

Formula Motorsport Limited

Statement by the directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006

The company's directors consider, both individually and together, that they have acted in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its sole shareholder, Delta Topco Limited. They have also considered the company's other stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the financial year ended 31 December 2023.

Long term strategy and decision making

The directors of the company recognise the importance of taking decisions for the long term and analysing the likely consequence of each key decision. In taking decisions the directors seek to apply and maintain the highest standards of business conduct, and given the company has a single shareholder, the directors are not at risk of acting unfairly between its members when making them.

The company is part of a Group (Delta Topco Limited and its subsidiaries, collectively referred to herein as "Formula 1" or the "Group") and with all companies within the Group wholly owned, long term strategy is determined at the Group level with decisions and activities then delegated to its individual companies. Whilst the main objectives of the company and certain strategic decisions will be set/taken at a Group level, consideration does still need to be given to the individual interests of the company, particularly as unlike other Group subsidiaries the company's activities are exclusively focused on the less financially material FIA Formula 2 Championship™ ("F2") and FIA Formula 3 Championship™ ("F3"), as opposed to on the FIA Formula One World Championship® ("the Championship", "F1 Championship" or "F1"). Given that, in addition to being directors of the company, Mr Llowarch and Ms Woodward Hill are also members of the Group's executive management, being respectively its Chief Financial Officer and its Chief Legal Officer & Chief Administrative Officer, they are able to consider any decisions to be taken both in the context of the interests of the wider Group and its detailed strategy, and in the interests of the company.

The Group's strategy sets out to deliver long-term value to its ultimate owner Liberty Media Corporation ("Liberty") and other stakeholders (including the company), through the principal goal of broadening and increasing the global scale and appeal of the F1 Championship. Formula 1 aims to drive the overall value of the F1 Championship and the Group's financial performance by:

- continuing to seek and identify opportunities to expand and develop the F1 Championship calendar, bringing F1 Events to attractive and/or strategically important new markets outside of Europe while continuing to build on the sport's European foundations;
- developing sponsorship revenue, through growing the Formula 1 Global Partner programme and exploring opportunities in currently underexploited product categories, together with increasing revenues from other Event-based packages;
- capturing opportunities created by media's evolution, including the growth of social media, further expansion of the F1TV product and the development of Formula 1's other digital media assets;
- engaging with new fans on a global basis and building up the entertainment experience for fans, so further driving race attendance and television viewership;
- continuing to support measures to improve the on-track competitive balance of the F1 Championship and the long term financial stability of the participating teams; and
- improving the environmental sustainability of F1 and its related activities, continuing to target a net zero carbon footprint by 2030, 100% sustainable fuel by 2026 and sustainable race events by 2025, whilst also building on initiatives to fight inequality and improve the diversity and opportunity in F1 at all levels.

The F2 and F3 Championships play a key role in supporting the long-term success of the Group, by nurturing a steady-stream of up-and-coming drivers who are ready to race at the highest level of motorsport. With almost half the 2023 F1 grid comprised of former F2/GP2 drivers, F2 has become the pinnacle of junior motorsport and the most successful feeder series to Formula 1. The strategy of the F2 and F3 Championships is based around five core values that shape the sporting and technical regulations of these series:

- **Performance:** defining technical regulations that enable F2 cars to achieve performance levels greater than any other support series and offering young drivers the closest experience possible to racing in F1;
- **Cost control:** defining financial regulations that balance budget control & performance, with centralised purchasing & strict limits on team spending and development minimising Team operating costs & ensuring the fastest & most competitive young driver talent is able to compete in F2;
- **Entertainment:** defining sporting regulations & creating engaging race formats (such as reverse grids and compulsory pitstops) that create highly competitive and exciting races, which take place as support events on the same weekends as Formula 1;
- **Safety:** ensuring the highest standards of safety are applied, meeting strict F1 safety standards and subject to stringent the Fédération Internationale de l'Automobile ("FIA") crash tests;
- **Preparation:** supporting young driver talent with all aspects of their racing careers to ensure they are ready to make the step-up to the top tier of motorsport.

The company will continue to drive value & financial performance of the F1 Championship by maintaining these high-quality, competitive and entertaining support race championships whilst increasing awareness and engagement with fans and attracting investment from new commercial partners.

