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Executive summary

Since Aston Martin Lagonda were made public in 2018, the financial position has consistently fallen year on year. This have resulted in falling performance on most of the measurable ratios, and resulted in investors seeing most of their investments being eroded by falling share price and lack of dividend pay out.

Growth within the company have been funded via debt, resulting in a growing interest payment that are now greater than the company's profit and debt that is greater in assets. In short, the company has now found itself in negative equity with no signs of improvements.

It is the recommendation of this report that the joint venture is abandoned and that an alternative arrangement with Aston Martin is to be made.

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Introduction

Aston Martin Lagonda is a luxury car manufacturer based in Warwickshire. Founded in 1913, the company is best known for its iconic models such as the DB series and Vantage, fondly used in the James Bond films.

Recent years have seen Aston Martin expand its product range to include SUV and electric vehicles.

This review is conducted to consider the viability of entering into a joint venture with Aston Martin Lagonda that is expected to cost £5million.

Use and Limitation of Ratios

Ratios are used as a way of assessing a company's financial position at a given moment or period of time. Ratios can be used to identify trends over time and make educated assumptions about future performance. Whilst ratios are a key tool in assessing a company's financial position, considerations must be made to the limitations of financial ratios.

Ratios can be used by stakeholders (investors, financial institutions, partners, suppliers, employees etc.) to provide insight into a company's financial performance. Aiding in decisions such as extending a line of credit, entering into a joint venture, the purchase of stocks/shares and other financial investment.

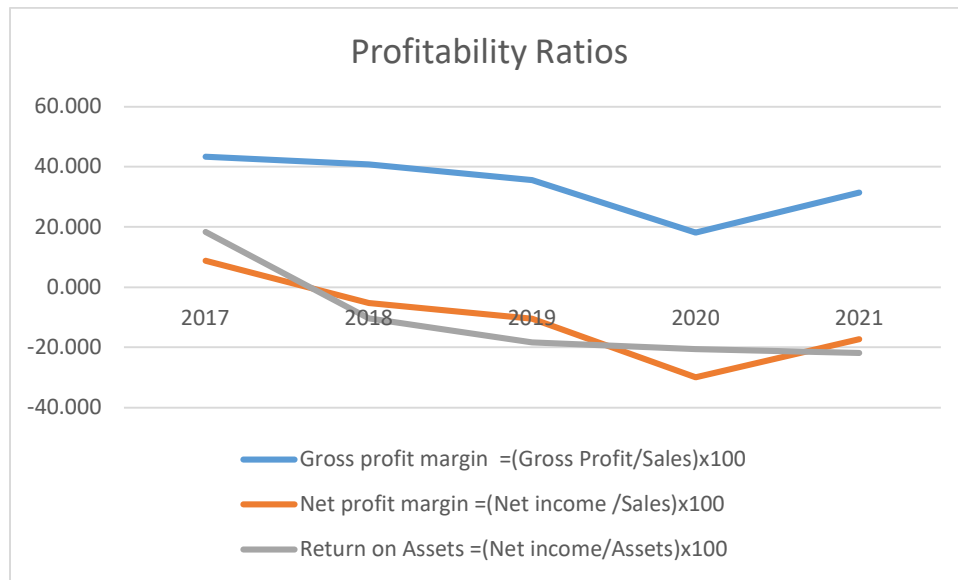
Whilst ratios aid key financial decisions, limiting factors need to be considered. Ratios offer strategic insight to a company's performance however; this is limited to the period of time under review and offers no guarantee of a company's future performance. Also, as financial reporting can vary from company to company (and even between different internal personnel) skewing the ratios from period to period.

The ratios may vary from time to time due to external factors. This variation can show changes in financial performance, when in reality the company operations have been consistent. When using ratios, caution should be taken to ensure that they are used in the correct context and supported by other sources of information such as financial statements, company history and the company's future plan.

In addition, in 2020 seen restrictions put in place as a result of the COVID 19 pandemic. Normal business practices were restricted due to lockdown and the imposed restrictions resulted in massive disruption to most business practices. For this reason results posted in 2020 will be reviewed but typically not considered as they fall outside of normal parameters.

Ratio Analysis

Profitability Ratios



Graph 1

Gross Profit Margin is used to show a companies' profitability without expenses such as interest, taxes etc. The profitability is calculated by dividing the gross profit by sales made.

Mathematically shown as:

$$\text{Profitability} = (\text{Gross Profit}/\text{Sales}) \times 100$$

Whilst reviewing the profitability ratio, we can see a falling trend over the past 5 years. There is a variant in 2020 due to the effects of COVID however, with the pictorial aid of graph 1, we can see that the trend of the profit margin isn't stable but falling.

While this data needs to be reviewed in conjunction with the other ratio's available, it does imply that Aston Martin aren't controlling their costs.

Net Profit Margin also reviews a companies' profitability however, from a slightly different perspective. Net profit margin ratio achieves this via showing the percentage of the companies' revenue after all expenses have been deducted. This is calculated by dividing the net income by the sales.

$$\text{Net Profit Margin} = (\text{Net income}/\text{Sales}) \times 100$$

As per the profitability ratio, the net profit margin has been consistently falling over the past 5 years (with the COVID year exception).

This further supports the suspicions raised from the gross profit margin ration that Aston Martin are struggling to manage its expenses year on year. This raises further concerns about the compounding effect this would have in the future should it remain unchanged.

Operating Profit Margin or EBITDA (Earnings before interest, taxes, depreciation and amortization) calculates the companies' profitability from its primary operations. As the name suggests, this calculation reviews the profitability of the company before allowances are made of taxes, depreciation, interest and amortization.

EBTIDA is often viewed as giving a more honest financial performance of the company overall, compared to the gross profit margin ratio that only considers the cost of goods sold and not other expenses.

EBITDA is calculated by dividing the operating profits by the company's sales.

$$\text{EBITDA} = (\text{Operating Profit}/\text{Sales}) \times 100$$

Reviewing this data, we can see much the same pattern (including the COVID year anomaly) as shown in both the net profit margin and gross profit margin results.

This reduction in operating profit supports the growing suspicion that Aston Martin are struggling to manage its expenses when compared to their sales.

Return on Assets is used to review a companies' profitability with regards to its total assets. The return on assets is a key measure of how efficient a company is in utilizing its assets when generating profits.

The return on assets is calculated by dividing the net income over the assets.

Unlike the previous ratios used to access the profitability of the company through its various costs, return on assets is a unique marker that can often provide a wider perspective on the companies' financial performance.

Return on assets is calculated by taking the companies' net income and dividing it by the assets it holds.

$$\text{Return on assets} = (\text{Net income}/\text{Assets}) \times 100$$

The trend for return on assets has decreased year on year even before we remove the COVID anomaly. This downward trend shows that Aston Martin is struggling to utilise their assets to generate profit. Furthermore, the negative values show that the company is actually losing money when compared to the use of their assets.

Return on equity is much like return on assets but reviewed with regards to the companies' profitability on shareholders equity instead of the companies' assets.

