Module : Financial Management and Planning
[ACPA7002]

Assignment

Business review of "Aston Martin plc"

by published financial statements.

Course : MSc Industry 4.0 Advanced Manufacturing

Supervisor : Mr. Howard Davies

Prepared by

Student : Rahul Bhosale
(University of Wales Trinity Saint David)

Email: 2116970@student.uwtsd.ac.uk
Date : 28 Jan 2023

Table of Content

1. **Summary 01**
2. **Introduction 01**
3. **Aston Martin Financial ratios.....02**
4. **Analysis of Financial Ratios.....03**
   - **4.1 Profitability.....03**
   - **4.2 Liquidity.....04**
   - **4.3 Gearing 05**
   - **4.4 Efficiency.....06**
   - **4.5 Investor ratio.....07**
5. **Conclusion & Recommendation.....08**
6. **References.....10**
7. **Appendix.....11**
   - **7.1 Calculation of Ratios and Explanatory notes.....11**
   - **7.2 Aston Martin 2 Years Income statements.....14**
   - **7.3 Aston Martin 2 Years Cash flow & other statements.....16**

List of figures

1. **Aston Martin race car journey.....01**
2. **Profitability Ratios Chart 03**
3. **Liquidity Ratios Chart.....04**
4. **Leverage / Gearing Ratios Chart.....05**
5. **Activity / Efficiency Ratios Chart.....06**
6. **Investor Ratios Chart.....07**

List of Tables

1. Profitability ratios calculations.....11

2. Liquidity ratios calculations.....12

3. Leverage / Gearing ratios calculations.....12

4. Activity / Efficiency ratios calculations.....13

5. Investor ratios calculations.....13

1. Summary / Overview

Aston Martin is a world-famous desirable brand in manufacturing ultra-luxury cars. The organization structure is very streamlined with a dynamic innovative mindset. A key priority is to focus on new growth such as SUVs. The summary of the report consists of the financial status and its analysis by calculating the various ratios to determine the company's status and performance. This helps to understand financial statement analysis to interpret the data.

Analysis shows that the 2020 year was challenging due to the pandemic where company revenue was down by 38% to £612 m and adjusted EBITDA £(71) m. Further, as the company invested in their further project, they remain free cash flow negative. In 2021 they have raised gross proceeds in equity by £813m. Several cost efficiencies were seen across the company. Inventory was reduced by de-stocking the dealer network by more than 1500 sports unit. Operating loss of £323m which includes pre-tax, lower sustainability due to low cash inflow and net debt of £727m.

Further, it explains the usage of various ratios for 2 years. Comparison and demonstrate the possible reasons and impact on the industry. The importance and meaning of each financial ratio are explained. followed by the actual calculation with an annual report reference for the analysis. The report specifies the conclusion of the analysis & recommendations.

2. Introduction

Aston Martin is one of the famous automotive companies. This organization was established in England in Yr 1913. They are having their headquarters in Gaydon (UK). They are into designing, manufacturing, and distributing luxury performance cars. Aston Martin is famous for its luxury sports car and is very well known worldwide. The network consists of 170 locations. Aston Martine's design and performance were successfully marketed by featuring James Bond’s car in many 007 movies over the past years. This group is also in resorts and has a large car factory in St. Athan (Wales). As its business plan company is focusing on its cash flow by managing its existing product. They are also launching a special edition with development in existing sports models. The below fig shows the journey of Aston martin journey for references [Aston Martin, 2018].

Lionel Martin and Robert Manford came up with an idea . To race cars and use what they learnt to make most exquisite British sport cars.

.

Fig 1: Aston Martin race car Journey

3. Aston Martin Financial Ratios

Below are the various types of financial ratios for two years.

Financial Ratios	Formula	Year 2021	Year 2020	2 yrs Ind. Avg
Profitability Ratios				
Gross Profit Margin	(Gross profit / Sales) x 100	31.37	18.16	24.76
Operating Profit Margin	(Operating Profit / Sales) x100	-6.98	-52.78	-29.88
Net Profit Margin	(Net Income / Sales) x 100	-17.28	-67.02	-42.15
Return on Assets	(Net Income / Assets) x 100	-6.66	-14.69	-10.67
Return on equity	(New Income / Shareholder's Equity)	-28.66	-50.99	-39.83
Liquidity Ratios				
Current Ratio	Current Assets / Current Liabilities	0.96	1.10	1.03
Quick Ratios or Acid test Ratio	Current Assets Less Stock / Current Liabilities	0.74	0.84	0.79
Cash Ratio	Cash & Equivalents / Current Liabilities	0.46	0.61	0.53
Leverage / Gearing Ratio				
Gearing Ratio	(Non Current Liabilities / Equity Plus Non Current Liabilities) x 100	65.91	59.52	62.72
Debt / Equity Ratio	(Total Liabilities / Stockholders Equity) x 100	330.42	247.57	288.99
Long Term Debt / Equity Ratio	(Long Term Debt / Stockholder Equity) x 100	180.07	134.91	157.49
Interest Coverage	(Operating Profit / Interest Charge) x 100	64.83	392.35	228.59
Activity / Efficiency Ratio				
Days Sales Outstanding (DSO)	Trade and other receivables / Average Revenue per day	81.83	106.42	94.12
Inventory Turnover	Cost of Goods Sold / Avg Inventory per stock	3.82	2.41	3.12
Days Payable Outstanding (DPO)	Trade & other payables / Avg COGS per day	354.75	428.02	391.38
Average Revenue per Day	Annual Revenue / 365	3.00	1.68	2.34
Average COGS per Day	Annual COGS / 365	2.06	1.37	1.72
Investor Ratios				
Earnings Per Ordinary Share	Net Income (Profit after Tax) / No of Shares	-1.64	-5.32	3.48
Dividend cover	(Net Income (Profit after Tax) / Dividend Proposed and Paid) x 100	**No Dividend**		
Price per Earning Ratio	Market Value per Share / EPS	456.33	334.03	395.18
Dividend Yield Ratio	(Dividend per Share / Market Value per Share) x 100	**No Dividend Yield Ratio**		

Table 1 : Financial Ratios

4. Analysis of Financial Ratios

Financial ratios are calculated for the income statement to track the company's performance and make comparative judgments , they are grouped into various ratios which are analyzed below.

4.1 Profitability Ratio

The profitability ratio measures the profits, effect of the organization and measures the percentage of revenue available after deducting operating expenses. These are specific income statement items. The values to consider from the income statement are gross profit & Sales. Profitability ratio help to determine cash flow (Aston Martin, 2021).

Gross Profit : Gross profit of Aston martin is 39% which seems relatively stable. it decline in year 2020 to 18.2% with increase cost of sale to £751.6m in 2021 and around £500.7m in 2020. This is the income calculated by deducting the cost of goods sold from revenue (Adam Hayes, 2022).

Operating & Net Profit: The statement shows that Aston Martin has an operating loss of about £(76.5)m in 2021 and comparatively more in the year 2020 about £(322.9)m. which means low profit in 2021 and poor utilization. New profit margin derived from net income w.r.t sales. As the operating profit is negative which may result that the business will likely require additional funding to remain in operation (Adam Hayes, 2022).

