

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2018

Strong performance delivering the Second Century Plan targets for 2018; Aston Martin Lagonda on track with future plans

£m	31-Dec-18	31-Dec-17	Change
Total wholesale volumes (#)¹	6,441	5,098	26%
Revenue ²	1,096.5	876.0	25%
Adj. EBITDA³	247.3	206.5	20%
Adj. operating profit (EBIT)³	146.9	124.5	18%
Normalised adjusted diluted EPS (pence) ³	27.5	32.9	n.m.
<i>Total Adjusting Items⁴</i>	<i>(136.0)</i>	<i>11.4</i>	-
Operating profit	72.8	148.8	(51%)
(Loss) / Profit before tax	(68.2)	84.5	n.m.
Diluted EPS (pence)	(31.0)	36.5	n.m.

¹ Number of vehicles including specials; ² Excludes £20m reclassification in 2018, see Appendix page 11; ³ For definition of alternative performance measures please see Appendix page 11; ⁴ For more detail see "Adjusting items" on page 7

Record revenue of £1.1bn up 25%, adjusted EBITDA of £247m up 20% and total volumes of 6,441 up 26%

- IPO on the London Stock Exchange in October 2018 marked a key milestone in the Company's history; £136m of associated costs, of which £29m were cash, led to a reported loss before tax of £(68)m (2017: profit £85m) and an adjusted profit before tax of £68m before one-off IPO costs (2017: £73m)
- Total volumes up 26% which is ahead of guidance; core car volumes up 30%; special editions continue to be in high demand
- Strong volume growth across all regions; APAC up 44% (with China up 31%), the Americas up 38%, UK up 17% and EMEA (ex. UK) up 13%
- Net debt at £560m (2017: £673m) with adjusted net leverage of 2.3x adjusted EBITDA, stable at 2.1x adjusting for IPO and other one-off cash costs

Phase 2 "Core Strengthening" substantially complete; Phase 3 "Portfolio Expansion" progressing well

- DBX, our first SUV, development on time and St Athan facility materially complete; First production trial (1PT) starting in Q2 2019
- Cars wholesaled in China under the new "China 6" emissions regulations during December 2018
- Five models successfully delivered in the year: new Vantage, DBS Superleggera and special editions of the Vanquish Zagato Shooting Brake, Vanquish Zagato Speedster and DB4 GT Continuation

"2018 was an outstanding year for Aston Martin Lagonda, delivering strong growth, with improving revenues, unit sales and adjusted profits. As the UK's only listed luxury automotive group, we have demonstrated our legitimacy in the global luxury market. Our well-defined expansion plans, that combine outstanding high-performance cars with iconic brand-status, are on track as we manage through the uncertainties and disruption impacting the wider auto industry.

Given our progress on the Second Century plan – including completion of our new manufacturing plant at St Athan and our preparations for the DBX, we are confident that Aston Martin Lagonda will deliver another year of growth. Whilst we are mindful of the uncertain and more challenging external environment, particularly in the UK and Europe, we remain disciplined in our execution and maintain our guidance for financial year 2019, whilst also reconfirming our medium-term objectives."

Dr Andy Palmer, Aston Martin Lagonda President and Group CEO

All metrics and commentary in the Group Financial Highlights and Business and Financial Review exclude adjusting items unless stated otherwise.

Certain financial data within this announcement have been rounded.

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- There will be a presentation today at One Great George Street, Westminster London SW1P 3AA for investors and analysts at 09:30am
- The presentation can be viewed live on the Aston Martin Lagonda website <https://www.astonmartinlagonda.com/investors> and can also be accessed live via a listen only dial-in facility on +44-33-3300-0804; PIN: 53918656#
- The supporting slides and a replay facility will be available on the website later in the day
- Aston Martin Lagonda will update on first quarter trading on 15 May 2019

No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this release. This release contains certain forward-looking statements, which are based on current assumptions and estimates by the management of Aston Martin Lagonda Global Holdings plc ("Aston Martin Lagonda"). Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. Such statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. These risks may include, for example, changes in the global economic situation, and changes affecting individual markets and exchange rates.

Aston Martin Lagonda provides no guarantee that future development and future results achieved will correspond to the forward-looking statements included here and accepts no liability if they should fail to do so. Aston Martin Lagonda undertakes no obligation to update these forward-looking statements and will not publicly release any revisions that may be made to these forward-looking statements, which may result from events or circumstances arising after the date of this release.

This release is for informational purposes only and does not constitute or form part of any invitation or inducement to engage in investment activity, nor does it constitute an offer or invitation to buy any securities, in any jurisdiction including the United States, or a recommendation in respect of buying, holding or selling any securities.

GROUP FINANCIAL HIGHLIGHTS

- Revenue up 25% to £1.1bn, as total wholesale volumes reached 6,441 units, up 26% year-on-year (2017: 5,098 units)
 - Growth across all regions, with especially strong performances in APAC including China (+44%) and the Americas (+38%)
 - Average selling price per vehicle £141k (ex. specials), and £157k (inc. specials)
- Adjusted operating profit (EBIT) increased by 18% to £147m, representing an adjusted EBIT margin of 13.4%. Correspondingly, adjusted EBITDA increased by 20% to £247m with a margin of 22.6%
 - Consultancy income of £20m reclassified from revenue to "other income". Prior to this reclassification, adjusted EBIT margin was 13.2% and adjusted EBITDA margin 22.1%
- Adjusted profit before tax was £68m. Adjusting items of £136m relating to the IPO resulted in a reported loss before tax of £(68)m
- Net cash generated from operating activities (pre-Capex) was £223m (2017: £344m), impacted by higher receivables, c.£90m of which were associated with supply chain delays in Q4 expected to substantially unwind in H1 2019. Capital expenditure was £311m as we continue to invest for the future (2017: £294m)
- Return on Invested Capital (ROIC), measuring the efficient use of capital, was 12.8%
- Net Debt at 31 December 2018 was £560m (2017: £673m) with adjusted net leverage of 2.3x adjusted EBITDA, stable at 2.1x adjusting for IPO and other one-off cash costs (2017: net debt £417m adjusting for preference shares, 2.0x)
- Adjusted diluted EPS of 27.5p, normalised for the number of shares in issue since the IPO

Summary income statement

£m	31-Dec-18	31-Dec-17	change
Revenue¹	1,096.5	876.0	25%
Cost of sales	(660.7)	(496.2)	
Gross profit¹	435.8	379.8	15%
<i>Gross margin %</i>	<i>39.7%</i>	<i>43.4%</i>	
Operating expenses ²	(308.9)	(255.3)	
<i>of which depreciation & amortisation</i>	<i>(100.4)</i>	<i>(82.0)</i>	
Other income	20.0	-	
Adjusted operating profit	146.9	124.5	18%
<i>Adjusted operating profit margin</i>	<i>13.4%</i>	<i>14.2%</i>	
Adjusting operating items	(74.1)	24.3	
Operating profit	72.8	148.8	(51%)
Net financing expense	(141.0)	(64.3)	
<i>of which adjusting financing items</i>	<i>(61.9)</i>	<i>(12.9)</i>	
(Loss) / profit before tax	(68.2)	84.5	
Taxation	11.1	(7.7)	
Reported net income	(57.1)	76.8	
Adj. EBITDA	247.3	206.5	20%
<i>Adj. EBITDA margin</i>	<i>22.6%</i>	<i>23.6%</i>	
Adj. profit before tax	67.8	73.1	(7%)
<i>Reported EPS (pence)³</i>	<i>(31.0)</i>	<i>36.5</i>	
Normalised adjusted EPS (pence)³	27.5	32.9	

¹ Excludes £20m reclassification; ² Excludes adjusting items; ³ EPS is presented on a diluted basis. For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

BUSINESS REVIEW

2018 was a historic year for Aston Martin Lagonda, including our listing on the premium segment of the London Stock Exchange in October. In doing so, we became the only automotive business, and only the second luxury business, to be listed on the London main market.

