries	20	5,481,522	5,481,522	9,518,593
Other long-term deposits and receivables	12	941,222	796,198	395,244
Total non-current assets		10,266,611	12,123,292	15,221,350
Current assets				
Inventories	13	566,487	-	3,010,032
Amounts due from subsidiaries	20	-	12,134,684	-
Trade and other receivables	12	57,165,798	62,674,611	73,833,285
Cash and cash equivalents	14	84,471,215	82,591,966	8,296,671
Total current assets		142,203,500	157,401,261	85,139,988
Current liabilities				
Trade and other payables	15	(23,803,980)	(22,936,397)	(13,275,754)
Deferred income	15	(126,030,595)	(125,460,986)	(75,221,833)
Derivative financial instruments	16	-	(1,406,931)	(1,525,047)
Amounts owed to parent company	15	(175,406,876)	(181,096,959)	(174,995,732)
Net current liabilities		(183,037,951)	(173,500,012)	(179,878,378)
Total assets less current liabilities		(172,771,340)	(161,376,720)	(164,657,028)
Non-current liabilities				
Finance lease liabilities	21	(1,050,128)	(1,888,474)	-
Other long-term liabilities	15	(3,761,138)	(1,733,333)	(278,839)
Net liabilities		(177,582,606)	(164,998,527)	(164,935,867)
Equity				
Capital and reserves				
Share capital	18	1	1	1
Accumulated losses		(171,139,402)	(158,555,323)	(158,492,663)
Exchange reserve		(6,443,205)	(6,443,205)	(6,443,205)
Total deficit		(177,582,606)	(164,998,527)	(164,935,867)

* The prior year statement of financial position has been re-presented, please see note 1 for detail.

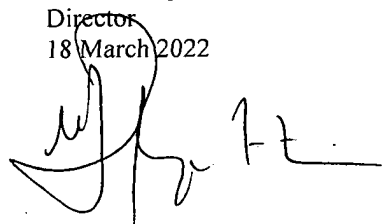
The financial statements of Formula E Operations Limited, registered number 08412477 were approved and authorised for issue by the Board of directors on 18 March 2022.

Signed on behalf of the Board of directors

Michael Papadimitriou

Director

18 March 2022



Formula E Operations Limited

Statement of changes in equity Year/Period ended 30 September 2021 and 2020

	Share capital €	Accumulated losses €	Exchange reserve €	Total equity €
Balance as at 1 August 2019	1	(158,492,663)	(6,443,205)	(164,935,867)
Loss and other comprehensive loss for the period ended 30 September 2020	-	(62,660)	-	(62,660)
Balance as at 30 September 2020	1	(158,555,323)	(6,443,205)	(164,998,527)
Loss and other comprehensive loss for the year ended 30 September 2021	-	(12,584,079)	-	(12,584,079)
Balance as at 30 September 2021	1	(171,139,402)	(6,443,205)	(177,582,606)

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

There are no comprehensive income/expense items.

The accompanying notes on pages 22 to 51 are an integral part of the financial statements.

Formula E Operations Limited

Statement of Cash flows

Year/Period ended 30 September 2021 and 30 September 2020

		From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
	Notes		
Cash flows from operating activities			
Cash (used in) / generated from operations	19	(3,824,185)	77,689,220
Interest received		217,301	243,421
Net cash (used in) / generated from operations		<u>(3,606,884)</u>	<u>77,932,641</u>
Investing activities			
Purchase of intangible assets		(177,985)	(160,444)
Purchase of property, plant and equipment		-	(120,104)
Proceeds from sale of property, plant and equipment		336,187	-
Net cash generated / (used) in investing activities		<u>158,202</u>	<u>(280,548)</u>
Financing activities			
Funding (paid to) received from a parent company		(5,690,083)	6,101,227
Net payments received from / (made to) subsidiaries		11,890,528	(7,977,046)
Payments made under finance leases		(1,223,548)	(1,411,514)
Payments received under finance leases		263,824	264,731
Net cash generated /(used in) by financing activities		<u>5,240,721</u>	<u>(3,022,602)</u>
Cash and cash equivalents at beginning of year/period		82,591,966	8,296,671
Net increase in cash and cash equivalents		1,792,039	74,629,491
Foreign exchange		87,210	(334,196)
Cash and cash equivalents at end of year/period	14	<u>84,471,215</u>	<u>82,591,966</u>