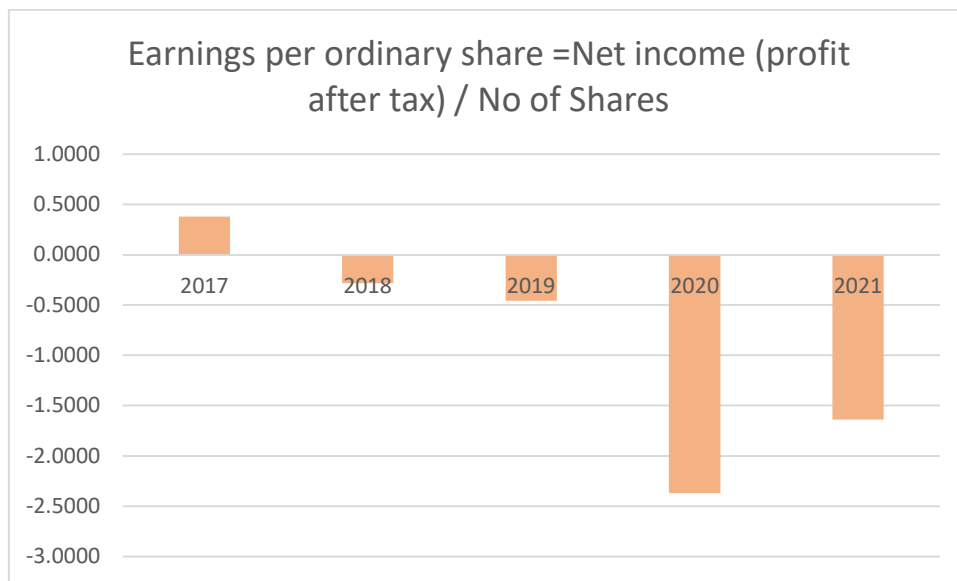
The return on equity assesses the company's efficiency in using shareholders equity to generate profits.

This is done by dividing the net income by the shareholders equity.

Return on equity = net income/shareholders' equity

Despite shareholders equity increasing up to 2020, the return on equity has fallen sharply between 2017 to 2019 and has not recovered. While 2021 return on equity is near par with 2019, the ratio has been maintained due to a reduction in shareholders equity, not due to an improvement on net income. Furthermore, as the values are negative, this shows that the company is making a loss on shareholders equity not a profit. This is concerning as this indicates that Aston Martin has poor return on the equity it's managing.

Investor Ratios



Graph 2

Earnings per ordinary share is a measure that reviews the profits the company generates, per each outstanding common stock. Earnings per share is used in the evaluation of company's performance and the potential return on investment for investors.

Earnings per share is calculated by dividing the company's net income by the number of shares.

Earnings per ordinary share = Net income (profit after tax) / No of Shares

Reviewing earnings per share and the supporting graph 2, we can see that the earnings per ordinary share has been falling year on year (allowance made for COVID). Concerningly, the earnings per share seems to be falling at an increasing rate year on year. In addition to a continually falling ratio, the earnings per share have been negative since 2018. In isolation this would almost certainly deter any potential investors however, this needs to be reviewed with the wider data available.

Pricing per Earnings Ratio is used to review a companies' stock price compared to the earnings per share. The ratio is used to determine if the stock is under or overvalued.

The price per earnings ratio is calculated by dividing the market value per share by the earnings per share.

Price per earning = Market value per share / EPS

While the pricing per earnings ratio shows recovery from 2018 to 2021 the value remains in the negative indicating lack of confidence in Aston Martin's stock.

Dividend Yield Ratio is used to show the companies' dividend per share presented as a percentage of the stock price. This ratio allows investors to see the return on investment.

The dividend yield ratio is calculated by dividing the dividend per share by the market value all multiplied by 100%

Dividend yield ratio = (Dividend per share/Market value per share) x100

It's not possible to calculate this ratio for Aston Martin due to the fact that no dividend has been paid out for the period being assessed. This isn't to say the review is fruitless, as the fact dividend hasn't been paid shows that Aston Martin didn't have the cash available to support an investor dividend payment. This supports the theory that Aston Martin are in financial distress.

Dividend Cover calculates the number of times earnings can cover the dividend payments made. Dividend cover is used to evaluate if a companies' dividend payments are sustainable.

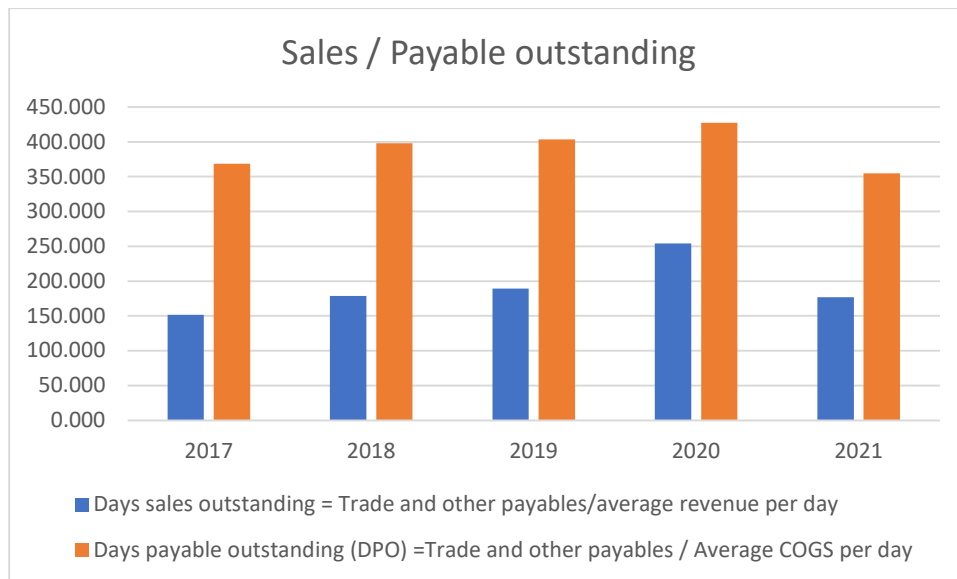
A ratio of 1 or greater indicates a stable and sustainable payment, where less than 1 suggests that more is being paid out in dividend than what is being earned.

Dividend cover is calculated by dividing the net income by the dividend paid all multiplied by 100%

Dividend cover = (Dividend per share/Market value per share) x100%

As per the Dividend yield ratio, it's not possible to review the dividend cover due to Aston Martin not paying dividend at any point within this review.

Activity Ratios



Graph 3

Days Sales Outstanding shows the amount of time in days it takes for the payment to be received by the company after a sale has been made. This shows the effectiveness of the accounts receivable as well as the risk of bad debt.

Days sales outstanding is calculated by dividing the accounts receivable per day.

Days sales outstanding = Trade and other payables/average revenue per day

While there has been some fluctuation during the period being assessed, it's fair to say the days sales outstanding has seen steady increase with some recovery in 2021. This trend of increasing sales outstanding shows an increased exposure to bad debt and poor control over its credit and collection policy.

Inventory Turnover is used to review how efficient a company is able to manage its inventory. Additionally, the inventory turnover can also be used to assess the risk of excessive inventory.