Successful delivery of the Second Century Plan

Since launching the Second Century Plan (the “Plan”) in 2015, Aston Martin Lagonda has successfully transformed into a global luxury business focused on creating the most beautiful and accomplished automotive art in the world. Through the course of the year, we continued to focus on executing against the Plan, and 2018 saw Phase 2, “Core Strengthening”, substantially completed with the launch of Vantage and DBS Superleggera. In launching these cars our core sports car range has now been refreshed, with the convertible versions of DBS Superleggera and Vantage to follow, in 2019 and 2020 respectively. Phase 3, “Portfolio Expansion”, is progressing well and in line with the Plan. Development of DBX, our first SUV, remains on track and the development of the Aston Martin Valkyrie continues apace. The latest addition to the mid-engined super car range, Project 003, continues to showcase our ambitions in that segment. The re-launch of the Lagonda brand, planned to be the world’s first fully electric luxury brand, will complete this third phase of the Second Century Plan.

DBX and St Athan on track

We have materially completed our new manufacturing facility at St Athan in Wales, where the DBX will be produced. The first production trial of the DBX will commence in Q2 2019, with full production starting in H1 2020. We also confirmed in 2018 that St Athan will be our centre for battery electric vehicle production and will therefore be the manufacturing home of Lagonda and the Rapide E, our first electric vehicle, which is on track to start production in 2019.

Exclusive specials programmes once again in high demand

Complementing our portfolio of core cars, our exclusive special-editions continue to be in high demand. Deliveries of the Vanquish Zagato Speedster and Vanquish Zagato Shooting Brake commenced during 2018 and our first continuation model, DB4 GT completed production in the fourth quarter. During 2018 we announced our intention to build on this success, and to mark the centenary of the iconic Zagato design house, with 19 pairs of an ultra-exclusive DB4 GT Zagato Continuation alongside a contemporary DBS Zagato. The first car is planned for delivery during H2 2019. Finally, during 2018 we announced a highly limited run of 25 *Goldfinger* DB5 Continuation cars, one car for each Bond film produced, with production planned for 2020.

Expanding and upgrading global dealer network

We have continued to strengthen our dealer network to deliver world-class luxury customer experiences and consistent brand presentation. This included opening three new dealers in APAC, increasing our presence in a growing region, and changes in other locations including Madrid and Brussels. At the end of 2018 we had 162 Aston Martin dealerships across 53 countries globally, alongside flagship “brand centres” in key locations.

Plans in place for UK's withdrawal from the European Union

We have recruited a Chief Purchasing and Supply Chain Officer to strengthen the senior team and in anticipation of the United Kingdom's departure from the European Union. In addition, plans are in place to mitigate the impact on the business from potential supply chain disruption should the UK withdraw from the European Union without an agreement or in an unstructured manner. Plans for up to £30m of advanced working capital and/or operating expenses have been approved by the Board. If enacted, these one-off items would be reported separately through the year and will be excluded for performance measurement purposes. To date, the company has spent a minimal amount (on racking and packaging) and has committed, but not spent, c.£2m on revised supply chain routes.

FINANCIAL REVIEW

Revenue analysis

Wholesale volumes by region

	31-Dec-18	31-Dec-17	Change
UK	1,798	1,538	17%
Americas	1,761	1,277	38%
EMEA ex. UK	1,489	1,316	13%
APAC	1,393	967	44%
Total	6,441	5,098	26%

Note: Includes specials

Wholesales in 2018 increased for the third year running to 6,441 units, a 26% increase year-on-year with core volumes (ex. specials) up 30%. Regionally, volumes became more balanced as we focused on key growth markets, expanding and upgrading our dealer network capabilities; and investing in appropriate brand and marketing activities. APAC was the fastest growing region, up 44%, now 22% of group volume (including China up 31%, with a particularly strong performance from V8 variants). This was closely followed by the Americas (up 38%), which was the best performing region during the second half of the year with customers responding strongly to new product launches. Wholesales in the UK and EMEA also grew at a double-digit rate.

With the ramp up in new models, October and November saw some supply chain disruption, which was resolved during December. This resulted in higher wholesale volumes in the final month of the year compared to the prior year, as we caught up with deliveries to dealers.

Revenue by Category

£m	31-Dec-18	31-Dec-17	Change
Sale of vehicles	1,010.7	810.1	25%
Sale of parts	61.1	56.0	9%
Servicing of vehicles	14.6	9.9	47%
Brands and motorsport ¹	10.1	-	n.m.
Total	1,096.5	876.0	25%

¹Excludes £20m of consultancy revenue from a significant contract relating to the sale of certain legacy intellectual property in the first half of the year, previously reported in revenue now recognised as "other income"

Revenue growth for the period was 25% driven largely by the increase in wholesale volumes. Total Average Selling Price (ASP) fell slightly to £157k (2017: £159k) driven by the planned decrease in the ASP of core

vehicles to £141k (2017: £150k) as the model mix shifted as expected towards the new Vantage and DB11 V8 variants, and away from the higher priced DB11 V12 derivatives. This was partially offset by the introduction of DBS Superleggera in Q4, the highest priced of the core model line-up, alongside the delivery of higher priced special vehicles.

Revenue from the Sale of parts increased by 9% to £61m and revenue from Servicing by 47% to £15m as both continue to benefit from the growth in vehicle sales in recent years.

Revenues from Brands and motorsport of £10m were driven by sponsorship and race car sales resulting from Aston Martin's entry into the World Endurance Championship and revenue from AM Brands (AMB), which was acquired from a third party in December 2017. AMB currently manages 18 accounts, including recent relationships with TAG-Heuer, Beats, Waldorf Astoria and Sky. Revenues from Brands and motorsport in 2017 were immaterial and reported under Sale of vehicles.

Operating profit analysis

Adjusted operating profit increased by 18% to £147m (2017: £125m), with a margin of 13.4%, in-line with guidance. This included consultancy income of £20m from a significant contract relating to the sale of certain legacy intellectual property in the first half of the year, previously reported in revenue now recognised as "other income", which is not expected to repeat in 2019. Prior to this reclassification, adjusted operating margin would have been 13.2%. After adjusting operating items relating to the IPO of £74m, operating profit was £73m, down from £149m in 2017.

Gross profit increased by 15% to £436m (2017: £380m). The gross margin decreased as expected from 43.4% to 39.7% (prior to consultancy income reclassification 40.8%), due to the planned mix shift into new Vantage, partially offset by an outperformance in the higher margin regions and the introduction of the DBS Superleggera. Gross margin also benefited from the sale of fewer, but higher margin special vehicles.

Total operating expenses before depreciation, amortisation and adjusting items increased to £209m (2017: £173m), with the year-on-year increase driven by investment in marketing and associated selling costs supporting new model launches, the rebalancing of our geographic mix and the additional running costs of the St Athan facility. It also includes costs relating to AMB acquired in December 2017, non-capitalised engineering expenditure of £12m (2017: £11m) and higher than expected logistics costs due to the supply chain disruption in Q4.

Depreciation and amortisation increased to £100m (2017: £82m), reflecting the impact of new model launches throughout 2018. The "carry-over-carry-across" (COCA) principle, a cornerstone of the Second Century Plan, where every significant component utilises a part from a previous model or creates a part for a future model, underpinned new Vantage and DBS Superleggera, contributing to an £11m decrease in capitalised R&D at £202m.

