

## **Formula One Digital Media 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, Alpha Prema 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 larger Group (Delta Topco Limited and its subsidiaries, collectively referred to herein as "Formula 1" or the "Group") and with all companies 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. 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 FIA Formula One World Championship® ("the Championship"). Formula 1 aims to drive the overall value of the Championship and the Group's financial performance by:

- continuing to seek and identify opportunities to expand and develop the Championship calendar, bringing 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 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.

#### ***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 Know Your Customer (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 and other fellow subsidiary companies of Formula 1, the directors consider the company's key stakeholders to be the fans, F1 digital subscribers, the Championship's race sponsors, key licensees, Liberty, subsidiary companies and the Group's external lenders.

The company owns and operates the F1.com website and various social media platforms, providing original written, graphic, and video content to fans of Formula 1, including news, results, live timing, and other features. The company utilises a combination of external agencies, contractors, and inhouse staff to deliver content of the highest standards, and regularly carries out research via external agencies and the F1 owned 'Fan Voice' platform to ensure that content continues to meet the demands of fans. The company works closely with its website developer, Digitas, to produce a roadmap for continued website development to meet the evolving needs of the business.

The company's primary revenue stream is FITV, a direct-to-consumer video content platform which broadcasts the international feed of the Championship in many countries around the world, together with additional shoulder content and catch-up on demand features. The company has engaged a leading consultancy to deliver the FITV product and to provide ongoing customer services, and regularly monitors and evaluates performance against various KPI's to ensure service quality. As well as being sold through F1.com, the company relies on several other sales platforms, including the Apple App Store, Google Play, regional telco partnership, and a variety of other, smaller platforms.

The F1.com and social platforms also deliver revenues from the provision of online advertising and branded content campaigns. The primary advertising customers are the parties that acquire sponsorship rights from Formula One Marketing Limited, many of whom receive digital advertising rights ranging from logo placement, through to full branded content campaigns. The company liaises closely with these sponsors to understand their aims and to support their activation programmes and discussions continue throughout the year to gather feedback and plan future campaigns. In addition to existing partners, surplus advertising rights are sold (to companies that do not conflict with our existing partner network) either directly, through partnerships with social media platforms such as X and YouTube, or via advertising exchanges. The company utilises an in-house advertising sales team to manage advertising sales and delivery, and to oversee relationships with key partners.

The company also has several significant licensees, including EA Sports which produces the Official F1 Game, and the operator of the on-ticket sales platform on F1.com. The company maintains ongoing engagement throughout the year with its licensees to monitor and support performance, and regularly evaluates the mix of licensees to ensure alignment with Formula 1's overall strategic direction.

The directors, together with the Group's other senior management, regularly discuss material strategic and operational matters with senior Liberty executives, 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 subsidiary companies of Formula 1, including sub-licensing arrangements, the provision of intra-group services, 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 employees, the Fédération Internationale de l'Automobile ("FIA") and the Championship's other

key commercial partners, including its broadcasters. 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.

Key actions in 2023 included:

- Gaining ISO20121: 2012 certification in the operation for Events with respect to planning of events for the Championship and also the FIA Formula Two Championship™ ("F2") and FIA Formula Three Championship™ ("F3").
- Retaining FIA Three-Star Environmental Accreditation - Formula 1 is the first motorsport championship in the world to have all member teams achieve FIA Three-Star Environmental Accreditation, the highest level of environmental sustainability recognition from the sport's governing body.
- Publication of our first Impact Report to highlight work from Formula 1 and the wider sport.

The directors fully subscribe to the aims of the Sustainability Strategy, details of which are available from the Group's corporate website, and the company will pursue any required actions to contribute to its successful delivery.

As part of this strategy, sustainable fuels are a key focus for Formula 1, and great strides were made in this area during 2023. Formula 1 is aiming to bring into future regulation a next generation power unit by 2026. The current F1 hybrid engine is the most efficient in the world with 52% thermal efficiency - no other light vehicle is above 40% - but the aim is for the new generation engine to run off a newly developed 100% sustainable fuel to help the sport achieve its goal of being Net Zero Carbon by 2030. In 2023, F2 and F3 were powered by 55% sustainable fuel for the first time, in partnership with Aramco, an F1 Global Partner.

Formula 1 is actively engaged in discussions with fuel companies about creating the 100% sustainable fuel in the quantities needed, as well as then scaling up production for wider social use. By spearheading the development of 100% advanced sustainable drop-in fuels, the sport can play its part in making an enormous impact on the global transport sectors' greenhouse gas emissions. The major fuel suppliers and original equipment manufacturers ("OEMS") already in the sport, together with several potential new entrants, are all supportive of this ambition and the Group is in ongoing discussions with governments about the role the fuel developed could play in not just the automotive industry, but also shipping and aviation industries. The appeal of the sustainability efforts and development on sustainable fuels and wider applied technology was visible when Volkswagen Group announced it would be entering F1 with Audi in 2026, at the time of the introduction of both the new hybrid engine regulations and 100% sustainable fuels.

The Group further underscored its commitment to achieve Net Zero Carbon by 2030 through continuing the public and visual identity for the commitment which can be seen on corporate assets and at the track. The Net Zero by 2030 campaign continued in 2023 to raise awareness for this important area of work and to continue to engage our key stakeholders in the delivery of this commitment. In 2023, F1 again achieved Albert Certification for the broadcast production of the Formula 1 Aramco British Grand Prix 2023. Albert Certification, which is industry-backed and awarded by the British Academy of Film and Television Arts ("BAFTA"), is given to productions that meet sustainable credentials, tackle the environmental impact of broadcasting, and inspire audiences to act on a more sustainable future. Formula 1 first earned the accreditation in 2021 and did so again in 2022.

Formula 1 announced in 2020 that the Group, together with other stakeholders in the sport, would focus specifically on creating employment and education opportunities for underrepresented groups. Following on from this commitment, in 2021, Formula 1 launched the 'Formula 1 Engineering Scholarships' programme, which supports 10 students in their undergraduate and postgraduate engineering degrees at leading universities in the UK and Italy, with additional placements for two long term apprentices from underrepresented groups within the F1 organisation in 2021, and six interns from underrepresented groups in 2022. In 2022 Formula 1 announced that it will extend its funding commitment to the Formula 1 Engineering Scholarship programme for underrepresented groups until 2025, continuing its drive to increase diversity within the sport. In 2023, the first cohort of scholars attended their work placements within the F1 teams. For drivers, the F1 Academy™ Racing Series which was announced in 2022, held its first season in 2023 to maximize the opportunity and potential for young female drivers to reach the highest level in motorsport.

As part of the commitment to leave a legacy of positive change wherever it races, Formula 1 continued working with promoters to help assist and amplify numerous initiatives that benefit the local areas in the host countries that stage Championship events, and leave a positive, lasting impact. In 2022, the Formula 1 formalised its process in this area by issuing guidance and reporting obligations to race promoters who host its events. Topics in the guidance include: plastic and waste, local fan travel, wellbeing

and nature, local community, energy and carbon. In 2023, the Group saw continued delivery against these topics by its race promoters.

Approved by the Board on 20 March 2024