Inventory turnover is calculated by dividing the cost of goods sold by the sum of the average inventory divided by the stock.

Inventory turnover = Cost of goods sold / (average inventory/stock)

Aston Martin has seen a reduction in turns since 2018 of 0.8 showing a loss in stock turnover. This shows a loss of stock efficiency and an increased risk of excessive inventory levels.

Days Payable Outstanding measures the numbers of days that a company takes to pay its suppliers after receiving an invoice. While a longer value aids a company's cash flow, prolonged payment increases the risk of late payments and loss of supplier faith, whereas a short days payable hinders cash flow but reduces the risk of late payment.

Days payable outstanding is calculated by dividing the Trade and other payables by the average COGS per day.

Days payable outstanding = Trade and other payables / Average COGS per day

Aston Martin days payable have been stable for the period being assessed however, while the days payable being consistently over a year helps cash flow, this is concerning with regards to supplier late payments. This consistent late payment with Aston Martin's suppliers must have had eroded suppliers' confidence.

Leverage Ratios

Gearing Ratio is used to assess the extent the company uses debt to finance its operation and growth. Gearing ratio is typically used to assess a company's creditworthiness. A high debt to equity ratio indicates that a company has a higher degree of financial risk.

Gearing ratio is calculated by the non-current liabilities divided by the sum of the equity, plus the non-current liabilities.

$$\text{Gearing ratio} = (\text{non-current liabilities} / (\text{Equity} + \text{non-current liabilities})) \times 100\%$$

Reviewing the gearing ratio for Aston Martin, the trend has been stable, indicating the financial risk has been stable during the period of review. Whilst gearing ratio varies from industry and are etc. a level of 0.5% is considered moderate. As Aston Martin's ratio ranges from 0.437% - 0.735% the levels can be considered moderate to elevated.

Debt / Equity Ratio (D/E) is used to compare the company's liabilities to the total shareholders equity. This is used to assess the balance between debt and equity balance. A low ratio would imply that the company is using equity to finance its growth, whereas a high ratio would indicate that a company has been using debt to grow.

The debt / equity ratio is calculated by dividing the total liabilities by the shareholder equity all multiplied by 100%.

$$\text{D/E} = (\text{total liabilities} / \text{Stockholder equity}) \times 100\%$$

Aston Martin's ratio has fallen since 2017 and remained stable at circa 3.5%. It's typically considered that companies in growth industries who have a D/E of 1% or higher is considered a high level. Considering Aston Martin is over 3x this level, we can conclude that this level is very high. We can assume that Aston Martin has been growing the business predominantly on debt.

Long Term Debt / Equity Ratio (LT D/E) is used to compare the company's long-term debt to the total shareholders equity. A lower ratio implies the company has been using more equity to guidance grow, whereas a high ratio implies the company has been using more long-term debt to finance its growth.

Long term debt / equity is calculated by dividing the non-current liabilities by the equity and the current liabilities all multiplied by 100%.

$$\text{LT D/E} = (\text{non-current liabilities} / \text{Equity plus non-current liabilities}) \times 100\%$$

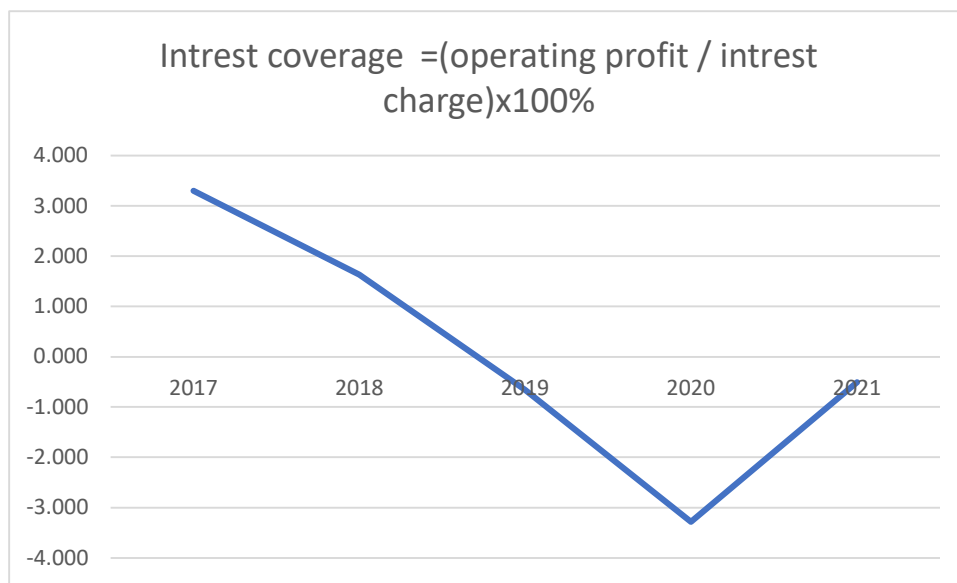
The long-term debt / equity ratio has fallen and remained stable much like the D/E ratio. Like D/E ratio LT D/E while values vary depending on industry etc, a value of 1 or greater is considered high. Aston Martin's value has ranged from 2.34% to 1.21% over the past 4

years and we can conclude that the company's growth is being funded by more long-term debt.

Interest Coverage (ICR) reviews a company's ability to settle interest on its outstanding debt. A company with a high interest ratio is considered to be financially stable and able to meet its obligations, whereas a low or negative ratio company is more probable to default on its debt.

Interest coverage is calculated by dividing the operating profit by the interest charged all multiplied by 100%.

$$\text{ICR} = (\text{operating profit} / \text{interest charge}) \times 100\%$$



Graph 4

Aston Martin's liquidity ratio has fallen consistently. While we can remove the COVID anomaly in 2020 the value has remained below 0, indicating that Aston Martin is not producing enough profit to cover the interest on its outstanding debt. While this is blatantly obvious, it must be said that this position is not sustainable for any company who wishes to remain in business.

Liquidity Ratio

Current Ratio is used to measure the ability a company has to settle interest on its outstanding debt. This ratio considers the short-term position (less than 1 year) where a low ratio indicates a company as less earnings available to pay expenses, and a high ratio shows that the company has earnings in excess of its interest expenses.

In a typical company you would look for a ratio of 1.2 to 1.3 as a stable position., where a company was able to meet its short-term obligations.

The current ratio is calculated by dividing the current assets by the current liabilities.

Current ratio = Current assets / Current liabilities

Aston Martin's ratio has remained stable over the past 5 years (when allowances made for COVID impact) however, performance ranges from 0.6613 – 0.959. This is considered low and a value below 1 implies that there are not enough assets to settle the company's liability's

Quick Ratio (aka Acid Test) measures a company's ability to settle its short-term liabilities with the liquid assets available. A high value (i.e. greater than 1) indicates that should the need arise, a company could settle all its short term debt using the liquid assets available. Whereas a low value (less than 0.8) indicates that a company would have difficulty meeting short-term obligations and is vulnerable to financial difficulty.

The quick ratio is calculated by dividing the current assets (less stock) by the current liabilities.

