

Assignment 1

Business review of Aston Martin utilizing their published Financial Statements



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FINANCIAL Management and Planning

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1. Introduction

Aston Martin, a renowned company with an unrivaled history, has reached its second century. We now look forward to an exciting future with new investments, a new CEO, and the most potent model lineup in the company's history. People who devote their lives to the most well-known brands in the world have built Headquarters on their passion, talent, and creativity. A manifestation of the desire and group spirit to produce the most beautiful cars can be heard in every intricate stitch, exquisitely rendered line, and evocative engine sound.

Luxury car manufacturer Aston Martin Lagonda Global Holdings PLC is independent. In Warwickshire, England, the business creates, engineers, and produces sports cars. A network of dealers then markets these models. Aston Martin-branded sports cars are also maintained by it. Geographically, we are present in the United Kingdom, the Americas, the rest of Europe, the Middle East and Africa, and Asia Pacific, with the Americas producing the majority of our revenue.

In order to analyze profitability, liquidity, efficiency, investment, and gearing ratios, we will examine Aston Martin's profit and loss statements, balance sheets, and other reports from 2020, 2021, and 2022 in this report.

2. Aston Martin Ratio results

Financial statements are significant reports that list a company's cash flows, financial position, and financial results. They offer crucial accounting data that enables businesses to monitor their financial activities and draw in potential investors. There are various types, and each has its own calculation and interpretation process.

In a thorough balance sheet analysis, analysts typically perform horizontal analysis using data from multiple years. Each deal is also subjected to a vertical analysis in order to comprehend how various deal categories influence the result. Finally, ratio analysis can be used to join data points from different statements and isolate some performance metrics for each statement.

Year	2020	2021	2022 H1
Revenue	612	1,095	542
COGS/ cost of sales	501	752	354
Gross Profit	111	344	188
SG&A	-434	-420	-260
Operating Profit	-323	-77	-90
Interest /finance expenses	-183	-174	-221
Tax	-56	-25	-4
Net Income/loss of the year	-411	-189	-290
Balance Sheet			
Year	2020	2021	2022
Fixed Assets / non-current	1,905	1,975	1,981
Stock / inventory	207	197	308
Cash and Cash Equivalents	489	419	156
Trade and other receivables	178	243	288
Other Current Assets	15	7	9
Current Assets	889	866	761
Total Assets	2,795	2,841	2,743
Cash and Cash Equivalents	489	419	156
Creditors/trade and other payables	580	727	843
Accruals			
Current Liabilities	808	905	950
non-current liabilities	1,182	1,277	1,416
Total Liabilities	1,991	2,182	2,366
Net Assets	804	659	378
Shareholders Equity	804	660	378

	2020	2021	2022
Gross Margin %	18.2%	31.4%	34.7%
Operating Profit %	-52.8%	-7.0%	-16.6%
Net Profit %	-67.1%	-17.3%	-53.5%
Return on Assets	-14.7%	-6.7%	-10.6%
Return on Shareholder Equity	-51.1%	-28.7%	-76.7%
Current Ratio	1.10	0.96	0.80
Quick Ratio	0.84	0.74	0.48
Cash Ratio	0.61	0.46	0.16
Days Sales Outstanding	106.14	81.11	97.06
Inventory Turns	2.41	3.72	1.40
Days Payable Outstanding	422.88	352.81	434.99
Gearing Ratio	59.52%	65.91%	78.94%
Debt / Equity Ratio	2.48	3.30	6.26
LT Debt / Equity Ratio	1.47	1.93	3.75
Interest Coverage	1.76	0.44	0.41
Ordinary Shares	-543	-166	-290

Figure1 – summary of Aston Martyn Annual Report

3. Analysis

3.1 Ratio Limitations

Ratio analysis is the process of using "accounting ratios" to analyze financial statements. Finding and interpreting relationships between financial statement items is done through relationship analysis. Its objective is to give readers a clear understanding of the business's performance and financial situation. As a result, it is a method for working with ratios and examining financial statements.

The basis for ratio analysis, financial documents with historical data, are of less interest to users than the future. There will always be some uncertainty, but historical trends can be used to predict the future. For instance, just because the net profit margin has increased over the past three years does not guarantee that it will do so going forward.

Inflation is not considered in ratio analysis. If the rate of inflation were to change quickly, trend analysis would be less useful because it would be impossible to compare data from different periods.

the provision for doubtful debts, among other areas, and the useful life of fixed assets are just two examples of significant management estimates used in financial accounting. This suggests that the management has the power to change these hypotheses in order to influence the ratios, endangering the general comparability of ratios between periods.

3.2 Profitability ratios

Accountants use these metrics to measure a company's revenues and expenses. These are some common profitability indicators.

Profitability Ratios Formula

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

$$\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales}} \times 100$$

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Sales}} \times 100$$

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Assets}} \times 100$$

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

a) Gross Profit

This ratio measures the gross profit earned on sales and reports how much of each sale is available to cover operating expenses and contribute to profits.

The percent gross profit is 34.7% in 2022, which compared to 2020 is a good indication of financial health growing for the company.

