

Financial Management and Planning
Assessment 1 – Aston Martin Business Review

Submitted by:

Malvin Gonzales

2127191

Submitted to:

Howard Davies

University of Wales Trinity Saint David

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1 Executive Summary

The purpose of this report is to review and analyse the financial performance of Aston Martin Lagonda to understand whether a joint venture project opportunity worth £5m is feasible. The annual report of the company, which includes the financial statements of the company, were used to conduct a comparative analysis of the financial performance of the business from 2018 to 2022-Q3. The review of the reports provided key information regarding trends, risks, as well as current struggles which further supports the consideration of a joint venture.

A breakdown of the company's financial statement has been the basis of this report which have been thoroughly analysed with the use of financial ratios to understand the annual performance of the business. The ratios presented that the company has been constantly operating at a loss, mainly to reoccurring debt, but despite this, there is a stable security which must be examined when considering a joint venture project with the group.

2 Introduction

Aston Martin was founded in 1931 by Lionel Martin and Robert Bamford, the company has been globally acknowledged as an iconic brand and is synonymous with style, luxury, and performance. Based in Gaydon, England, Aston Martin Lagonda designs, creates, and exports cars which are sold in 56 countries around the world. Its sports cars are manufactured in Gaydon with its luxury SUV range manufactured in St Athan, Wales.

(Aston Martin Lagonda , 2021)

3 Financial Statements

Financial statements aim to provide a picture of the financial position and performances of a business (Atrill & McLaney, 2017). Public companies are required to provide a set of reports to shareholders annually that captures the operations and financial conditions of a business (Hayes, 2022). The annual reports consist of financial statements which are used to create financial ratios that allow for the detailed analysis of the financial performance of a company.

Financial statements are often laid out to present the business's income statement and balance sheet, both information captures key metrics which can be used to measure profitability, liquidity, activity, and leverage ratios. The balance sheet presents a company's financial health and it normally presented at a specific point in time i.e., quarterly, or yearly (Fields, 2016). It commonly lists out the company's ability to meet its current obligations, outlines the security of having adequate resources to finance the business as well as defining the ability of the business to maintain and expand its operations efficiently (Fields, 2016).

Another aspect of a financial statement is an income statement which focuses on the revenue, gains, and losses of a company annually (Chen, 2022). Income statements help to provide valuable information regarding the company's operations, efficiencies and identify key areas of that business that may be underperforming. Understanding the financial statement of a business provides a detailed forward-looking report to help manage businesses (Walker, 2006), they also provide future investors the ability to understand the performance of the company to ensure a good return of their investment as well as future planning any further investment they plan to make into the business.

4 Aston Martin Lagonda Financial Reports

4.1 Directors Report

Key summaries from the Directors report from the Aston Martin Financial Report of 2021:

- Two major challenges were faced by the group during 2021; the continued impact of COVID-19 pandemic and the difficulty faced by Aston Martin with the development of their Valkyrie hyper car programme
- The group has spent £191m on research and development during the year 2021 compared to the previous year 2020 at £182m, an increase which links to the development difficulties faced by the group in 2021
- Increase interest by stakeholders regarding the impact of climate change may affect the group. The group has identified that the most substantial impact from climate change within its operations will be the transition to EV (Electric Vehicles)
- 2021 also provided the return of Aston Martin to Formula One offering a powerful global platform to increase their brand awareness, relevancy, and desirability

(Aston Martin Lagonda , 2021)

4.2 Other News and Information

- The group are facing challenges in funding their next generation of sport cars as well as its first push into EV with the company not expected to generate cash until 2023 (Cambell, et al., 2022)
- Between April and June 2021, average selling price of the group's vehicles was £174,00, 15% increase compared to the previous year (Cambell, 2022)
- In September 2021, the company announced a £150 million from former dealers who owed the funds for the development of the Valkyrie hypercar (Marketline, 2022)
- Zhejiang Geely Acquires 7.60% Stake in Aston Martin Lagonda China's largest privately-owned automotive technology group (Marketline, 2022)

5 Financial Ratio Analysis

Companies utilise the use of financial ratios to assess how their businesses are performing. Financial ratios provide a simple means of assessing the financial health of a business (Atrill & McLaney, 2017), they help a company to determine whether trends are improving or deteriorating and assist with monitoring financial performance over a period of time (Fields, 2016). While ratios offer a valuable awareness into the performance of a company, they should be paired with other metrics in order to obtain a wider picture of a company's financial health and performance (Fields, 2016).

Investors and analysts commonly employ the use of financial ratios to evaluate the financial health of a company by examining the past and current financial statements (Fields, 2016). They help identify which questions to ask and help to highlight the strengths and weaknesses of a business, they provide a steppingstone to conduct further analysis (Atrill & McLaney, 2017).

There are a variety types of ratios available, this report considers four groups of ratios to analyse the performance of Aston Martin Lagonda:

Profitability Ratios – used to convey how well a company can generate profits from its operations (Bloomenthal, 2022)

Liquidity Ratios – use to examine the relationship between liquid resource and amounts due for payment in the near future (Atrill & McLaney, 2017).

Activity / Efficiency Ratios – used to determine if a business is making efficient use of its resources (Walker, 2006).

Leverage Ratios – used to evaluate a company's ability to meet its financial obligations (Hayes, 2020).

