

Company Registration No. 08412477

Formula E Operations Limited

Annual Report and Financial Statements

For the period ended 30 September 2020

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Formula E Operations Limited

Annual report and financial statements for the period ended 30 September 2020

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Formula E Operations Limited

Officers and professional advisers

Directors

Ryan Jamieson Reigle (appointed on 22 July 2020)
Alejandro Agag Longo (resigned on 22 July 2020)
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 period ended 30 September 2020.

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 has no longer any activities.

The Group successfully managed to deliver the sixth racing season despite the pandemic affecting activities around the world. The racing calendar had to be modified when remaining nine races after February 2020 had to be cancelled and the season was completed by holding six races in Berlin in August 2020.

As the Berlin races took place after the end of the current financial year, the decision was taken to change this from 31 July to 30 September to ensure the full season could be incorporated. This change will be permanent to better reflect the racing calendar in the future. These financial statements therefore represent a 14-month period.

Revenue fell to €142,843,846 from €161,533,710 as a result of races being cancelled, which combined with a fall in cost of sales from €129,353,033 to €119,833,419 meant that gross profit for the Company was €23,010,427 (2019: €32,180,677). Loss before tax is €38,514, down from €10,498,042 in 2019, through lower 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 15 to 18. The loss for the period ending 30 September 2020 is €62,660 (2019: €10,563,716) and net liability position is €164,998,527 (2019: €164,935,867). 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 reach 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.

Product KPIs

- A calendar centred on a number of iconic urban races: e.g. Berlin, London, Mexico City, New York, Paris & Rome
- Major manufacturer support: Audi, BMW, DS Automobiles, Jaguar, Mahindra, Mercedes, Nio, Nissan, Porsche
- Teams with strong industry and racing credentials: Virgin, Andretti, Dragon/Penske
- A top-quality driving pool: some with F1 pedigree (Buemi, De Grassi, Massa, Vandoorne), with Nyck De Vries, the current FIA F2 Championship winner, joining the grid in Season 6 (a first for the Championship)

Audience KPIs

- Broadcast coverage growth: e.g. audience reach and viewing hours
- Fan base growth: e.g. social media follower and fan database
- Fan engagement growth: e.g. video views on social media, website and other applications

Formula E Operations Limited

Strategic report (continued)

Key performance indicators (continued)

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, Eurosport, 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. As the Formula E Group holds the only single-seater all-electric licence issued by the FIA, this risk is therefore 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. However, unlike other championships, the number currently in Formula E would mean the series could withstand the withdrawal of some. McLaren Racing has signed an option to join the Championship in Season 9.

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 can be, however, mitigated by entering into natural as well as future hedging arrangements.

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, with three races in the upcoming season staged in the EU, and has sponsors, manufacturers and suppliers based in the EU. Therefore, we are reviewing how this may affect the Group and to mitigate risk, the directors have considered the following impact areas: 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.

The directors continue to closely monitor the impact of this increased uncertainty (especially with regard to the European races) and are continuously assessing the operational contingency plans to cover any potential adverse consequences.

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.

Formula E Operations Limited

Strategic report (continued)

Section 172(1) statement (continued)

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.

Carbon neutral sport for the first time in the history

This year, the Championship has become the first sport to have a net zero carbon footprint since inception. Unavoidable emissions from the past six seasons have now also been certified as offset through investment in Gold Standard and Verified Carbon Standard UN projects in line with the UNFCCC's Clean Development Mechanism. 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.

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 and only racing category to receive third-party ISO 20121 certification for sustainable events.

To further demonstrate Formula E's commitment to sustainability, the Group continues to maintain its ISO 20121 (Sustainable Management Systems). 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. With new ideas and innovations to help educate and inspire our entire ecosystem to recycle, and actively reducing the amount of waste produced on site, Formula E has once again met the strict criteria needed to maintain the highest level of certification for sustainable events.

As well as putting on sustainable events, part of the purpose and wider mission of Formula E is to accelerate the adoption of electric vehicles and in turn help tackle air pollution in some of the world's most overcrowded and densely populated cities. To speed-up the switch to electric and enable more people to embrace clean energy, Formula E has built a sustainability programme based on three pillars; delivering sustainable events and E-Prix, making a meaningful positive impact in each host city, and using a global platform to promote electric cars and the part they will play in addressing air pollution.

Formula E Operations Limited

Strategic report (continued)

Section 172(1) statement (continued)

The Championship is keen to reduce disruption to local communities in the cities it hosts events as far as possible. As such Formula E works with local and national governments to identify ways to engage with these stakeholders, and ensure their needs are heard. Formula E also offers community engagement programmes in all cities it operates, working with local charities, schools and universities to provide opportunities and experiences for young and disadvantaged groups.