Maintaining a reputation for high standards of business conduct

The Group seeks to maintain its high business standards, ensuring that wherever its subsidiaries are operating in the world including higher risk territories, their business is conducted with integrity, and in compliance with the law and the Formula 1 Code of Conduct. The Code, which includes the Group's anti-bribery and corruption policy, continues to be adopted by each Formula 1 subsidiary, including the company, and applies to every officer and employee of the Group.

In addition to the requirements of its subsidiaries, officers and employees, the Group also expects third parties who perform services for Formula 1 to apply or adopt internal policies that are consistent with this Code. In that regard the Group's compliance team conduct KYC checks and other due diligence work on any potential partners the company considers doing business with.

As the subsidiary of a US public company, Liberty, the Group are also required to comply with additional requirements, including the Foreign Account Tax Compliance Act (FATCA) and certain aspects of the 2002 Sarbanes-Oxley Act (SOX). SOX requires Liberty, and certain of its subsidiaries, to establish and maintain robust internal control structures and procedures for financial reporting, to report on their effectiveness, and have that effectiveness tested and assessed annually by its external auditors. This applies to Delta Topco Limited, and certain of its subsidiaries, as part of the wider Liberty Group. Whilst there is no specific assessment required for SOX over these financial statements, the directors are of the view that this entity continues to operate the robust and effective control environment required by Liberty.

Engagement with key stakeholders

In addition to the company's parent undertakings and other fellow subsidiary companies of Formula 1, the directors consider the company's key stakeholders to be fans of F2 and F3; fans of F1 with a particular interest in the development and progression of young drivers; the FIA, as the party responsible for the sporting and safety regulation of the F2 and F3 Championships; the teams participating in F2 and F3; the F1 race promoters who host rounds of the F2 and F3 as supporting events during their F1 race weekend; broadcasters; key suppliers to the F2 and F3; and the Group's external lenders.

Racing in support of F1 Championship at its events, the F2 and F3 Championships provide the drivers with the opportunity to showcase their talents in front of F1 teams, competing on some of the most challenging and renowned circuits in the world. The highly competitive racing has resulted in a major increase in the size of the audience engaging with F2 and F3 over the past few seasons, as communication has focused on raising the profiles of the talented drivers, whilst the racing engages fans at the track, on television and across digital platforms. As part of the series' engagement with fans, the docuseries "Chasing The Dream" continues to provide unprecedented behind-the-scenes access in a "fly-on-the-wall" format as it follows F2's brightest talents and their stories, showcasing the characters and charting the challenges of the drivers as they race in one of the highest levels of motorsport and seek to get a seat in F1.

The F2 and F3 Championships each plays a key role in developing the F1 drivers and World Champions of tomorrow as they pass through the penultimate rungs on the single-seater pyramid below F1. Under arrangements with the FIA the company holds the rights to promote and commercially exploit each of the F2 and F3 Championships, while the FIA has retained authority over the safety, sporting and technical matters relating to these Championships and is responsible for maintaining the highest safety standards for the cars and circuits used by the participating F2 and F3 teams. In this regard the directors ensure the company's continued close collaboration with the FIA, through regular meetings of the Steering Committee for each Championship, in which both parties are equally represented and consider relevant technical and sporting matters such as the draft calendar and regulations for F2 and F3 (prior to submission to the World Motor Sport Council for validation), the assessment of single suppliers and the approval of competitors to the championships.

Following the approval of the Steering Committee, all participating F2 and F3 teams are required to commit to the company, on a 3 year cycle, that they will meaningfully compete in every race and test event on the relevant championship calendar. The company supplies to the teams the cars, parts and various technical services required to enable them to participate in a financially sustainable manner. In pursuance of such, the company maintains arrangements with the key suppliers of chassis, tyres, engines and fuel.

The company's key suppliers, including Dallara, Pirelli, Mecachrome and Aramco are amongst the most respected names in the provision of top-level automotive expertise, and these relationships allow F2 and F3 to continually evolve. These relationships, along with those of a number of other committed suppliers, has enabled the creation of motorsport series that are technologically advanced and ultra-competitive, whilst controlling the costs of competition. The company's senior management engage with the company's other key suppliers via regular calls and meetings, site visits and, occasionally, face to face meetings at events in order to maintain strong and lasting relationships. The company's delegated authorities are set such that material contracts, including those with suppliers, can only be executed by the company's directors, and therefore all such arrangements are assessed against strategic aims before execution.