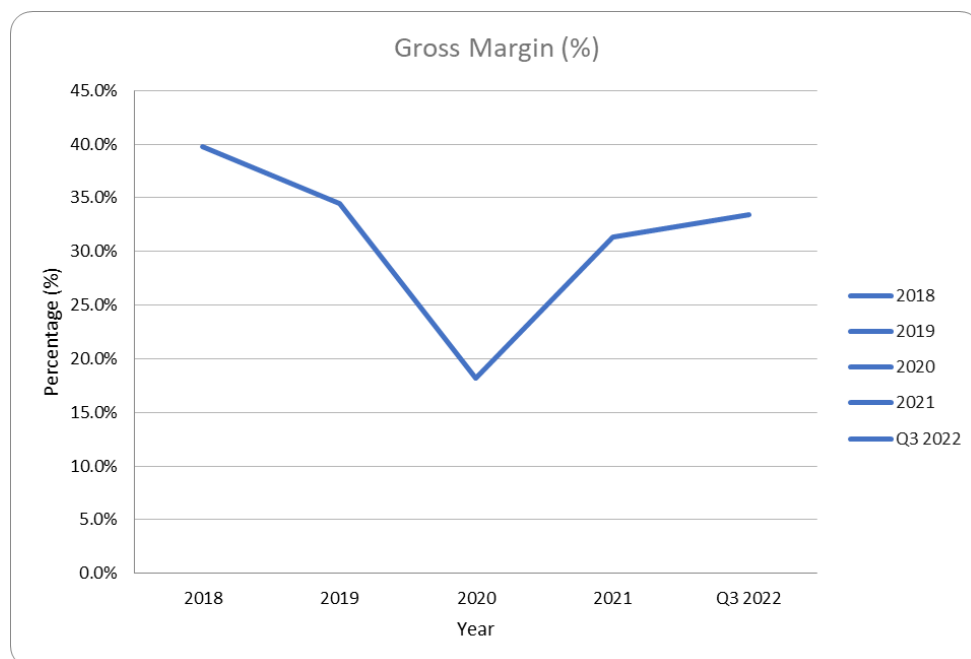
Regardless of the usefulness of ratios to provide a method of analysing the performance of a business, there are still certain limitations that need to be considered when using ratio analysis (Atrill & McLaney, 2017). One limitation is the quality of the financial statements used to calculate the ratios as the results of the analysis will be dependent on the quality of information provided in the statement used (Atrill & McLaney, 2017).

5.1 Profitability Ratio

Year	2018	2019	2020	2021	Q3 2022
Profitability Ratios					
Gross Margin %	39.7%	34.5%	18.2%	31.4%	33.4%
Operating Profit %	4.8%	-3.4%	-52.8%	-7.0%	9.1%
Net Profit %	5.2%	12.0%	67.1%	17.3%	58.9%
Return on Assets %	2.9%	5.3%	14.7%	6.7%	35.6%
Return on Shareholder Equity %	12.7%	35.7%	51.1%	28.7%	64.3%

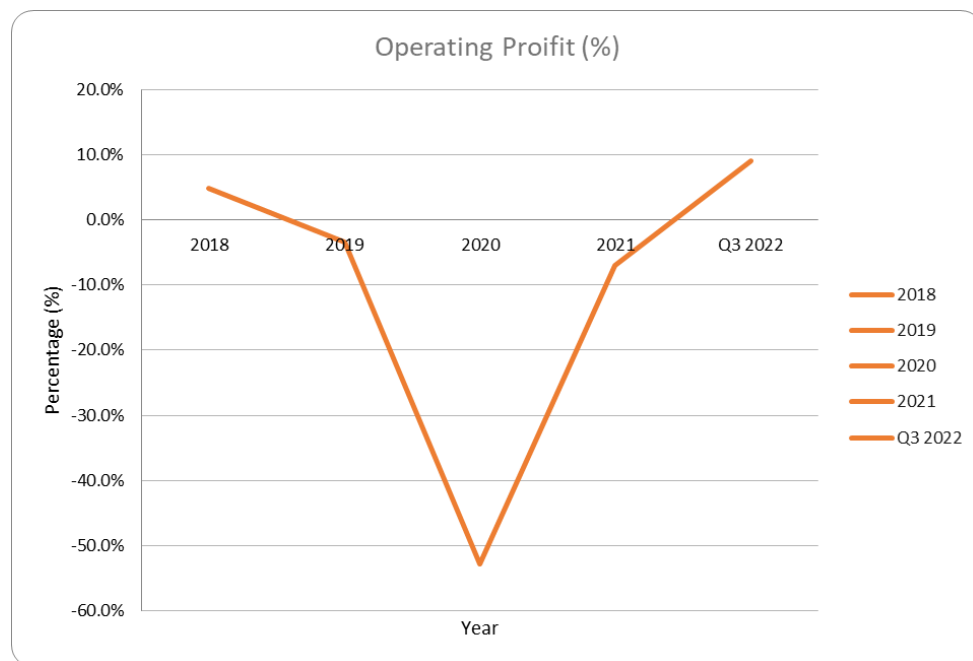
5.1.1 Gross Margins

As a business grows its revenues, their cost of goods sold should rise comparably, especially if a key performance indicator for its products is quality. A business that focuses on quality would not expect to see revenues increase while direct costs remain the same as it may indicate cost cutting measures or decreased quality. If a business' cost of goods sold increases faster than their revenue growth then the business may be struggling to remain profitable (BDC, 2022). Aston Martin consistently managed their gross margin to be around 30%, although a healthy gross margin is stated to be 50% to 70% (BDC, 2022). Their gross margin has been stable except for 2020 which can be explained with the challenges of COVID-19 has brought upon the business. they have managed to maintain their gross profit comparably with previous years. There is a bounce back to the performance of the group in 2021 with major increase in revenue compared to COGs with this trend visible with a trend increase in 2022-Q3.