Formula E Operations Limited

Notes to the financial statements Year ended 30 September 2021

1. Accounting policies

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

Basis of preparation

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

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and under the historical cost convention with the exception of certain financial instruments that are held at fair value. These policies have been consistently applied for all of the periods presented.

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

The financial statements have been prepared for the year ended 30 September 2021. The previous accounting period was the 14 month period ended 30 September 2020. The rationale for change in accounting period is disclosed in the Strategic report.

It has been identified that amounts owed by subsidiary totalling €5,481,522 had previously been presented within current assets but should have been presented within non-current assets. Although the amounts are repayable on demand, there was no expectation that they will be recovered within 12 months and, therefore, they did not meet the criteria to be classified as current assets. The prior year balance sheet has been represented to show these balances within non-current assets. There has been no impact on overall net assets.

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

Going concern

Group's forecasts and projections, considering reasonably possible changes in trading performance, show that the Company has sufficient financial resources to continue operations for the foreseeable future. In reaching their conclusion the directors have reviewed the budget for 2022 and the Group's five-year business plan. The directors have also considered carefully the risks to the Group's trading performance and cash flows as a result of the difficult economic environment.

The Group continues to take numerous steps to mitigate against Covid-19 and its impact on the business. Forward planning now includes multiple scenarios for reduced fans and hospitality on site at our events to ensure we have planned for the worst case. The Board have signed off these plans and we are confident that we will be able to self-fund the management of the risk of Covid-19 on Season 8 and beyond. Based on measures in place and support of our shareholders in the current Covid-19 environment, the directors' response remains that the Company has adequate resources available to continue its operational existence for a period of twelve months following the date of signing of this report.

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

Revenue recognition

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Revenue recognition (continued)

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

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

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

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

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

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

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

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

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

Principal versus agent

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

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Intangible assets

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

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

Plant property and equipment

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

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

Inventories

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

Financial instruments

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

Derivative financial instruments

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

Financial assets

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

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due. This is calculated using an expected credit losses (ECL) method as prescribed in IFRS 9 *Financial Instruments*, using the simplified method. The ECL calculation is based on a debtor categorisation and ageing matrix which identifies the historical sums credited to specific debtors or categories of debtor while assessing their expected future recoverability and applies that percentage to current levels of debt. Criteria for Stage 3 assessment include the debtors being in financial difficulties or amounts/services delivered in dispute.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Financial liabilities

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

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

Fair Value

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

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

Share based scheme

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

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

Income taxes, including deferred income taxes

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Income taxes, including deferred income taxes (continued)

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

Foreign currencies

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

New standards and interpretations

During the year ended 30 September 2021, the following accounting standards and guidance were adopted by the Company:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of Material (Amendments to IAS 1 and IAS 8).

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

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

- Annual improvements to IFRS Standards 2018-2020;
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS);
- UK-adopted International Accounting Standards; and
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Leases

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

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

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

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

Impairment

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

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

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

Provisions

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

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements

In the process of applying the Company's accounting policies, the following judgements have been made, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of intangible and tangible assets

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

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

Determining whether certain intangible assets and plant and equipment is impaired requires an estimation of the value in use of those intangible assets and plant and equipment. The value in use calculation requires the Company to estimate the future cash flows expected to arise from respective intangible assets and plant and equipment and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Company's estimation, a material impairment loss may arise. As at 30 September 2021, the carrying amounts of intangible assets and plant and equipment is €735,373 (2020: €980,050) and €3,107,144 (2020: €4,864,172), respectively.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on various relationship status within the Group's ecosystem as groupings of various debtors have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