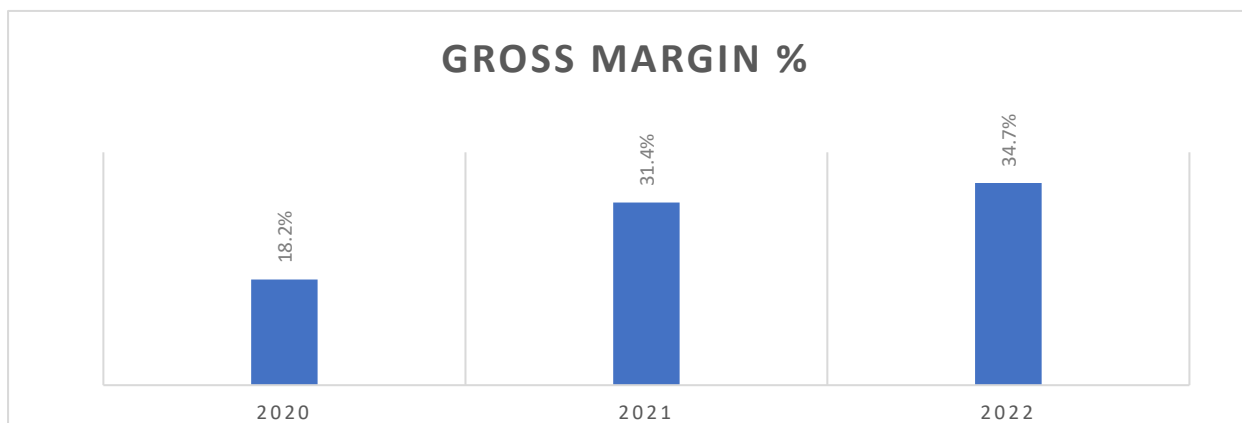


Figure2 –Aston Martin Gross Margin for period 2020-2022H1

When comparing the years 2020 and 2022, the Aston Martin Lagonda Global Holdings plc report for 2022 shows that gross profit increased by 16.5 percent. A higher cost of manufacturing and logistics helped with this. As for a large company, the percentage is still low. Your direct spend should not be higher than 40%, and your gross margin should be greater than 60%. The remaining overhead should not be more than 35 percent, giving a true net profit margin of 25 percent. You should aim to achieve this. (By Brett).

b) Operating Profit and Net Profit

Net profit, operating profit, and gross profit are the three different types of profits. This division was made based on the source of the company's profit, operating profit if the profit was generated by operating activities, and profit if it was profit, it was profit. Net profit is the overall amount of business generation. There are different levels of profit: gross profit is the starting point, operating profit is the middle level, and net profit, which is the lowest level and last level of profit and represents the actual profit of the company, is the lowest level and last level of profit. An organization's income statement includes operating income and net income.

All COGS, depreciation, and other associated operating expenses are subtracted from total revenue to determine operating profit. Operating costs include business costs other than direct production costs, such as salaries and benefits, rent and related costs, research and development costs, etc. Calculated as a percentage of total revenue, operating profit margin represents the amount of operating profit.

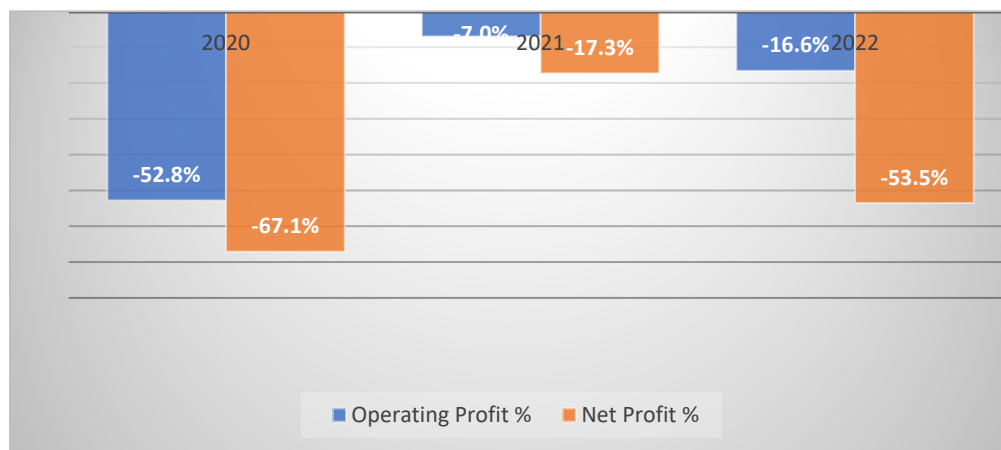


Figure3 – Aston Martin Operating and Net Profit of period 2020-2022H1

Comparing 2021 and 2022, the operating loss has doubled. The findings show that the company experiences net losses, which means that its expenses exceed its revenue. Additionally, according to the annual report, it was "driven by accelerated amortization of capitalized development costs ahead of the next generation GT/sport vehicles that it will start in 2023." Working capital outflow was also caused by brief supply chain and logistics disruptions.

Though they were significantly smaller than in 2020, net losses in 2021 increased. The main causes of this are the US dollar's non-cash FX revaluation and the weakening of the pound against the dollar during this time.

c) Return on Assets

The return on assets shows the earnings per dollar of assets. Therefore, a higher return on investment indicates a more profitable and efficient business.

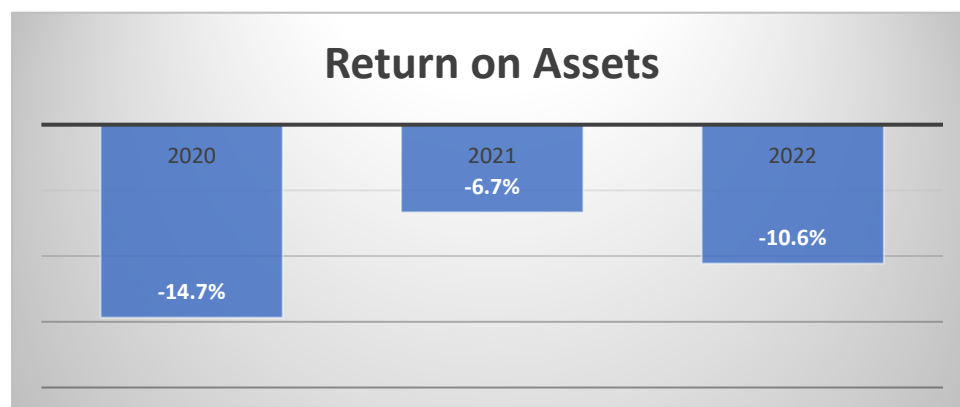


Figure4 – Aston Martin Return on Assets of period 2020-2022H

This ratio assesses how effectively a business uses its resources to generate profits. One of the most important ratios to take into account when determining a company's success is this one. An organization that is well-run and has a respectable return on assets has a higher value. This calculation is easily distorted by highly depreciated assets, a large number of intangible assets, or any unusual income or expenses.