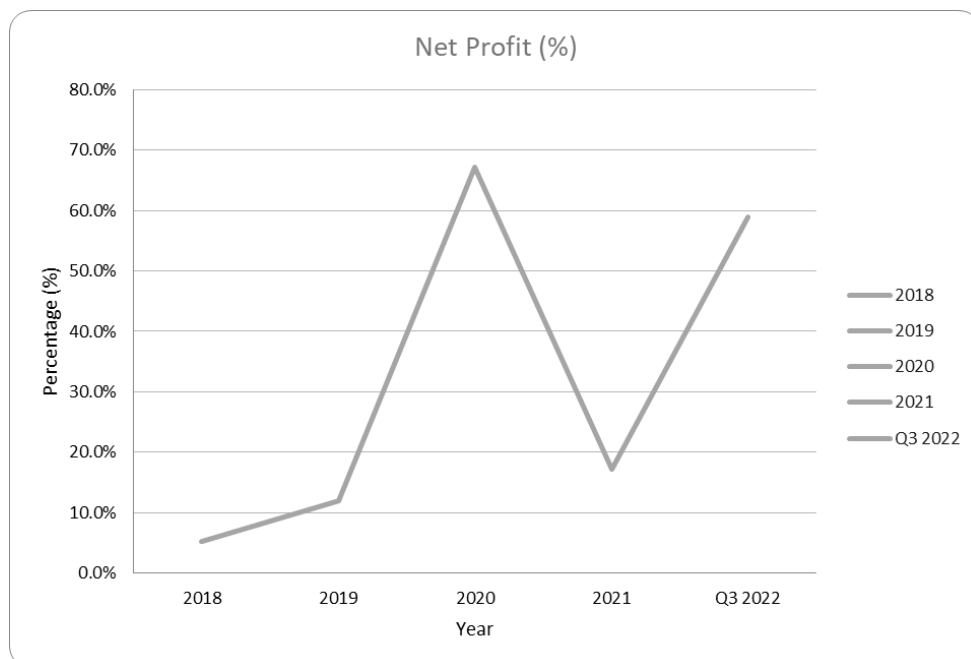
5.1.2 Operating Profit

The groups operating profit performance has not been consistent throughout the years, with a significant downfall in 2020 because of the pandemic. Selling, general and administrative (SG&A) costs have increased in 2020 compared to the previous years and can be linked to their return to Formula One requiring major spendings in marketing and advertising as well as the development of a new St Athan facility (Aston Martin Lagonda, 2020) which impacts the increase in SG&A cost which is visible to the results of the operating profits from 2019 to 2021. There seems to be a bounce back in 2022-Q3 which may be link to the business bouncing back from the pandemic which is showing a positive trend.



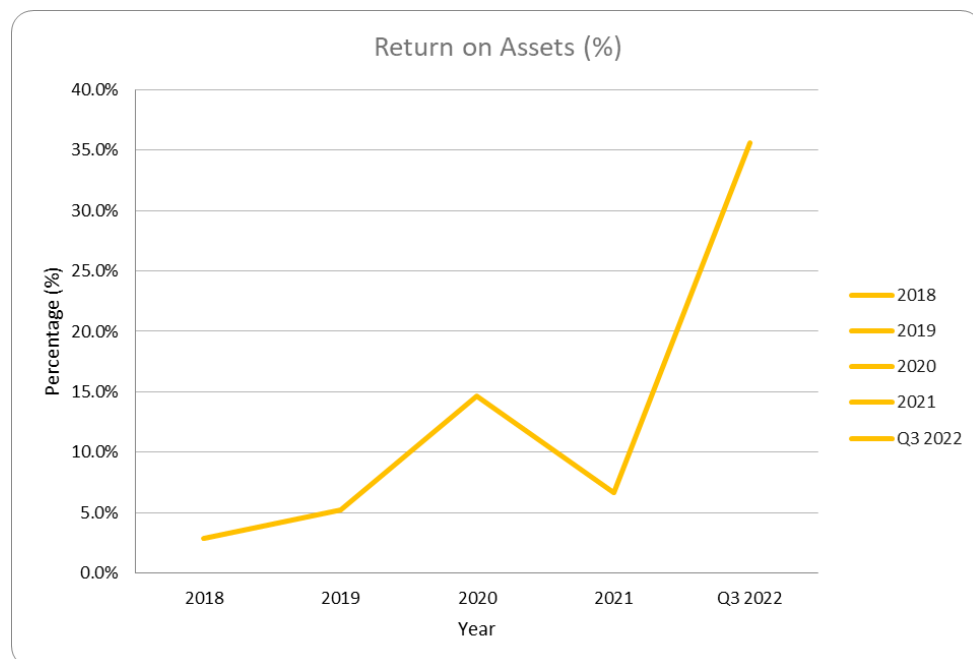
5.1.3 Net Profit

The group's net profit varied year on year, the overall average acceptable profit margin is within 10%, what is considered good is around 20% and a 5% margin is considered low (Corporate Finance Institute, 2022). The group's 2018 net profit is the lowest from all years analysed which is considered low from the mentioned business average, the year 2020 saw the group saw a major increase in their net profit and this can be linked with the increase in net income in that year, the groups saw a high loss before tax during that year which can be linked to the effects of the pandemic.



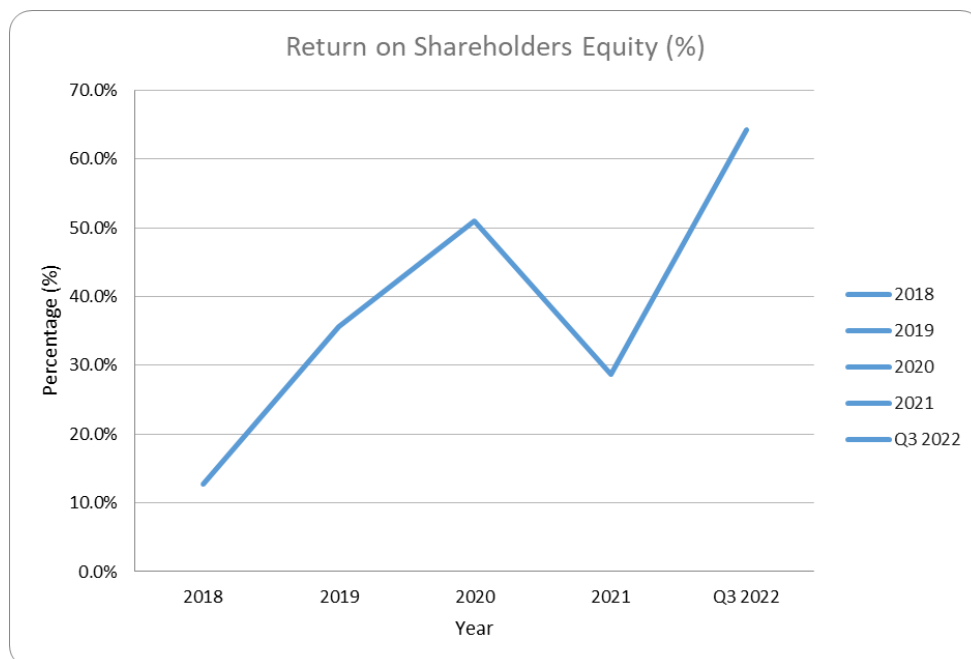
5.1.4 Return on Assets (ROA)

A good ROA of over 5% is identified to be considered as “good” with an ROA of over 20% being an excellent (Hargrave, 2022). The group has continuously increased their total assets from 2018 to 2021, currently with the 2022-Q3 metrics they are on trend to possibly match the previous year’s total. Aston Martin’s ROA in the years 2018, 2019 and 2021 have floated below and slightly above the 5% average which is considered as a good percentage. A boost in their ROA in 2022-Q3 above 20% means that they are making efficient use of their assets to generate profit.