Adjusted EBITDA increased by 20% to £247m (2017: £207m) with a margin of 22.6% (prior to consultancy income reclassification 22.1%).

Adjusting items

£m	Income Statement	Cash
Pre-IPO long-term employee incentives	61.2	23.1
IPO professional fees	12.9	6.0
Adjusting operating items	74.1	29.1
Shareholder pension adjustment	-	9.5
Premium on the redemption of preference shares	46.8	-
Preference share fee write-off	15.1	-
Adjusting financing items	61.9	9.5
Total adjusting items¹	136.0	38.6

¹Total operating and financing adjusting items, excludes any tax, for more detail please see note 5 of the Financial Statements

Adjusting items of £136m (2017: £24m credit) during the year represented the costs associated with the IPO in October. The £74m of adjusting operating items comprise £61m in respect of pre-IPO long-term incentive and remuneration expenses, and £13m in respect of professional fees. The £62m of adjusting financing items related to the conversion of preference shares. Of this, £47m was the true-up of accrued interest due over the remaining term which became immediately due on conversion. The balance of £15m was related to the write-off of fees incurred at the time of executing the preference shares, which were to have been amortised over the original term of the instrument.

Including the shareholder pension adjustment, £39m of adjusting items flowed through to cash. Of this sum, £23m related to company-wide long-term incentives and IPO bonuses, including associated National Insurance contributions (£16m) & other taxes. There was no cash component to the preference share conversion, with the remaining £10m of cash costs relating to a pension settlement for selling shareholders, which had no Income Statement impact.

Net financing expense

£m	31-Dec-18	31-Dec-17
Bank deposit and other interest income	4.2	3.1
Net gain on financial instruments recognised at fair value and foreign exchange gain	-	32.5
Bank loans and overdrafts	(44.6)	(45.1)
Interest on preference shares, deposits held and defined benefit liability	(38.7)	(41.9)
Net finance expense before adjusting items	(79.1)	(51.4)
Adjusting financing items ¹	(61.9)	(12.9)
Net finance expense	(141.0)	(64.3)

¹More information on "Adjusting items" see above

The total net finance expense over the period was £141m (2017: £64m). The £77m increase was primarily due to £62m of adjusting financing items shown above. The adjusted net financing expense of £79m (2017: £51m) rose by £28m primarily as a result of a £33m fair value and foreign exchange gain that was recognised in 2017. Following the adoption of IFRS 9 from 1 January 2018, such gains or losses are now reported in changes in equity, rather than the Income Statement.

Profit before tax

Adjusted profit before tax was £68m (2017: £73m). Adjusting for IFRS 9 in 2017, the comparable adjusted profit before tax would have been £41m. Profit before tax in the period after adjusting items was £(68)m (2017: £85m).

Taxation

The effective tax credit rate for the year was 16.3% (2017: 9.1% charge). The tax credit on the adjusted profit before tax was £1m reflecting the benefit of the impact of previously unrecognised tax losses (£19m), a prior year credit (£5m) offset by disallowable interest on the preference shares which were converted to ordinary shares in the year. In 2017 the tax charge also benefitted from the impact of previously unrecognised tax losses of £13m.

Earnings per share

The normalised calculation of Earnings Per Share (EPS) is based on the 228m of ordinary shares in issue at 31 December 2018 (this represents an indication of the weighted average number of ordinary shares for evaluating future performance). With adjusted earnings of £63m, recognising tax on adjusting items as appropriate, normalised adjusted EPS was 27.5p.

The weighted average number of shares in issue during the year as a result of the share split at IPO was 202m, giving an adjusted diluted EPS of 31.1p and reported diluted EPS was (31.0)p

Cash Flow / Net Debt

£m	31-Dec-18	31-Dec-17
Cash generated from operating activities	222.6	344.0
Cash used in investing activities	(306.3)	(346.6)
Cash inflow from financing activities	57.8	69.9
Effect of exchange rates on cash and cash equivalents	2.7	(1.2)
Net cash (outflow) / inflow	(23.2)	66.1
Cash balance	144.6	167.8
Borrowings	704.1	840.9
Net debt	559.5	673.1
Preference share adjustment ¹	-	(255.9)
Net debt adjusted for preference shares	559.5	417.2
<i>Adj. Leverage</i>	2.3x	2.0x
IPO and other one-off cash adjustments ²	38.6	-
<i>Adj. Leverage (after IPO cash adjustments)</i>	2.1x	2.0x
<i>ROIC</i>	12.8%	12.4%

¹Preference shares, which were converted into ordinary shares at IPO, are included in borrowings in 2017, for more information please see note 10 of the Financial Statements; ²Cash costs associated with the IPO and shareholder pension adjustment as at 31 December 2018

Cash generated from operating activities was £223m (2017: £344m) adversely impacted by a significant increase in working capital, including receivables of c.£90m associated with supply chain delays during Q4 and the consequential shifting of wholesale deliveries to the end of the period. This is expected to substantially unwind during the course of H1 2019. Capex increased to £311m (2017: £294m) as we continued to invest in future products and the St Athan facility. A change in the timing of anticipated spend meant this was lower than originally guided.

Net debt at 31 December 2018 was £560m (2017: £673m; £417m adjusting for preference shares). The increase in borrowings (ex. preference shares) reflected the net cash outflow of £23m and the re-valuation of the U.S. tranche of Senior Secured Notes, a new fixed rate loan to finance the construction of the paint shop at the St Athan manufacturing facility (£15m), and increased back-to-back facilities in China (£12m) alongside a partial drawdown of the RCF (£70m), supporting working capital requirements including the receivables increase noted above.

Adjusted net leverage was 2.3x, stable at 2.1x after adjusting for IPO and other one-off cash costs.

Return on Invested Capital (ROIC), measuring the efficient use of capital, was 12.8%. ROIC¹ is defined as net operating profit after tax divided by the sum of gross debt and equity.

No dividends have been paid or proposed as we invest in future growth and focus on the delivery of the Plan.

Outlook

Since our Third quarter trading update in November 2018, geopolitical and economic uncertainties have increased. In response, we have put contingency plans in place to protect production and customer deliveries should the UK leave the European Union without an agreement or in an unstructured manner. Plans for up to £30m of advanced working capital and/or operating expenses have been approved by the Board. If enacted, these one-off items would be reported separately through the year and will be excluded for performance measurement purposes. To date the company has spent a minimal amount (on racking and packaging) and has committed, but not spent, c.£2m on revised supply chain routes. Whilst we are mindful of these external factors and the uncertain and more challenging external environment, particularly in the UK and Europe, we remain disciplined in our execution and maintain our guidance for financial year 2019, whilst also reconfirming our medium-term objectives.

2019 guidance:

- Wholesales: 7,100 – 7,300 (*reconfirmed*)
- Adjusted EBITDA margin: ~24%
 - Adjusted EBITDA is expected to be lower year-on-year in the first half of 2019 principally due to the non-repeat of the £20m of other income relating to the sale of certain intellectual property in the first half of 2018.
- Adjusted operating profit (EBIT) margin: ~13%
- Interest cost: ~£55m and D&A: ~£140m
 - IFRS 16, the new lease accounting standard, is effective from 1 January 2019. It is estimated that a right-of-use depreciation charge of c.£11m and a lease liability interest charge of c.£5m will be recognised in the 2019 Consolidated Income Statement in place of a 2019 estimated IAS 17 operating lease charge of c.£12m (see note 1 to Consolidated Financial Statements)
- Effective tax rate: ~20%-22%
- Capex and R&D expenditure: ~£320m-£340m

Medium-term guidance (reconfirmed):

- Wholesales: ~14,000
- Adjusted EBITDA margin: >30%
- Adjusted operating profit (EBIT) margin: >20%

¹for full calculation please see Appendix.