Cost of sales: This is the total of all costs to create a product, which is the key part of the performance matrix. Income statements show £751.6 m for the year 2021 which is comparatively more than the year 2020 which is £500.7 m. In comparison to the two years, the revenue also decreases with respect to the cost of sales. (Steven Bragg, 2022). COGS shows increase to £1095.3m from £611.8m which indicates that Aston martin makes less profit.

Return on assets: This gives us an idea about company earning and how it is generated & shows profits. Result show increasing in returns in year 2021. which shows increase in equity.

No operating profit so, loss considered for FY 2020-2021. Below chart shows the representation of all respective profitability ratio & the values captured form the ratios calculated (Refer-Page 2)

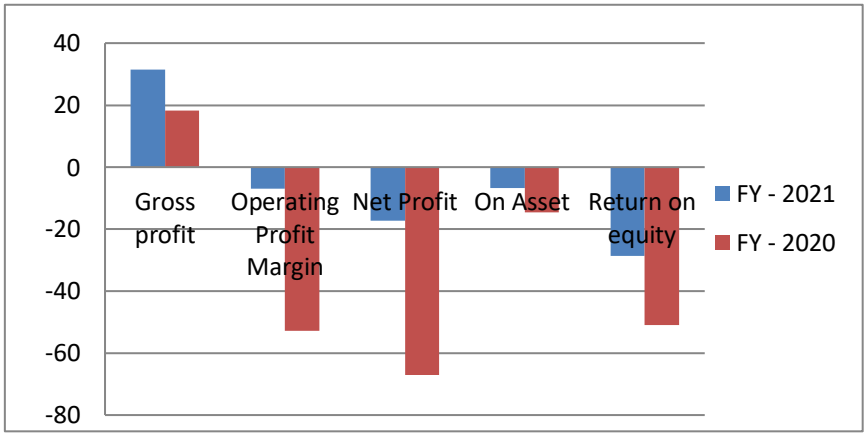

Fig 2. Profitability Ratio Chart

4.2 Liquidity Ratio

Liquidity ratios very important part as this determines the ability of the organization to pay the debts and consist of various ratios as analyzed below. (Adam Hayes, 2022).

Current Ratio: Aston Martin's current ratio is relatively normal at (1.03) on average for two years. in the year 2021 short-term liabilities accelerated by 0.11%. Current asset slightly decreases as compared to the year 2020 ratio. Aston martin's current ratio is good & company is capable of paying any debts. In 2020 it was below 1, which indicates the company might be struggling to meet liabilities (Aston Martin, 2021).

Quick Ratios: Acid-test ratios are below the average in the industry declining from (0.84) to (0.74) in 2020/21. The company has the opportunity to improve its liquidity through short-term borrowing, stock turnover, and asset productivity.

Cash Ratios : The cash ratio is more traditional than others as its takes most liquid resources. Aston martin cash ratio decreases in year 2021 from (0.61) to (0.46). Decreases in cash flow result in net income loss which is due to revenue decrease

Below chart shows the representation of all respective Gearing ratio & the values captured form the ratios calculated (Refer-Page 2)

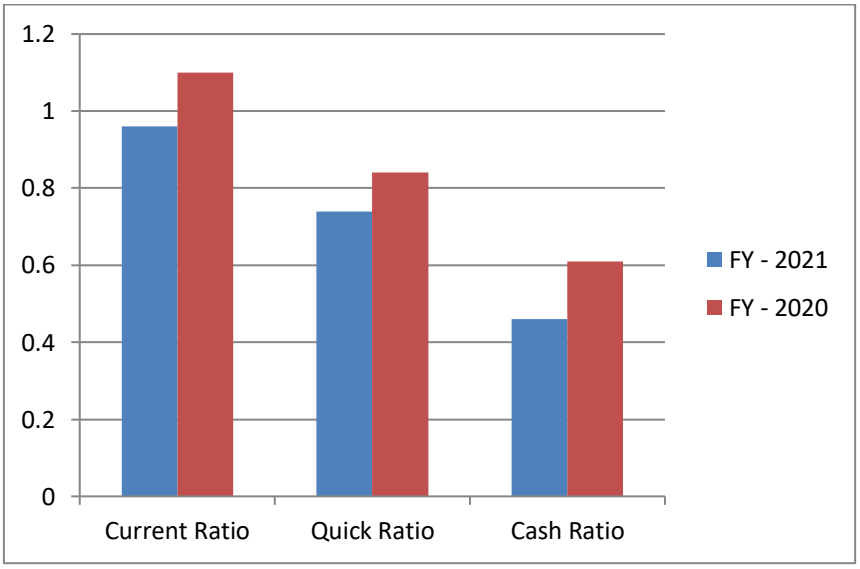

Fig 3. Liquidity Ratio Chart

4.3 Gearing Ratio

The gearing ratio is a useful part of the analysis as it gives clarity about the operation funding. This provides insight into company reliability and whether able to withstand instability. Aston martin's gearing ratio increased a minor amount from (59.52) to (65.91) in the year 2020-2021. The noncurrent liabilities slightly increase form £1182.4m to £1276.9m. Aston martin has mid level gearing ratio, which indicated its an established company (Aston Martin, 2021).

Debt-to-equity ratio is total debt to total shareholder equity. It is a measuring company that is financing its operations with debt rather than company self-resources. Aston martin's ratio for the year 2021 is (330.42) relative increase from (247.57) in the year 2020. Analysis interprets that as the ratio increase for the previous year, the company may lend capital from other financial resources.

The business is profitable above the industry average as revenue of Yr. 2021 increased to (£1095.3m) from (£611.8m) in the year 2020. minimum dependable on long-term debt. As the leverage ratio is on the higher side as compared to the previous year states little concern about cash flow.

Aston martin can manage the gearing ratio by retaining profit rather than paying dividends which they did for both fiscal years 2020 & 2021. Convert loans to equity & Issue more shares (Siyanbola Tunji et al, 2013).

Below chart shows the representation of all respective Gearing ratio for analysis. Values captured form the ratios calculated (Refer- Page 2).

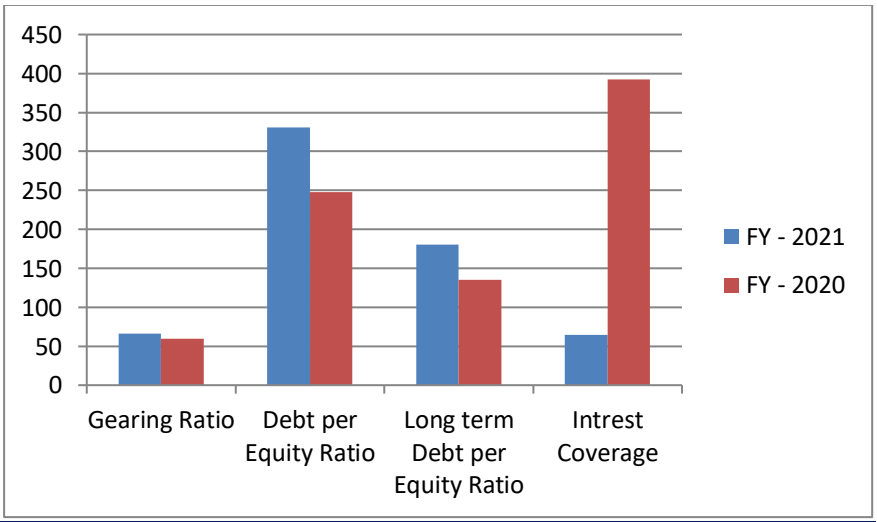

Fig 4. Gearing Ratio Chart

4.4 Efficiency ratio

Efficiency means the generation of cash over time and relative to other companies. The efficiency ratio gives an idea of whether the company has generated enough cash & indicates the spending as a percentage of revenue (Goel S, 2015).