5.1.5 Return on Shareholders' Equity (ROE)

ROE shows how well a company can convert shareholders' investments into income, the average ROE which is considered good is stated to be between 15%-20% (Fast Pay Ltd., 2022). Aston Martin has maintained a good ROE consistently from 2018 to 2022 which dictates that they are quite efficient in using shareholders' investment and turning them into profit. Consideration in investing with the group can still be considered since they have a consistently high total shareholders' equity which provides confidence with future investors to the group.



5.2 Liquidity Ratio (Current, Quick, and Cash Ratios)

Year	2018	2019	2020	2021	Q3 2022
Liquidity Ratios					
Current Ratio	0.70	0.64	1.10	0.96	1.31
Quick Ratio	0.49	0.41	0.84	0.74	
Cash Ratio	0.18	0.12	0.61	0.46	

The low current and quick ratio indicate that the group is not holding on too much liquid assets that can make paying current and immediate debt and liabilities harder. It is important that this is taken into consideration as any default on debt may have significant repercussions. The current automotive industry's standard current ratio = 2.72 and quick ratio = 1.90. This means that the group's current ratio was 65% lower than the industry average, whilst the quick ratio of the group compared to the industry average had a 61% difference. The current ratio performance of the group seems to be improving with the Q3 – 2022 only 52% difference from the industry standard this could be due improvements of paying off their current liabilities. The cash ratio average = 1.83 (ReadyRatios, 2021) when compared with the group's result in 2021 is significantly lower than the current industry standard and links with the increase in current liabilities of the group during the year which are due to the exposure of foreign currency fluctuations (Aston Martin Lagonda , 2021).

5.3 Activity Ratio

Year	2018	2019	2020	2021	Q3 2022
Activity Ratios					
Days Sales Outstanding	80.16	92.95	106.14	81.11	
Inventory Turns	4.00	3.51	2.45	3.72	
Days Payable Outstanding	370.69	416.91	422.01	350.14	

5.3.1 Days Sales Outstanding (DSO)

A DSO more than 60 days and higher has a link to the company having serious cash flow issues with hesitation in pressuring its customers for payments out of fear of losing them (Fields, 2016). Aston Martin has seen a decrease in DSO when compared to 2020, this is due to customers taking longer to pay Aston Martin for their vehicle orders because of the pandemic with 106 days being considerably high to the 60 days (Fields, 2016). Increased in supply chain disruption, production delays have further delayed the delivery of vehicles to customers a risk outlined in their 2022-Q3 report (Aston Martin Lagonda, 2022).

5.3.2 Inventory Turns

With the increasing supply chain disruptions in raw materials, Aston Martins inventory turns being low in 2021 indicates that they could be over stocking in raw materials to compensate with delays in delivery or sourcing of raw materials. 2018 showed the highest inventory turns with the proceeding years being comparable with each other. With 2020 being the lowest compared to the other years, this is due to the occurrences of the pandemic with manufacturing lessening with the number of workers being allowed to be always in the factory. The groups have stated that they are still undergoing supply chain challenges through 2022-Q3 with further logistical disruptions in wholesale volumes of vehicles (Aston Martin Lagonda, 2022).

5.3.3 Days Payable Outstanding (DPO)

The group's DPO shows comparable values from each year with the highest being in 2022 again due to the pandemic. The groups DPO leads to their battles in paying off its creditors as well as struggling in paying off its bills, invoices and trade and other payables to their creditors which leads to a consistent high DPO. Companies with such a high DPO are not always positive for a business as it may show signs of a cash shortfall and inability to pay charges and debts (Hayes, 2022). The group itself as outlines that the main risks arising from their financial instruments are credit risk, interest rate risk, currency risk and liquidity risk (Aston Martin Lagonda, 2020).

5.4 Leverage Ratio

Year	2018	2019	2020	2021	Q3 2022
Leverage Ratios					
Gearing/Leverage Ratio	61.9%	75.4%	59.5%	65.9%	66.0%
Debt Ratio	77.2%	85.2%	71.2%	76.8%	184.3%
Long Term Debt Ratio	35.0%	42.3%	38.6%	41.8%	113.5%
Interest Coverage	92.5%	-28.1%	-78.7%	-40.4%	120.3%

5.4.1 Gearing or Leverage Ratio

Aston Martins gearing / leverage ratios are significantly higher than the average percentage, ideally a gearing ratio lower than 25% is considered as low risk for investors (Boyte-White, 2021). The group's gearing / leverage ratio from 2018 and 2021 are higher than 50%, any significant interest in investing in Aston Martin will need to think twice on committing with the company since they seem to be in a great financial risk and are seemed to be susceptible to acquiring further loans. The group's long-term liabilities have been constantly high from 2018 to 2021, they have been further impacted by the US dollar denominated debt as the British pound has been significantly weakened against the US dollar during 2022-Q3 (Aston Martin Lagonda, 2022).

5.4.2 Debts or Equity Ratio

Investors often review a company and considers a debt ratio between 0.3 / 30% and 0.6 / 60%, low debt ratio often suggests greater credit value, it should be considered that there is a risk with a company carrying too little debt (Ross, 2022). Aston Martin debt ratio has been consistent throughout with them accumulating more assets each year 2018 to 2021, their total liabilities have increased consistently throughout the years with significant increase in 2022-Q3. The group has further outlined a net debt of £833m including a £245m which is due to the impact of the dollar to pound exchange rates, they have announced in the 2022-Q3 report the completion of \$200m debt tender in the start of 2022-Q4 (Aston Martin Lagonda, 2022) adding in to their total liabilities which in turn increased their debt ratio for 2022-Q3.