Quick ratio = Current Assets less stock / current liabilities

While Aston Martins quick ratio has been stable, it has consistently been below the healthy range of 0.8-1 with an operating range of 0.4374 – 0.6186. This shows that should Aston Martin's short term lenders request repayment, then Aston Martin could find itself defaulting on its obligations.

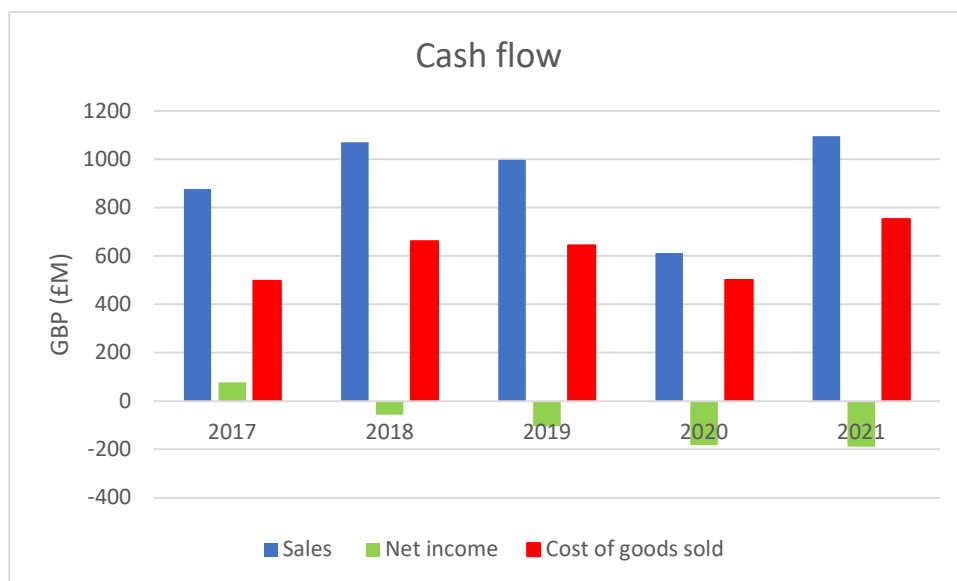
Cash Ratio shows a company's ability to settle all its current liabilities with the cash and cash equivalent assets available. This ratio is often seen as a more robust review than the quick ratio, as it only considers the most readably available funds. Much as the quick ratio, a high value (greater than 1) shows the company is able to settle its short-term debts using readably available funds, whereas a low value (less than 0.8) shows the company would not have the ability to pay off its short-term debts with the cash assets available.

Cash ratio is calculated by = Cash and cash equivalents / Current liabilities

Aston Martins cash ratio has been very changeable over the period being reviewed ranging from 0.177 – 0.611. These values are all low, to very low, showing that during the period being reviewed, at no point could Aston Martin settle its liabilities with its cash assets.

Cash flow

Reviewing the sales, net income and cost of goods sold isn't an absolute guarantee of a company's performance. When reviewed in conjunction with the ratios above it dose help to support findings as to how a company is performing.



Graph 5

As you can see from graph 5, when we discount the COVID effect, the company's sales have been consistent and arguably seen a small amount of growth between 2017 and 2021. However, the cost of goods sold has seen considerably higher level of growth. While turnover is often an impressive marker, the company's profit is what is key. With sales stable and cost of goods growing, the profits needed to cover the cost of operations and provide shareholders a return has reduced with the net effect of net income falling year on year, with every year but 2017 making a loss.

Summary of Findings

Profitability

Aston Martin's profitability has seen year on year reduction. Gross profit margin, net profit and operating profit margin all have the same trends of falling.

More concerningly, while gross profit has fallen but remained positive. However, the net profit and operating profit margin that considers the wider expenses of the business, show that the falling trend has taken Aston Martin from profit in 2017 to losses from 2018 on.

Net income on assets also follow this falling trend, seen in the profit margin with reduction year on year. Again, this value has been negated from 2018. This implies, not only are Aston Martin failing to utilise the assets it has available, they are actually losing money on the assets to hand.

Unlike the above, return on equity has fallen from 2017 to 2019, but has since stabilised. However, the stable position has remained in negative value at circa -0.28. This shows that Aston Martin are losing money on investors equity.

Investor Ratios

Aston Martin's earnings per ordinary share has showed year on year reductions. This has resulted in investors seeing a loss in their investments from 2018 on. To demonstrate the scale of the losses, investors have experienced in 2018, £1000 would have bought 12.7 shares (rounded). By 2021 the same 12.7 shares were worth £171.55, losing circa 83% of any investment made in 2017.

This falling in investment return is supported by the pricing per earnings ratio. The price per earnings have seen a recovery from 2018 onwards, however remained in negative value. This reinforces the lack of investor confidence in Aston Martin's ability to provide return on investment.

Unfortunately, it is impossible to provide a review on Aston Martin's Dividend cover and dividend yield ratio, as no dividend have been made payable during the period under review. While this hinders the review, it also advises that Aston Martin didn't have the excess in funds to support dividend payments to its investors, further raising concerns to their ability to responsibly manage investments made.

Activity Ratios

While under typical conditions, a wide gap between days payable and days sales is to be applauded in supporting healthy cash flow. The considerable amount of time in both sales outstanding and payables raises unique concerns.

Days sales outstanding have seen a steady increase over the period under review with a range of 151 – 189 days (excluding COVID year). This delay in payment raises concerns about Aston Martin's ability to manage its credit and collections. Furthermore, the long duration between sale and payment exposes Aston Martin to bad debt.

The days payable outstanding have been reasonably stable over the period being assessed, and is much longer than days sales supporting healthy cash flow. However, payment of suppliers being delayed over a year raises concerns about late payments and the associated charges. In addition to late or overdue accounts, the consistent long payment terms erode confidence in Aston Martin amongst its suppliers, reducing the likelihood that suppliers will give favourable terms and pricing.

Compounding this effect is a drop in the inventory turnover. This adds further risk of overstocking and reduction in stock efficiency.

Leverage Ratios

While the gearing ratio for Aston Martin show's stable levels in the moderate to elevated range, the debt-to-equity ratio is considerably high. This indicates that Aston Martin's growth has been funded by increasing debt instead of financial growth.

This conclusion is supported by the long-term debt to equity ratio that shows some improvement with time but still at a high-level, showing growth by long-term debt and not its financial growth.

With the increase of debt to support the company's growth, the exposure to interest has increased and as shown by the liquidity ratio. The interest per year is now greater than the profits generated. If this isn't immediately rectified, the problem will become compounded and the probability of recovery will fall year on year.

Cash flow

Aston Martin's sales have been very stable during the course of this review. However, the increasing cost of goods sold have resulted in the net income falling year on year, with a negative net incoming being reported from 2018 on.

Conclusion and Recommendation

Aston Martin find themselves in a very difficult circumstance, where multiple years of financial losses have resulted in the company being in considerable financial stress.

The falling profitability of the company have shown they have not been able to utilise assets or investor equity to turn a profit, or even make improvements in reducing the losses year on year.

Furthermore, growth funded by debt has resulted in an unsustainable position, where the companies interest outstrips its income compounding the issue.

Investor confidence has been eroded, primarily down to the lack of dividend payments and the plummeting stock pricing.