As the global economy and our sport went into lockdown in March, we turned to e-sports with the explicit aim to create an initiative that set Formula E apart. With the selfless commitment of our teams, drivers, and partners we shone a spotlight on Covid-19's impact on vulnerable children and raised significant funds in support of UNICEF's fight against coronavirus, all while showcasing the power of Formula E's distinctly collaborative ecosystem.

When the Championship resumed in August, an open letter was released which outlines our positions, affirms our commitments, and welcomes the world to hold us accountable. The spirit of the letter is inclusive and designed to provide a platform for our teams and partners to unite behind. The letter spawned Formula E's new strapline #PositivelyCharged, which now forms the basis of the Company's values in everything it does from the corporate delivery of the Championship to the personal objectives of the individuals who work within it.

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.

Future outlook and developments

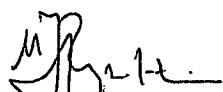
The focus for the future seasons is to concentrate on promoting the Formula E brand worldwide with emphasis on specific key markets as well as continuously enhance the innovative nature of the Championship, e.g Attack mode, introduction of Gen3 cars. We believe that the attractiveness of electric city 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 7 calendar has gone through several changes, however the first races in Diriyah have now been confirmed for the last weekend in February. 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 'M. Papadimitriou', with a horizontal line extending from the end.

Michael Papadimitriou

Director

26 February 2021

Formula E Operations Limited

Directors' report for the period ended 30 September 2020

The directors present the annual report and the audited financial statements for the period ended 30 September 2020.

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 sixth racing season despite the pandemic affecting activities around the world. The racing calendar had to be modified when races after February 2020 were postponed or cancelled and the season was completed by holding six races in Berlin in August 2020.

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Results and dividend

The Company has successfully finished the sixth season of racing electric cars during the period.

The results of the Company are included in the financial statements on pages 15 to 49.

The directors do not recommend the payment of a dividend (2019: €nil).

Future developments

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 period were:

Ryan Jamieson Reigle (appointed on 22 July 2020)

Alejandro Agag Longo (resigned on 22 July 2020)

Alberto Luis Alvarez de Sotomayor Longo

Michael Papadimitriou

During the period ended 30 September 2020, 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 period ended 30 September 2020 (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 €0.01 million (2019: €10.6 million) during the period and reported net liabilities in the amount of €165.0 million (2019: €164.9 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 is taking 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 7 and 8. 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

BMW and Audi have announced they intend to exit the series following Season 7. McLaren Racing signed an option agreement to join the Championship in Season 9.

Due to the Covid-19 pandemic, the Season 7 calendar has gone through several changes, however the first races in Diriyah have now been confirmed for the last weekend in February. 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.

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 period ended 30 September 2020 (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 financial period.

Type	tCO2e	KWh	Notes
Total emissions generated through combustion of gas	724	2,896,000	At Race sites and HQ
Total emissions generated through use of purchased electricity	109	239,200	At HQ and Berlin races
Total emissions generated through business travel	18,193	60,645,000	All freight transport, spectator travel and staff travel
Total gross emissions	20,549		
Total energy use covering electricity, gas and transport		63,780,200	

Relative Indicators which express Formula E's annual emissions in relation to a quantifiable factor associated with the Company's activities are as follows:

Metric	Value	Measurement
Race	3,433	tCO2e/ race
TV Audience	109	tCO2e/ million viewers
Spectators	111	tCO2e/ thousand fans

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

Energy efficiency actions

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 at each Formula E event during the financial period:

- **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's 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 Formula E use generators to meet load requirements we always aim to match supply with load. Focussed on ensuring that we are not running generators on low loads and therefore maximising the efficiency of the generators.

Formula E Operations Limited

Directors' report for the period ended 30 September 2020 (continued)

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR") - 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 better efficient energy source when compared to operation 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.
- Educate - we actively work with all eco-system to inform how energy is provided and used at events and what / how to make improvements.

For our office space, we carried out an ESOS audit in December 2019 which assessed our consumption and identified opportunities to create energy savings.

The following energy efficiency measures are under consideration for implementation in the next financial period:

- 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.

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


Michael Papadimitriou
Director
26 February 2021

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 have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 2020 and of its loss for the period from 1 August 2019 to 30 September 2020;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 IFRSs as adopted by the European Union.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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.