5.4.3 Long-Term Debt or Equity Ratio

A long-term debt ratio of 0.5 / 50% or less is considered as good and indicates safety and security of a business, it also been stated that the company's assets should be at least twice more than its long-term debts (Carbon Collective, 2021). The group has managed to maintain a long-term debt ratio of below 50% from 2018 to 2021 which shows is able to pay off its reoccurring loans and shows that the company has security despite the amount of loans they have to pay off. Aston Martin has also managed to have more total assets than interest bearing debts from 2018 to 2021, but the opposite has been identified in 2022-Q3 but this due to the effects of the impact of the dollar to pound exchange rates which also affected their debt ratio for the year (Aston Martin Lagonda, 2022).

5.4.4 Interest Coverage

Interest coverage ratio is used to measure how well a company can pay off their interests due on outstanding debts (Hayes, 2022). It's been stated that an interest coverage of 100% indicates that a company cannot meet its current interest payments, 200% indicates to be acceptable but it's always preferred to see a ratio of 300% (Maverick, 2021). Aston Martin seems to have struggled significantly with paying off their debts from 2019 to 2021 and have significantly struggle through the pandemic in 2020. The group is still threading along the 100% ratio which indicates that they are still struggling with paying off debts and loans, the constant increase in interest rates does not seem to help the group with their constant struggle with increasing their interest coverages. They have outlined that the main risks arising from their finances includes the increase in interest rates (Aston Martin Lagonda , 2021). As mentioned, during 2022-Q3 they have struggled with higher interest costs due to the dollar-denominated debt in 2022-Q3 results (Aston Martin Lagonda, 2022).

6 Conclusion and Recommendations

The financial statements of Aston Martin shows that the business is currently operating at a loss with liabilities increasing each year. Further analysis of their ratios allowed to evaluate their performance against the industry and other benchmarks. Their return to Formula One has allowed the group to incur additional revenue that is higher than the additional marketing costs required. Their activity ratio performance indicated that they have major cash flow problems due to their receivables being collected at a much longer period. They have also been affected by the recent global supply chain issues, but their inventory turns have all been comparable through the years, which shows how they conserve their raw materials efficiently. The main negative results identified from the analysis is regarding the struggle that the group has constantly faced with paying off their creditors as well as their debts which have been outlined as a risk by the group themselves.

The company outlined that it is leaning towards a more sustainable future, with plans of committing to developing electric vehicles. Their access to this new market provides a great benefit when considering a joint venture. The leverage ratio analysis identified their constant increase in acquiring loans and increase debt, however their return on equity constantly increased each year revealing their efficiency of turning investments into profits.

Considering the above, while Aston Martin have continuously operated at a loss, they are still able to acquire investors for their new projects which shows that there is still value in investing in the company. Their return to Formula One has increase their brand exposure and in turn further acquired joint ventures with Mercedes with providing them access to their EV powertrains. The joint venture may not look attractive, but after reviewing at their financial statements, there seems to be a trend of improvements which shows more benefits than costs to the joint venture i.e., more added value than risk.

With the technology and solid R&D workforce at hand, I believe that despite the low cash flow, a joint venture is still a good opportunity due to the new market they have access to, the future of the automotive industry leaning towards electrification, and with the success of Mercedes, their technology can further amplify innovation within Aston Martin which in return could impact the automotive market in years to come.

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8 Appendix

Aston Martin Lagonda Annual Report Data: 2018 – 2022 Q3

Income Statement						Balance Sheet					
Year	2018	2019	2020	2021	Q3 2022	Year	2018	2019	2020	2021	Q3 2022
Revenue	1,096.5	980.5	611.8	1,095.3	857.2	Fixed Assets	1,418.6	1,663.6	1,905.3	1,974.6	
COGS / Cost of Sales	660.7	642.7	500.7	751.6	571.0						
Gross Profit	435.8	337.8	111.1	343.7	286.2	Stock / Inventories	165.3	200.7	207.4	196.8	
Selling Distribution Expenses	89.8	95.0	79.6	84.8		Trade and Other Receivables	240.8	249.7	177.9	243.4	
Administrative and Other Operating Expenses	293.2	275.8	354.4	335.4		Income Tax Receivable	0.8	0.3	0.2	1.5	
SG&A Total	383.0	370.8	434.0	420.2	208.0	Other Financial Assets	0.1	8.9	14.6	7.3	
Operating Profit	52.8	-33.0	-322.9	-76.5	78.2	Cash and Cash Equivalents	144.6	107.9	489.4	418.9	
Non-Controlling Interests	5.6	8.8	8.8	2.3		Current Assets	551.6	567.5	889.5	867.9	1,416.0
Interest	57.1	117.6	410.5	189.3	65.0						
Loss Before Tax	68.2	119.6	466.0	213.8	511.3	Total Assets	1,970.2	2,231.1	2,794.8	2,842.5	1,416.0
Income Tax Credit	11.1	2.0	55.5	24.5	6.7						
Net Income	57.1	117.6	410.5	189.3	504.6	Borrowings	99.4	114.8	113.5	114.3	
						Trade and Other Payables	671.0	734.1	578.9	721.0	
						Income Tax Payable	4.9	8.9	1.2	5.5	
						Other Financial Liabilities	4.2	6.3	83.3	34.8	
						Lease Liabilities	0.0	14.1	9.3	9.7	101.3
						Provisions	10.8	12.0	22.1	19.9	
						Current Liabilities	790.3	890.2	808.3	905.2	1,082.8
						Bank Loans and Overdrafts	99.4	114.8	113.5	114.3	126.9
						Senior Secured Notes	590.9	829.9	965.0	1,074.90	
						Interest Bearing Debt	690.3	944.7	1,078.5	1,189.2	1,607.2
						Long Term Liabilities	730.5	1,011.3	1,182.4	1,276.9	1,526.4
						Total Liabilities	1,520.8	1,901.5	1,990.7	2,182.1	2,609.2
						Net Assets	1,525.7	1,910.4	1,991.9	2,187.6	2,609.2
						Adjusted EBITDA	247.3	134.2	70.1	137.9	21.2
						Share Capital	2.1	2.1	11.5	11.6	
						Share Premium	352.3	352.3	1,108.2	1,123.4	
						Merger Reserve	0.0	0.0	144.0	143.9	
						Capital Redemption Reserve	0.0	0.0	9.3	9.3	
						Capital Reserve	6.6	6.6	6.6	6.6	
						Translation Reserve	2.3	0.4	0.4	2.7	
						Hedge Reserves	23.5	2.3	10.9	6.7	
						Retained Earnings	99.4	42.8	503.1	662.4	
						Equity Attribute to Owners of the	439.2	315.5	787.8	641.8	
						Non-controlling Interests	10.2	14.1	16.3	18.6	
						Total Shareholders Equity	449.4	329.6	804.1	660.4	785.0

