

Velocity Motorsports

2022 Annual and Sustainability Report – EU Taxonomy Compliance and Performance Overview

Team Overview

Velocity Motorsports is a premier MotoGP works racing team, dedicated to pushing the boundaries of speed, precision, and innovation. As an industry leader, we are also committed to integrating sustainable practices into our operations, covering both motorcycle manufacturing and racing activities. This report outlines our alignment with EU Taxonomy standards and our achievements in 2022, setting the stage for a more sustainable future in high-performance motorsport.

1. EU Taxonomy Compliance Summary for Manufacturing Activities

Our motorcycle manufacturing division is central to Velocity Motorsports' commitment to reducing environmental impact. In line with EU Taxonomy standards, we have aligned key manufacturing processes with sustainability goals, including energy-efficient production, materials recycling, and R&D focused on low-emission technologies.

Manufacturing Activities: EU Taxonomy Data Overview

- **Turnover Eligibility and Alignment:**
Of our total revenue from manufacturing (€80 million), 55% is EU Taxonomy-eligible, focusing on the production of low-emission motorcycles and electric powertrain research. Of this, 40% is aligned with EU Taxonomy standards, meeting rigorous criteria for eco-friendly materials and energy-efficient manufacturing processes.
 - **Capital Expenditure (CapEx) Eligibility and Alignment:**
Our CapEx for manufacturing activities totaled €25 million, with 65% qualifying as EU Taxonomy-eligible. Of this, 45% is aligned with EU standards, including investments in renewable-powered machinery, waste-reduction facilities, and recyclable materials.
 - **Operating Expenditure (OpEx) Eligibility and Alignment:**
Velocity Motorsports' manufacturing OpEx, totaling €18 million, saw 50% classified as EU Taxonomy-eligible, with 35% aligned with EU standards. Aligned OpEx includes costs for sustainable material sourcing, R&D for eco-friendly engine technology, and energy-saving production processes.
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2. EU Taxonomy Compliance Summary for Racing Activities

The racing division, though not traditionally associated with sustainability, has implemented eco-conscious changes to align with EU Taxonomy guidelines where feasible. We have emphasized efficient fuel usage, reduced emissions through improved racing strategies, and optimized transportation for racing logistics.

Racing Activities: EU Taxonomy Data Overview

- Turnover Eligibility and Alignment:**
Racing activities generated €120 million in revenue, with 30% qualifying as EU Taxonomy-eligible. Of this, 20% was aligned with EU standards, focused on emissions-reducing strategies such as fuel optimization and aerodynamic improvements in motorcycle design.
- Capital Expenditure (CapEx) Eligibility and Alignment:**
Racing-related CapEx totaled €15 million, with 40% qualifying as EU Taxonomy-eligible. Of this, 25% is aligned with the EU standards, including investments in fuel-efficient engines, on-track energy management systems, and low-emission logistics.
- Operating Expenditure (OpEx) Eligibility and Alignment:**
For racing OpEx, we allocated €10 million, with 35% qualifying as EU Taxonomy-eligible and 15% aligned with EU standards. Aligned OpEx primarily covers sustainable travel logistics, efficient fuel utilization, and maintenance practices that reduce environmental impact.

3. Financial Performance Summary

Below is an overview of Velocity Motorsports' financial metrics for 2022, highlighting both manufacturing and racing activities:

Financial Metric	2022 (€M)	2021 (€M)	Change (%)
Total Revenue	200	180	+11.1%
Manufacturing Revenue	80	75	+6.7%
Racing Revenue	120	105	+14.3%
Capital Expenditure (CapEx)	40	35	+14.3%
Operating Expenditure (OpEx)	28	25	+12.0%
R&D Investment (Manufacturing)	15	13	+15.4%
Net Profit	40	38	+5.3%

4. Sustainability Achievements by Activity

Manufacturing Division: Sustainable Materials and Energy Efficiency

Velocity Motorsports has transformed its manufacturing processes to reduce waste and increase the use of recyclable materials. In 2022, we shifted 60% of our motorcycle components to eco-certified suppliers, significantly reducing our carbon footprint.

Additionally, our primary manufacturing plant in Italy now operates on 75% renewable energy, with a goal of reaching 100% by 2025.

Racing Division: Fuel Efficiency and Low-Emission Logistics

Despite the high-energy nature of racing, we are committed to minimizing our environmental impact. In 2022, Velocity Motorsports reduced on-track fuel consumption by 8% through aerodynamic improvements and engine optimizations. We also launched a logistics optimization program, which decreased our transport-related emissions by 15% by consolidating shipments and utilizing low-emission transport options.

5. Detailed EU Taxonomy Compliance for 2022

EU Taxonomy Category	Activity Type	Metric Type	Eligible (€M)	Aligned (€M)	Eligible (%)	Aligned (%)
Low-Emission Motorcycle Manufacturing	Manufacturing	Revenue	44	32	55%	40%
Sustainable Component Sourcing	Manufacturing	CapEx	16	11	65%	45%
Eco-Friendly Material Sourcing	Manufacturing	OpEx	9	6	50%	35%
Fuel-Efficient Engines	Racing	Revenue	36	24	30%	20%
Energy-Saving Technology	Racing	CapEx	6	4	40%	25%
Sustainable Racing Logistics	Racing	OpEx	3.5	1.5	35%	15%

6. Strategic Sustainability Goals for 2023-2025

Velocity Motorsports is actively planning to increase the sustainability of both its manufacturing and racing activities. Our sustainability roadmap outlines targeted increases in EU Taxonomy alignment for the coming years.

- Goal 1: Increase Renewable Energy Use in Manufacturing**
By 2025, we aim to power all manufacturing facilities with 100% renewable energy, further raising our EU Taxonomy-aligned CapEx to over 60%.
- Goal 2: Expand Low-Emission Technology in Racing**
We plan to invest €20 million over the next three years in research to develop lower-emission engines, lightweight eco-materials, and energy-saving technology to meet EU Taxonomy alignment targets.
- Goal 3: Sustainable Racing Logistics**
As part of our racing operations, we will focus on achieving carbon-neutral logistics

by 2025 through the expanded use of electric and low-emission vehicles for team and equipment transport.

Appendices: In-Depth EU Taxonomy Compliance by Project

The appendices provide a detailed breakdown of specific projects that contribute to our EU Taxonomy compliance. Each project's contribution to sustainable practices and alignment with EU standards is outlined.

Appendix A.1: Manufacturing Projects

- *Project Name:* EcoFrame Initiative, *Description:* Development of recyclable and lightweight frames for MotoGP, *Contribution:* €10M to aligned CapEx

Appendix A.2: Racing Projects

- *Project Name:* Aero-Efficiency, *Description:* Aerodynamic adjustments that reduce fuel consumption, *Contribution:* €4M to aligned OpEx
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Forward-looking Statements and Compliance Note

This report outlines Velocity Motorsports' sustainability goals and EU Taxonomy alignment as of 2022. Future compliance may vary based on technological advancements, regulatory updates, and operational adjustments. A full downloadable version of the report is available on our website: <https://www.velocitymotorsports.com/annualreport2022>.