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

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
26 February 2021

Formula E Operations Limited

Income statement

For the period ended 30 September 2020 and 31 July 2019

	Notes	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Revenue	2	142,843,846	161,533,710
Cost of sales		(119,833,419)	(129,353,033)
Gross profit		<u>23,010,427</u>	<u>32,180,677</u>
Administrative expenses (including intercompany recharges)		(20,453,454)	(42,061,568)
Operating profit / (loss)	3	2,556,973	(9,880,891)
Investment income / (loss)	7	330,449	(1,324,684)
Foreign exchange (loss) / profit	8	(2,925,936)	707,533
Loss before tax		<u>(38,514)</u>	<u>(10,498,042)</u>
Taxation	9	(24,146)	(65,674)
Loss for the period attributable to owners of the Company		<u>(62,660)</u>	<u>(10,563,716)</u>

The above results were derived from continuing operations.

The accompanying notes on pages 19 to 49 are an integral part of the financial statements.

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

Formula E Operations Limited

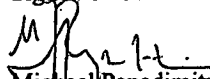
Balance sheet

As at 30 September 2020 and 31 July 2019

	Notes	2020 €	2019 €
Non-current assets			
Investment in subsidiaries	23	1,350	1,350
Intangible assets	10	980,050	1,248,476
Plant and equipment	11	4,864,172	4,057,687
Other long-term deposits and receivables	12	796,198	395,244
Total non-current assets		6,641,770	5,702,757
Current assets			
Inventories	13	-	3,010,032
Trade and other receivables	12	62,674,611	73,833,285
Amounts due from subsidiaries	20	17,616,206	9,518,593
Cash and cash equivalents	14	82,591,966	8,296,671
Total current assets		162,882,783	94,658,581
Current liabilities			
Trade and other payables	15	(148,397,383)	(88,497,587)
Derivative financial instruments	16	(1,406,931)	(1,525,047)
Amounts owed to parent company	15	(181,096,959)	(174,995,732)
Net current liabilities		(168,018,490)	(170,359,785)
Total assets less current liabilities		(161,376,720)	(164,657,028)
Non-current liabilities			
Finance lease liabilities	21	(1,888,474)	-
Other long-term liabilities	15	(1,733,333)	-
Long term provisions		-	(278,839)
Net liabilities		(164,998,527)	(164,935,867)
Equity			
Capital and reserves			
Share capital	18	1	1
Accumulated losses		(158,555,323)	(158,492,663)
Exchange reserve		(6,443,205)	(6,443,205)
Total deficit		(164,998,527)	(164,935,867)

The financial statements of Formula E Operations Limited, registered number 08412477 were approved and authorised for issue by the Board of directors on 26 February 2021.

Signed on behalf of the Board of directors


Michael Papadimitriou
 Director
 26 February 2021

Formula E Operations Limited

Statement of changes in equity

Period ended 30 September 2020 and 31 July 2019

	Share capital €	Accumulated losses €	Exchange reserve €	Total equity €
Balance as at 1 August 2018	1	(147,928,947)	(6,443,205)	(154,372,151)
Loss and other comprehensive loss for the year ended 31 July 2019	-	(10,563,716)	-	(10,563,716)
Balance as at 31 July 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)

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 19 to 49 are an integral part of the financial statements.

Formula E Operations Limited

Statement of Cash flows

Period ended 30 September 2020 and 31 July 2019

		From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
	Notes		
Cash flows from operating activities			
Cash generated / (used in) from operations	19	77,689,220	(37,231,223)
Interest received		243,421	8,704
Net cash generated / (used in) from operations		<u>77,932,641</u>	<u>(37,222,519)</u>
Investing activities			
Purchase of intangible assets		(160,444)	(749,546)
Purchase of property, plant and equipment		(120,104)	(3,087,089)
Proceeds from sale of property, plant and equipment		-	1,189,899
Net cash used in investing activities		<u>(280,548)</u>	<u>(2,647,736)</u>
Financing activities			
Funding received from a parent company		6,101,227	13,589,984
Net payments (made to) / received from subsidiaries		(7,977,046)	6,422,406
Payments made under finance leases		(1,411,514)	-
Payments received under finance leases		264,731	-
Net cash (used in) / generated by financing activities		<u>(3,022,602)</u>	<u>20,012,390</u>
Cash and cash equivalents at beginning of period		8,296,671	28,171,952
Net increase (decrease) in cash and cash equivalents		74,629,491	(19,857,865)
Foreign exchange		(334,196)	(17,416)
Cash and cash equivalents at end of period	14	<u>82,591,966</u>	<u>8,296,671</u>

Formula E Operations Limited

Notes to the financial statements Period ended 30 September 2020

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 IFRS as adopted by the EU 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, unless otherwise presented.

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

The financial statements have been prepared for the period ended 30 September 2020. The previous accounting period was the year ended 31 July 2019. The rationale for change in accounting period is disclosed in the strategic report. No comparatives have been restated as a result of this change of accounting year end.