The percent rate of return on assets for Aston Martin Group is -10.6 percent for 2022, which when compared to 2020 and 2021 shows there is room for improvement in this area to ensure the company can remain profitable and competitive. However, as of right now, the situation is worse than in 2021 but better than in 2020. Their annual report shows significant investment in RandD.

d) Return on Equity

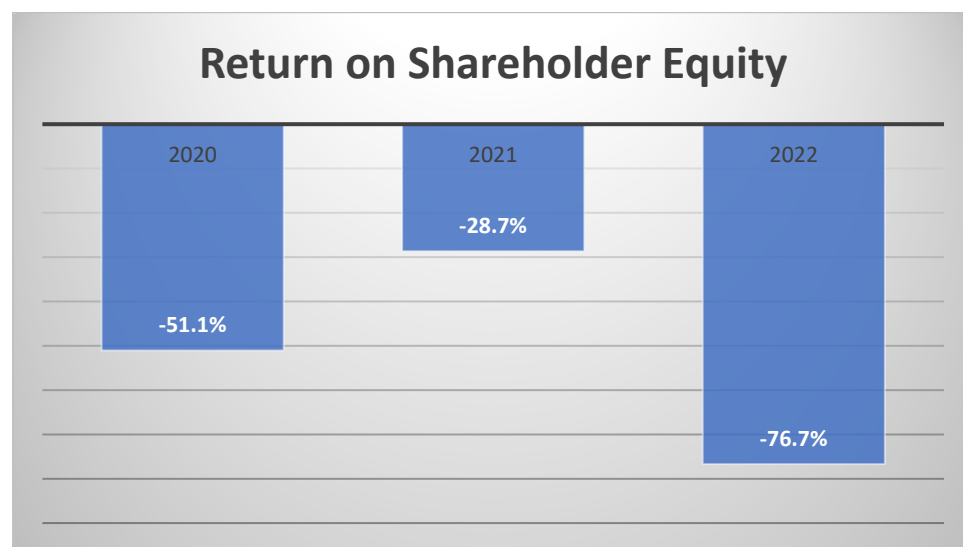


Figure5 – Aston Martin Return on Shareholder Equity of period 2020-2022H1

The result is a financial metric known as return on equity (ROE), which is calculated by dividing net income by shareholders' equity. The Return on Equity is a trustworthy indicator of a company's profitability because it examines how profits affect stockholders' equity. The Aston Martin Group's rate of return on equity is -76.7 percent, which when compared to 2020 and 2021 suggests management may not be effectively managing the profits derived from the owners' investment in the company.

3.3 Efficiency

a) Non -Current Assets Productivity, Assets Turnover

In the annual reports from the balance sheets, we can see:

Year	2020	2021	2022
Fixed Assets / non- current	1,905	1,975	1,981

Fixed assets are growing and its related to the rise in the equipment that used thought brand development and portfolio expansion. However, it is worrying as turnover is not great. They are holding stock.

b) Inventory Turnover

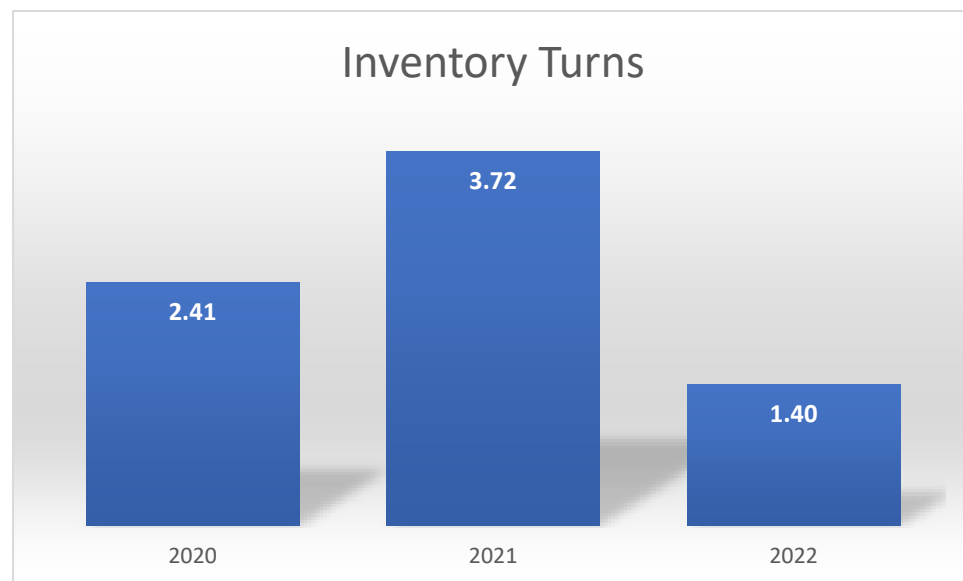


Figure6 – Aston Martin Inventory Turns of period 2020-2022H1

Despite the demand total wholesales declined. In 2022 Aston Martin group continue challenging operating environment, including disruptions to both supply chain and logistics, as well as full quarter of COVID-19 lockdowns in part of China.