As at 30 September 2021, the carrying amounts of trade receivables (net of the ECL) and expected estimated credit losses are approximately €44,147,924 (2020: €52,174,572) and €2,290,241 (2020: €4,350,122), respectively.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty - continued

Key sources of estimation uncertainty

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

2. Revenue

(a) Disaggregation of revenue from contracts with customers

Revenue recognised during the year/period is as follows:

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Service income		
Race promotion and licencing income	100,983,054	84,041,993
Race and service related revenues	63,348,775	56,796,494
Other income	4,388,100	2,005,359
Total	168,719,929	142,848,846
Timing of revenue recognition		
Over time	101,149,722	84,391,993
A point in time	67,570,207	58,451,853
Total	168,719,929	142,843,846

(b) Performance obligations for contracts with customers

(i) Service income

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

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

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

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

There are unsatisfied performance obligations outstanding as at 30 September 2021 due to Covid-19 pandemic which impacted delivery of certain contractual obligations and which were postponed to the following financial year. They are recorded under deferred revenues and other liabilities in the balance sheet with the amount of €7,463,967 (2020: €8,454,809) expected to be delivered within one financial year and the amount of €3,761,138 (2020: €1,733,333) to be satisfied in the periods greater than one year.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

3. Operating (loss) / profit

Operating (loss) / profit has been arrived at after charging/(crediting):

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Depreciation	1,924,382	2,314,069
Amortisation	422,662	428,870
Staff costs (see note 5)	15,702,028	14,108,834
Profit on sale of fixed assets	307,416	75,000
Loss on disposal of fixed assets	11,543	195,190
Auditor's remuneration for services (see note 4)	396,820	354,495
Impairment of trade receivables (net)	2,199,367	(186,624)
Intercompany recharges and royalties payable to parent company	115,674,544	67,152,051

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

Payments under operating leases were €1,223,548 (2020: €1,411,514) – see note 21 for more details.

4. Auditor's remuneration

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Audit services		
- statutory audit fees	116,694	111,151
Non-audit services		
- tax advisory fees	191,736	176,460
- other advisory fees	88,390	66,884
Total	396,820	354,495

No amounts for other services have been paid to the auditor (2020: €nil).

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

5. Staff costs

The average monthly number of employees (including executive directors) employed by the Company was 115 (2020: 97), split into the following areas:

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Sales, Marketing and Media	58	63
Administration (Legal, Finance, HR and other)	57	34
Total	<u>115</u>	<u>97</u>

Their aggregate remuneration comprised:

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Wages and salaries	12,662,603	10,948,933
Employee Share Scheme	1,163,839	1,282,246
Social security costs and payroll tax	1,585,878	1,501,605
Pension costs	278,616	287,288
Other staff costs	11,092	88,762
	<u>15,702,028</u>	<u>14,108,834</u>

6. Directors' emoluments

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

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Emoluments	2,067,660	1,795,110
Money purchase schemes	29,255	35,841
	<u>2,096,915</u>	<u>1,830,951</u>

An option pool of 4,251 Growth shares was created in 2016 to provide incentives to directors and eligible employees. During the year, no shares were allotted or issued to existing employees (2020: nil) – see note 17 for more details.

The highest paid individual director's remuneration (excluding the impact of Employee Share Scheme accretion) was €803,352 (2020: €777,520).

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

7. Investment income

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Bank interest income	217,301	243,421
Interest income on intercompany loans	98,224	120,568
Finance lease interest income	26,614	44,400
Finance lease interest expense	(117,784)	(196,056)
Unrealised financial gain on derivatives	1,558,299	118,116
	<u>1,782,654</u>	<u>330,449</u>
<i>Investment income</i>		

8. Foreign exchange profit / (loss)

Foreign exchanges profits during the financial year were mainly result of the translation of the significant GBP and USD balances placed on short term treasury deposits which were positively affected by the foreign currency movements between EUR and GBP €2,000,410 (2020: loss €3,245,668) and EUR and USD €296,805 (2020: loss €915,035).