Aston martin's report shows profit and DSO (Days sales outstanding) decreases form 105.89 to (81.13) in the year 2021, which indicates that Aston martin is not expecting delays in receiving the payments, so might not have cash flow problems.

Inventory includes all products, raw and finished which the company has stock kept for sale. This ratio gives an idea about the company's efficiency in using its inventory. Aston martin's inventory for the year 2021 is (3.0) which is a little bit higher than the previous year. This analysis that it's progressing & stable to use their inventory.

Day payable outstanding is the days taken by the company to pay invoices for their services. Aston martin showed DOP (350) for the year 2021, which declined from the previous year which states that the company has less cash than the previous year to fund operations.

Below chart shows the representation of all respective efficiency ratio & the values captured form the ratios calculated (Refer-Page 2).

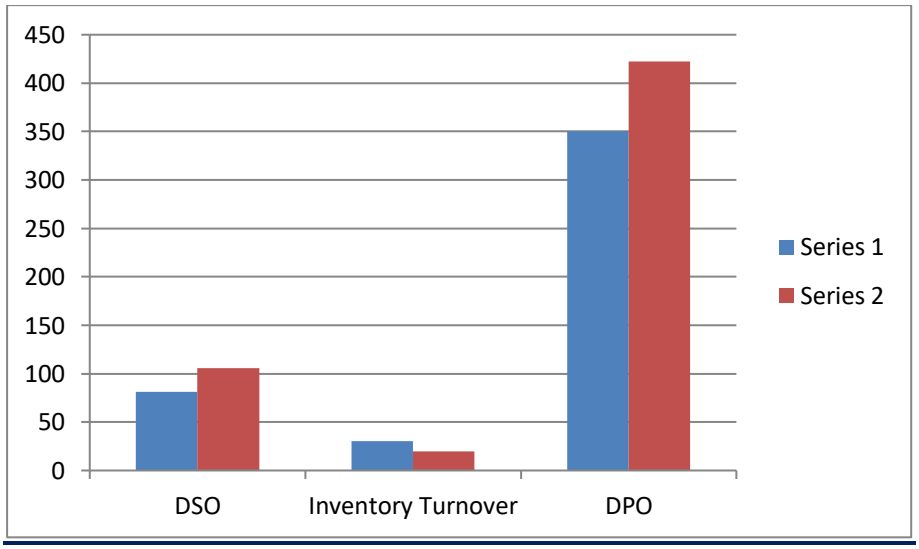

Fig 4. Efficiency Ratio Chart

4.5 Investor Ratio

The investor ratio measures the return to the owner of the business. It's the profit after tax. The company profitability captured for earnings per ordinary share which is about 1.64 for FY 2021. This indicates a value for the stock. The below graph shows the value of the stock from the latest market summery to get an idea about the price per earnings ratio. Aston martin stock value seems to be decreasing which may result loss to investor (Goel S, 2015)

Fig 6 : Aston Martin Stock dated 01 Apr 2021 (Market summery,2023)

Fig 7 : Aston Martin Stock dated 03 Apr 2020 (Market summery,2023)

Interest cover: Aston Martin's ratio is declining YoY which results in operating loss. To overcome supported by a reduction in net finance charges. No measure of concern about gearing ratios. Aston martins Return on assets seems to be declining and states that they are in financial loss, Investor might have concerns about investing & may hold until its stable.

Dividend and Dividend Yield: Aston Martin has declared NO dividend Paid, which results in a NO dividend yield ratio (Aston Martin, 2021).

5. Conclusion & Recommendation

During 2021 Aston Martin has delivered significant achievements across all aspects of Environmental, Social, and Governance ('ESG'). In terms of sustainability, Aston martin is sourcing materials like green aluminum within their production & is targeting towards 100% fully electrified portfolio in upcoming years & this indicates a greener future for this organization with their luxury segments.

Since 2020 was challenging with adjusted EBITDA £(71) m. Aston Martin still invested & remains cash flow negative which shows more outgoing than incoming. The company has to develop more cost efficiencies. Upon reviewing the financial ratio, reduce operating loss and investment in marketing activities. cash flow improved from the previous year to an outflow of £123m (refer page - 25) and liquidity remained strong, with year-end cash of £419m. Vehicle sale volume falls below the target due to covid-19 impact. The trading performance in 2021 has improved over the previous year & has healthy dealer stock. The revenue growth indicates its stability (up from 18% in 2020). The forecast core wholesale volumes are reasonable as compared to previous years.

In terms of recommendation, Marketing efficiency, Asset and pricing are the stronger area to focus on for the investment. I would recommend that Aston martin must grow with revenue ahead of the industry average with their innovation for long-term competitive advantage. Aston martin should maintain a cash control culture and must concentrate on improving the cash flow, building share value, gaining liquidity, and reducing any financial debts & should negotiate to restore its profitability.

For more details & to understand the progress of Aston Martin, Financial ratios for the year 2022 were also studied which show an increase in Gross profit margin to 33.39 from 31.38 in 2021. No operating profit or loss needs to consider for calculating other profitability ratios. Aston Martin shows fluctuation in revenue generation according to previous statements. The liquidity current ratio increased from 0.96 to 1.31 (refer to page 2).In the early quarter positive cash flow performance is expected with short-term working capital dynamics. Aston Martin's home market UK shows the strongest accelerating growth by 38% in the second quarter of 2022 (Aston Martin, 2022). Ratios calculated for reference on Page 26 of this report.

Looking at the ratios & performance during the previous year. Aston martin has accelerated grown with high revenue, and well demand by the customer in the market. Also, their further sustainability product is of real value to the environment. I would suggest investing in Aston martin from a long-term perspective. As the investment can grow with right model & vehicle.