c) Capital employed turnover

The Group started a consultation process to reduce employee counts at the end of 2020, reflecting lower production volumes than initially anticipated and leading to exceptional changes to the Income in 2020. The remaining provision is now fully utilised, with the final restricting cost incurred in the first half of 2022. Pension Plan: In 2022, the net liability for benefit obligations, which was £78.7 million in 2021, was only £68.8 million. The movement of £9.9m includes an actuarial gain of £6.1m. The Group informed the employee of the benefit scheme's closure in 2022, explaining that it would cost £2.8m.

d) Days Sales Outstanding

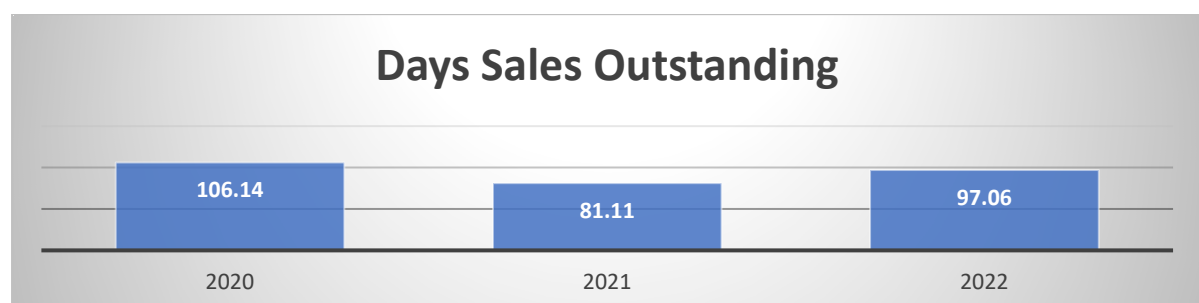


Figure7 – Aston Martin Days Sales Outstanding of period 2020-2022H1

$$\text{Days Sales Outstanding} = (\text{Accounts Receivable} / \text{Net Credit Sales}) \times \text{Number of days}$$

DSO is a crucial business metric that assesses the health and expansion of the company's finances. It also demonstrates how effectively a business can recoup prior charges. A higher DSO means the business will have more days to collect the fees. This could be due to two factors. Customers never pay on time, or the collection process is ineffective. Aston Martin Group has high DSOs; in fact, even in 2022H1 they will be lower than they were in 2020, which is why 45 days is considered to be a healthy position to be in (by Kenton W, 2022). High DSO businesses frequently fail to convert orders into cash and occasionally write off payments as bad debts. As a result, this might result in a precarious financial situation.

3.4 Liquidity ratios

A company's capacity to timely fulfill its short-term obligations is gauged by its liquidity ratio. In order to meet their obligations, businesses can quickly and value-preserving convert assets to cash. For businesses and their creditors, favorable liquidity metrics are essential. The key is to avoid any business or sector that does not have consistent and predictable cash flow. By calculating current liabilities, cash and cash equivalents, and other financial assets, these metrics are typically used to determine a company's capacity to pay off debt. The likelihood that the business will be able to pay off its short-term debt is determined by this. These are a few typical indicators of liquidity:



Liquidity Ratios	
Current Ratio	= Current Assets / Current Liabilities
Quick Ratio	= (Cash & Equivalents + Marketable Securities + Accounts Receivable) / Current Liabilities
Cash Ratio	= Cash & Equivalents / Current Liabilities
Net Working Capital (NWC) % Revenue	= NWC / Revenue
Net Debt	= Total Debt – Cash & Equivalents

a) Current Ratio.

Higher numbers take precedence because they show a strong ability to fulfill short-term obligations. This ratio measures how frequently current assets cover current liabilities and fairly accurately indicates the company's ability to meet its current obligations. Composition of current assets is a crucial consideration when assessing this ratio. Currently, assets may include slow-moving inventories, which can have an impact on a company's liquidity analysis

depending on the industry and industry. Quick ratios eliminate inventory as a result, making them potentially preferable to current ratios.

When compared to the baseline of 1.10 in 2020, Aston Martin's current ratio is 0.8 in 2022 and 0.96 in 2021, which shows the company's ability to service short-term obligations is not satisfactory. A more obvious sign that business is deteriorating in this area is the quick ratio's value. It is obvious that a higher liquidity ratio is good for business. A healthy cash ratio is between 1 and 2, which indicates that the business has enough liquid assets to cover its liabilities by a factor of two. The company does not have enough cash on hand to cover its current liabilities if the current ratio is less than 1. (finmodelslab.com, n.d.)

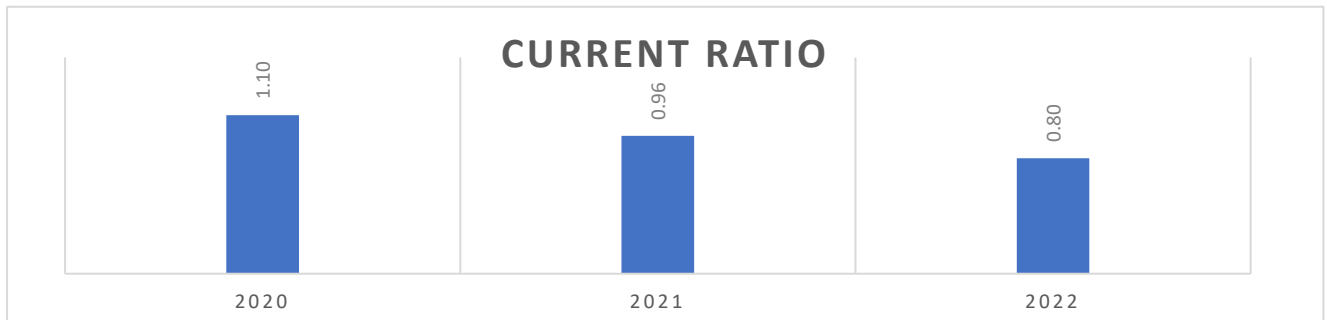


Figure8 – Aston Martin Current Ratio of period 2020-2022H1

a) Quick Ratio.