9. Taxation

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Continuing operations		
Current tax:		
UK corporation tax	-	-
Mexico corporation tax (Formula E Operations Mexico Permanent Establishment)	-	19,078
Withholding taxes deducted	16,071	5,068
Deferred tax		
Current year charge	-	-
	<u>16,071</u>	<u>24,146</u>
Total tax charge		

Corporation tax is calculated at 19% (2020: 19%) of the estimated assessable loss for the year/period.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

9. Taxation (continued)

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

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Loss before tax:	(12,568,008)	(38,514)
Tax at the UK corporation tax rate of 19% (2020: 19%)	2,387,922	7,318
Non-deductible expenses	(32,249)	(87,383)
Deferred tax not provided	(2,355,673)	80,065
Income taxes paid overseas	-	19,078
Withholding taxes deducted	16,071	5,068
Total tax charge	<u>16,071</u>	<u>24,146</u>

The Company's unused tax losses are denominated in GBP and are therefore subject to foreign exchange movements on translation. The Company has not recognised a deferred tax asset of approximately €28.2 million (2020: €26.7 million) of tax losses carried forward due to insufficient certainty of future profits.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

10. Intangible assets

	Trademarks €	Cars – Intangible €	Intellectual property (i) €	Software €	Total €
Cost					
At 31 July 2019	1,130,935	710,959	99,992	995,551	2,937,437
Additions	57,944	-	-	102,500	160,444
Disposals	-	(76,860)	-	-	(76,860)
At 30 September 2020	1,188,879	634,099	99,992	1,098,051	3,021,021
Additions	78,585	-	-	99,400	177,985
At 30 September 2021	1,267,464	634,099	99,992	1,197,451	3,199,006
Amortisation					
At 31 July 2019	408,205	710,959	99,992	469,805	1,688,961
Amortisation (ii)	162,325	-	-	266,545	428,870
Disposals	-	(76,860)	-	-	(76,860)
At 30 September 2020	570,530	634,099	99,992	736,350	2,040,971
Amortisation (ii)	157,573	-	-	265,089	422,662
Disposals	-	-	-	-	-
At 30 September 2021	728,103	634,099	99,992	1,001,439	2,463,633
Net book value					
At 30 September 2021	539,361	-	-	196,012	735,373
At 30 September 2020	618,349	-	-	361,701	980,050

(i) The intellectual property asset relates to race track designs.

(ii) The amortisation charge is included within administrative expenses.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

11. Plant and equipment

	Right of use Assets €	Office & IT equipment €	Cars & Car equipment €	Other installations €	Total €
Cost					
At 31 July 2019	-	2,334,157	11,381,246	7,007,597	20,723,000
Additions	3,195,640	30,104	90,000	-	3,315,744
Disposals	-	-	-	(195,190)	(195,190)
At 30 September 2020	3,195,640	2,364,261	11,471,246	6,812,407	23,843,554
Additions	207,668	-	-	-	207,668
Disposals	-	-	(491,005)	(1,341,880)	(1,832,885)
At 30 September 2021	3,403,308	2,364,261	10,980,241	5,470,527	22,218,337
Depreciation					
At 31 July 2019	-	1,062,086	9,710,545	5,892,682	16,665,313
Charge for the year	1,006,372	365,787	451,008	490,902	2,314,069
At 30 September 2020	1,006,372	1,427,873	10,161,553	6,383,584	18,979,382
Charge for the year	863,968	316,320	448,534	295,560	1,924,382
Disposals	-	-	(479,462)	(1,313,109)	(1,792,571)
At 30 September 2021	1,870,340	1,744,193	10,130,625	5,366,035	19,111,193
Net book value					
At 30 September 2021	1,532,968	620,068	849,616	104,492	3,107,144
At 30 September 2020	2,189,268	936,388	1,309,693	428,823	4,864,172