6. References:

1. Ivy Panda. (2022). "*Types of Profitability Ratios and Why They Matter*". https://ivypanda.com/essays/types-of-profitability-ratios-and-why-they-matter/. (Accessed 10 Jan 2023).
2. Aston Martin (2018). Aston Martin. [online] Available at: <https:// https://www.astonmartin.com/en-gb/, [Accessed 18 Jan 2023].
3. Z. R. Yang, H. James and A. Packer, "*The effect of inconsistent differences in financial ratio trends on model reliability*," New York, NY, USA, 1997, pp. 273-279, doi: 10.1109/CIFER.1997.618948.
4. Adam Hayes (2022), *"What Is Gross Profit, How to Calculate It, Gross vs. Net Profit"*, Available at *:* https://www.investopedia.com/terms/g/grossprofit.asp. (Accessed 20 Jan 2023).
5. Steven Bragg (2022), "Cost of sales definition", Available at : https://www.accountingtools.com/articles/what-is-the-cost-of-sales.html. (Accessed 24 Jan 2023).
6. Aston Martin (2021), "Aston Martin Lagonda Annual Report 2021" Available at : https://www.astonmartinlagonda.com/investors/annual-report. (Accessed 01 Jan 2023).
7. Adam Hayes (2022), *"Understanding Liquidity Ratios: Types and their Importance"*, Available at *:* https://www.investopedia.com/terms/l/liquidityratios.asp. (Accessed 21 Jan 2023).
8. Siyanbola, Tunji et al (2013). Impact of Gearing on Performance of Companies. Nigerian Chapter of Arabian Journal of Business and Management Review. 3. 68-80. 10.12816/0011650.
9. Market summery (2023), "Stock Rate Aston Martin", Available at : https://g.co/kgs/jv6FRU (Accessed 25 Jan 2023).
10. Goel, S. (2015), " *Financial Ratios* " Business Expert Press. New York. (ISBN-13: 978-1-63157-359-0 (paperback).
11. Aston Martin (2022), " *aston-martin-lagonda-h1-results-2022---press-release.pdf* " Available at : https://amsc-prod-cd.azureedge.net/-/media/corporate/documents/results-centre/2022---results-centre/h1-2022/aston-martin-lagonda-h1-results-2022---press-release.pdf?rev=20b9b3197cf743f185476758ed1fc0f1.(Accessed 26 Jan 2023).

7. Appendix

7.1 Calculation of Ratios

7.1.1 Profitability Ratios

Profitability ratios are the specific metrics that are used to measure the ability of the company to make a profit. Various parameters are also taken into account such as operating costs, sales revenue, balance sheet assets, and shareholders' equity. The main two types are, margin and return. These **profits** of the company attract investors. To know the effectiveness of assets, the profitability ratio can be compared to the effect ratio. [Ivy Panda, 2022]. The below table shows the calculation of different profitability ratios with reference marked w.r.t annual report . Calculation as stated below in tabular form.

Sr no	Profitability Ratios	Formula	FY 2021	FY 2020	Report ref
1	Gross Profit Margin	(Gross profit / Sales) x 100	**31.37** [343.7/1095.6] x 100]	**18.16** [111.1/611.8 x 100]	Page 13
2	Operating Profit Margin	(Operating Profit / Sales) x100	**-6.98** [76.5/1095.6] x 100]	**-52.78** [322.9/611.8] x 100	Page 13
3	Net Profit Margin	(Net Income / Sales) x 100	**-17.28** [189.3 /1095.6] x 100	**-67.02** [410.5/611.8] x 100	Page 13
4	Return on Assets	(Net Income / Assets) x 100	**-6.66** [189.3/2842.5] x 100	**-14.69** [410.5/2794.8] x 100	Page 13 &14
5	Return on equity	(New Income / Shareholder's Equity)	**-28.66** [189.3/660.4] x 100	**-50.99** [410.5/804.1] x 100	Page 13 & 14

Table 1 : Profitability Ratios Calculations

7.1.2 Liquidity Ratios : Liquidity Ratio calculation as stated below in tabular form.

Sr no	Liquidity Ratios	Formula	FY 2021	FY 2020	Report Ref
6	Current Ratio	Current Assets / Current Liabilities	**0.96**	**1.1**	Page 14
			[867.9/905.2]	[889.5/808.3]	
7	Quick Ratios or Acid test Ratio	Current Assets Less Stock / Current Liabilities	**0.74**	**0.84**	Page 14
			[867.9-196.8] /905.2	[889.5-207.4]/808.3	
8	Cash Ratio	Cash and Cash Equivalents / Current Liabilities	**0.46**	**0.61**	Page 14
			[418.9/905.2]	[489.4/808.3]	

Table 2 : Liquidity Ratios Calculations

7.1.3 Gearing Ratios : Gearing Ratio calculation as stated below in tabular form.

Sr no	Leverage / Gearing Ratio	Formula	FY 2021	FY 2020	Report Page Ref
9	Gearing Ratio	(Non Current Liabilities / Equity Plus Non Current Liabilities) x 100	**65.91**	**59.52**	Page 14
			[1276.9/ (660.4+1276.9)] x 100	[1182.4/ (804.1+1182.4)] x 100	
10	Debt / Equity Ratio	(Total Liabilities / Stockholders Equity) x 100	**330.42**	**247.57**	Page 14
			[2182.1/660.4] x 100	[1990.7/804.1] x100	
11	Long Term Debt / Equity Ratio	(Long Term Debt / Stockholder Equity) x 100	**180.07**	**134.91**	Page 14 & 23
			[1189.2/660.4] x 100	[1084.8/804.1] x 100	
12	Interest Coverage	(Operating Profit / Interest Charge) x 100	**64.83**	**392.35**	Page 13 & 15
			[76.5/118.0] x 100	[322.9/82.3] x 100	

Table 3 : Leverage / Gearing Ratio Calculation

7.1.4 Efficiency Ratios : Efficiency ratios calculation as stated below in tabular form.

Sr no	Activity / Efficiency Ratio	Formula	FY 2021	FY 2020	Report Page Ref
13	Days Sales Outstanding (DSO)	Trade and other receivables / Average Revenue per day	**81.83**	**106.429**	Page 14
			[(243.4+2.1) /3.0]	[(177.9+0.9) /1.68]	
14	Inventory Turnover	Cost of Goods Sold / Average Inventory per stock	**3.82**	**2.41**	Page 13
			(751.6/196.8)	(500.7/207.4)	
15	Days Payable Outstanding (DPO)	Trade and other payables / Average COGS per day	**354.757**	**428.029**	Page 14
			[(721.0+9.8) /2.06]	[(578.97+7.5) /1.37]	
Where	Average Revenue/Day	Annual Revenue / 365	**3**	**1.68**	Page 13
			(1095.3/365)	(611.8/365)	
Where	Average COGS/Day	Annual COGS / 365	**2.06**	**1.37**	Page 13
			(751.6/365)	(500.7/365)	

Table 4 : Activity / Efficiency Ratio Calculation

7.1.5 Investor ratio : Ratio calculated below (EPOD share is -ve due to loss , no profit.)

Sr no	Investor Ratios	Formula	FY 2021	FY 2020	Report Page Ref
16	Earnings Per Ordinary Share	Net Income (Profit after Tax) / No of Shares	**-1.64**	**-5.32**	Page 13 & 22
			[189.3/115.5]	[410.5/77.2]	
17	Dividend cover	(Net Income (Profit after Tax) / Dividend Proposed and Paid) x 100	**No Dividend**	**No Dividend**	Page 13 & 24
18	Price per Earning Ratio	Market Value per Share / EPS	**456.3293**	**334.0347**	Page 7 (Fig 6&7)
			[748.38/1.64]	[577.88/1.73]	
19	Dividend Yield Ratio	(Dividend per Share / Market Value per Share) x 100	**No Dividend**	**No Dividend**	Page 24