The quick ratio for Aston Martin is 0.48 in 2022 and 0.74 in 2021, which when compared to the baseline of 0.84 in 2020 shows the company's ability to service short-term obligations is declining. In the case of a ratio of 0, the company has two times as many current liabilities as current assets and will probably find it difficult to cover these obligations.

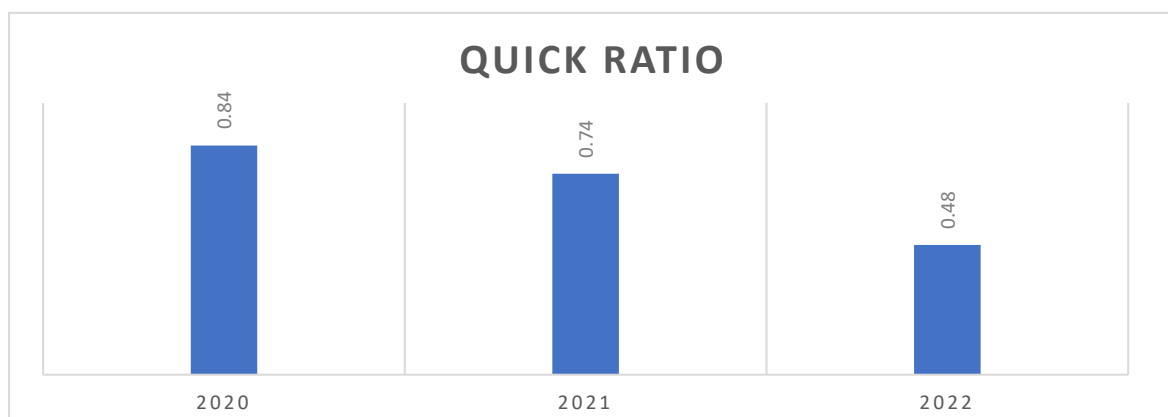


Figure9 – Aston Martin Quick Ratio of period 2020-2022H1

b) Cash Ratio

The cash ratio is a liquidity indicator that shows whether a company can pay all of its short-term obligations with cash and cash equivalents. A business is at risk of experiencing financial difficulties if its cash ratio is less than one. When compared to last year's ratio, it is extremely low. Additionally, since the company's cash ratio is less than 0 point 16, we can see that Aston

Martin is having issues because it has more current obligations than cash and cash equivalents.

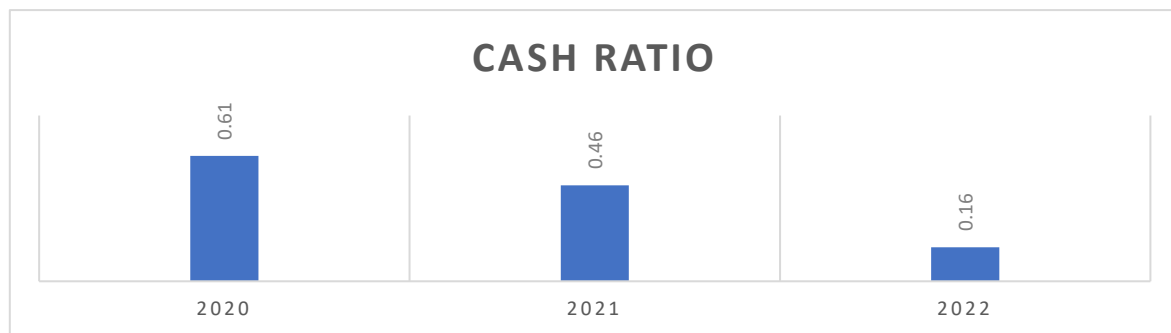


Figure10 – Aston Martin Cash Ratio of period 2020-2022H1

3.4 Investment

a) Revenue/ cash per share

Earnings per share (EPS) is the sum of a company's net income and the number of outstanding shares of common stock. A company's net income is the amount distributed to all shareholders after costs and expenses are taken into account. The present and future financial performance of a company can be forecast using the EPS metric. It is the total amount of net income that has been distributed to all outstanding common shares of a company.

Cash EPS = Operating Cash Flow / Diluted Shares Outstanding

The company's ability to generate cash flow, which can be used for a number of things, including paying dividends to shareholders and servicing debt, is shown by the cash earnings per share. If everything else is equal, a company with a higher cash EPS is considered to have a higher share value than a company with a lower cash EPS. The price of a company's stock typically rises among investors as a result of high earnings per share growth.

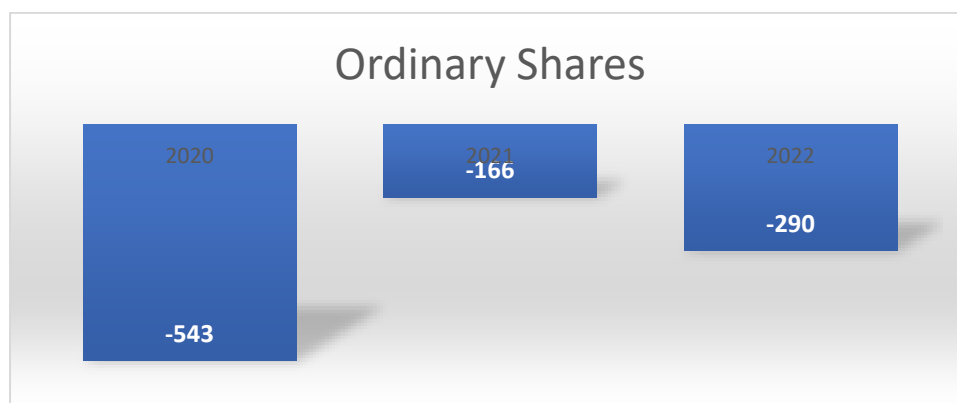


Figure11 – Aston Martin Ordinary Shares of period 2020-2022H1

From the reports, we can see that earnings per ordinary shares are negative, the same as there profit.