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

The Company leases their offices in London and Donington. The average remaining lease term is 1.5 years. The total cash outflow for leases amounts to €1,223,548 (2020: €1,411,514) in the financial year/period.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

12. Trade and other receivables

	2021 €	2020 €
Non-Current		
Financial assets - rental deposits	412,878	397,821
Finance lease receivable	199,146	398,377
Long-term bank guarantee	328,139	-
Fair market value of long term hedging instruments	1,059	-
	<u>941,222</u>	<u>796,198</u>
Current		
Trade receivables	44,147,924	52,174,572
Prepayments	9,029,463	7,113,750
VAT and sales taxes receivable	3,016,059	2,683,510
Accrued income and other receivable	574,357	452,410
Fair market value of short term hedging instruments	150,309	-
Finance lease receivable	247,686	250,369
	<u>57,165,798</u>	<u>62,674,611</u>

The amount of finance lease receivable in the total amount of €446,832 (2020: €648,746) represents a sublease of the office rental space by the Company to Extreme E Limited, a related party (see note 20 for more details), recognised upon adoption of IFRS 16.

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

An expected credit loss on trade receivables was calculated based on the lifetime expected losses adjusted for the future market in the amount of €2,290,241 (2020: €4,350,122) where, in the opinion of the directors, trade receivables are not recoverable at their book value. Any trade receivables where it is felt that recovery of the debt is uncertain are provided against in full. Trade receivables are stated net of expected credit loss.

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

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

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

As at 30 September 2021, trade receivables of €34,571,341 (2020: €47,469,625) were past due but not impaired.

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

12. Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	2021 €	2020 €
Amounts not past due	9,576,583	4,704,947
Amounts past due but not impaired	34,571,341	45,097,927
Amounts impaired	2,290,241	6,721,820
Less impairment	<u>(2,290,241)</u>	<u>(4,350,122)</u>
	<u>44,147,924</u>	<u>52,174,572</u>

The movement in the provision for impairment of trade receivables were as follows:

	2021 €	2020 €
At 1 October	4,350,122	4,846,468
Release of the previous years' charges	(4,350,122)	(342,038)
Charged/(Credited) in the year/period	<u>2,290,241</u>	<u>(154,308)</u>
At 30 September	<u>2,290,241</u>	<u>4,350,122</u>

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

13. Inventories

	2021 €	2020 €
Assets held for sale	566,487	-
	<u>566,487</u>	<u>-</u>

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

14. Cash and cash equivalents

	2021 €	2020 €
Cash at bank and in hand	<u>84,471,215</u>	<u>82,591,966</u>

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

15. Trade and other payables

	2021 €	2020 €
Current		
Trade payables	12,218,734	11,222,670
Other taxes and social security	360,416	327,668
Other payables	5,602,306	7,347,101
Accruals	4,288,701	3,054,502
Finance lease liabilities	1,076,798	984,456
Other provisions	257,025	-
Total trade and other payables	23,803,980	22,936,397
Deferred income	126,030,595	125,460,986
Amounts owed to the parent company	175,406,876	181,096,959
Non-current		
Unsatisfied performance obligations	3,761,138	1,733,333
Finance lease liabilities	1,050,128	1,888,474
Total other long-term liabilities	4,811,266	3,621,807

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

The amount of finance lease liabilities in the total amount of €2,126,926 (2020: €2,872,930) represents an office space lease in London and Donington, recognised upon adoption of IFRS 16.

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

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

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

16. Derivative financial instruments

	2021 €	2020 €
Derivative financial instruments	151,368	(1,406,931)

The balance represents the foreign currency forward contracts entered by the Company with two different counterparty agents. As part of the trade, the Company was required to hold collateral deposits with one of the counterparties. As of 30 September 2021, the amount of deposits held was €nil (2020: €60,273).