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

Going concern

The Company is a wholly-owned subsidiary of Formula E Holdings Limited (the "Group"). The Company incurred losses in the amount of €0.01 million (2019: €10.6 million) during the period and reported net liabilities in the amount of €165.0 million (2019: €164.9 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 is taking 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 7 and 8. 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

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

Formula E Operations Limited

Notes to the financial statements Period ended 30 September 2020

1. Accounting policies (continued)

Revenue recognition (continued)

- 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.

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

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

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
Race equipment	-	5 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.

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.

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 and applies that percentage to current levels of debt.

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.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

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.

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.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

New standards and interpretations

At the date of authorisation of these financial statements, the Company has not yet applied the following new and revised IFRS Standards that have been issued but not yet effected:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

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.

Changes to accounting policies as a result of new standards issued and effective

Amendments to IFRS and new interpretations which were mandatory effective during the current year have not had a material impact, except for the below IFRS 16.

The following new standard, which is mandatory for the first time for the financial period ended 30 September 2020, is relevant for the Company:

- IFRS 16 'Leases'

IFRS 16 *Leases*

The Company has adopted IFRS 16 from 1 August 2019. The Company has applied IFRS 16 using the cumulative catch-up approach. The effect of adopting this standard is outlined below.

In the current period, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 August 2019. The date of initial application of IFRS 16 for the Company is 1 August 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 21. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

New standards and interpretations (continued)

IFRS 16 *Leases* (continued)

(a) Impact on the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Applying IFRS 16, for all leases (except short-term leases and leases of low-value assets as noted below), the Company:

- (a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- (b) recognises depreciation of right-of-use assets and interest on lease liabilities in the Income statement;
- (c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) Financial impact of initial application to IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 August 2019 is 4.5%.

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of €3,195,640 and lease liabilities and receivables of €4,064,465 and 868,825, respectively. It also resulted in a decrease in other expenses of €1,268,899 and an increase in depreciation of €1,006,371 and interest expense and income of €196,026 and €44,400, respectively.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

New standards and interpretations (continued)

IFRS 16 *Leases* (continued)

Lease incentives liability of €217,825 previously recognised with respect to operating leases have been derecognised and the amount was factored into the measurement of the right-of-use assets and lease liabilities.

There is more information on the accounting policies in respect of leases in note 21.

Leases (For period ended 30 September 2020)

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.

Leases (For year ended 31 July 2019)

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

1. Accounting policies (continued)

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.

Critical accounting judgements and key sources of estimation uncertainty

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.

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 2020, the carrying amounts of trade receivables (net of the ECL) and expected estimated credit losses are approximately €59,059,967 (2019: €63,288,791) and €4,350,122 (2019: €4,846,468), respectively.

Going concern

The Company's objectives, policies and processes for managing its capital, its financial risk management objectives and details of its financial instruments and exposures to credit risk and liquidity risk are included in the notes to the financial statements. The Company meets its day-to-day working capital requirements. The 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 2021 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. As a consequence, the directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and continue in operational existence for a period of at least twelve months from the date when the financial statements are authorised for issue. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Key sources of estimation uncertainty

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

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

2. Revenue

(a) Disaggregation of revenue from contracts with customers

Revenue recognised during the year is as follows:

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Service income		
Race promotion and licencing income	84,041,993	99,516,206
Race and service related revenues	56,796,494	56,081,696
Other income	2,005,359	5,935,808
Total	142,843,846	161,533,710
Timing of revenue recognition		
Over time	84,391,993	99,516,206
A point in time	58,451,853	62,017,504
Total	142,843,846	161,533,710

(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 2020 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 €8,454,809 expected to be delivered within one financial year and the amount of €1,733,333 to be satisfied in the periods greater than one year.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

3. Operating loss

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

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Depreciation	2,314,069	916,865
Amortisation	428,870	261,419
Staff costs (see note 5)	14,108,834	12,304,138
Profit on sale of fixed assets	75,000	1,195,141
Loss on disposal of fixed assets	195,190	30,114
Auditor's remuneration for services (see note 4)	354,495	237,458
Impairment of trade receivables (net)	(186,624)	(267,402)
Intercompany recharges and royalties payable to parent company	<u>67,152,051</u>	<u>100,469,897</u>

Intercompany recharges and royalties were incurred in accordance with the intercompany relationships and business service agreements.

Payments under operating leases were €1,411,514 (2019: €427,365) – see note 21 for more details.

4. Auditor's remuneration

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Audit services		
- statutory audit fees	111,151	48,391
Non-audit services		
- tax advisory fees	176,460	152,075
- other advisory fees	66,884	36,992
Total	<u>354,495</u>	<u>237,458</u>

No amounts for other services have been paid to the auditor (2019: €nil).