Poor recovery of funds following sales delays cash flow, is pushed onto suppliers whom are forced to await payment for over a year, and effectively using their suppliers as creditors. Suppliers accounts are then run as overdue incurring penalties. Additional administration to broker the delivery of goods and can result in inconsistent supply of goods, as suppliers withhold delivery for payment.

While sales has remained consistent, the increase cost of sales, increasing debt charges and operating overheads have resulted on a year on year loss growing exponentially.

The investment of £5 million with Aston Martin would be considered extremely high risk with the probability of an unlikely return.

While considerations need to be made to the strategic value of the customer, technology being developed and our own ability to take a loss of this magnitude, financially the risk of any investment within Aston Martin is too great.

With the above in consideration, my recommendation is to abandon the pursuit of this joint venture and look at other avenues of development. Preferably those that will provide payment up front i.e., Pro-forma terms.

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Appendix 1 – Excel calculation

Profitability Ratios	Gross profit margin	$\text{=(Gross Profit/Sales)} \times 100$	2017	2018	2019	2020	2021
	Net profit margin	$\text{=(Net income /Sales)} \times 100$	43.356	40.748	35.556	18.160	31.380
	Operating profit margin	$\text{=(Operating Profit/Sales)} \times 100$	8.767	-5.339	-10.468	-29.928	-17.283
	Return on Assets	$\text{=(Net income/Assets)} \times 100$	16.986	6.807	-3.680	-52.779	-5.984
Investor Ratios	Return on equity	$\text{=net income/shareholders equity}$	18.360	-10.352	-18.396	-20.585	-21.811
	Earnings per ordinary share	$\text{=Net income (profit after tax) / No of Shares}$	0.5643	-0.1271	-0.2909	-0.2277	-0.2866
	Dividend cover	$\text{=(Net income (profit after tax) / Dividend proposed and paid)} \times 100$					
	Pricing per earnings ratio	$\text{=Market value per share / EPS}$	0.3780	-0.2825	-0.4579	-2.3718	-1.6390
Activity Ratios	Dividend yield ratio	$\text{=(Dividend per share/Market value per share)} \times 100\%$	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Days sales outstanding	$\text{=Trade and other payables/average revenue per day}$	0.000	-254.419	-67.339	-3.711	-3.156
	Inventory Turnover	$\text{=Cost of goods sold / (average inventory)}$	368.3837	398.2019	408.4449	427.4735	354.8989
	Days payable outstanding (DPO)	$\text{=Trade and other payables / Average COGS per day}$	151.498	178.599	189.058	253.398	176.812
Leverage Ratios	Debt / Equity ratio	$\text{=(Non current liabilities/ (Equity + non current liabilities)} \times 100\%$	3.8826	3.9920	3.2073	2.8145	3.0879
	Long term debt / equity ratio	$\text{=(total liabilities/ Stockholders equity) } \times 100\%$	368.3837	398.2019	408.4449	427.4735	354.8989
	Interest coverage	$\text{=(Non current liabilities/ (Equity + non current liabilities)} \times 100\%$	0.437	0.735	0.624	0.514	0.555
	Current ratio	$\text{=(Current assets/ Current liabilities)}$	10.992	3.587	5.216	2.476	3.304
Quick ratio	Quick Ratios (aka Acid test ratio)	$\text{=(Non current liabilities/ Equity plus non current liabilities)} \times 100\%$	4.453	1.346	2.388	1.208	1.628
	Cash Ratio	$\text{=(operating profit / interest charge)} \times 100\%$	3.299	1.632	-0.664	-3.282	-0.506
	Current ratio	$\text{=Current assets/ Current liabilities}$	0.7900	0.5765	0.6613	1.1005	0.9588
	Cash Ratio	$\text{=Current Assets less stock / current liabilities}$	0.5486	0.4738	0.4274	0.5185	0.5661
		$\text{=Cash and cash equivalents / Current liabilities}$	0.3169	0.1773	0.1257	0.5055	0.4628

unless stated (£m)	2017	2018	2019	2020	2021
Gross Profit	379.8	435.8	354.6	111.1	343.7
Sales	876	1069.5	997.3	611.8	1095.3
Net income	76.8	-57.1	-104.4	-183.1	-189.3
Operating profit	148.8	72.8	-36.7	-322.9	-76.5
Shareholders equity	136.1	449.4	358.9	804.1	660.4
No of shares (m)	203.2	202.1	228	77.2	115.5
Dividend paid	0	0	0	0	0
Market value per share (december)(£0.01)	0	7887	3340	2015	1353
EPS (£0.01)	38.3	-31	-49.6	-543	-165.9
Trade and other payable	500.8	720.8	711.5	586.4	730.8
Trade and other recievables	115.7	241.6	249.7	177.9	243.4
Average revenue per day	3.3056604	4.0358491	3.7633962	2.308679	4.133208
Cost of goods sold	496.2	660.7	643.7	500.7	751.6
Non Current liabilites	966.5	796.4	1024	1182.4	1276.9
Equity	243.9	313	350.5	389.6	355.5
total liabilitys	1496	1611.8	1872.2	1990.7	2182.1
long term debt	606.1	604.7	839.1	971.3	1074.9
intrest charge	45.1	44.6	55.3	98.4	151.3
Current assets	418.3	551.6	567.5	889.5	867.9
Current liabilitys	529.5	815.4	858.2	808.3	905.2
Stock	127.8	165.3	200.7	389.6	355.5
cash and cash equivelent	167.8	144.6	107.9	489.4	418.9
Average cost of goods / day	1.3594521	1.8101370	1.7635616	1.3717808	2.0591781
average inventory	127.8	165.3	200.7	177.9	243.4