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

16. Derivative financial instruments (continued)

As at 30 September 2021, the Company had the following outstanding foreign currency forward contracts, which were related to the purchase of GBP (2020: GBP). The terms of these contracts were as follows:

2021

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

2020

Exercise period	Amount to be purchased (GBP)	Exchange Rate	EUR equivalent
October 2020	3,425,000	1.169	4,005,475
November 2020	2,000,000	1.144	2,288,750
December 2020	1,750,000	1.155	2,021,750
January 2021	3,450,000	1.154	3,982,825
February 2021	1,750,000	1.169	2,045,025
March 2021	1,500,000	1.172	1,757,400
April 2021	1,500,000	1.171	1,755,975
May 2021	3,200,000	1.161	3,715,500
June 2021	4,000,000	1.118	4,470,000
July 2021	4,000,000	1.119	4,474,000
August 2021	3,425,000	1.120	3,835,150
September 2021	500,000	1.103	551,700
October 2021	500,000	1.103	551,400
November 2021	500,000	1.102	551,100
	31,500,000		36,006,050

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

16. Derivative financial instruments (continued)

The foreign currency forward contracts are measured at the fair value at the end of each reporting period. During the year ended 30 September 2021, a fair value gain of €1,558,299 was recognized in the Income statement relating to the change in fair value of foreign currency forward contracts (2020: €118,116).

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

Fair Value estimation

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

Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

17. Share-based payment

a) Types of share-based payments

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

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

During the year, there were no transactions affecting the Growth shares (2020: 415 A Growth shares and 63 C Growth shares deferred).

Details of specific categories of options are as follows:

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

The shares were issued at a pre-agreed hurdle rate. At 30 September 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,193 (2020: 1,193), representing 2.8% (2020: 2.8%) of the shares of the Formula E Holdings Ltd in issue at that date.

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

17. Share-based payment (continued)

b) Number of share options

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

Option Type	Issued at 1 August 2019	Granted during the period	Exercised during the year	Deferred during the year	Issued/Committed at 30 September 2020
Type A	1,188	-	(415)	-	773
Type B	333	-	-	-	333
Type C	150	-	-	(63)	87
Options over Ordinary	-	684	-	-	684
Exercisable at end of period	1,671	684	(415)	(63)	1,877

c) Fair value calculation

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

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

Expected volatility under the ESS was determined by using the historical volatility of the Formula E Holdings Ltd's share price over the previous 3 years (2020: 3 years). Expected volatility for the new ESS was determined by using the historical share price of listed companies in similar industry across the same length as the vesting periods (from 4.25 to 5.25 years).

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

17. Share-based payment (continued)

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

The Company recognised the total expense of €1,163,839 for the year ended 30 September 2021 (2020: €1,282,246) in relation to accretion value of the Growth shares / Options over ordinary shares and the impact of the Growth share exercise during the year/period.

18. Share capital

	2021 €	2020 €
Allotted, called up and fully paid		
1 ordinary shares of £1	1	1

19. Cash flows from operating activities

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
Loss before taxation	(12,568,008)	(38,514)
Depreciation	1,924,382	2,314,069
Amortisation	422,662	428,870
Profit on sale of fixed assets	(307,416)	(75,000)
(Increase) / Decrease in inventories	(566,487)	3,010,032
Increase in payables	3,115,629	60,648,673
Decrease in receivables	5,656,440	11,409,044
Increase / (Decrease) in provisions	257,025	(278,839)
Fair value change in derivatives	(1,558,299)	(118,116)
Payment of corporate income taxes	(16,071)	(24,146)
Interest income	(315,525)	(243,421)
Interest income on lease receivables and other interest income	(26,614)	(44,400)
Interest expense on lease liabilities	117,784	196,056
Write off of inventory and fixed assets	40,313	504,912
Cash (used in)/ generated from operations	(3,824,185)	77,689,220

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

20. Related party transactions

During the year, the Company held a loan from Formula E Holdings Limited, its parent. At 30 September 2021, €175,406,876 (2020: €181,096,959) was owed by the Company to Formula E Holdings Limited and is included within current liabilities. The amounts are repayable on demand and subject to expected availability of funds.

