

## AMR Public Summary ABA / Article 6.32

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An Accepted Breach Agreement (“**ABA**”) dated 25 October 2022 has been entered into by the Cost Cap Administration and AMR GP Limited (“**AMR**”) pursuant to Article 6.28 of the FIA Formula 1 Financial Regulations (“**Financial Regulations**”). The Financial Regulations are issued by the FIA and form part of the terms and conditions of participation in the FIA Formula One World Championship.

The Cost Cap Administration recognised that: (a) notwithstanding the CCA’s determination of Procedural Breach, AMR’s Relevant Costs during the 2021 reporting period were below the 2021 Cost Cap; (b) AMR has acted cooperatively throughout the review process and has sought to provide additional information and evidence when requested in a timely manner; (c), that this is the first year of the full application of the Financial Regulations which are a very complex set of rules that competitors were required to adapt to; (d) that there is no accusation or evidence that AMR has sought at any time to act in bad faith, dishonesty or in a fraudulent manner; (e) nor has it wilfully concealed any information from the Cost Cap Administration and (f) that AMR did not gain or seek to gain any advantage from the inaccurate exclusions or adjustments of certain costs.

The Cost Cap Administration considered it appropriate, in these circumstances, to offer to AMR an ABA to resolve this matter on the terms set out below, given the limited nature of the breach in issue, and AMR’s willingness to accept the breach and to cooperate with the Cost Cap Administration. That offer was accepted by AMR.

The ABA concerns:

- a Procedural Breach committed by AMR pursuant to Article 8.2(e) of the Financial Regulations due to its failure to file accurate Full Year Reporting Documentation in respect of the 2021 Full Year Reporting Period because it inaccurately excluded and/or adjusted costs in the calculation of its Relevant Costs.

### Summary of ABA terms and sanctions

In accordance with the findings of the Cost Cap Administration, AMR has acknowledged that the Reporting Documentation submitted by it included the following incorrectly excluded and/or adjusted costs:

1. Cost pursuant to Article 3.1(h)(i) of the Financial Regulations (concerning costs in respect of the new F1 Team headquarters);
2. Understatement of Relevant Costs in respect of the provision set forth by Article 4.1(b)(ii) (concerning R&D tax credit);
3. Costs pursuant to Article 3.1(h)(i) of the Financial Regulations (concerning cost in respect of the new F1 simulator);
4. Cost pursuant to Article 3.1(o) of the Financial Regulations (concerning wind tunnel additional fees);

5. Cost pursuant to Article 3.1(i) of the Financial Regulations (concerning certain signing bonus cost);
6. Understatement of Relevant Costs in respect of provisions set forth by Article 4.1(a)(ii) of the Financial Regulations (concerning the use of Transferable Components);
7. Understatement of Relevant Costs in respect of provision set forth by Article 4.1(f)(i)(B) of the Financial Regulations (concerning Used Inventories);
8. Cost pursuant to Articles 3.1(h)(i) and 3.1(i) of the Financial Regulations (concerning service desk costs);
9. Cost pursuant to Article 3.1(i) of the Financial Regulations (concerning cost of catering services provided to personnel at its factory headquarters);
10. Cost pursuant to Article 3.1(i) of the Financial Regulations (concerning cost of desks and chairs);
11. Understatement of Relevant Costs in respect of provisions set forth by Article 4.1(h) of the Financial Regulations (concerning unrecorded costs and losses in respect of the cost of services rendered by sponsors);
12. Cost pursuant to Article 3.1(j) of the Financial Regulations (concerning cost of services rendered by outsourced personnel);

AMR has therefore accepted that it has breached Article 8.2(e) of the Financial Regulations due to its failure to file accurate Full Year Reporting Documentation in respect of the 2021 Full Year Reporting Period because the Reporting Documentation submitted by it included incorrect excluded and/or adjusted costs listed above.

On that basis, AMR has accepted the imposition of the following sanctions in full and final settlement of the Procedural Breach:

- a) AMR must pay a Financial Penalty of USD 450,000 to the FIA within 30 days of the date of execution of the ABA (Article 9.5 of the Financial Regulations);
- b) AMR bears the costs incurred by the Cost Cap Administration in connection with the preparation of the ABA.

The decision of the Cost Cap Administration to enter into the ABA constitutes its final decision resolving this matter and is not subject to appeal. Non-compliance by AMR with any terms of the ABA will result in a further Procedural Breach under Articles 6.30 and 8.2(f) of the Financial Regulations and automatic referral to the Cost Cap Adjudication Panel.