Financial Ratios Performance

Ratios					
Year	2018	2019	2020	2021	Q3 2022
Profitability Ratios					
Gross Margin %	39.7%	34.5%	18.2%	31.4%	33.4%
Operating Profit %	4.8%	-3.4%	-52.8%	-7.0%	9.1%
Net Profit %	5.2%	12.0%	67.1%	17.3%	58.9%
Return on Assets %	2.9%	5.3%	14.7%	6.7%	35.6%
Return on Shareholder Equity %	12.7%	35.7%	51.1%	28.7%	64.3%
Liquidity Ratios					
Current Ratio	0.70	0.64	1.10	0.96	1.31
Quick Ratio	0.49	0.41	0.84	0.74	
Cash Ratio	0.18	0.12	0.61	0.46	
Activity Ratios					
Days Sales Outstanding	80.16	92.95	106.14	81.11	
Inventory Turns	4.00	3.51	2.45	3.72	
Days Payable Outstanding	370.69	416.91	422.01	350.14	
Leverage Ratios					
Gearing/Leverage Ratio	61.9%	75.4%	59.5%	65.9%	66.0%
Debt Ratio	77.2%	85.2%	71.2%	76.8%	184.3%
Long Term Debt Ratio	35.0%	42.3%	38.6%	41.8%	113.5%
Interest Coverage	92.5%	-28.1%	-78.7%	-40.4%	120.3%

	2018	2019	2020	2021	2022			
Current Assets Less Stock	386	367	682	671				
(DSO) Value	3.00	2.69	1.68	3.00	3.14	Days	365	273 Q1 - Q3
(DPO) Value	1.81	1.76	1.37	2.06	2.09			
Equity Plus Non Current Liabilities	1,180	1,341	1,987	1,937	2,311	Percent	100%	

Financial Ratios Calculation Formula

Profitability Ratios

$$\text{Gross Margin (\%)} = \frac{\text{Revenue}}{\text{Gross Profit}}$$

$$\text{Operating Profit (\%)} = \frac{\text{Operating Profit}}{\text{Revenue}}$$

$$\text{Net Profit (\%)} = \frac{\text{Net Income}}{\text{Revenue}}$$

$$\text{Return on Assets (\%)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

$$\text{Return on Shareholders Equity (\%)} = \frac{\text{Net Income}}{\text{Total Shareholders Equity}}$$

Liquidity Ratios

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Current Assets Less Stocks}}{\text{Current Liabilities}}$$

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

$$\text{Current Asset Less Stocks} = \text{Current Assets} - \text{Stock or Inventories}$$

Activity Ratios

$$\text{Days Sales Outstanding} = \frac{\text{Trade and Other Receivables}}{(\text{DSO Value})}$$

$$\text{Inventory Turns} = \frac{\text{Costs of Sales}}{\text{Average (Stock or Inventories)}}$$

$$\text{Days Payable Outstanding} = \frac{\text{Trade and Other Receivables}}{(\text{DPO})\text{Value}}$$

$$(\text{DSO})\text{Value} = \frac{\text{Revenue}}{365}$$

$$(\text{DPO})\text{Value} = \frac{\text{Costs of Sales}}{365}$$

Leverage Ratios

$$\text{Gearing or Leverage Ratio} = \frac{\text{Long Term Liabilities}}{\text{Equity Plus Non Current Liabilities}} \times 100\%$$

$$\text{Debt or Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100\%$$

$$\text{Long Term Debt or Equity Ratio} = \frac{\text{Interest Bearing Debt}}{\text{Total Assets}} \times 100\%$$

$$\text{Interest Coverage} = \frac{\text{Operating Profit}}{\text{Interest}} \times 100\%$$

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)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 6.

The notes on pages 131 to 174 form an integral part of the financial statements.

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 <i>adjusted</i>	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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	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 2.

The financial statements were approved by the board of directors on February 26 2020 and were signed on its behalf by:

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		2020			2019 restated *		
	Notes	Adjusted £m	Adjusting items** £m	Total £m	Adjusted £m	Adjusting items** £m	Total £m
Revenue	3	611.8	–	611.8	980.5	–	980.5
Cost of sales		(500.7)	–	(500.7)	(642.7)	–	(642.7)
Gross profit		111.1	–	111.1	337.8	–	337.8
Selling and distribution expenses		(79.6)	–	(79.6)	(95.0)	–	(95.0)
Administrative and other operating expenses		(256.4)	(98.0)	(354.4)	(233.7)	(42.1)	(275.8)
Other expense	5	–	–	–	(19.0)	–	(19.0)
Operating loss	4	(224.9)	(98.0)	(322.9)	(9.9)	(42.1)	(52.0)
Finance income	8	33.1	6.9	40.0	16.3	–	16.3
Finance expense	9	(107.6)	(75.5)	(183.1)	(77.3)	(6.6)	(83.9)
Loss before tax		(299.4)	(166.6)	(466.0)	(70.9)	(48.7)	(119.6)
Income tax credit/(charge)	10	22.6	32.9	55.5	(6.8)	8.8	2.0
Loss for the year		(276.8)	(133.7)	(410.5)	(77.7)	(39.9)	(117.6)
(Loss)/profit attributable to:							
Owners of the Group				(419.3)			(126.4)
Non-controlling interests				8.8			8.8
				(410.5)			(117.6)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	26			(59.1)			(1.4)
Taxation on items that will never be reclassified to the Income Statement	10			12.3			0.2
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				0.8			(2.7)
Fair value adjustment – cash flow hedges	23			6.6			9.0
Amounts reclassified to the Income Statement – cash flow hedges	23			9.7			15.6
Taxation on items that may be reclassified to the Income Statement	10			(3.1)			(3.4)
Other comprehensive (loss)/income for the year, net of income tax				(32.8)			17.3
Total comprehensive loss for the year				(443.3)			(100.3)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(452.1)			(109.1)
Non-controlling interests				8.8			8.8
				(443.3)			(100.3)
Earnings per ordinary share							
Basic loss per share	12			(543.0p)			(290.6p)
Diluted loss per share	12			(543.0p)			(290.6p)

All operations of the Group are continuing.