3.6 Leverage Ratios

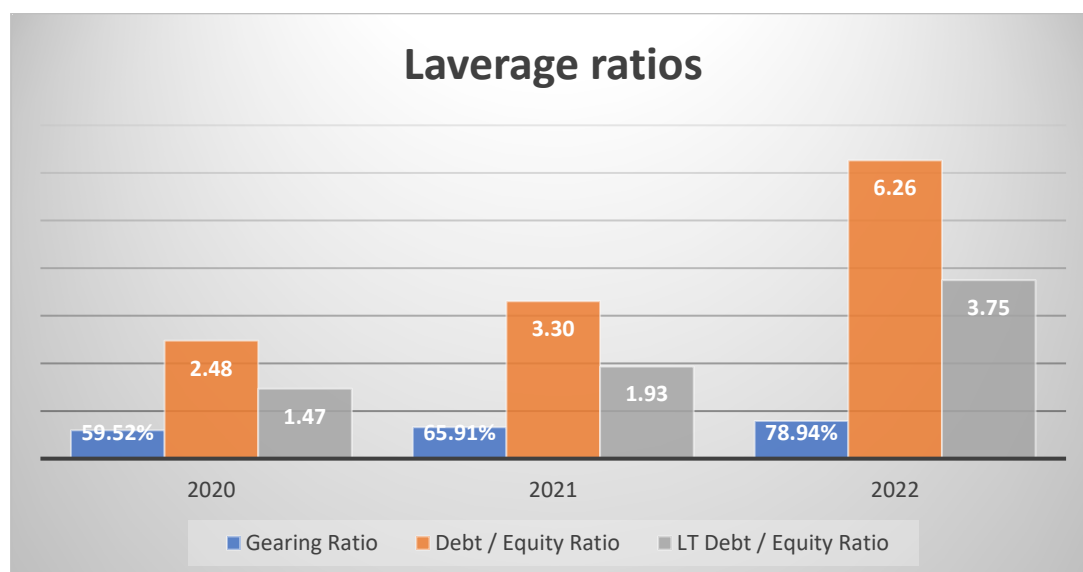


Figure12 – Aston Martin Leverage ratios of period 2020-2022H1

a) Gearing Ratio

In the case of a company with a gearing ratio of 70%, debt obligations represent 70% of equity. A gearing ratio of 70% might be very manageable for a small business or a company with a monopoly and local government support, but it might be too high for a technology company like Aston Martin that faces intense competition in a market that is changing quickly. Because debt financing increases a company's risk during economic downturns or increases in interest rates, the company is more vulnerable during these times of financial instability.

Something between 25% - 50% would be considered normal for a well-established business that is happy to finance its activities using debt (Boyte-White, 2021)

$$\text{Gearing} = \frac{\text{Non-current Liabilities}}{(\text{Equity} + \text{Non-current Liabilities})} \times 100$$

b) Debt-to-equity ratio

$$\text{Debt-to -equity} = \frac{\text{Total Liabilities}}{\text{Shareholder's Equity}}$$

The ratio reveals how much debt you have in relation to each \$100 worth of stock. A ratio of 0.5 indicates that you have \$1.00 in equity and \$0.50 in debt. More debt than equity is indicated by a ratio above 1. A ratio of 6.3 translates to \$6.30 in debt for every \$1.00 in equity. Investors consider your capacity for debt repayment as well as how dependent your company is on you. If a company's D/E ratio exceeds 5, it is frequently referred to as being "highly leveraged" (i.e., having a debt-to-equity ratio that is greater than 5).

This means that you should strike a balance that is appropriate for your industry. Knight provides some general guidelines. A ratio of 2 or less is typical for technology-based businesses and companies that conduct a lot of R&D. Ratios between 2 and 5 are found in stable, large manufacturing companies with publicly traded stock. Investors become uneasy at any level above 5 or 6, he explains (Gallo, 2015).

As can be seen from the Aston Martin Annual Report, the ratio is increasing year over year, which denotes an elevated perception of risk..

c) Interest Coverage

The interest coverage ratio is adequate for the company's cash flows to cover the required interest payments on its liabilities for purposes pertaining to lending to potential borrowers or arranging other forms of capital.