APPENDICES

Dealerships

	31-Dec-18	31-Dec-17
UK	21	21
Americas	44	45
EMEA ex.UK	55	56
APAC	42	39
Total	162	161
<i>Number of Countries</i>	53	52

During 2018 we continued to strengthen our dealer network, opening three new dealers in APAC increasing our presence in a key growth region, with openings in other key locations including Madrid and Brussels.

Defined Benefit Pension Scheme

The net liability for defined benefit pension scheme obligations has decreased from £47m at 31 December 2017 to £39m at 31 December 2018. This decrease in obligations of 17% is largely due to improvements in financial assumptions partially offset by the change in the net minimum funding obligation in excess of assets after consideration of IFRIC 14.

ROIC calculation

<i>£m</i>	31-Dec-18	31-Dec-17
Adj. Operating Profit (EBIT)	146.9	124.5
Adj. Profit before Tax	67.8	73.1
Tax Rate	(0.9%)	4.9%
Tax (credit) / charge	(0.6)	3.6
Adj. NOPAT	147.5	120.9
Senior Secured Notes	590.9	570.2
Unsecured loans	1.4	1.3
Long-term borrowings	12.4	255.9
Short term borrowings	99.4	13.5
Gross Debt	704.1	840.9
Equity	449.4	136.1
Gross Debt + Equity	1,153.5	977.0
ROIC	12.8%	12.4%

Q4 Highlights

<i>£m</i>	FY 2018	FY 2017	Change	Q4-18	Q4-17	Change
Total wholesale volumes (#) ¹	6,441	5,098	26%	2,366	1,768	34%
Revenue ²	1,096.5	876.0	25%	389.2	309.2	26%
Adj. EBITDA ³	247.3	206.5	20%	87.0	85.4	2%
Adj. operating profit ³	146.9	124.5	18%	55.4	61.0	(9%)
Operating profit	72.8	148.8	(51%)	(16.9)	85.3	n.m.
(Loss) / profit before tax	(68.2)	84.5	n.m.	(92.0)	62.6	n.m.

Note: For further detail see operating profit analysis on page 6; ¹ Number of vehicles including specials; ² excludes £20m reclassification;

³ For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

Reclassification of Consultancy Income

	As Other Income	In Revenue (as reported)	As Other Income (as reported)	In Revenue (for information)
£m	H1 2018	H1 2018	FY 2018	FY 2018
Revenue	2,299	2,299	6,441	6,441
Gross Profit	424.9	444.9	1,096.5	1,116.5
Gross margin	180.4	200.4	435.8	455.8
Adj. EBITDA ¹	42.5%	45.0%	39.7%	40.8%
Adj. EBITDA margin	105.8	105.8	247.3	247.3
Adj. operating profit ¹	24.9%	23.8%	22.6%	22.1%
Adj. operating margin	64.3	64.3	146.9	146.9

¹ For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

New IFRS standards and interpretations adopted during 2018

In 2018 the following standards and amendments were endorsed by the EU, became effective and hence have been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Share Based Payments (amendments to)

For more information please see note 1 of the of the Financial Statements.

The following standards and interpretations which are not yet effective or endorsed by the EU and have not been early adopted by the Group will be adopted in future accounting periods:

- IFRS 16 'Leases' (effective 1 January 2019). For detail please see note 1 of the Financial Statements and guidance on page 9

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 operating profit (EBIT) is results from operating activities before adjusting operating items;
- Adjusted EBITDA further removes depreciation, loss/ (profit) on disposal of fixed assets and amortisation from adjusted EBIT;
- Adjusted EBT is the (loss) / profit before income tax and adjusting items;
- Adjusted EPS is (loss) / profit after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period;
- Normalised adjusted EPS is (loss) / profit after income tax before adjusting items, divided by the number of ordinary shares in issue at the end of the reporting period;
- Net Debt is current and non-current borrowings less cash and cash equivalents, both in-hand and at bank;
- Adjusted leverage is the ratio of Net Debt, adjusted for adjusting IPO and other one-off cash items, to Adjusted EBITDA;
- Return on invested capital represents adjusted operating profit after tax divided by the sum of gross debt and equity.

This is the first Financial Review since the Group listed in October 2018. For the majority of the year on which we are reporting a different pre-IPO capital structure was in place and the period also includes significant adjusting items. Accordingly, we have referred to adjusted results where appropriate within this report in order to present a more meaningful analysis.

Further details and definitions of adjusting items are contained in note 12 of the Financial Statements.

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	2	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	5	(219.1)	(74.1)	(293.2)	(195.3)	24.3	(171.0)
Other income	4	20.0	-	20.0	-	-	-
Operating profit	3,5	146.9	(74.1)	72.8	124.5	24.3	148.8
Finance income	6	4.2	-	4.2	35.6	-	35.6
Finance expense	7	(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)	8	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	9			(31.0p)			38.3p
Diluted	9			(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				5.4			2.9
Related income tax	8			(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

All operations of the Group are continuing.

* Adjusting items are defined in Note 1, with further detail shown in notes 5 and 7.

** The 2017 comparative period has been restated to reflect the adoption of IFRS 15 – see note 1.

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 1)	–	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	–	–	–	–	–	–	–	5.4	5.4
Dividend paid to non-controlling interest	–	–	–	–	(3.0)	–	–	–	(3.0)
Income tax on other comprehensive income (note 8)	–	–	–	–	–	–	–	(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	–	(353.6)	–	(87.5)	–	–	–	441.1	–
Exercise of share warrants	–	–	(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- controllin g Interest £m	Translati on Reserve £m	Hedge Reserve	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 1)	–	(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	–	–	–	–	–	–	–	2.9	2.9
Income tax on other comprehensive income (note 8)	–	–	–	–	–	–	–	(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 1)	–	–	–	–	–	–	–	–	–
At 31 December 2017	–	353.7	18.5	94.1	7.6	1.6	–	(339.4)	136.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Notes	2018 £m	2017 <i>restated</i> £m
Non-current assets			
Intangible assets		1,071.7	930.7
Property, plant and equipment		313.0	243.9
Other receivables		1.8	2.1
Deferred tax asset	8	123.1	37.1
		1,509.6	1,213.8
Current assets			
Inventories		165.3	127.8
Trade and other receivables		241.6	115.7
Other financial assets		0.1	7.0
Cash and cash equivalents		144.6	167.8
		551.6	418.3
Total assets		2,061.2	1,632.1
Current liabilities			
Borrowings		99.4	13.5
Trade and other payables		696.1	483.1
Income tax payable		4.9	2.7
Other financial liabilities		4.2	18.2
Provisions		10.8	12.0
		815.4	529.5
Non-current liabilities			
Borrowings		604.7	827.4
Trade and other payables		12.2	17.7
Other financial liabilities		4.4	-
Employee benefits		38.7	46.9
Provisions		25.4	13.9
Deferred tax liabilities	8	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		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	8	(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	3	0.4	(0.1)
Depreciation and impairment of property, plant and equipment	3	32.4	27.4
Amortisation and impairment of intangible assets	3	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		10.0	12.5
Cash generated from operations		230.5	344.7
Income taxes paid	8	(7.9)	(0.7)
Net cash inflow from operating activities		222.6	344.0
Cash flows from investing activities			
Interest received	6	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		–	(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		0.3	(474.3)
New borrowings		98.1	606.1
Transaction fees on new borrowings		–	(12.1)
Net cash inflow from financing activities		57.8	69.9
Net (decrease)/increase in cash and cash equivalents		(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		2.7	(1.2)
Cash and cash equivalents at the end of the year		144.6	167.8

Notes to the Consolidated Financial Statements

1. Basis of Accounting

Aston Martin Lagonda Global Holdings plc (the "Company") is a Company incorporated in England and Wales and domiciled in the UK. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group Financial Statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The Financial Statements are prepared on a going concern basis and under the historical cost convention.