* Detail on the restatement of the comparative period is disclosed in note 2 and the impact on Earnings Per Share in note 12.

** Adjusting items are defined in note 2 with further detail shown in note 6.

The notes on pages 101 to 145 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 23)	–	–	–	–	–	–	6.6	–	–	6.6
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	–	9.7	–	–	9.7
Remeasurement of defined benefit liability (note 26)	–	–	–	–	–	–	–	(59.1)	–	(59.1)
Tax on other comprehensive income (note 10)	–	–	–	–	–	–	(3.1)	12.3	–	9.2
Total other comprehensive (loss)/income	–	–	–	–	–	0.8	13.2	(46.8)	–	(32.8)
Total comprehensive (loss)/income 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 27)	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 29)	–	–	–	–	–	–	–	4.2	–	4.2
Dividend paid to non-controlling interest (note 11)	–	–	–	–	–	–	–	–	(6.6)	(6.6)
Tax on items credited to equity (note 10)	–	–	–	–	–	–	–	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share Capital £m	Share Premium £m	Merger Reserve £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)	97.2	10.2	447.2
Correction of errors	–	–	–	–	–	–	(16.1)	–	(16.1)
At 1 January 2019 restated *	2.1	352.3	–	6.6	2.3	(23.5)	81.1	10.2	431.1
Total comprehensive loss for the year (Loss)/profit for the year *	–	–	–	–	–	–	(126.4)	8.8	(117.6)
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(2.7)	–	–	–	(2.7)
Fair value adjustment on 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 income/(loss)	–	–	–	–	(2.7)	21.2	(1.2)	–	17.3
Total comprehensive income/(loss) for the year*	–	–	–	–	(2.7)	21.2	(127.6)	8.8	(100.3)
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	–	–	–	–	–	–	–	(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)	(42.8)	14.1	329.6

* Detail on the restatement is disclosed in note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

		31 December 2020 £m	31 December 2019 restated* £m	1 January 2019 restated* £m
	Notes			
Non-current assets				
Intangible assets	13	1,336.8	1,183.6	1,071.7
Property, plant and equipment	15	389.6	350.5	313.0
Right-of-use lease assets	16	71.4	81.8	82.5
Trade and other receivables	18	0.9	1.8	1.8
Other financial assets	20	0.1	0.2	–
Deferred tax asset	10	106.5	45.7	32.7
		1,905.3	1,663.6	1,501.7
Current assets				
Inventories	17	207.4	200.7	165.3
Trade and other receivables	18	177.9	249.7	240.1
Income tax receivable		0.2	0.3	0.8
Other financial assets	20	14.6	8.9	0.1
Cash and cash equivalents	19	489.4	107.9	144.6
		889.5	567.5	550.9
Total assets		2,794.8	2,231.1	2,052.6
Current liabilities				
Borrowings	23	113.5	114.8	99.4
Trade and other payables	21	578.9	734.1	655.2
Income tax payable		1.2	8.9	4.9
Other financial liabilities	22	83.3	6.3	4.2
Lease liabilities	16	9.3	14.1	15.0
Provisions	25	22.1	12.0	10.8
		808.3	890.2	789.5
Non-current liabilities				
Borrowings	23	971.3	839.1	604.7
Trade and other payables	21	7.5	9.4	49.8
Other financial liabilities	22	–	2.6	4.4
Lease liabilities	16	93.7	97.3	101.5
Provisions	25	16.8	16.2	12.9
Employee benefits	26	92.5	36.8	38.7
Deferred tax liabilities	10	0.6	9.9	20.0
		1,182.4	1,011.3	832.0
Total liabilities		1,990.7	1,901.5	1,621.5
Net assets		804.1	329.6	431.1
Capital and reserves				
Share capital	27	11.5	2.1	2.1
Share premium		1,108.2	352.3	352.3
Merger reserve		144.0	–	–
Capital redemption reserve		9.3	–	–
Capital reserve		6.6	6.6	6.6
Translation reserve		0.4	(0.4)	2.3
Hedge reserves	23	10.9	(2.3)	(23.5)
Retained earnings		(503.1)	(42.8)	81.1
Equity attributable to owners of the group		787.8	315.5	420.9
Non-controlling interests		16.3	14.1	10.2
Total shareholders' equity		804.1	329.6	431.1

* Detail on the restatement of the comparative period is disclosed in note 2.

The Financial Statements were approved by the board of directors on 24 February 2021 and were signed on its behalf by

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 restated* £m
Operating activities			
Loss for the year		(410.5)	(117.6)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax credit on continuing operations	10	(55.5)	(2.0)
Net finance costs		143.1	67.6
Other non-cash movements		2.2	(4.4)
Loss on sale of property, plant and equipment	4	–	0.9
Depreciation and impairment of property, plant and equipment	4	50.8	38.8
Depreciation and impairment of right-of-use lease assets	4	14.8	13.3
Amortisation and impairment of intangible assets	4	168.5	112.4
Difference between pension contributions paid and amounts recognised in Income Statement		(4.1)	(4.4)
Increase in inventories		(4.8)	(33.3)
Decrease/(increase) in trade and other receivables		67.4	(31.8)
Decrease in trade and other payables		(118.6)	(51.8)
(Decrease)/increase in advances and customer deposits	21	(52.8)	48.4
Movement in provisions		11.0	4.5
Cash (used in)/generated from operations		(188.5)	40.6
Decrease in cash held not available for short-term use	20	(0.9)	(8.7)
Income taxes paid	10	(9.2)	(12.5)
Net cash (outflow)/inflow from operating activities		(198.6)	19.4
Cash flows from investing activities			
Interest received	8	2.3	5.0
Payments to acquire property, plant and equipment	15	(81.0)	(82.2)
Payments to acquire intangible assets	13	(179.7)	(228.0)
Net cash used in investing activities		(258.4)	(305.2)
Cash flows from financing activities			
Interest paid	28	(82.3)	(52.0)
Proceeds from equity share issue		812.8	–
Proceeds from issue of equity warrants		34.6	–
Proceeds from financial instrument utilised as part of refinancing transactions		6.9	–
Principal element of lease payments	28	(12.2)	(10.9)
Repayment of existing borrowings	28	(1,092.3)	(91.5)
Proceeds from existing borrowings	28	–	102.3
Proceeds from inventory repurchase arrangement	21	76.8	38.7
Repayment of inventory repurchase arrangement		(80.0)	–
Proceeds from new borrowings	28	1,252.7	260.8
Transaction fees paid on issuance of shares	28	(34.9)	–
Transaction fees paid on financing activities	28	(41.9)	(4.1)
Net cash inflow from financing activities		840.2	243.3
Net increase/(decrease) in cash and cash equivalents	24	383.2	(42.5)
Cash and cash equivalents at the beginning of the year		107.9	144.6
Effect of exchange rates on cash and cash equivalents		(1.7)	5.8
Cash and cash equivalents at the end of the year		489.4	107.9