Interest Coverage= Operating Profit/Interest

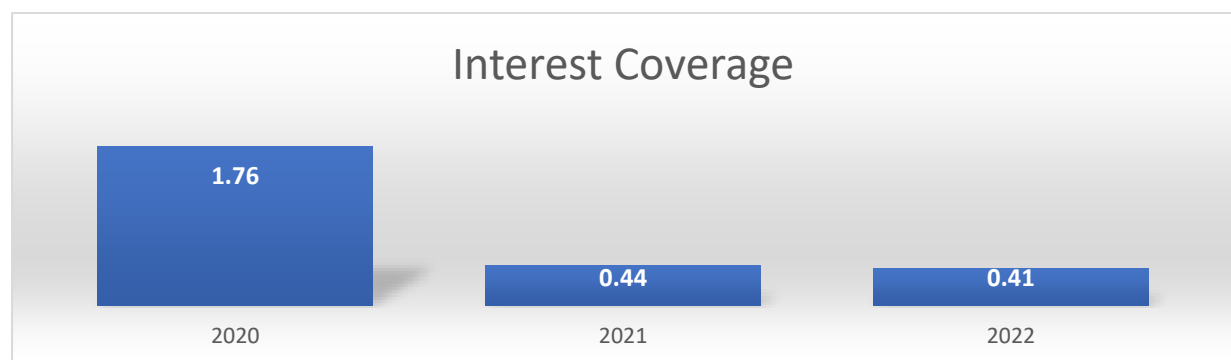


Figure13 – Aston Martin Interest Coverage of period 2020-2022H1

The debt level of the company and likelihood of bankruptcy increase in direct proportion to the interest coverage ratio. According to logic, a lower ratio indicates that less operating income is available to cover interest, which makes the business more susceptible to changes in interest rates. Consequently, better financial health is indicated by a higher interest coverage ratio. As a result, the company will be better able to fulfill its commitment to pay interest. Aston Martin reports that the interest coverage ratios will be 0.41 in 2022, down from 2020. Leverage ratios indicate that there are issues with the financial situation of the Aston Martin Group.

4 Conclusions

More debt than equity has historically been used by Aston Martin. Total debt is divided by total equity, and the result is expressed as a percentage to determine net leverage. It shows how much capital is necessary to pay off outstanding debt. Due to having more leverage than capital, Aston Martin is at financial risk, which poses a risk to shareholders. High costs of production and ongoing business operations are caused by Aston Martin's high debt-to-equity ratio. On the other hand, low leverage indicates to lenders and investors that the cost of borrowing money to support a business is low, which is viewed as a positive sign. According

to the capital structure component results for Aston Martin, lenders are the primary owners of the company's assets, which are used as security for loans made to the company. In order to assess a company's risk and decide whether to invest in it, understanding its level of leverage is very helpful. The risk to Aston Martin's shareholders from financing with too much debt compared to equity is considered its financial risk. Higher funding costs are required to pay off debt due to higher leverage, which results in lower earnings per share (EPS) for him. Management should think about calculating how much leverage to raise in order to achieve business sustainability because the capital structure is crucial to an organization. The capital structure of the company is in line with its goals. In order to keep our program going in the long run, we aim to maintain a capital structure that inspires investor confidence. The business will implement some changes to enhance its performance because it believes the high level of debt poses a greater financial risk. To increase the issuance of shares through the issuance of rights and reduce debt, the capital structure will be reviewed. To guarantee we have enough cash, they are concerned with preserving business stability. With regard to borrowing money, they are thinking about taking safety measures. To ensure you have enough money to repay the loan, invest the borrowed funds in product categories where demand exceeds supply. In every reporting year, the company has displayed a negative return on equity. This shows that the ratio is unfavorable and that stockholders are not drawn to the company's share price. The findings also demonstrate that the business requires outside funding to support its operations because it lacks sufficient liquidity.

5 Recommendations

The capital structure plays a crucial role in the operation of the company because it shows the sources of funding. In order to determine the optimal leverage ratio—one that exposes the organization to the least amount of risk and risk with the greatest potential reward—organizations should weigh the risks and returns associated with each component of their capital structure. Companies should assess and contrast various information sources, then select the one with the most competitive pricing. The consistently high levels of debt that have been reported for the fiscal years under review should be known by organizations. The decision was made because companies with high debt levels are more likely to file for bankruptcy, default on loans to creditors and lenders, and lose their ability to obtain credit.

An organization's operating profit margin reveals that its expenses exceed its revenue. To ensure profitability returns, businesses should steer clear of markdowns, think about raising selling prices, and keep an eye on operating costs. Investing more in marketing and other promotional efforts to raise consumer awareness of available goods and services can also result in higher profits. Potential customers are attracted by this activity, which also updates their shopping requirements. Companies should think about issuing more common stock to raise money for debt repayment. In order to control financing costs that lower profitability, they also require more affordable debt financing.

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7 Appendices

1 – Aston Martin Income Statement 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 Benefits 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)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 5.

The notes on pages 159 to 210 form an integral part of the Financial Statements.

2. Aston Martin Balance Sheet 2021

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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	76.8	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	721.8	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	1,874.9	971.3
Trade and other payables	20	9.8	7.5
Lease liabilities	15	93.7	93.7
Provisions	24	19.8	16.8
Employee benefits	25	78.7	92.5
Deferred tax liability	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	767.8
Non-controlling interests		18.6	16.3
Total shareholders' equity		660.4	804.1

The Financial Statements were approved by the Board of Directors on 22 February 2022 and were signed on its behalf by

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER
COMPANY NUMBER: 11488166

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

3. Aston Martin Cashflow 2021

	Notes	2021 £m	2020 £m
Operating activities			
Loss for the year		(189.3)	(410.5)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
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

4. Aston Martin Income Statement 2022

Summary income statement and analysis

<i>£m</i>	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	541.7	498.8	309.0	274.4
Cost of sales	(353.6)	(355.5)	(204.9)	(194.4)
Gross profit	188.1	143.3	104.1	80.0
<i>Gross margin %</i>	<i>34.7%</i>	<i>28.7%</i>	<i>33.7%</i>	<i>29.2%</i>
Operating expenses ¹	(260.8)	(179.3)	(142.5)	(100.7)
<i>of which depreciation & amortisation</i>	<i>131.3</i>	<i>84.8</i>	<i>72.6</i>	<i>48.8</i>
Adjusted operating loss²	(72.7)	(36.0)	(38.4)	(20.7)
Adjusting operating items	(17.2)	(2.0)	(3.8)	(2.0)
Operating loss	(89.9)	(38.0)	(42.2)	(22.7)
Net financing expense	(195.5)	(52.7)	(131.6)	(25.8)
<i>of which adjusting financing income</i>	<i>24.4</i>	<i>14.0</i>	<i>13.6</i>	<i>8.6</i>
Loss before tax	(285.4)	(90.7)	(173.8)	(48.5)
Taxation	(4.4)	19.6	(4.0)	19.2
Loss for the period	(289.8)	(71.1)	(177.8)	(29.3)
Adjusted EBITDA^{1,2}	58.6	48.8	34.2	28.1
<i>Adjusted EBITDA margin</i>	<i>10.8%</i>	<i>9.8%</i>	<i>11.1%</i>	<i>10.2%</i>
Adjusted loss before tax¹	(292.6)	(102.7)	(183.6)	(55.1)
EPS (pence)	(249.0)	(63.3)		
Adjusted EPS (pence)²	(253.7)	(85.3)		