5. Staff costs

The average monthly number of employees (including executive directors) employed by the Company was 97 (2019: 89), split into the following areas:

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

5. Staff costs (continued)

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Sales, Marketing and Media	63	54
Administration (Legal, Finance, HR and other)	34	35
Total	97	89

Their aggregate remuneration comprised:

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Wages and salaries	10,948,933	6,662,490
Employee Share Scheme	1,282,246	1,756,064
Social security costs and payroll tax	1,501,605	3,558,027
Pension costs	287,288	171,062
Other staff costs	88,762	156,495
	14,108,834	12,304,138

6. Directors' emoluments

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

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Emoluments	1,795,110	2,085,528
Money purchase schemes	35,841	32,237
	1,830,951	2,117,765

An option pool of 4,251 Growth shares was created during 2016 in order to provide incentives to directors and eligible employees. During the year, no shares were allotted and issued to existing employees (2019: nil) – see note 17 for more details.

The highest paid individual director's remuneration (excluding the impact of Employee Share Scheme accretion) was €777,520 (2019: €1,137,334). One director sold 292 of A Growth shares in September 2019 – see note 17 for more details.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

7. Investment income / (loss)

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Bank interest income	243,421	8,704
Interest income on intercompany loans	120,568	-
Finance lease interest income	44,400	-
Finance lease interest expense	(196,056)	-
Financial gain / (loss) on derivatives	118,116	(1,333,388)
Investment income / (loss)	<u>330,449</u>	<u>(1,324,684)</u>

8. Foreign exchange (loss) / profit

Foreign exchanges losses during the financial period were result of the translation of the significant GBP and USD balances placed on short term treasury deposits which were adversely affected by the foreign currency movements between EUR and GBP (€3,245,668) and EUR and USD (€915,035).

The profit in previous year (€707,533) was mainly caused by translation of USD denominated cash and receivable balances.

9. Taxation

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Continuing operations		
Current tax:		
UK corporation tax	-	-
Mexico corporation tax (Formula E Operations Mexico Permanent Establishment)	19,078	83,065
Withholding taxes deducted / (recovered)	5,068	(17,391)
Deferred tax		
Current year charge	-	-
Total tax charge	<u>24,146</u>	<u>65,674</u>

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable loss for the period/year.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

9. Taxation (continued)

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

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Loss before tax:	(38,514)	(10,498,042)
Tax at the UK corporation tax rate of 19% (2019: 19%)	7,318	1,994,628
Non-deductible expenses	(87,383)	(118,695)
Deferred tax not provided	80,065	(1,875,933)
Income taxes paid overseas	24,146	65,674
Total tax charge	<u>24,146</u>	<u>65,674</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 €26.7 million (2019: €22.6 million) of tax losses carried forward due to insufficient certainty of future profits.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

10. Intangible assets

	Trademarks €	Cars – Intangible €	Intellectual property (i) €	Software €	Total €
Cost					
At 31 July 2018	1,032,815	710,959	397,470	344,125	2,485,369
Additions	98,120	-	-	651,426	749,546
Transfer to subsidiary	-	-	(297,478)	-	(297,478)
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
Amortisation					
At 31 July 2018	273,189	710,959	227,996	344,125	1,556,269
Amortisation (ii)	135,016	-	723	125,680	261,419
Transfer to subsidiary	-	-	(128,727)	-	(128,727)
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
Net book value					
At 30 September 2020	618,349	-	-	361,701	980,050
At 31 July 2019	722,730	-	-	525,746	1,248,476

Following the restructuring of the Group, all the race related fixed assets have been transferred from the Company to FERO in the previous financial year to reflect the split of race and non-race related activities.

- (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) Period ended 30 September 2020

11. Plant and equipment

	Right of use Assets €	Office & IT equipment €	Car equipment €	Race equipment €	Other installation €	Total €
Cost						
At 31 July 2018	-	1,034,997	11,393,799	21,706,184	4,499,451	38,634,431
Additions	-	1,448,053	502,287	-	1,136,749	3,087,089
Transfer to subsidiary	-	-	-	(19,629,196)	(120,859)	(19,750,055)
Reclassifications	-	11,085	-	(2,003,148)	1,992,063	-
Disposals	-	(159,978)	(514,840)	(73,840)	(499,807)	(1,248,465)
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
Depreciation						
At 31 July 2018	-	926,184	10,611,921	6,187,825	3,765,916	21,491,846
Charge for the year	-	265,766	64,269	44,157	542,673	916,865
Transfer to subsidiary	-	-	-	(4,525,489)	(31,838)	(4,557,327)
Reclassifications	-	-	(483,085)	(1,632,653)	2,115,738	-
Disposals / Other adjustments	-	(129,864)	(482,560)	(73,840)	(499,807)	(1,186,071)
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
Net book value						
At 30 September 2020	2,189,268	936,388	1,309,693	-	428,823	4,864,172
At 31 July 2019	-	1,272,071	1,670,701	-	1,114,915	4,057,687

Following the restructuring of the Group, all the race related fixed assets have been transferred from the Company to FERO in the previous financial year to reflect the split of race and non-race related activities. The transfer was made at net book value representing a fair market value at the date of the transfer, hence no gain or loss on disposal was recorded by either party.