Appendix 2 – AML 2018 Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018			2017 (restated **)		
		Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	1,096.5	–	1,096.5	876.0	–	876.0
Cost of sales		(660.7)	–	(660.7)	(496.2)	–	(496.2)
Gross profit		435.8	–	435.8	379.8	–	379.8
Selling and distribution expenses		(89.8)	–	(89.8)	(60.0)	–	(60.0)
Administrative and other expenses	6	(219.1)	(74.1)	(293.2)	(195.3)	24.3	(171.0)
Other income	5	20.0	–	20.0	–	–	–
Operating profit	4,6	146.9	(74.1)	72.8	124.5	24.3	148.8
Finance income	8	4.2	–	4.2	35.6	–	35.6
Finance expense	9	(83.3)	(61.9)	(145.2)	(87.0)	(12.9)	(99.9)
(Loss)/profit before tax		67.8	(136.0)	(68.2)	73.1	11.4	84.5
Income tax credit/(charge)	10	0.6	10.5	11.1	(3.6)	(4.1)	(7.7)
(Loss)/profit for the year		68.4	(125.5)	(57.1)	69.5	7.3	76.8
Earnings per ordinary share							
Basic	12			(31.0p)			38.3p
Diluted	12			(31.0p)			36.5p
(Loss)/profit attributable to:							
Owners of the group				(62.7)			74.2
Non-controlling interests				5.6			2.6
				(57.1)			76.8
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	27			5.4			2.9
Related income tax	10			(0.9)			(0.5)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				0.7			(0.7)
Fair value adjustment on cash flow hedges and secured loan, net of tax				(23.5)			–
Other comprehensive income for the period, net of income tax				(18.3)			1.7
Total comprehensive income for the period				(75.4)			78.5
Total comprehensive income for the period attributable to:							
Owners of the group				(81.0)			75.9
Non-controlling interests				5.6			2.6
				(75.4)			78.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital £m	Share Premium £m	Share Warrants £m	Capital Reserve £m	Non-controlling Interest £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings £m	Total Equity £m
At 1 January 2018 (restated – note 2)	–	353.7	18.5	94.1	7.6	1.6	–	(339.4)	136.1
Total comprehensive income for the period									
(Loss)/profit for the year	–	–	–	–	5.6	–	–	(62.7)	(57.1)
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	0.7	–	–	0.7
Fair value adjustment on cash flow hedges and secured loan	–	–	–	–	–	–	(27.0)	–	(27.0)
Income tax on fair value adjustment on cash flow hedges and secured loan	–	–	–	–	–	–	3.5	–	3.5
Remeasurement of defined benefit liability (note 27)	–	–	–	–	–	–	–	5.4	5.4
Dividend paid to non-controlling interest	–	–	–	–	(3.0)	–	–	–	(3.0)
Income tax on other comprehensive income (note 10)	–	–	–	–	–	–	–	(0.9)	(0.9)
Total other comprehensive income	–	–	–	–	(3.0)	0.7	(23.5)	4.5	(21.3)
Total comprehensive income for the period	–	–	–	–	2.6	0.7	(23.5)	(58.2)	(78.4)
Transactions with owners, recorded directly in equity									
Shares issued during the year	2.1	–	–	–	–	–	–	–	2.1
Share premium on shares issued	–	352.2	–	–	–	–	–	–	352.2
Capital reduction (note 28)	–	(353.6)	–	(87.5)	–	–	–	441.1	–
Exercise of share warrants (note 28)	–	–	(18.5)	–	–	–	–	18.5	–
Charge for the year under equity settled share based payments	–	–	–	–	–	–	–	24.1	24.1
Tax on items credited to equity	–	–	–	–	–	–	–	13.3	13.3
Total transactions with owners	2.1	(1.4)	(18.5)	(87.5)	–	–	–	497.0	391.7
At 31 December 2018	2.1	352.3	–	6.6	10.2	2.3	(23.5)	99.4	449.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share Capital £m	Share Premium £m	Share Warrants £m	Capital Reserve £m	Non-controlling Interest £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings £m	Total Equity £m
At 1 January 2017	–	368.8	18.5	94.1	5.0	2.3	–	(416.0)	72.7
Prior period adjustment (note 2)	–	(15.1)	–	–	–	–	–	–	(15.1)
At 1 January 2017 (restated)	–	353.7	18.5	94.1	5.0	2.3	–	(416.0)	57.6
Total comprehensive income for the period									
Profit for the year (restated)	–	–	–	–	2.6	–	–	74.2	76.8
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	(0.7)	–	–	(0.7)
Remeasurement of defined benefit liability (note 27)	–	–	–	–	–	–	–	2.9	2.9
Income tax on other comprehensive income (note 10)	–	–	–	–	–	–	–	(0.5)	(0.5)
Total other comprehensive income	–	–	–	–	–	(0.7)	–	2.4	1.7
Total comprehensive income for the period	–	–	–	–	2.6	(0.7)	–	76.6	78.5
Transactions with owners, recorded directly in equity (Prior period adjustment – note 2)	–	–	–	–	–	–	–	–	–
At 31 December 2017	–	353.7	18.5	94.1	7.6	1.6	–	(339.4)	136.1

	Notes	2018 £m	2017 restated £m
Non-current assets			
Intangible assets	13	1,071.7	930.7
Property, plant and equipment	15	313.0	243.9
Other receivables	19	1.8	2.1
Deferred tax asset	10	123.1	37.1
		1,509.6	1,213.8
Current assets			
Inventories	17	165.3	127.8
Trade and other receivables	19	241.6	115.7
Other financial assets	18	0.1	7.0
Cash and cash equivalents	20	144.6	167.8
		551.6	418.3
Total assets		2,061.2	1,632.1
Current liabilities			
Borrowings	23	99.4	13.5
Trade and other payables	21	696.1	483.1
Income tax payable		4.9	2.7
Other financial liabilities	22	4.2	18.2
Provisions	26	10.8	12.0
		815.4	529.5
Non-current liabilities			
Borrowings	23	604.7	827.4
Trade and other payables	21	12.2	17.7
Other financial liabilities	22	4.4	–
Employee benefits	27	38.7	46.9
Provisions	26	25.4	13.9
Deferred tax liabilities	10	111.0	60.6
		796.4	966.5
Total liabilities		1,611.8	1,496.0
Net assets		449.4	136.1
Capital and reserves			
Share capital	28	2.1	–
Share premium		352.3	353.7
Share warrants		–	18.5
Capital reserve		6.6	94.1
Translation reserve		2.3	1.6
Hedge reserve		(23.5)	–
Retained earnings		99.4	(339.4)
Equity attributable to owners of the group		439.2	128.5
Non-controlling interests		10.2	7.6
Total shareholders' equity		449.4	136.1

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £m	2017 restated £m
Operating activities			
(Loss)/profit for the year		(57.1)	76.8
<i>Adjustments to reconcile (loss)/profit for the year to net cash inflow from operating activities</i>			
Tax on continuing operations	10	(11.1)	7.7
Net finance costs		141.0	64.3
Other non-cash movements		13.3	(25.1)
Loss/(profit) on sale of property, plant and equipment	4	0.4	(0.1)
Depreciation and impairment of property, plant and equipment	4,15	32.4	27.4
Amortisation and impairment of intangible assets	4,13	67.6	54.7
Difference between pension contributions paid and amounts recognised in Income Statement		(3.8)	(21.8)
Increase in inventories		(37.5)	(10.6)
Increase in trade and other receivables		(122.4)	(7.8)
Increase in trade and other payables		197.7	166.7
Movement in provisions	26	10.0	12.5
Cash generated from operations		230.5	344.7
Income taxes paid	10	(7.9)	(0.7)
Net cash inflow from operating activities		222.6	344.0
Cash flows from investing activities			
Interest received	8	4.2	3.1
Proceeds on the disposal of property, plant and equipment		–	0.2
Loan to shareholders		–	(5.6)
Payment to acquire subsidiary undertaking	16	–	(50.1)
Payments to acquire property, plant and equipment		(101.9)	(75.0)
Payments to acquire intangible assets		(208.6)	(219.2)
Net cash used in investing activities		(306.3)	(346.6)
Cash flows from financing activities			
Interest paid		(42.2)	(49.8)
Proceeds from equity share issue		4.6	–
Dividend paid to non-controlling interest		(3.0)	–
Movement in existing borrowings	23,24	0.3	(474.3)
New borrowings	23,24	98.1	606.1
Transaction fees on new borrowings	24	–	(12.1)
Net cash inflow from financing activities		57.8	69.9
Net (decrease)/increase in cash and cash equivalents	24	(25.9)	67.3
Cash and cash equivalents at the beginning of the year		167.8	101.7
Effect of exchange rates on cash and cash equivalents	24	2.7	(1.2)
Cash and cash equivalents at the end of the year		144.6	167.8