The Company also provided funding to its subsidiaries incorporated in Chile in the amount of €3,923,268 (2020: €4,913,856) and to Formula E Race Operations Ltd €1,558,254 (2020: €12,702,350) which is included within non-current assets (see note 24 for more details) in the total amount of €5,481,522 (€2020: 17,616,206). The amount also includes the intercompany interest income from FEO Chile. The amounts are repayable on demand and subject to expected availability of funds.

The Company also received services from both its parent, subsidiaries and another group company, Formula E Rights Limited, and incurred charges in the amount of €6.2 million (2020: provided services for the amount of €29.1 million) which are reflected in the financial statements.

The Company recorded a finance lease arrangement with Extreme E Ltd in which Extreme E Ltd ("XE") subleases the offices from the Company. XE's CEO is the Championship founder and the Chairman of Formula E Holdings Ltd, the parent company. The finance lease receivable outstanding as of September 30, 2021, was €446,832 (€2020: €648,746).

Key Management Personnel

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

21. Lease liability and Operating lease arrangements

At 30 September 2021, the Company had two lease obligations recorded in fixed assets with future lease payments falling due as follows:

	2021 €	2020 €
Maturity analysis		
Year 1	1,153,748	1,096,787
Year 2	760,527	962,279
Year 3	321,740	721,709
Year 4	-	305,318
	<u>2,236,015</u>	<u>3,086,093</u>
Less: unearned interest	<u>(109,089)</u>	<u>(213,163)</u>
	<u>2,126,926</u>	<u>2,872,930</u>
	2021 €	2020 €
Maturity analysis		
Analysed as:		
Non-current	1,050,128	1,888,474
Current	1,076,798	984,456
	<u>2,126,926</u>	<u>2,872,930</u>

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

21. Lease liability and Operating lease arrangements (continued)

	2021	2020
Amounts recognised in profit and loss	€	€
Depreciation expense on right-of-use assets	863,968	1,006,372
Interest expense on lease liabilities	117,784	196,056
Income from sub-leasing right-of-use assets	26,614	44,400

22. Parent undertaking and controlling party

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

23. Financial instruments

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Primary financial Instruments 2020	Loans and receivables at amortised cost	Financial liabilities measured at amortised cost	Financial instruments designated as fair value through profit or loss	Total carrying amount
EUR				
Trade receivables	52,174,572	-	-	52,174,572
Cash and cash equivalents	82,591,966	-	-	82,591,966
Financial assets	152,382,744	-	-	152,382,744
Trade and other payables	-	19,881,895	-	19,881,895
Amounts owed to parent company	-	181,096,959	-	181,096,959
Foreign currency forward contracts	-	-	1,406,931	1,406,931
Financial liabilities	-	200,978,854	1,406,931	202,385,785

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Changes in financial liabilities	As of 1 August 2019	Financing cash flows	Fair value adjustments	New leases	Impact of fx	Interest expense	At 30 September 2020
Loans from related parties	174,995,732	6,101,227	-	-	-	-	181,096,959
Lease liabilities	-	(1,411,514)	-	4,064,465	23,923	196,056	2,872,930
Fair value hedging financial liabilities	1,525,047	-	(118,116)	-	-	-	1,406,931
Total liabilities from financing activities	176,520,779	4,689,713	(118,116)	4,064,465	23,923	196,056	185,376,820

Financial risk management objectives and policies

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

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

Market risk

Currency risk

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

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

Fair value measurements of financial instruments

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

Derivative financial instruments

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Derivative financial instruments - continued