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

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

	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)

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.

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

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

	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

APPENDICES**Wholesale number of vehicles**

	YTD 2022	YTD 2021	change	Q3 2022	Q3 2021	change
Total	4,060	4,250	(4%)	1,384	1,349	3%
Core (excluding Specials)	4,010	4,194	(4%)	1,366	1,313	4%
By region:						
UK	694	728	(5%)	206	294	(30%)
Americas	1,152	1,438	(20%)	432	382	13%
EMEA ex. UK	785	898	(13%)	171	298	(43%)
APAC	1,429	1,186	20%	575	375	53%
By model:						
Sport	1,219	959	27%	398	289	38%
GT	965	1,043	(7%)	225	433	(48%)
SUV	1,826	2,186	(16%)	743	591	26%
Other	0	6	nm	0	0	
Specials	50	56	(11%)	18	36	(50%)

Note: Sport includes Vantage, GT includes DB11 and DBS, SUV includes DBX and Other includes prior generation models

Summary Income Statement

£m	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Revenue	857.2	736.4	315.5	237.6
Cost of sales	(571.0)	(514.5)	(217.4)	(159.0)
Gross profit	286.2	221.9	98.1	78.6
Gross margin %	33.4%	30.1%	31.1%	33.1%
Operating expenses ²	(414.4)	(287.0)	(153.6)	(107.7)
of which depreciation & amortisation	208.0	137.4	76.7	52.6
Adjusted EBIT²	(128.2)	(65.1)	(55.5)	(29.1)
Adjusting operating items	(20.2)	(3.1)	(3.0)	(1.1)
Operating loss	(148.4)	(68.2)	(58.5)	(30.2)
Net financing expense	(362.9)	(120.4)	(167.4)	(67.7)
of which adjusting financing income	19.0	12.9	(5.4)	(1.1)
Loss before tax	(511.3)	(188.6)	(225.9)	(97.9)
Taxation	(6.7)	28.0	(2.3)	8.4
Loss for the period	(518.0)	(160.6)	(228.2)	(89.5)
Adjusted EBITDA^{1,2}	79.8	72.3	21.2	23.5
Adjusted EBITDA margin	9.3%	9.8%	6.7%	9.9%
Adjusted loss before tax²	(510.1)	(198.4)	(217.5)	(95.7)
EPS (pence) ^{2,3}	(156.1)	(49.8)		
Adjusted EPS (pence)^{2,3}	(155.7)	(57.0)		

1. For definition of alternative performance measures please see Appendices; 2. Excludes adjusting items; 3. EPS has been restated in the comparative period to reflect the 4 for 1 rights issue in September 2022

Summary Cash Flow

£m	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Cash (used in)/generated from operating activities	(56.9)	151.4	(23.8)	47.6
Cash used in investing activities (excl. interest)	(213.4)	(136.2)	(75.2)	(45.2)
Net cash interest (paid) / received	(65.3)	(54.3)	(2.8)	2.8
Free cash (outflow)/inflow	(335.6)	(39.1)	(101.8)	5.2
Cash inflow / (outflow) from financing activities (excl. interest)	666.7	44.0	707.7	(18.4)
Increase / (decrease) in net cash	331.1	4.9	605.9	(13.2)
Effect of exchange rates on cash and cash equivalents	21.8	0.9	9.7	2.8
Cash balance	771.8	495.2	771.8	495.2

Net Debt Overview

£m	30-Sep-22	31-Dec-21	30-Sep-21
Loan notes	(1,339.5)	(1,074.9)	(1,074.1)
Inventory financing	(39.5)	(19.7)	(19.3)
Bank loans and overdrafts	(126.9)	(114.3)	(113.5)
Lease liabilities (IFRS 16)	(101.3)	(103.4)	(98.4)
Gross debt	(1,607.2)	(1,312.3)	(1,305.3)
Cash balance	771.8	418.9	495.2
Cash not available for short term use	2.0	1.8	1.5
Net debt	(833.4)	(891.6)	(808.6)

Summary Balance Sheet

£m	30-Sep-22	31-Dec-21	30-Sep-21
Non-current assets	1,978.2	1,974.6	1,978.1
Current assets	1,416.0	867.9	856.8
Total assets	3,394.2	2,842.5	2,834.9
Current liabilities	1,082.8	905.2	878.4
Non-current liabilities	1,526.4	1,276.9	1,267.4
Total liabilities	2,609.2	2,182.1	2,145.8
Total equity	785.0	660.4	689.1

Alternative performance measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements. The Directors believe that these APMs assist in providing useful information on the underlying performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance.

- Adjusted EBIT is loss from operating activities before adjusting items
- Adjusted EBITDA removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted operating loss
- Adjusted EBITDA margin is adjusted EBITDA (as defined above) divided by revenue
- Adjusted Earnings Per Share is loss after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period
- Net Debt is current and non-current borrowings in addition to inventory financing arrangements, lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, excluding cash held not available for short-term use
- Free cashflow is represented by cash (outflow)/inflow from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.