Appendix 3 – AML 2019 Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
	Notes	Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	997.3	–	997.3	1,096.5	–	1,096.5
Cost of sales		(642.7)	–	(642.7)	(660.7)	–	(660.7)
Gross profit		354.6	–	354.6	435.8	–	435.8
Selling and distribution expenses		(95.0)	–	(95.0)	(89.8)	–	(89.8)
Administrative and other operating expenses		(235.2)	(42.1)	(277.3)	(219.1)	(74.1)	(293.2)
Other (expense)/income	5	(19.0)	–	(19.0)	20.0	–	20.0
Operating profit/(loss)	4	5.4	(42.1)	(36.7)	146.9	(74.1)	72.8
Finance income	8	16.3	–	16.3	4.2	–	4.2
Finance expense	9	(77.3)	(6.6)	(83.9)	(83.3)	(61.9)	(145.2)
(Loss)/profit before tax		(55.6)	(48.7)	(104.3)	67.8	(136.0)	(68.2)
Income tax (charge)/credit	10	(8.9)	8.8	(0.1)	0.6	10.5	11.1
(Loss)/profit for the year		(64.5)	(39.9)	(104.4)	68.4	(125.5)	(57.1)
(Loss)/profit attributable to:							
Owners of the Group				(113.2)			(62.7)
Non-controlling interests				8.8			5.6
				(104.4)			(57.1)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	26			(1.4)			5.4
Taxation on items that will never be reclassified to the Income Statement	10			0.2			(0.9)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				(2.7)			0.7
Fair value adjustment – cash flow hedges	23			9.0			(30.5)
Amounts reclassified to the Income Statement – cash flow hedges	23			15.6			3.5
Taxation on items that may be reclassified to the Income Statement	10			(3.4)			3.5
Other comprehensive income/(loss) for the year, net of income tax				17.3			(18.3)
Total comprehensive loss for the year				(87.1)			(75.4)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(95.9)			(81.0)
Non-controlling interests				8.8			5.6
				(87.1)			(75.4)
Earnings per ordinary share							
Basic loss per share	12			(49.6p)			(31.0p)
Diluted loss per share	12			(49.6p)			(31.0p)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital £m	Share Premium £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non- controlling Interest £m	Total Equity £m
At 1 January 2019	2.1	352.3	6.6	2.3	(23.5)	99.4	10.2	449.4
Adjustment on adoption of IFRS 16 (note 16)	–	–	–	–	–	(2.2)	–	(2.2)
At 1 January 2019 adjusted	2.1	352.3	6.6	2.3	(23.5)	97.2	10.2	447.2
Total comprehensive loss for the year								
(Loss)/profit for the year	–	–	–	–	–	(113.2)	8.8	(104.4)
Other comprehensive income								
Foreign currency translation differences	–	–	–	(2.7)	–	–	–	(2.7)
Fair value movement – cash flow hedges (note 23)	–	–	–	–	9.0	–	–	9.0
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	15.6	–	–	15.6
Remeasurement of defined benefit liability (note 26)	–	–	–	–	–	(1.4)	–	(1.4)
Tax on other comprehensive income (note 10)	–	–	–	–	(3.4)	0.2	–	(3.2)
Total other comprehensive (loss)/income	–	–	–	(2.7)	21.2	(1.2)	–	17.3
Total comprehensive (loss)/income for the year	–	–	–	(2.7)	21.2	(114.4)	8.8	(87.1)
Transactions with owners, recorded directly in equity								
Credit for the year under equity settled share-based payments (note 29)	–	–	–	–	–	3.7	–	3.7
Dividend paid to non-controlling interest (note 11)	–	–	–	–	–	–	(4.9)	(4.9)
Tax on items credited to equity (note 10)	–	–	–	–	–	–	–	–
Total transactions with owners	–	–	–	–	–	3.7	(4.9)	(1.2)
At 31 December 2019	2.1	352.3	6.6	(0.4)	(2.3)	(13.5)	14.1	358.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share Capital £m	Share Premium £m	Share Warrants £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non- controlling Interest £m	Total Equity £m
At 1 January 2018	–	353.7	18.5	94.1	1.6	–	(339.4)	7.6	136.1
Total comprehensive loss for the year									
(Loss)/profit for the year	–	–	–	–	–	–	(62.7)	5.6	(57.1)
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	0.7	–	–	–	0.7
Fair value adjustment on cash flow hedges (note 23)	–	–	–	–	–	(30.5)	–	–	(30.5)
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	3.5	–	–	3.5
Remeasurement of defined benefit liability (note 26)	–	–	–	–	–	–	5.4	–	5.4
Tax on other comprehensive income (note 10)	–	–	–	–	–	3.5	(0.9)	–	2.6
Total other comprehensive income/(loss)	–	–	–	–	0.7	(23.5)	4.5	–	(18.3)
Total comprehensive income/(loss) for the year	–	–	–	–	0.7	(23.5)	(58.2)	5.6	(75.4)
Transactions with owners, recorded directly in equity									
Shares issued during the year	2.1	–	–	–	–	–	–	–	2.1
Share premium on shares issued	–	352.2	–	–	–	–	–	–	352.2
Capital reduction	–	(353.6)	–	(87.5)	–	–	441.1	–	–
Exercise of share warrants	–	–	(18.5)	–	–	–	18.5	–	–
Credit for the year under equity settled share-based payments (note 29)	–	–	–	–	–	–	24.1	–	24.1
Dividend paid to non-controlling interest (note 11) *	–	–	–	–	–	–	–	(3.0)	(3.0)
Tax on items credited to equity (note 10)	–	–	–	–	–	–	13.3	–	13.3
Total transactions with owners	2.1	(1.4)	(18.5)	(87.5)	–	–	497.0	(3.0)	388.7
At 31 December 2018	2.1	352.3	–	6.6	2.3	(23.5)	99.4	10.2	449.4

* Further detail on the restatement is disclosed in note 2.