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

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

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

Financial instrument	Fair Value EUR	Fair Value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Foreign Currency forward contracts	€151,368 (2020: loss €1,406,931)	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates. The higher the discount rate, the lower the fair value	The higher the discount rate, the lower the fair value

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

	2021 €	2020 €
<i>Assets</i>		
GBP	46,807,791	64,604,204
USD	27,221,183	20,703,673
	<hr/>	<hr/>
	2021 €	2020 €
<i>Liabilities</i>		
GBP	8,114,637	5,767,379
USD	2,474,212	381,388
	<hr/>	<hr/>

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Derivative financial instruments - continued

Sensitivity analysis

The Company is mainly exposed to currency risk related to GBP and USD. The following table details the Company's sensitivity to a 5% (2020: 5%) increase and decrease in EUR against the relevant foreign currency. 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss where EUR strengthens 5% (2020: 5%) against the relevant currency. For a 5% (2020: 5%) weakening of EUR against the relevant currency, there would be an equal and opposite impact on the loss and the balances below would be negative.

	From 01.10.2020 to 30.09.2021 €	From 01.08.2019 to 30.09.2020 €
<i>Loss for the year/period</i>		
GBP	1,934,658	2,941,841
USD	1,237,349	1,016,114

Credit risk

As at 30 September 2021, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the balance sheet.

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

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Derivative financial instruments - continued

Sensitivity analysis

	Parties within the eco-system	Medium risk	High risk	Total EUR
2020				
Expected loss rate	0%	64.4%	100%	-
Gross amount – trade receivables	49,832,957	6,587,033	104,704	56,524,694
Credit loss allowance	-	4,245,418	104,704	4,350,122

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

Liquidity risk

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

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

Liquidity risk tables:

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

Formula E Operations Limited

Notes to the financial statements (continued) Year ended 30 September 2021

23. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Derivative financial instruments - continued

Sensitivity analysis

	Less than 1 month or on demand EUR	Total un-discounted cash flows EUR	Carrying amount EUR
2020			
Trade and other payables (current)	18,897,439	18,897,439	18,897,439
Other liabilities (non-current)	-	1,733,333	1,733,333
Foreign currency forward contracts	1,406,931	1,406,931	1,406,931
Finance lease liability (current)	984,456	984,456	984,456
Finance lease liability (non-current)	-	1,888,474	1,888,474
Amounts owed to parent company	181,096,959	181,096,959	181,096,959
	<u>202,385,785</u>	<u>206,007,592</u>	<u>206,007,592</u>

24. Investment in subsidiaries

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

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

Name <i>Directly owned</i>	Place of incorporation	Principal activities	Equity interest (direct)	
			2021	2020
Formula E Race Operations Ltd (previously called Formula E OPCO 1 Ltd) ("FERO")	United Kingdom	Provision of race related activities and race support	100%	100%
Formula E OPCO 2 Ltd	United Kingdom	Dormant	100%	100%
Formula E Chile SpA	Chile	Management of race activities in Chile	100%	100%
<i>Indirectly owned</i>				
Formula E Mexico Race Operations, S.de R.L.de C.V. ("FERO Mexico")	Mexico	Management of race activities in Chile	0.03%	0.03%

Formula E Operations Limited

Notes to the financial statements (continued) **Year ended 30 September 2021**

24. Investment in subsidiaries (continued)

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

The subsidiaries are registered at the following addresses:

FERO / Formula E OPCO 2 Ltd: 3 Shortlands, London, W6 8DA, United Kingdom

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

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

25. Subsequent events

Season 8 is expected to go ahead in fully based on the calendar presented to the World Motorsports Council in December 2021. While Mercedes will exit the championship at the end of Season 8, Maserati will join the Championship in Season 9. Several other positive conversations are ongoing with announcements expected over the next six months.