Regular communication is maintained with all relevant parties, to ensure needs are understood and teams have the required resources and financial stability to be able to race competitively at each event.

The company and the Group maintain regular ongoing engagement throughout the year with the various key commercial stakeholders including the F1 race promoters who wish to enhance the value and fan engagement of their event by including F2 and/or F3 as a high calibre support event during their race weekends, broadcasters, and other partners, with whom they work together to further build out both the global presence of F1, but also the profile of F2 and F3. The company and the Group also engage in discussions with prospective new collaborators in these fields. In addition to the detailed and regular liaison with all individual stakeholders to address issues and challenges arising throughout the season, the Group undertakes various engagement activities during the year including an annual general meeting at the start of the year, marketing, and commercial workshops to discuss its strategy, operational plans, branding and event related collaboration opportunities with the stakeholders.

The directors, together with the Group's other senior management, regularly discuss material strategic and operational matters with senior executives at its ultimate parent company, Liberty, some of whom sit on the boards of certain Group companies, including Delta Topco Limited, and this process continued throughout 2023. As a US listed company, Liberty has significant public reporting obligations, and given Formula 1 is a material subsidiary, the Group is required to fulfil significant reporting requirements to Liberty on a quarterly and annual basis. These include the requirement for the Group to be compliant with, and report to it on, certain SOX requirements as discussed above. The Group also continues to assist Liberty with investor relations activities, contributing to Liberty's quarterly earnings calls and annual investor day.

There are a number of trading relationships between the company and other subsidiary companies of Formula 1, including sub-licensing arrangements, the receipt of intra-group services for which it pays fees, various intra-group loans and other trading balances. Formula 1's subsidiaries work together to pursue and deliver the Group's strategy and targets, and ensure that any intra-group arrangements are in the interests of both parties. This often requires day to day management co-operation and operational liaison to ensure the terms of any trading arrangements and the terms of any agreements relating to intra-group loans and trading balances are followed and that any required support is provided. These activities continued as per normal during 2023.

The company, together with several other Group companies, is party to and guarantees the Group's external borrowing arrangements. The Group provides quarterly management reports and compliance certificates to external lenders, holds periodic update calls and liaises on a regular basis with the agents who oversee the facilities on behalf of lenders. The Group also meets on a regular basis with the rating agencies to update them on its progress and expectations for the future.

Other stakeholder considerations

The directors recognise the importance of certain other stakeholders in the success of both the company and the Group as a whole, including the Group's other suppliers and the Championship's third-party sponsors. The Group's wider engagement with such stakeholders is discussed in the financial statements of the Group companies primarily responsible for overseeing the relevant relationships, and the section 172 (1) statements required of any of its subsidiaries are published on the Group's corporate website.

The community and the environment

In 2023 Formula 1 focused on delivering against the Sustainability Strategy which sets out the following ambitions:

- To achieve Net Zero Carbon by 2030
- To leave a legacy of positive change wherever we race
- To take steps to build a more diverse and inclusive sport by removing barriers, nurturing talent, and inspiring change.

Whilst the company, given its exclusive focus on F2 and F3, has no direct role to play in the F1-related initiatives that form the heart of the Group's Sustainability Strategy, the directors fully subscribe to its aims, and the actions being taken. Details are available on the Group's corporate website, and in the section 172 (1) statements published thereon by other Formula 1 subsidiary companies.

The company will pursue any actions required of it to contribute to the successful delivery of the Group's environmental and social initiatives and targets, and in that regard it continues to place significant focus on sustainability. This has seen the introduction of the use of 55% sustainable fuel, in partnership with Aramco, an F1 Global Partner and Official Fuel Supplier to the F2 and F3, acting as a test bed to help develop and test the fuels of the future to shape the F1 of the future and its plan to introduce 100% sustainable fuels to F1 in 2026.

In 2023, F2 and F3 achieved FIA Three-Star Environmental Accreditation, the highest level of environmental sustainability recognition from the sport's governing body in addition to ISO20121: 2012 certification in the operation for Events with respect to planning of events for F1, F2 and F3.

Approved by the Board on 20 March 2024