Table 5 : Investor Ratio Calculations

7.2 Aston Martin 2 Year Income statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021			2020		
	Notes	Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	**1,095.3**	**–**	**1,095.3**	611.8	–	611.8
Cost of sales		**(751.6)**	**–**	**(751.6)**	(500.7)	–	(500.7)
Gross profit		**343.7**	**–**	**343.7**	111.1	–	111.1
Selling and distribution expenses		**(84.8)**	**–**	**(84.8)**	(79.6)	–	(79.6)
Administrative and other operating expenses		**(333.2)**	**(2.2)**	**(335.4)**	(256.4)	(98.0)	(354.4)
Operating loss	4	**(74.3)**	**(2.2)**	**(76.5)**	(224.9)	(98.0)	(322.9)
Finance income	7	**2.3**	**34.1**	**36.4**	33.1	6.9	40.0
Finance expense	8	**(173.7)**	**–**	**(173.7)**	(107.6)	(75.5)	(183.1)
Loss before tax		**(245.7)**	**31.9**	**(213.8)**	(299.4)	(166.6)	(466.0)
Income tax credit	9	**16.2**	**8.3**	**24.5**	22.6	32.9	55.5
Loss for the year		**(229.5)**	**40.2**	**(189.3)**	(276.8)	(133.7)	(410.5)
(Loss)/profit attributable to:							
Owners of the Group			**(191.6)**			(419.3)	
Non-controlling interests			**2.3**			8.8	
			(189.3)			(410.5)	
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of Defined Benefit liability	25		**3.8**			(59.1)	
Taxation on items that will never be reclassified to the Income Statement	9		**(1.0)**			12.3	
Effect of change in rate in taxation	9		**6.0**			–	
Items that are or may be reclassified to the Income Statement							
Foreign currency translation differences			**2.3**			0.8	
Fair value adjustment – cash flow hedges	22		**(0.3)**			6.6	
Amounts reclassified to the Income Statement – cash flow hedges	22		**(4.3)**			9.7	
Taxation on items that may be reclassified to the Income Statement	9		**1.2**			(3.1)	
Other comprehensive income/(loss) for the year, net of income tax			**7.7**			(32.8)	
Total comprehensive loss for the year			**(181.6)**			(443.3)	
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group			**(183.9)**			(452.1)	
Non-controlling interests			**2.3**			8.8	
			(181.6)			(443.3)	
Earnings per ordinary share							
Basic loss per share	11		**(165.9p)**			(543.0p)	
Diluted loss per share	11		**(165.9p)**			(543.0p)	

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 154 (Aston Martin, 2021)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 December 2020 £m
Non-current assets			
Intangible assets	12	**1,384.1**	1,336.8
Property, plant and equipment	14	**355.5**	389.6
Right-of-use lease assets	15	**76.0**	71.4
Trade and other receivables	17	**2.1**	0.9
Other financial assets	19	**0.5**	0.1
Deferred tax asset	9	**156.4**	106.5
		1,974.6	1,905.3
Current assets			
Inventories	16	**196.8**	207.4
Trade and other receivables	17	**243.4**	177.9
Income tax receivable		**1.5**	0.2
Other financial assets	19	**7.3**	14.6
Cash and cash equivalents	18	**418.9**	489.4
		867.9	889.5
Total assets		**2,842.5**	2,794.8
Current liabilities			
Borrowings	22	**114.3**	113.5
Trade and other payables	20	**721.0**	578.9
Income tax payable		**5.5**	1.2
Other financial liabilities	21	**34.8**	83.3
Lease liabilities	15	**9.7**	9.3
Provisions	24	**19.9**	22.1
		905.2	808.3
Non-current liabilities			
Borrowings	22	**1,074.9**	971.3
Trade and other payables	20	**9.8**	7.5
Lease liabilities	15	**93.7**	93.7
Provisions	24	**19.0**	16.8
Employee benefits	25	**78.7**	92.5
Deferred tax liabilities	9	**0.8**	0.6
		1,276.9	1,182.4
Total liabilities		**2,182.1**	1,990.7
Net assets		**660.4**	804.1
Capital and reserves			
Share capital	26	**11.6**	11.5
Share premium		**1,123.4**	1,108.2
Merger reserve		**143.9**	144.0
Capital redemption reserve		**9.3**	9.3
Capital reserve		**6.6**	6.6
Translation reserve		**2.7**	0.4
Hedge reserves	22	**6.7**	10.9
Retained earnings		**(662.4)**	(503.1)
Equity attributable to owners of the group		**641.8**	787.8
Non-controlling interests		**18.6**	16.3
Total shareholders' equity		**660.4**	804.1

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 157 (Aston Martin, 2021)

7.3 Aston Martin 2 years Cash flow statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 December 2020 £m
Operating activities			
Loss for the year		**(189.3)**	(410.5)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax credit on operations	9	**(24.5)**	(55.5)
Net finance costs		**137.3**	143.1
Other non-cash movements		**(0.1)**	2.2
Depreciation and impairment of property, plant and equipment	4	**65.3**	50.8
Depreciation and impairment of right-of-use lease assets	4	**9.3**	14.8
Amortisation and impairment of intangible assets	4	**137.6**	168.5
Difference between pension contributions paid and amounts recognised in Income Statement		**(11.4)**	(4.1)
Decrease/(increase) in inventories		**7.7**	(4.8)
(Increase)/decrease in trade and other receivables		**(75.4)**	67.4
Increase/(decrease) in trade and other payables		**52.8**	(118.6)
Increase/(decrease) in advances and customer deposits	20	**70.7**	(52.8)
Movement in provisions		**(0.2)**	11.0
Cash generated from/(used in) operations		**179.8**	(188.5)
Decrease/(increase) in cash held not available for short term use	19	**8.1**	(0.9)
Income taxes paid	9	**(9.0)**	(9.2)
Net cash inflow/(outflow) from operating activities		**178.9**	(198.6)
Cash flows from investing activities			
Interest received	7	**1.1**	2.3
Increase in loan assets	17	**(1.4)**	—
Decrease in loan assets	17	**0.9**	—
Payments to acquire property, plant and equipment	14	**(40.7)**	(81.0)
Payments to acquire intangible assets	12	**(144.0)**	(179.7)
Net cash used in investing activities		**(184.1)**	(258.4)
Cash flows from financing activities			
Interest paid	27	**(118.0)**	(82.3)
Proceeds from equity share issue		**—**	812.8
Proceeds from issue of equity warrants		**15.3**	34.6
Proceeds from financial instrument utilised as part of refinancing transactions		**—**	6.9
Principal element of lease payments	27	**(9.9)**	(12.2)
Repayment of existing borrowings	27	**(37.3)**	(1,092.3)
Proceeds from inventory repurchase arrangement	20	**19.0**	76.8
Repayment of inventory repurchase arrangement		**(40.0)**	(80.0)
Proceeds from new borrowings	27	**108.5**	1,252.7
Transaction fees paid on issuance of shares		**(1.3)**	(34.9)
Transaction fees paid on financing activities	27	**(2.8)**	(41.9)
Net cash (outflow)/inflow from financing activities		**(66.5)**	840.2
Net (decrease)/increase in cash and cash equivalents	23	**(71.7)**	383.2
Cash and cash equivalents at the beginning of the year		**489.4**	107.9
Effect of exchange rates on cash and cash equivalents		**1.2**	(1.7)
Cash and cash equivalents at the end of the year		**418.9**	489.4