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 will be delivered in due course. The auditors have reported on those accounts. Their report was unqualified, did not include references to any matters by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

On 3 September 2018 the Company obtained control of the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with one share in the Company being exchanged for one share in Aston Martin Holdings (UK) Limited. Consequently, the Group incorporated the assets and liabilities of Aston Martin Holdings (UK) Limited at their pre-combination carrying amounts without fair value uplift from the first date presented in these financial statements. The opening equity balance as of 1 January 2017 reflects the equity of Aston Martin Holdings (UK) Limited. The share capital of £2.1m as of 31 December 2018 reflects the share capital of the Company.

Although the share for share exchange resulted in a change in legal ownership, in substance the Consolidated Financial Statements reflect the continuation of the pre-existing group headed by Aston Martin Holdings (UK) Limited. The transaction has been accounted for as a reverse acquisition in line with IFRS 3.

The comparatives presented in these Financial Statements are the consolidated results of Aston Martin Holdings (UK) Limited. The prior year Consolidated Statement of Financial Position reflects the share capital structure of Aston Martin Holdings (UK) Limited. The current year Consolidated Statement of Financial Position presents the legal change in the ownership of the Group. The Consolidated Statement of changes in equity explains the impact of these transactions in more detail.

Prior year restatement

In 2013 Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., acquired an equity interest in the group for a consideration of £150.0m. The agreement provided for a potential partial refund of this consideration or the issue of additional ordinary shares, dependent upon the average deficit of the defined benefit pension scheme over the four year period to June 2017. In the event a refund of £15.1m was made to Prestige Motor Holdings S.A with £5.6m paid in 2017 and £9.5m paid in 2018. The Group's share premium account at 1 January 2017 and therefore 1 January 2018 has been restated by £15.1m to reflect the total adjustment.

The £5.6m is shown as a receivable from shareholder at 31 December 2017 as this liability could not be settled until completion of the capital reduction undertaken during 2018 as distributable reserves were required to allow such settlement.

The impact on the Group Consolidated Financial Statements is:

As at 31 December 2017	£m
Other financial assets before correction	1.4
Other financial assets as restated in the Consolidated Statement of Financial Position and note 18	7.0
	<u>5.6</u>
Other financial liabilities before correction	(3.1)
Other financial liabilities as restated in the Consolidated Statement of Financial Position and note 22	(18.2)
	<u>(15.1)</u>
Impact on Net assets	<u>(9.5)</u>
Share premium before correction	368.8
Share premium as restated in the Consolidated Statement of Financial Position	353.7
	<u>(15.1)</u>
Transactions with owners, recognised directly in equity before correction	(5.6)
Transactions with owners, recognised directly in equity as restated in the Consolidated Statement of Financial Position	–
	<u>5.6</u>
Impact on equity attributable to owners of the Group	<u>(9.5)</u>

There is no impact on the 2017 Income Statement, earnings per share or retained earnings as a result of this prior year adjustment.

New IFRS standards and interpretations adopted during 2018

In 2018 the following standards and amendments were endorsed by the EU, became effective and hence have been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Share Based Payments (amendments to)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15 covering:

- incentives
- restoration work
- deposits
- barter arrangements
- servicing
- residual value guarantees
- warranty
- separate performance obligations
- bill and hold

The impact on the results of the Group for 2017 and 2018 is the recognition of an interest expense on customer deposits held for a period in excess of one year. IFRS 15 did not have a material impact on the Group's accounting policies with respect to the timing of revenue recognition.

The Group has imputed an interest expense on deposits held for greater than 12 months to reflect the time-value of the funds at the Group's cost of borrowing. This deposit is held as a liability in the Statement of Financial Position with the imputed interest charged to the Income Statement within finance expenses. When the vehicles are sold, the liability will be released and the revenue relating to these vehicle sales will be credited to the Income Statement. The Group has fully retrospectively adopted the standard for 2017.

The following tables summarise the impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2017, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected.

Consolidated Statement of Financial Position

As at 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Trade and other payables	480.9	2.2	483.1

Consolidated Income Statement

For the year ended 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Finance expense (note 7)	(97.7)	(2.2)	(99.9)
Profit before tax	86.7	(2.2)	84.5
Basic earnings per share	39.4p	(1.1p)	38.3p
Diluted earnings per share	37.6p	(1.1p)	36.5p

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Profit for the year	79.0	(2.2)	76.8
Other non-cash movements	(27.3)	2.2	(25.1)

The impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2018, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected is detailed below.

Consolidated Statement of Financial Position

As at 31 December 2018
£m

	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As reported
Trade and other payables	690.5	5.6	696.1

Consolidated Income Statement

For the year ended 31 December 2018
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As reported
Finance expense (note 7)	(139.6)	(5.6)	(145.2)
Loss before tax	(62.6)	(5.6)	(68.2)
Basic earnings per share	(28.2p)	(2.8p)	(31.0p)
Diluted earnings per share	(28.2p)	(2.8p)	(31.0p)

Consolidated Statement of Cash Flows

For the year ended 31 December 2018
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As reported
Loss for the year	(51.5)	(5.6)	(57.1)
Other non-cash movements	7.7	5.6	13.3

No significant deposits were held for periods in excess of one year prior to 2017 and therefore there is no restatement to retained earnings at 1 January 2017.

There is no impact on the non-controlling interest for the periods ending 31 December 2018 and 31 December 2017.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments became effective on 1 January 2018 and the Group has adopted the standard from this date. The Group meets requirements for adopting hedge accounting in certain scenarios.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group had no hedging relationships designated under IAS 39 at 31 December 2017.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The need for designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through Profit or Loss.
 - Changes to hedge accounting policies have been applied prospectively.
 - There is no impact on the 2017 comparative Earnings per Share as a result of adopting IFRS9.

From 1 January 2018, changes in the fair value of financial assets and liabilities are now included in the Other Comprehensive Income and the hedging reserve whereas previously they were included in finance interest or expense within the Income Statement.

Changes in the fair value of foreign currency contracts and the US Dollar denominated loan, to the extent determined to be an effective hedge, will be shown within Other Comprehensive Income and reserves as a hedging reserve, with the respective financial liability shown in the Consolidated Statement of Financial Position. The Group has adopted the simplified approach to credit losses relating to trade receivables. Having used a lifetime expected loss allowance for all amounts not covered by the Group's trade receivable insurance policy there has been no material change to the Group Consolidated Financial Statements.

IFRS 2 Share Based Payments (amendments to)

The adoption of IFRS 2 'Share Based Payments (amendments to)' has not had a material impact on the Group.

The following standards and interpretations which are not yet effective or endorsed by the EU and have not been early adopted by the Group will be adopted in future accounting periods:

- IFRS 16 'Leases' (effective 1 January 2019).

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will apply the exemptions for short-term leases and leases of low value items and has chosen to adopt the modified retrospective approach.

The Group has assessed the impact of IFRS 16 and expects to recognise a right-of-use asset of c.£86m in the Statement of Financial Position at 1 January 2019 with a reduction in accruals due to lease incentives received from the lessor, and a lease liability of c.£118m. It is estimated that a corresponding right-of-use depreciation charge of c.£11m and a lease liability interest charge of c.£5m will be recognised in the 2019 Consolidated Income Statement in place of a 2019 estimated IAS 17 operating lease charge of c.£12m (2018: £10m).

Significant lease incentive payments received will be deducted from the value of the right-of-use asset with a corresponding entry to deferred income.