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 2 years. The total cash outflow for leases amount to €1,411,514 in the financial period.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

12. Trade and other receivables

	2020 €	2019 €
Non-Current		
Financial assets - rental deposits	397,821	395,244
Finance lease receivable	398,377	-
	<u>796,198</u>	<u>395,244</u>
Current		
Trade receivables	52,174,572	63,288,791
Prepayments	7,113,750	4,374,255
VAT receivable	2,683,510	3,077,127
Accrued income and other receivable	452,410	3,093,112
Finance lease receivable	250,369	-
	<u>62,674,611</u>	<u>73,833,285</u>

The amount of finance lease receivable in the total amount of €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.

An expected credit loss on trade receivables was calculated based on the lifetime expected losses adjusted for the future market in the amount of €4,350,122 (2019: €4,846,468) 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 related allowances for non-recoverable debts.

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 2020, trade receivables of €47,469,625 (2019: €41,575,732) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2020 €	2019 €
Amounts not past due	4,704,947	21,713,059
Amounts past due but not impaired	45,097,927	38,943,780
Amounts impaired	6,721,820	7,478,420
Less impairment	<u>(4,350,122)</u>	<u>(4,846,468)</u>
	<u>52,174,572</u>	<u>63,288,791</u>

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

12. Trade and other receivables (continued)

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

	2020 €	2019 €
At 1 August	4,846,468	5,148,619
Release of the previous years' charges	(342,038)	(953,712)
(Credit) / charge for the year	(154,308)	651,561
At 30 September and 31 July, respectively	<u>4,350,122</u>	<u>4,846,468</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

	2020 €	2019 €
Raw materials	-	942,881
Work in progress – Electric Revolution documentary	-	2,067,151
	<u>-</u>	<u>3,010,032</u>

The total inventory recognised in cost of sales during the year is €nil (2019: €44,905). The decision was taken to utilise the impairment provision in place (€833,209) and fully write off the remaining inventory amount during the financial period. The net impact of the write off was €871,100 and is included in the cost of sales.

In 2018, the Company engaged an external company to produce a documentary designated to the Championship and promoting its values as well as increasing awareness of Formula E. The programme was launched at Cannes Film Festival in May 2019 to private audience and Toronto Film Festival in September 2019 to public audience/distributors. The Company believed it received the benefit from increased awareness equally at these two events, so half the total costs of the documentary were released during the previous financial year with the remainder of the cost expensed in this financial period. The costs released were recorded within other general and administrative expenses in the statement of profit or loss and other comprehensive income.

14. Cash and cash equivalents

	2020 €	2019 €
Cash at bank and in hand	<u>82,591,966</u>	<u>8,296,671</u>

The directors consider that the carrying amount of these assets approximates to their fair value. As at 30 September 2020, the Group held £45 million and \$12 million on fixed term treasury deposits, all 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) Period ended 30 September 2020

15. Trade and other payables

	2020 €	2019 €
Current		
Trade payables	11,222,670	7,925,587
Other taxes and social security	327,668	290,094
Other payables	7,347,101	55,353
Deferred income	125,460,986	75,221,833
Accruals	3,054,502	5,004,720
Finance lease liabilities	984,456	-
Total trade and other payables	148,397,383	88,497,587
Amounts owed to the parent company	181,096,959	174,995,732
Non-current		
Unsatisfied performance obligations	1,733,333	-
Finance lease liabilities	1,888,474	-
Total other long-term liabilities	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 €2,872,930 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

	2020 €	2019 €
Derivative financial instruments	(1,406,931)	(1,525,047)

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 2020, the amount of deposits held was €60,273 (2019: £nil).