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 158 (Aston Martin, 2021)

3 SEGMENTAL REPORTING CONTINUED

NON-CURRENT ASSETS OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS BY GEOGRAPHIC LOCATION

As at 31 December 2021	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible assets £m	Other receivables £m	Total £m
United Kingdom	61.1	267.8	85.4	1,145.1	–	1,559.4
The Americas	7.4	0.7	–	–	–	8.1
Rest of Europe	–	86.8	–	153.6	2.1	242.5
Asia Pacific	7.5	0.2	–	–	–	7.7
	76.0	355.5	85.4	1,298.7	2.1	1,817.7

As at 31 December 2020	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible assets £m	Other receivables £m	Total £m
United Kingdom	62.0	281.1	85.4	1,095.4	-	1,523.9
The Americas	0.1	1.6	-	-	-	1.7
Rest of Europe	0.1	104.1	-	156.0	0.9	261.1
Asia Pacific	9.2	2.8	-	-	-	12.0
	71.4	389.6	85.4	1,251.4	0.9	1,798.7

4 OPERATING LOSS

The Group's operating loss is stated after charging/(crediting):

		2021 £m	2020 £m
Depreciation and impairment of property, plant and equipment (note 14)		65.0	52.5
Depreciation released from/(absorbed into) inventory under standard costing		0.3	(1.7)
Depreciation and impairment of right-of-use lease assets (note 15)		9.3	14.8
Amortisation and impairment of intangible assets (note 12)		135.0	168.8
Amortisation released from/(absorbed into) inventory under standard costing		2.6	(0.3)
Depreciation, amortisation and impairment charges included in administrative and other operating expenses		212.2	234.1
Increase in trade receivable loss allowance - administrative and other operating expenses (note 22)		3.1	1.5
Net foreign currency differences		11.2	(15.9)
Cost of inventories recognised as an expense		641.4	372.7
Write-down of inventories to net realisable value		0.2	13.5
(Decrease)/increase in fair value of other derivative contracts		(0.7)	1.1
Expenditure-related grant income*		–	(12.5)
Lease payments (gross of sub-lease receipts)			
	Plant, machinery and IT equipment**	0.3	0.6
Sub-lease receipts	Land and buildings	(0.6)	(0.7)
Auditor's remuneration:			
	Audit of these Financial Statements	0.3	0.3
	Audit of Financial Statements of subsidiaries pursuant to legislation	0.3	0.3
	Audit-related assurance	0.1	0.1
	Services related to corporate finance transactions	0.1	0.4
	Other non-audit services	–	1.0
Research and development expenditure recognised as an expense		13.0	4.5

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 168 (Aston Martin, 2021)

4 OPERATING LOSS CONTINUED

	2021 £m	2020 £m
Total research and development expenditure	191.2	182.1
Capitalised research and development expenditure (note 12)	(178.2)	(177.6)
Research and development expenditure recognised as an expense	13.0	4.5

5 ADJUSTING ITEMS

	2021 £m	2020 £m
Adjusting operating expenses:		
Impairment of assets (note 14):		
Development costs (note 13)[6]	–	(69.4)
Plant, machinery, fixtures and fittings (note 15)[7]	–	(3.8)
Tooling (note 15)[6]	–	(3.3)
Right-of-use lease assets (note 16)[7]	–	(2.8)
	–	(79.3)
Restructuring:		
Employee restructuring costs[1]	2.4	(12.4)
Motorsport exit costs[1]	–	(6.2)
Director settlement arrangements and incentive payments[1]	–	(2.7)
Lease early exit costs[2]	(0.6)	-
ERP implementation costs[3]	(4.0)	-
Initial Public Offering costs:		
Staff incentives[12]	–	2.6
	(2.2)	(98.0)

Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions[11]	–	6.9
Gain on financial instruments recognised at fair value through Income Statement[4]	34.1	-
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes[11]	–	(21.4)
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes[11]	–	(7.6)
Loss on financial instruments recognised at fair value through Income Statement[4]	–	(45.3)
Professional fees incurred on refinancing expensed directly to the Income Statement[12]	–	(1.2)
	34.1	(68.6)
Total adjusting items before tax	31.9	(166.6)
Tax (charge)/credit on adjusting items[5]	(8.1)	32.9
Tax credit due to remeasurement of deferred tax on previously classified adjusting items[5]	16.4	-
Adjusting items after tax	40.2	(133.7)

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 169 (Aston Martin, 2021)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(A) STAFF COSTS (INCLUDING DIRECTORS)

	2021 £m	2020 £m
Wages and salaries[1,2]	120.5	119.3
Social security costs[1,2]	12.0	11.2
Expenses related to post employment Defined Benefit plan	8.8	8.6
Contributions to Defined Contribution plans[1]	10.7	10.4
	152.0	149.5

1. The values presented for the year ended 31 December 2020 include the release of accrued staff incentives totalling £6.4m offset by the legacy LTIP charge of £3.8m, both of which are presented as adjusting items - see note 5 for further detail. No such amounts are included in the year ended 31 December 2021.
2. The value presented for the year ended 31 December 2020 is net of receipts totalling £12.5m from the UK Government Job Retention Scheme. No such amounts are included in the year ended 31 December 2021.

The average monthly number of employees during the year were:

By activity	2021 Number	2020 Number
Production	1,030	1,209
Selling and distribution	276	358
Administration	1,045	920
	2,351	2,487

(B) DIRECTORS' EMOLUMENTS AND TRANSACTIONS

	2021 £m	2020 £m
Directors' emoluments	1.5	3.3
Company contributions to pension schemes	-	0.2

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 170 (Aston Martin, 2021)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCE INCOME

	2021 £m	2020 £m
Bank deposit and other interest income	2.3	2.3
Foreign exchange gain on borrowings not designated as part of a hedging relationship	–	30.8
Finance income before adjusting items	2.3	33.1
Adjusting finance income items:		
Foreign exchange gain on financial instrument utilised during refinance transactions	-	6.9
Gain on financial instruments recognised at fair value through Income Statement (note 22)	34.1	-
Total Adjusting finance income	34.1	6.9
Total finance income	36.4	40.0

8 FINANCE EXPENSE

	2021 £m	2020 £m
Bank loans, overdrafts and secured notes	151.3	98.4
Foreign exchange loss on borrowings not designated as part of a hedging relationship	12.4	-
Interest on lease liabilities (note 15)	3.9	4.1
Net interest expense on the net Defined Benefit liability (note 25)	1.3	0.7
Hedge ineffectiveness	–	2.5
Interest on contract liabilities held (note 20)	4.8	1.9
Finance expense before adjusting items	173.7	107.6
Adjusting finance expense items:		
Premium paid on the early redemption of Senior Secured Notes	–	21.4
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	–	7.6
Loss on financial instruments recognised at fair value through Income Statement (note 22)	–	45.3
Professional fees incurred on refinancing expensed directly to the Income Statement	–	1.2
Total Adjusting finance expense	–	75.5
Total finance expense	173.7	183.1

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 171 (Aston Martin, 2021)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 TAXATION