Lease payments for short-term leases, low-value assets and variable lease payments have not been included in the measurement of the lease liability and will be classified in the Statement of Consolidated Cash Flows as cash flows from operating activities. The principal portion of the lease payments will be recognised within cash flows from financing activities and the interest portion within cash flows from operating activities.

Management have implemented new processes and procedures throughout the Group to ensure compliance with the new accounting standard.

Adjusting items

An adjusting item is disclosed separately in the Consolidated Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group. The tax effect is also included.

Details in respect of the adjusting items recognised in the current and prior year are set out in note 5 and 7.

2. Segmental information

Operating segments are defined as components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision-maker in assessing performance. The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles, as well as the servicing and sale of related parts from which the Group derives its revenues. The Group has only one operating segment, so no separate segment reporting is given.

Revenue	2018 £m	2017 £m
Analysis by category		
Sale of vehicles	1,010.7	810.1
Sale of parts	61.1	56.0
Servicing of vehicles	14.6	9.9
Brands and motorsport	10.1	–
	1,096.5	876.0
Revenue	2018 £m	2017 £m
Analysis by geographic location		
United Kingdom	255.4	227.9
The Americas	305.7	242.1
Rest of Europe, Middle East & Africa	247.1	201.2
Asia Pacific	288.3	204.8
	1,096.5	876.0

3. Operating Profit

The Group operating profit is stated after charging/(crediting):

	2018 £m	2017 £m
Depreciation and impairment of property, plant and equipment	32.4	27.4
Amortisation and impairment of intangible assets	67.6	54.7
Loss/(profit) on sale of property, plant and equipment	0.4	(0.1)
Provision for the impairment of trade receivables	0.1	–
Net foreign currency differences	1.7	3.8
Cost of inventories recognised as an expense	552.9	435.9
Write-down of inventories to net realisable value	1.1	1.9
Operating lease payments (gross of sublease receipts)		
• Land and buildings	7.5	5.3
• Plant and machinery	2.2	1.6
Operating sublease receipts	(0.3)	(0.3)
Research and development expenditure recognised as an expense	11.5	11.1
Research and development expenditure is further analysed as follows:		
Total research and development expenditure	213.8	224.4
Capitalised research and development expenditure	(202.3)	(213.3)
Research and development expenditure recognised as an expense	11.5	11.1

4. Other income

	2018 £m	2017 £m
Sale of intellectual property	20.0	–

During the year ended 31 December 2018 other income of £20.0m was recognised from the sale of certain legacy intellectual property.

5. Adjusting items

	2018 £m	2017 restated £m
Adjusting operating expenses:		
Initial public offering costs:		
Staff incentives	(61.2)	–
Professional fees	(12.9)	–
	(74.1)	–
Past service pension benefit	–	24.3
Adjusted items before tax	(74.1)	24.3
Tax on adjusting items	10.5	(4.1)
Adjusted items after tax	(63.6)	20.2

On 8 October 2018 the Company listed on the London Stock Exchange for which costs of £74.1m were incurred.

In 2017 the benefits provided by the defined benefit pension scheme were agreed to change from being based on final salary to benefits based on career average revalued earnings (CARE) which resulted in a past service pension benefit.

6. Finance income

	2018 £m	2017 £m
Bank deposit and other interest income	4.2	3.1
Net gain on financial instruments recognised at fair value through the Income Statement	–	7.6
Net foreign exchange gain	–	24.9
Total finance income	4.2	35.6

7. Finance expense

	2018 £m	2017 restated £m
Bank loans and overdrafts	44.6	45.1
Net interest expense on the net defined benefit liability	1.1	1.8
Interest on preference shares classified as financial liabilities	32.0	37.9
Discounting of long-term deposits held	5.6	2.2
Finance expense before adjusting items	83.3	87.0
Adjusted finance expense items:		
Premium paid on the redemption of preference shares	46.8	–
Preference share fee write-off	15.1	–
Loan interest on the redemption of Senior Secured Loan notes and Senior Subordinated PIK notes	–	10.5
Write-off of capitalised arrangement fees on Senior Secured Loan notes and Senior Subordinated PIK notes	–	2.4
Total finance expense	145.2	99.9

8. Tax expense on continuing operations

	2018 £m	2017 £m
Current tax (credit)/charge		
UK corporation tax on profits	1.3	3.1
Overseas tax	6.4	1.4
Prior period movement	0.9	–
Total current income tax charge	8.6	4.5
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	(13.5)	4.2
Prior period movement	(6.2)	(1.0)
Total deferred tax (credit)/charge	(19.7)	3.2
Total tax (credit)/charge in the Income Statement	(11.1)	7.7

Tax relating to items charged in other comprehensive income

Deferred tax

Actuarial gains on defined benefit pension plan	0.9	0.5
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Fair value adjustment on cash flow hedges	(3.5)	–
	(2.6)	0.5
Tax relating to items charged in equity		
<i>Deferred tax</i>		
Share based payments	(13.3)	–

(b) Reconciliation of the total tax (credit)/charge

The tax (credit)/charge in the Consolidated Statement of Comprehensive Income for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	2018 £m		2017 restated £m
(Loss)/profit from operations before taxation	(68.2)		84.5
(Loss)/profit on operations before taxation	19.00%	(13.0)	19.25%
multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)			16.3
Difference to current tax (credit)/charge due to effects of:			
Recognition of previously unrecognised tax losses	(18.9)		(13.0)
Expenses not deductible for tax purposes	21.3		8.6
Adjustments in respect of prior periods	(5.3)		(1.0)
Effect of change in tax laws	(0.1)		(2.3)
Difference in overseas tax rates	1.5		(0.9)
Other	3.4		–
Total tax (credit)/charge	(11.1)		7.7

The adjustments in respect of prior periods for 2018 primarily related to additional tax allowances claimed in the tax return for 2017 which were not assumed at the time of preparing the 31 December 2017 financial statements. The previously unrecognised tax losses relate to losses that became available for utilisation following the group reorganisation prior to the Initial Public Offering.

(c) Tax paid

Total net tax paid during the year of £7.9m (2017: £0.7m) comprises £7.7m (2017: £0.7m) paid in respect of operating activities and £0.2m (2017: £nil) paid in respect of investing activities. A reconciliation of tax paid to the current tax credit in the income statement follows:

	2018 £m	2017 £m
Current tax credit in the income statement	(8.6)	(4.5)
Total current tax charge	(8.6)	(4.5)
Timing differences of cash tax paid and foreign exchange differences	0.7	5.2
Tax paid per cash flow	7.9	0.7
Cash tax rate on total profits	n/a	0.9%

(d) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2018 have been calculated based on this rate.

(e) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £m	Assets 2017 £m	Liabilities 2018 £m	Liabilities 2017 £m
Property, plant and equipment	(49.3)	–	–	8.8
Intangible assets	–	–	111.0	51.8
Employee benefits	(6.6)	(8.0)	–	–
Provisions	(0.6)	(1.4)	–	–
Interest deductible in future periods	(7.6)	–	–	–
Losses	(59.0)	(27.7)	–	–
Tax (assets)/liabilities	(123.1)	(37.1)	111.0	60.6

Set off of tax liabilities/(assets)		111.0	37.1	(111.0)	(37.1)
Movement in deferred tax in 2018	1 January 2018 £m	Recognised in income and OCI £m	Recognised in equity £m	Acquisition of subsidiary £m	31 December 2018 £m
Property, plant and equipment	8.8	(58.1)	–	–	(49.3)
Intangible assets	51.8	59.2	–	–	111.0
Employee benefits	(8.0)	1.4	–	–	(6.6)
Provisions	(1.4)	0.8	–	–	(0.6)
Interest deductible in future periods	–	(7.6)	–	–	(7.6)
Losses	(27.7)	(18.0)	(13.3)	–	(59.0)
	23.5	(22.3)	(13.3)	–	(12.1)

Movement in deferred tax in 2017	1 January 2017 £m	Recognised in income and OCI £m	Recognised in equity £m	Acquisition of subsidiary £m	31 December 2017 £m
Property, plant and equipment	(0.3)	9.1	–	–	8.8
Intangible assets	42.6	(0.2)	–	9.4	51.8
Employee benefits	(11.9)	3.9	–	–	(8.0)
Provisions	(1.7)	0.3	–	–	(1.4)
Losses	(18.2)	(9.5)	–	–	(27.7)
	10.5	3.6	–	9.4	23.5

Deferred tax assets have not been recognised in respect of the following items:

	2018 £m	2017 £m
Tax losses	–	18.9

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are probable.

9. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the (loss)/profit for the year available for equity holders by the weighted average number of ordinary shares in issue in the year.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year.

Information concerning non-GAAP measures can be found in note 12.

Continuing and total operations	2018	2017 restated
Basic earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Basic weighted average number of ordinary shares (million)	202.1	193.8
Basic earnings per ordinary share (pence)	(31.0p)	38.3p
Diluted earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Diluted weighted average number of ordinary shares (million)	202.1	203.2
Diluted earnings per ordinary share (pence)	(31.0p)	36.5p
	2018 Number	2017 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares ¹ (million)	202.1	193.8
Adjustments for calculation of diluted earnings per share ² :		
Options ³	–	1.3

Warrants	–	8.1
Weighted average number of ordinary shares and potential ordinary shares (million)	202.1	203.2

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.
2. The adjustments made in calculating the weighted average number of ordinary and potential ordinary shares have been increased to reflect the share split in full without any time apportionment in the comparative period.
3. The number of options disclosed in the year ended 31 December 2017 does not include the ordinary shares awarded under the executive legacy Long Term Incentive Plan in 2018. The vesting condition at the year ended 31 December 2017 was not probable in accordance with IFRS 2.

Adjusted earnings per share is disclosed in note 12 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

10. Net Debt

	2018 £m	2017 £m
Cash and cash equivalents	144.6	167.8
Loans and other borrowings – current	(99.4)	(13.5)
Loans and other borrowings – non-current	(604.7)	(571.5)
Preference shares	–	(255.9)
Net debt	(559.5)	(673.1)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	(25.9)	67.3
Add back cash flows in respect of other components of net debt:		
New borrowings	(98.1)	(606.1)
Movement in existing borrowings	(0.3)	474.3
Transaction fees	–	12.1
Increase in net debt arising from cash flows	(124.3)	(52.4)
Non-cash movements:		
Conversion of preference shares to ordinary shares	302.9	–
Foreign exchange (loss)/gain on secured loan	(18.4)	24.9
Interest added to debt	(49.3)	(44.9)
Exchange and other adjustment	2.7	(1.2)
Decrease/(increase) in net debt	113.6	(73.6)
Net debt at beginning of the year	(673.1)	(599.5)
Net debt at the end of the year	(559.5)	(673.1)

11. Capital Commitments

Capital expenditure contracts to the value of £94.2m (2017: £58.5m) have been committed but not provided for as at 31 December 2018.

12. Non-GAAP measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"), previously called 'Non GAAP measures'. 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.

The key APMs that the Group focuses on are as follows:

- Adjusted EBT is the profit/(loss) before income tax and adjusting items as shown in the Consolidated Income Statement.
- Adjusted EBIT is profit/(loss) from operating activities before adjusting items.
- Adjusted EBITDA further removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted EBIT.
- Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
- Normalised Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items as shown in the Consolidated Income Statement, divided by the closing number of ordinary shares in issue at the end of the reporting period.
- Net Debt is current and non-current borrowings less cash and cash equivalents as shown in the Consolidated Statement of Financial Position.

- vii) Adjusted leverage is represented by the ratio of Net Debt to Adjusted EBITDA as defined above.
- viii) Return on Invested Capital represents adjusted operating profit after tax divided by the sum of gross debt and equity.

Income statement

	2018 £m	2017 £m
(Loss)/profit before tax	(68.2)	84.5
Adjusting operating expenses/(income) (note 5)	74.1	(24.3)
Adjusting finance expenses (note 7)	61.9	12.9
Adjusted profit before tax (EBT)	67.8	73.1
Adjusted finance income	(4.2)	(35.6)
Adjusted finance expense	83.3	87.0
Adjusted operating Profit (EBIT)	146.9	124.5
Reported depreciation	32.4	27.4
Reported amortisation	67.6	54.7
Loss/(profit) on disposal of fixed assets	0.4	(0.1)
Adjusted EBITDA	247.3	206.5

Earnings per share

	2018 £m	2017 £m
Adjusted earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Adjusting items (note 5 and 7)		
Adjusting items before tax (£m)	136.0	(11.4)
Tax on adjusting items (£m)	(10.5)	4.1
Adjusted earnings (£m)	62.8	66.9
Basic weighted average number of ordinary shares ¹ (million)	202.1	193.8
Adjusted earnings per ordinary share (pence)	31.1p	34.5p
Adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Diluted weighted average number of ordinary shares ¹ (million)	202.1	203.2
Adjusted diluted earnings per ordinary share (pence)	31.1p	32.9p
	2018 £m	2017 £m
Normalised adjusted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Basic number of ordinary shares as at 31 December ² (million)	228.0	193.8
Normalised adjusted earnings per ordinary share (pence)	27.5p	34.5p
Normalised adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Diluted number of ordinary shares as at 31 December ² (million)	228.0	203.2
Normalised adjusted diluted earnings per ordinary share (pence)	27.5p	32.9p

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.

2. The basic and diluted number of ordinary shares as at 31 December have been used as the basis for the current year normalised EPS calculation. This represents an indication of the future weighted average number of ordinary shares for evaluating performance of the Group. The comparative number of ordinary shares reflects the share split conducted in 2018 in full without time apportionment. The prior year comparative number of basic and diluted ordinary shares represents the weighted average quantity of shares in issue during the year ended 31 December 2017 (see note 9).

Net debt

	2018 £m	2017 £m
Opening cash and cash equivalents	167.8	101.7
Cash inflow from operating activities	222.6	344.0
Cash outflow from investing activities	(306.3)	(346.6)

Cash inflow from financing activities	57.8	69.9
Effect of exchange rates on cash and cash equivalents	2.7	(1.2)
Cash and cash equivalents at 31 December	144.6	167.8
Borrowings	(704.1)	(840.9)
Net Debt	(559.5)	(673.1)
Preference shares (re-designated as part of the IPO process)	–	255.9
IPO and other one-off cash adjustments	38.6	–
Adjusted Net Debt	(520.9)	(417.2)
Adjusted EBITDA for the period ended 31 December	247.3	206.5
Adjusted leverage	2.3x	3.3x
Adjusted leverage (excluding IPO and other one-off cash adjustments)	2.1x	2.0x
Return on Invested Capital	2018	2017
	£m	£m
Adjusted operating profit (EBIT)	146.9	124.5
Tax credit/(charge)	0.6	(3.6)
Adjusted operating profit after tax	147.5	120.9
Senior Secured Notes	590.9	570.2
Unsecured loans	1.4	1.3
Current loans and borrowings	99.4	13.5
Non-current loans and borrowings	12.4	–
Preference Shares	–	255.9
Gross Debt	704.1	840.9
Total Shareholders' equity	449.4	136.1
	1,153.5	977.0
Return on Invested Capital	12.8%	12.4%

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2018

Strong performance delivering the Second Century Plan targets for 2018; Aston Martin Lagonda on track with future plans

£m	31-Dec-18	31-Dec-17	Change
Total wholesale volumes (#)¹	6,441	5,098	26%
Revenue ²	1,096.5	876.0	25%
Adj. EBITDA³	247.3	206.5	20%
Adj. operating profit (EBIT)³	146.9	124.5	18%
Normalised adjusted diluted EPS (pence) ³	27.5	32.9	n.m.
<i>Total Adjusting Items⁴</i>	<i>(136.0)</i>	<i>11.4</i>	-
Operating profit	72.8	148.8	(51%)
(Loss) / Profit before tax	(68.2)	84.5	n.m.
Diluted EPS (pence)	(31.0)	36.5	n.m.