¹ Excludes adjusting items; ² Alternative Performance Measures are defined in Appendix

5. Aston Martin Balance Sheet 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 £m	As at 30 June 2021 £m	As at 31 December 2021 £m
Non-current assets				
Intangible assets		1,392.6	1,362.0	1,384.1
Property, plant and equipment		352.6	381.3	355.5
Right-of-use assets		76.6	69.4	76.0
Trade and other receivables		2.3	0.7	2.1
Other financial assets		-	-	0.5
Deferred tax asset	6	157.3	143.7	156.4
		1,981.4	1,957.1	1,974.6
Current assets				
Inventories		307.6	202.4	196.8
Trade and other receivables		288.1	142.9	243.4
Income tax receivable		1.2	1.0	1.5
Other financial assets	11	9.2	8.1	7.3
Cash and cash equivalents	9, 10	156.2	505.6	418.9
		762.3	860.0	867.9
Total assets		2,743.7	2,817.1	2,842.5
Current liabilities				
Borrowings		62.3	118.0	114.3
Trade and other payables		842.8	609.1	721.0
Income tax payable		4.0	4.8	5.5
Other financial liabilities		15.4	69.9	34.8
Lease liabilities		7.4	10.8	9.7
Provisions	12	17.9	17.4	19.9
		949.8	830.0	905.2
Non-current liabilities				
		- -		
Borrowings	11	1,221.5	1,041.6	1,074.9
Trade and other payables		9.2	6.0	9.8
Lease liabilities		94.6	88.4	93.7
Provisions	12	20.6	19.3	19.0
Employee benefits	13	68.8	85.4	78.7
Deferred tax liabilities		1.4	0.2	0.8
		1,416.1	1,240.9	1,276.9
Total liabilities		2,365.9	2,070.9	2,182.1
Net assets		377.8	746.2	660.4
Capital and reserves				
Share capital	14	11.6	11.5	11.6
Share premium		1,123.4	1,108.3	1,123.4
Merger reserve		143.9	143.9	143.9
Capital redemption reserve		9.3	9.3	9.3
Capital reserve		6.6	6.6	6.6
Translation reserve		7.0	0.4	2.7
Hedge reserve		3.0	9.3	6.7
Retained earnings		(945.8)	(561.0)	(662.4)
Equity attributable to owners of the group		359.0	728.3	641.8
Non-controlling interests		18.8	17.9	18.6
Total shareholders' equity		377.8	746.2	660.4

6. Aston Martin Cashflow 2022

CONSOLIDATED STATEMENT OF CASH FLOWS				
	Notes	6 months ended 30 June 2022 £m	6 months ended 30 June 2021 £m	12 months ended 31 December 2021 £m
Operating activities				
Loss for the period		(289.8)	(71.1)	(189.3)
Adjustments to reconcile loss for the period to net cash inflow from operating activities				
Tax charge/(credit)	6	4.4	(19.6)	(24.5)
Net finance costs		195.5	52.7	137.3
Other non-cash movements		4.2	(3.1)	(0.1)
Depreciation of property, plant and equipment		33.8	24.9	65.3
Depreciation of right-of-use assets		4.4	3.9	9.3
Amortisation of intangible assets		93.1	56.0	137.6
Difference between pension contributions paid and amounts recognised in Income Statement		(4.6)	(5.4)	(11.4)
(Increase)/decrease in inventories		(104.6)	8.7	7.7
(Increase)/decrease in trade and other receivables		(41.0)	40.1	(75.4)
Increase in trade and other payables		68.3	6.3	52.8
Increase in advances and customer deposits		10.4	7.0	70.7
Movement in provisions		(1.8)	(2.1)	(0.2)
Cash (outflow)/inflow from operations		(27.7)	98.3	179.8
(Increase)/decrease in cash held not available for short-term use		(0.2)	8.4	8.1
Income taxes paid		(5.2)	(2.9)	(9.0)
Net cash (outflow)/inflow from operating activities		(33.1)	103.8	178.9
Cash flows from investing activities				
Interest received		0.7	1.4	1.1
Increase in loan assets		-	(1.5)	(1.4)
Decrease in loan assets		-	-	0.9
Payments to acquire property, plant and equipment		(29.1)	(24.7)	(40.7)
Payments to acquire intangible assets		(109.1)	(64.8)	(144.0)
Net cash used in investing activities		(137.5)	(89.6)	(184.1)
Cash flows from financing activities				
Interest paid		(63.2)	(58.5)	(118.0)
Proceeds from issue of equity warrants		-	-	15.3
Principal element of lease payments	10	(6.4)	(5.0)	(9.9)
Repayment of existing borrowings	10	(52.3)	(2.1)	(37.3)
Proceeds from inventory repurchase arrangement	10	37.7	-	19.0
Repayment of inventory repurchase arrangement	10	(20.0)	-	(40.0)
New borrowings	10	-	77.0	108.5
Transaction fees on issuance of shares		-	(1.2)	(1.3)