	2021 £m	2020 £m
UK corporation tax on profits	0.5	(0.6)
Overseas tax	10.8	4.7
Prior period movement	–	(5.0)
Total current income tax charge/(credit)	11.3	(0.9)
Deferred tax credit		
Origination and reversal of temporary differences	(16.1)	(64.4)
Prior period movement	(2.4)	8.5
Effect of change in deferred tax rate	(17.3)	1.3
Total deferred tax credit	(35.8)	(54.6)
Total income tax credit in the Income Statement	(24.5)	(55.5)
Tax relating to items credited to other comprehensive income		
Deferred tax		
Actuarial movement on Defined Benefit pension plan	1.0	(11.2)
Fair value adjustment on cash flow hedges	(1.2)	0.9
Effect of change in deferred tax rate	(6.0)	(1.1)
Current tax		
Fair value adjustment on cash flow hedges	–	2.2
	(6.2)	(9.2)
Tax relating to items charged in equity - deferred tax		
Effect of change in deferred tax rate	(4.8)	(1.6)

(A) RECONCILIATION OF THE TOTAL INCOME TAX CREDIT

The tax credit in the Consolidated Statement of Comprehensive Income for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are reconciled below:

	2021 £m	2020 £m
Loss from operations before taxation	(213.8)	(466.0)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	(40.6)	(88.5)
Difference to total income tax credit due to effects of:		
Expenses not deductible for tax purposes	0.5	0.2
Movement in unprovided deferred tax	15.0	26.1
Derecognition of deferred tax assets	17.7	-
Irrecoverable overseas withholding taxes	1.4	0.3
Adjustments in respect of prior periods	(2.4)	3.5
Effect of change in deferred tax rate	(17.3)	1.3
Difference in UK tax rates	(4.8)	-
Difference in overseas tax rates	2.9	0.6
Other	3.1	1.0
Total income tax credit	(24.5)	(55.5)

(B) TAX PAID

Total net tax paid during the year of £9.0m (2020: £9.2m).

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 172 (Aston Martin, 2021)

9 TAXATION CONTINUED

(D) DEFERRED TAX

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £m	Assets 2020 £m	Liabilities 2021 £m	Liabilities 2020 £m
Property, plant and equipment	(111.1)	(71.1)	-	-
Intangible assets	-	-	186.8	135.2
Employee benefits	(19.9)	(17.6)	-	-
Provisions	(6.3)	(11.1)	-	-
RDEC credit	(12.6)	(9.7)	-	-
Losses	(192.6)	(117.3)	-	-
Share based payments	(0.7)	(14.9)	-	-
Other	-	-	0.8	0.6
Deferred tax (assets)/liabilities	(343.2)	(241.7)	187.6	135.8
Offset of tax liabilities/(assets)	186.8	135.2	(186.8)	(135.2)
Total deferred tax (assets)/liabilities	(156.4)	(106.5)	0.8	0.6

Where the right exists in certain jurisdictions, deferred tax assets and liabilities have been offset.

Movement in deferred tax in 2021	1 January 2021 £m	Gross tax recognised in income and OCI £m	Gross tax recognised in Equity £m	Other movement £m	31 December 2021 £m
Property, plant and equipment	(71.1)	(40.0)	-	-	(111.1)
Intangible assets	135.2	51.6	-	-	186.8
Employee benefits	(17.6)	(2.3)	-	-	(19.9)
Provisions	(11.1)	4.8	-	-	(6.3)
RDEC credit	(9.7)	-	-	(2.9)	(12.6)
Losses	(117.3)	(55.7)	(4.7)	(14.9)	(192.6)
Share based payments	(14.9)	(0.6)	(0.1)	14.9	(0.7)
Other	0.6	0.2	-	-	0.8
	(105.9)	(42.0)	(4.8)	(2.9)	(155.6)

Movement in deferred tax in 2020	1 January 2020 £m	Gross tax recognised in income and OCI £m	Gross tax recognised in Equity £m	Other movement £m	31 December 2020 £m
Property, plant and equipment	(54.2)	(16.9)	-	-	(71.1)
Intangible assets	117.3	17.9	-	-	135.2
Employee benefits	(6.3)	(11.3)	-	-	(17.6)
Provisions	(13.7)	2.4	-	0.2	(11.1)
RDEC credit	(7.0)	-	-	(2.7)	(9.7)
Losses	(59.3)	(58.0)	-	-	(117.3)
Share based payments	(13.3)	-	(1.6)	-	(14.9)
Other	0.7	(0.1)	-	-	0.6
	(35.8)	(66.0)	(1.6)	(2.5)	(105.9)

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 173 (Aston Martin, 2021)

11 EARNINGS PER ORDINARY SHARE CONTINUED

	2021 Number	2020 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares (million)	115.5	77.2
Adjustments for calculation of diluted earnings per share:[1]		
Long term incentive plans	-	-
Issue of unexercised ordinary share warrants	-	-
Issue of tranche 2 shares	-	-
Weighted average number of diluted ordinary shares (million)	115.5	77.2

1. The number of ordinary shares issued as part of the long term incentive plans, and the potential number of ordinary shares issued as part of the 2020 issue of share warrants, and the future issuance of shares for access to Mercedes-Benz AG technology have been excluded from the weighted average number of diluted ordinary shares as including them is anti-dilutive to diluted earnings per share.

Adjusted earnings per share is disclosed in note 33 to show performance undistorted by adjusting items and to give a more meaningful comparison of the Group's performance.

12 INTANGIBLE ASSETS

	Goodwill £m	Brands £m	Technology £m	Capitalised development cost £m	Dealer network £m	Software and other £m	Total £m
Cost							
Balance at 1 January 2020	85.4	297.6	21.2	1,258.1	15.4	60.9	1,738.6
Additions	-	-	142.3	177.6	-	2.1	322.0
Balance at 31 December 2020	85.4	297.6	163.5	1,435.7	15.4	63.0	2,060.6
Balance at 1 January 2021	85.4	297.6	163.5	1,435.7	15.4	63.0	2,060.6
Additions	-	-	-	178.2	-	4.1	182.3
Balance at 31 December 2021	85.4	297.6	163.5	1,613.9	15.4	67.1	2,242.9
Amortisation							
Balance at 1 January 2020	-	-	6.2	488.6	9.3	50.9	555.0
Charge for the year	-	-	1.9	93.6	0.8	3.1	99.4
Impairment (note 13)	-	-	-	69.4	-	-	69.4
Balance at 31 December 2020	-	-	8.1	651.6	10.1	54.0	723.8
Balance at 1 January 2021	-	-	8.1	651.6	10.1	54.0	723.8
Charge for the year	-	-	1.8	129.0	0.7	3.5	135.0
Balance at 31 December 2021	-	-	9.9	780.6	10.8	57.5	858.8
Net book value							
At 1 January 2020	85.4	297.6	15.0	769.5	6.1	10.0	1,183.6
At 31 December 2020	85.4	297.6	155.4	784.1	5.3	9.0	1,336.8
At 1 January 2021	85.4	297.6	155.4	784.1	5.3	9.0	1,336.8
At 31 December 2021	85.4	297.6	153.6	833.3	4.6	9.6	1,384.1

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 175 (Aston Martin, 2021)