	Notes	2019 £m	2018 restated* £m
Non-current assets			
Intangible assets	13	1,183.6	1,071.7
Property, plant and equipment	15	350.5	313.0
Right-of-use lease assets	16	81.8	–
Trade and other receivables	18	1.8	1.8
Other financial assets	20	0.2	–
Deferred tax asset	10	45.7	32.1
		1,663.6	1,418.6
Current assets			
Inventories	17	200.7	165.3
Trade and other receivables	18	249.7	240.8
Income tax receivable		0.3	0.8
Other financial assets	20	8.9	0.1
Cash and cash equivalents	19	107.9	144.6
		567.5	551.6
Total assets		2,231.1	1,970.2
Current liabilities			
Borrowings	23	114.8	99.4
Trade and other payables	21	702.1	671.0
Income tax payable		8.9	4.9
Other financial liabilities	22	6.3	4.2
Lease liabilities	16	14.1	–
Provisions	25	12.0	10.8
		858.2	790.3
Non-current liabilities			
Borrowings	23	839.1	604.7
Trade and other payables	21	9.4	49.8
Other financial liabilities	22	2.6	4.4
Lease liabilities	16	97.3	–
Provisions	25	16.2	12.9
Employee benefits	26	36.8	38.7
Deferred tax liabilities	10	12.6	20.0
		1,014.0	730.5
Total liabilities		1,872.2	1,520.8
Net assets		358.9	449.4
Capital and reserves			
Share capital	27	2.1	2.1
Share premium		352.3	352.3
Capital reserve		6.6	6.6
Translation reserve		(0.4)	2.3
Hedge reserves	23	(2.3)	(23.5)
Retained earnings		(13.5)	99.4
Equity attributable to owners of the group		344.8	439.2
Non-controlling interests		14.1	10.2
Total shareholders' equity		358.9	449.4

* Further detail on the restatement of the comparative period is disclosed in note 9

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £m	2018 restated* £m
Operating activities			
Loss for the year		(104.4)	(57.1)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax charge/(credit) on continuing operations	10	0.1	(11.1)
Net finance costs		67.6	141.0
Other non-cash movements		(4.4)	13.3
Loss on sale of property, plant and equipment	4	0.9	0.4
Depreciation and impairment of property, plant and equipment	4	38.8	32.4
Depreciation and impairment of right-of-use lease assets	4	13.3	–
Amortisation and impairment of intangible assets	4	112.4	67.6
Difference between pension contributions paid and amounts recognised in Income Statement		(4.4)	(3.8)
Increase in inventories		(33.3)	(37.5)
Increase in trade and other receivables		(28.9)	(122.4)
(Decrease)/increase in trade and other payables		(70.0)	136.1
Increase in advances and customer deposits	21	48.4	68.8
Movement in provisions		4.5	2.8
Cash generated from operations		40.6	230.5
Increase in cash held not available for short-term use	20	(8.7)	–
Income taxes paid	10	(12.5)	(7.9)
Net cash inflow from operating activities		19.4	222.6
Cash flows from investing activities			
Interest received	8	5.0	4.2
Payments to acquire property, plant and equipment	15	(82.2)	(101.9)
Payments to acquire intangible assets	13	(228.0)	(208.6)
Net cash used in investing activities		(305.2)	(306.3)
Cash flows from financing activities			
Interest paid	28	(52.0)	(42.2)
Proceeds from equity share issue		–	4.6
Dividend paid to non-controlling interest in subsidiaries	11	–	(3.0)
Principal element of lease payments	28	(10.9)	–
Repayment of existing borrowings	28	(91.5)	–
Proceeds from existing borrowings	28	102.3	0.3
Proceeds from inventory repurchase arrangement	21	38.7	–
New borrowings	28	260.8	98.1
Transaction fees paid on new borrowings	28	(4.1)	–
Net cash inflow from financing activities		243.3	57.8
Net decrease in cash and cash equivalents	24	(42.5)	(25.9)
Cash and cash equivalents at the beginning of the year		144.6	167.8
Effect of exchange rates on cash and cash equivalents		5.8	2.7
Cash and cash equivalents at the end of the year		107.9	144.6

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	Notes	2021			2020		
		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)

Group	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non- controlling Interest £m	Total Equity £m
At 1 January 2021	11.5	1,108.2	144.0	9.3	6.6	0.4	10.9	(503.1)	16.3	804.1
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(191.6)	2.3	(189.3)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	2.3	–	–	–	2.3
Fair value movement – cash flow hedges (note 22)	–	–	–	–	–	–	(0.3)	–	–	(0.3)
Amounts reclassified to the Income Statement – cash flow hedges (note 22)	–	–	–	–	–	–	(4.3)	–	–	(4.3)
Remeasurement of Defined Benefit liability (note 25)	–	–	–	–	–	–	–	3.8	–	3.8
Effect of change in rate of taxation (note 9)	–	–	–	–	–	–	(0.8)	6.8	–	6.0
Tax on other comprehensive income (note 9)	–	–	–	–	–	–	1.2	(1.0)	–	0.2
Total other comprehensive income / (loss)	–	–	–	–	–	2.3	(4.2)	9.6	–	7.7
Total comprehensive income / (loss) for the year	–	–	–	–	–	2.3	(4.2)	(182.0)	2.3	(181.6)
Transactions with owners, recorded directly in equity										
Warrant options exercised (note 26)	0.1	15.1	–	–	–	–	–	14.8	–	30.0
Credit for the year under equity settled share-based payments (note 28)	–	–	–	–	–	–	–	3.1	–	3.1
Effect of change in rate of taxation (note 9)	–	–	–	–	–	–	–	4.7	–	4.7
Tax on items credited to equity (note 9)	–	–	–	–	–	–	–	0.1	–	0.1
Reclassification (note 26)	–	0.1	(0.1)	–	–	–	–	–	–	–
Total transactions with owners	0.1	15.2	(0.1)	–	–	–	–	22.7	–	37.9
At 31 December 2021	11.6	1,123.4	143.9	9.3	6.6	2.7	6.7	(662.4)	18.6	660.4

Group	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non- controlling Interest £m	Total Equity £m
At 1 January 2020	2.1	352.3	—	—	6.6	(0.4)	(2.3)	(42.8)	14.1	329.6
Total comprehensive loss for the year										
(Loss)/profit for the year	—	—	—	—	—	—	—	(419.3)	8.8	(410.5)
Other comprehensive income										
Foreign currency translation differences	—	—	—	—	—	0.8	—	—	—	0.8
Fair value movement – cash flow hedges (note 22)	—	—	—	—	—	—	6.6	—	—	6.6
Amounts reclassified to the Income Statement – cash flow hedges (note 22)	—	—	—	—	—	—	9.7	—	—	9.7
Remeasurement of Defined Benefit liability (note 25)	—	—	—	—	—	—	—	(59.1)	—	(59.1)
Tax on other comprehensive income (note 9)	—	—	—	—	—	—	(3.1)	12.3	—	9.2
Total other comprehensive income/(loss)	—	—	—	—	—	0.8	13.2	(46.8)	—	(32.8)
Total comprehensive income/(loss) for the year	—	—	—	—	—	0.8	13.2	(466.1)	8.8	(443.3)
Transactions with owners, recorded directly in equity										
Issue of ordinary shares (note 26)	18.7	755.9	144.0	—	—	—	—	—	—	918.6
Capital reduction	(9.3)	—	—	9.3	—	—	—	—	—	—
Credit for the year under equity settled share-based payments (note 28)	—	—	—	—	—	—	—	4.2	—	4.2
Dividend paid to non-controlling interest (note 10)	—	—	—	—	—	—	—	—	(6.6)	(6.6)
Tax on items credited to equity (note 9)	—	—	—	—	—	—	—	1.6	—	1.6
Total transactions with owners	9.4	755.9	144.0	9.3	—	—	—	5.8	(6.6)	917.8
At 31 December 2020	11.5	1,108.2	144.0	9.3	6.6	0.4	10.9	(503.1)	16.3	804.1

	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

	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