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

16. Derivative financial instruments (continued)

As at 30 September 2020, the Company had the following outstanding foreign currency forward contracts, which were related to the purchase of GBP (2019: GBP and USD). The terms of these contracts were as follows:

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)

Period ended 30 September 2020

16. Derivative financial instruments (continued)

2019

Exercise period	Amount to be purchased (GBP)	Amount to be purchased (USD)	Exchange Rate	EUR equivalent
August 2019	2,000,000	-	1.131	2,262,710
September 2019	2,000,000	-	1.122	2,243,235
October 2019	2,000,000	-	1.124	2,248,735
November 2019	1,900,000	-	1.129	2,145,110
December 2019	1,500,000	-	1.131	1,696,800
January 2020	3,100,000	-	1.135	3,518,300
February 2020	1,250,000	-	1.130	1,412,625
March 2020	1,300,000	-	1.117	1,451,555
April 2020	1,250,000	-	1.124	1,404,720
May 2020	2,600,000	-	1.150	2,991,145
May 2020	-	1,500,000	0.892	1,338,091
June 2020	1,150,000	-	1.125	1,293,200
June 2020	-	2,000,000	0.890	1,780,151
July 2020	2,440,000	-	1.160	2,829,400
July 2020	-	1,500,000	0.888	1,332,741
August 2020	1,250,000	-	1.135	1,419,350
September 2020	850,000	-	1.115	947,750
October 2020	925,000	-	1.158	1,071,425
November 2020	1,000,000	-	1.122	1,122,000
December 2020	500,000	-	1.114	557,000
January 2021	2,200,000	-	1.145	2,519,250
May 2021	1,700,000	-	1.159	1,970,300
July 2021	425,000	-	1.158	492,150
	31,340,000	5,000,000		40,047,743

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

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 period ended 30 September 2020, a fair value gain of €118,116 was recognized in the Income statement relating to the change in fair value of foreign currency forward contracts (2019: loss of €1,333,388).

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 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 2017, a further allotment of 189 C Growth shares was issued to management.

During the period, the existing shareholders purchased Growth shares from both the existing employees as well as from the staff leaving the Company. Some of the employees entitled to Growth shares sold their shares or left the Company, resulting in 415 A Growth shares and 63 C Growth shares to be deferred (2019: 185 A Growth shares and 108 B 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 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,193 (31 July 2019: 1,671), representing 2.9% (31 July 2019: 3.6%) of the shares of the Formula E Holdings Ltd in issue at that date.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

17. Share-based payment (continued)

b) Number of share options

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

Option Type	Issued at 1 August 2018	Exercised during the year	Deferred during the year	Issued at 31 July 2019
Type A	2,108	(735)	(185)	1,188
Type B	626	(185)	(108)	333
Type C	189	(39)	-	150
Exercisable at end of year	2,923	(959)	(293)	1,671

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 (2019: 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).

d) New share option scheme

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 accretion costs related to the 684 unissued but committed shares to be issued to the initial participants are included in the total share-based incentive costs.

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

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 €1,282,246 for the period ended 30 September 2020 (2019: €1,756,064) in relation to accretion value of the Growth shares and the impact of the Growth share exercise during the year.

18. Share capital

	2020 €	2019 €
Allotted, called up and fully paid		
1 ordinary shares of £1	1	1

19. Cash flows from operating activities

	From 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
Loss before taxation	(38,514)	(10,498,042)
Depreciation	2,314,069	916,865
Amortisation	428,870	261,419
Profit on sale of fixed assets	(75,000)	(1,220,804)
Decrease in inventories	3,010,032	1,556,497
Increase in payables	60,648,673	2,317,597
Decrease / (Increase) in receivables	11,409,044	(31,874,021)
Decrease in provisions	(278,839)	(23,312)
Fair value change in derivatives	(118,116)	1,333,388
Payment of corporate income taxes	(24,146)	(65,674)
Interest received	(243,421)	-
Interest income on lease receivables	(44,400)	-
Interest expense on lease liabilities	196,056	-
Write off of inventory and fixed assets	504,912	64,864
Cash generated from operations	77,689,220	(37,231,223)

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) Period ended 30 September 2020

20. Related party transactions

During the period, the Company held a loan from Formula E Holdings Limited, its parent. At 30 September 2020, €181,096,959 (2019: €174,995,732) was owed by the Company to Formula E Holdings Limited and is included within current liabilities.

The Company also provided funding to its subsidiaries incorporated in Chile in the amount of €4,081,964 (2019: €131,805) and to Formula E Race Operations Ltd €3,895,082 (2019: €8,807,269) during the period which is included within current assets (see note 24 for more details) in the total amount of €17,616,206. The amount also includes the intercompany interest income from FEO Chile.

The Company also provided services to both its parent, subsidiaries and another group company, Formula E Rights Limited, for the amount of €29.1 million (2019: €8.6 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, 2020, was €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

Upon adoption of IFRS 16, the existing non-cancellable operating leases representing the rental payable for its office premises were reclassified to right-to-use fixed assets.