22 FINANCIAL INSTRUMENTS CONTINUED

CREDIT RISK CONTINUED

In presenting the loss allowance summary below for both 2021 and 2020, the specific loss allowance and original receivable balance of £19.0m related to historic other operating income has been excluded so as not to distort the expected loss rate. The trade receivable loss allowance as at31 December is as follows:

	As at 31 December 2021			As at 31 December 2020		
	Expected Loss Rate %	Gross Carrying Amount £m	Loss Allowance £m	Expected Loss Rate %	Gross Carrying Amount £m	Loss Allowance £m
Current	*	**124.8**	–	*	91.8	–
1 – 30 days past due	*	**10.0**	–	*	5.2	–
31 – 60 days past due	*	**2.8**	–	*	0.3	–
61+ days past due	**74.7%**	**7.5**	**5.6**	33.8%	8.0	2.7
		145.1			105.3	

Opening loss allowance as at 1 January	**21.7**	20.2
Increase in loss allowance recognised in the Income Statement – administrative and other operating expenses	**3.1**	1.5
Receivables written-off during the year as uncollectible	**(0.2)**	–
At 31 December	**24.6**	21.7

BORROWINGS

The following table analyses Group borrowings:

Current		
Bank loans and overdrafts	**114.3**	113.5
Non-current		
Senior	**1,074.9**	965.0
Secured	**–**	6.3
Notes		
Bank loans		
Total non-current borrowings	**1,074.9**	971.3
Total borrowings	**1,189.2**	1,084.8

Total borrowings are denominated in the following currencies, in sterling at the year end exchange rates:

Sterling	**114.3**	119.8
US dollar	**1,074.9**	965.0
Total borrowings	**1,189.2**	1,084.8

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 187 (Aston Martin, 2021)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 SHARE BASED PAYMENTS

LONG TERM INCENTIVE SCHEMES

On 14 June 2021, Executive Directors and certain other employees were granted conditional share awards under the Company's Long Term Incentive Plan ("2021 LTIP"). On 14 December 2021, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £1.2m (2020: £nil).

On 14 December 2020 Executive Directors and certain other employees were granted conditional share awards under the Company's "2020 LTIP". In respect of this arrangement total charges to the Consolidated Income Statement were £1.9m (2020: £0.2m).

	2021 grant of 2021 LTIP	2020 grant of 2020 LTIP
Aggregate fair value at measurement date (£m)	7.3	9.7
Exercise price (p)	£nil	£nil
Expected volatility (%)	50.0%	50.0%
Dividend yield (%)	n/a	n/a
Risk free interest rate (%)	0.15%	(0.13%)

The expected volatility is wholly based on the historical volatility of the Company's share price over a period from listing in 2018 to date.

On 27 June 2019 Executive Directors and certain other employees were granted conditional share awards under the Company's "2019 LTIP". On 26 October 2020 this LTIP was cancelled with total charges during the prior period amounting to £0.2m. The Directors consider this not material and hence further detailed disclosures have been omitted.

LEGACY EXECUTIVE LONG TERM INCENTIVE PLAN

The fair value of options granted is based on a Monte Carlo Simulation due to the vesting being based on market conditions. Enterprise values have been used as the basis for determining the fair value of the Legacy LTIP awards.

	2018 grant of 2014 Legacy LTIP	2018 grant of 2017 Legacy LTIP	2018 grant of 2018 Legacy LTIP
Aggregate fair value at measurement date (£m)	4.8	25.5	1.2
Exercise price (p)	-	-	-
Expected volatility (%)	30	22	23
Dividend yield (%)	0	0	0
Risk free interest rate (%)	1.70	0.14	0.65

The expected volatility is wholly based on the historical volatility of listed automotive peers over a period commensurate with the terms of each award.

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 205 (Aston Martin, 2021)

33 ALTERNATIVE PERFORMANCE MEASURES CONTINUED
NET DEBT

Opening cash and cash equivalents	**489.4**	107.9
Cash inflow/(outflow) from operating activitiesCash	**178.9**	(198.6)
outflow from investing activities	**(184.1)**	(258.4)
Cash (outflow)/inflow from financing activities	**(66.5)**	840.2
Effect of exchange rates on cash and cash equivalents	**1.2**	(1.7)
Cash and cash equivalents at 31 December Cash	**418.9**	489.4
held not available for short term use Borrowings	**1.8**	9.9
Lease liabilities	**(1,189.2)**	(1,084.8)
Inventory repurchase arrangement	**(103.4)**	(103.0)
	(19.7)	(38.2)
Net Debt	**(891.6)**	(726.7)
Adjusted EBITDA	**137.9**	(70.1)
Adjusted leverage	**6.5x**	n.m

FREE CASH FLOW

Net cash inflow/(outflow) from operating activities	**178.9**	(198.6)
Cash used in investing activities (excluding interest received)Interest	**(185.2)**	(260.7)
paid less interest received	**(116.9)**	(80.0)
Free cash flow	**(123.2)**	(539.3)

Reference :

Aston Martin Lagonda Annual Report 2021 - Page 210 (Aston Martin, 2021)

Additionally Financial Ratios latest year 2022 for analysis

Below table shows calculations for all financial ratios as per the published 2022 financial statements for in-depth analysis (Aston Martin, 2022).

	Financial Ratios	Formula	Year 2022
Profitability Ratios	Gross Profit Margin	(Gross profit / Sales) x 100	33.39
	Operating Profit Margin	(Operating Profit / Sales) x100	-17.31
	Net Profit Margin	(Net Income / Sales) x 100	-60.43
	Return on Assets	(Net Income / Assets) x 100	-15.26
	Return on equity	(New Income / Shareholder's Equity)	-65.99
Liquidity Ratios	Current Ratio	Current Assets / Current Liabilities	1.31
	Quick Ratios or Acid test Ratio	Current Assets Less Stock / Current Liabilities	1.18
	Cash Ratio	Cash & Equivalents / Current Liabilities	0.71
Leverage Ratios	Gearing Ratio	(Non Current Liabilities / Equity Plus Non Current Liabilities) x 100	66.04
	Debt / Equity Ratio	(Total Liabilities / Stockholders Equity) x 100	332.38
	Long Term Debt / Equity Ratio	(Long Term Debt / Stockholder Equity) x 100	191.83
	Interest Coverage	(Operating Profit / Interest Charge) x 100	224.85
Activity Ratios	Days Sales Outstanding (DSO)	Trade and other receivables / Average Revenue per day	16.65
	Inventory Turnover	Cost of Goods Sold / Avg Inventory per stock	4.17
	Days Payable Outstanding (DPO)	Trade & other payables / Avg COGS per day	37.71
	Average Revenue per Day	Annual Revenue / 365	2.35
	Average COGS per Day	Annual COGS / 365	1.56
Investor Ratios	Earnings Per Ordinary Share	Net Income (Profit after Tax) / No of Shares	-1.56
	Dividend cover	(Net Income (Profit after Tax) / Dividend Proposed and Paid) x 100	**No Dividend**
	Price per Earning Ratio	Market Value per Share / EPS (Share value as of 31 Dec)	99.35
	Dividend Yield Ratio	(Dividend per Share / Market Value per Share) x 100	**No Dividend**

Financial Ratios - 2022