At 31 July 2019, the Company had total future minimum lease payments falling due as follows:

	2019 €
Within one year	1,168,295
In the second to fifth years, inclusive	3,279,685
	<u>4,447,980</u>

At 30 September 2020, the Company had two lease obligations recorded in fixed assets with future lease payments falling due as follows:

Maturity analysis	2020 €
Year 1	1,096,787
Year 2	962,279
Year 3	721,709
Year 4	305,318
	<u>3,086,093</u>
Less: unearned interest	(213,163)
	<u>2,872,930</u>

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

21. Operating lease arrangements (continued)

	2020 €
Maturity analysis	
Analysed as:	
Non-current	1,888,474
Current	984,456
	<u>2,872,930</u>
	2020 €
Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	1,006,372
Interest expense on lease liabilities	196,056
Income from sub-leasing right-of-use assets	<u>44,400</u>

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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

23. Financial instruments

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
Amounts due from subsidiaries	17,616,206	-	-	17,616,206
Cash and cash equivalents	82,591,966	-	-	82,591,966
Financial assets	<u>152,382,744</u>	<u>-</u>	<u>-</u>	<u>152,382,744</u>
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	<u>-</u>	<u>200,978,854</u>	<u>1,406,931</u>	<u>202,385,785</u>

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

23. Financial instruments (continued)

Primary financial Instruments 2019	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	63,288,791	-	-	63,288,791
Amounts due from subsidiary	9,518,593	-	-	9,518,593
Cash and cash equivalents	8,296,671	-	-	8,296,671
Financial assets	81,104,055	-	-	81,104,055
Trade and other payables	-	8,271,034	-	8,271,034
Amounts owed to parent company	-	174,995,732	-	174,995,932
Foreign currency forward contracts	-	-	1,525,047	1,525,047
Financial liabilities	-	183,266,766	1,525,047	184,791,813

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 period.

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

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

23. Financial instruments (continued)

Changes in financial liabilities	As of 1 August 2018	Financing cash flows	Fair value adjustments	New leases	Other changes	At 31 July 2019
EUR						
Loans from related parties	161,405,748	13,589,984	-	-	-	174,995,732
Fair value hedging financial liabilities	191,659	-	1,333,388	-	-	1,525,047
Total liabilities from financing activities	161,597,407	13,589,984	1,333,388	-	-	176,520,779

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.

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Notes to the financial statements (continued)

Period ended 30 September 2020

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	(1,406,931) (2019: 1,525,047)	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 period are as follows:

	2020 €	2019 €
<i>Assets</i>		
GBP	64,604,204	3,816,931
USD	20,703,673	5,373,603
	<u> </u>	<u> </u>
	2020 €	2019 €
<i>Liabilities</i>		
GBP	5,767,379	5,567,766
USD	381,388	596,085
	<u> </u>	<u> </u>

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

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% (2019: 5%) increase and decrease in EUR against the relevant foreign currency. 5% (2019: 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% (2019: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss where EUR strengthens 5% (2019: 5%) against the relevant currency. For a 5% (2019: 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 01.08.2019 to 30.09.2020 €	From 01.08.2018 to 31.07.2019 €
<i>Loss / (Gain) for the year</i>		
GBP	2,941,841	(87,542)
USD	1,016,114	238,876

Credit risk

As at 30 September 2020, 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
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

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

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
2019				
Expected loss rate	0%	62.7%	100%	-
Gross amount – trade receivables	60,656,839	7,048,738	429,682	68,135,259
Credit loss allowance	-	4,416,786	429,682	4,846,468

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
2020			
Trade and other payables	19,881,895	19,881,895	19,881,895
Foreign currency forward contracts	1,406,931	1,406,931	1,406,931
Amounts owed to parent company	181,096,959	181,096,959	181,096,959
	202,385,785	202,385,785	202,385,785
2019			
Trade and other payables	7,981,233	7,981,233	7,981,233
Foreign currency forward contracts	1,525,047	1,525,047	1,525,047
Amounts owed to parent company	174,995,732	174,995,732	174,995,732
	184,502,012	184,736,660	184,736,660

Formula E Operations Limited

Notes to the financial statements (continued) Period ended 30 September 2020

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 and 31 July, respectively are as follows:

Name <i>Directly owned</i>	Place of incorporation	Principal activities	Equity interest (direct)	
			2020	2019
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%

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

BMW and Audi have announced they intend to exit the series following Season 7. McLaren Racing signed an option agreement to join the Championship in Season 9.

Due to the Covid-19 pandemic, the Season 7 calendar has gone through several changes, however the first races in Diriyah have now been confirmed for the last weekend in February. 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.