¹ Number of vehicles including specials; ² Excludes £20m reclassification in 2018, see Appendix page 11; ³ For definition of alternative performance measures please see Appendix page 11; ⁴ For more detail see "Adjusting items" on page 7

Record revenue of £1.1bn up 25%, adjusted EBITDA of £247m up 20% and total volumes of 6,441 up 26%

- IPO on the London Stock Exchange in October 2018 marked a key milestone in the Company's history; £136m of associated costs, of which £29m were cash, led to a reported loss before tax of £(68)m (2017: profit £85m) and an adjusted profit before tax of £68m before one-off IPO costs (2017: £73m)
- Total volumes up 26% which is ahead of guidance; core car volumes up 30%; special editions continue to be in high demand
- Strong volume growth across all regions; APAC up 44% (with China up 31%), the Americas up 38%, UK up 17% and EMEA (ex. UK) up 13%
- Net debt at £560m (2017: £673m) with adjusted net leverage of 2.3x adjusted EBITDA, stable at 2.1x adjusting for IPO and other one-off cash costs

Phase 2 "Core Strengthening" substantially complete; Phase 3 "Portfolio Expansion" progressing well

- DBX, our first SUV, development on time and St Athan facility materially complete; First production trial (1PT) starting in Q2 2019
- Cars wholesaled in China under the new "China 6" emissions regulations during December 2018
- Five models successfully delivered in the year: new Vantage, DBS Superleggera and special editions of the Vanquish Zagato Shooting Brake, Vanquish Zagato Speedster and DB4 GT Continuation

"2018 was an outstanding year for Aston Martin Lagonda, delivering strong growth, with improving revenues, unit sales and adjusted profits. As the UK's only listed luxury automotive group, we have demonstrated our legitimacy in the global luxury market. Our well-defined expansion plans, that combine outstanding high-performance cars with iconic brand-status, are on track as we manage through the uncertainties and disruption impacting the wider auto industry.

Given our progress on the Second Century plan – including completion of our new manufacturing plant at St Athan and our preparations for the DBX, we are confident that Aston Martin Lagonda will deliver another year of growth. Whilst we are mindful of the uncertain and more challenging external environment, particularly in the UK and Europe, we remain disciplined in our execution and maintain our guidance for financial year 2019, whilst also reconfirming our medium-term objectives."

Dr Andy Palmer, Aston Martin Lagonda President and Group CEO

All metrics and commentary in the Group Financial Highlights and Business and Financial Review exclude adjusting items unless stated otherwise.

Certain financial data within this announcement have been rounded.

Enquiries

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- There will be a presentation today at One Great George Street, Westminster London SW1P 3AA for investors and analysts at 09:30am
- The presentation can be viewed live on the Aston Martin Lagonda website <https://www.astonmartinlagonda.com/investors> and can also be accessed live via a listen only dial-in facility on +44-33-3300-0804; PIN: 53918656#
- The supporting slides and a replay facility will be available on the website later in the day
- Aston Martin Lagonda will update on first quarter trading on 15 May 2019

No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this release. This release contains certain forward-looking statements, which are based on current assumptions and estimates by the management of Aston Martin Lagonda Global Holdings plc ("Aston Martin Lagonda"). Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. Such statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. These risks may include, for example, changes in the global economic situation, and changes affecting individual markets and exchange rates.

Aston Martin Lagonda provides no guarantee that future development and future results achieved will correspond to the forward-looking statements included here and accepts no liability if they should fail to do so. Aston Martin Lagonda undertakes no obligation to update these forward-looking statements and will not publicly release any revisions that may be made to these forward-looking statements, which may result from events or circumstances arising after the date of this release.

This release is for informational purposes only and does not constitute or form part of any invitation or inducement to engage in investment activity, nor does it constitute an offer or invitation to buy any securities, in any jurisdiction including the United States, or a recommendation in respect of buying, holding or selling any securities.

GROUP FINANCIAL HIGHLIGHTS

- Revenue up 25% to £1.1bn, as total wholesale volumes reached 6,441 units, up 26% year-on-year (2017: 5,098 units)
 - Growth across all regions, with especially strong performances in APAC including China (+44%) and the Americas (+38%)
 - Average selling price per vehicle £141k (ex. specials), and £157k (inc. specials)
- Adjusted operating profit (EBIT) increased by 18% to £147m, representing an adjusted EBIT margin of 13.4%. Correspondingly, adjusted EBITDA increased by 20% to £247m with a margin of 22.6%
 - Consultancy income of £20m reclassified from revenue to "other income". Prior to this reclassification, adjusted EBIT margin was 13.2% and adjusted EBITDA margin 22.1%
- Adjusted profit before tax was £68m. Adjusting items of £136m relating to the IPO resulted in a reported loss before tax of £(68)m
- Net cash generated from operating activities (pre-Capex) was £223m (2017: £344m), impacted by higher receivables, c.£90m of which were associated with supply chain delays in Q4 expected to substantially unwind in H1 2019. Capital expenditure was £311m as we continue to invest for the future (2017: £294m)
- Return on Invested Capital (ROIC), measuring the efficient use of capital, was 12.8%
- Net Debt at 31 December 2018 was £560m (2017: £673m) with adjusted net leverage of 2.3x adjusted EBITDA, stable at 2.1x adjusting for IPO and other one-off cash costs (2017: net debt £417m adjusting for preference shares, 2.0x)
- Adjusted diluted EPS of 27.5p, normalised for the number of shares in issue since the IPO

Summary income statement

£m	31-Dec-18	31-Dec-17	change
Revenue¹	1,096.5	876.0	25%
Cost of sales	(660.7)	(496.2)	
Gross profit¹	435.8	379.8	15%
<i>Gross margin %</i>	<i>39.7%</i>	<i>43.4%</i>	
Operating expenses ²	(308.9)	(255.3)	
<i>of which depreciation & amortisation</i>	<i>(100.4)</i>	<i>(82.0)</i>	
Other income	20.0	-	
Adjusted operating profit	146.9	124.5	18%
<i>Adjusted operating profit margin</i>	<i>13.4%</i>	<i>14.2%</i>	
Adjusting operating items	(74.1)	24.3	
Operating profit	72.8	148.8	(51%)
Net financing expense	(141.0)	(64.3)	
<i>of which adjusting financing items</i>	<i>(61.9)</i>	<i>(12.9)</i>	
(Loss) / profit before tax	(68.2)	84.5	
Taxation	11.1	(7.7)	
Reported net income	(57.1)	76.8	
Adj. EBITDA	247.3	206.5	20%
<i>Adj. EBITDA margin</i>	<i>22.6%</i>	<i>23.6%</i>	
Adj. profit before tax	67.8	73.1	(7%)
<i>Reported EPS (pence)³</i>	<i>(31.0)</i>	<i>36.5</i>	
Normalised adjusted EPS (pence)³	27.5	32.9	

¹ Excludes £20m reclassification; ² Excludes adjusting items; ³ EPS is presented on a diluted basis. For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

BUSINESS REVIEW

2018 was a historic year for Aston Martin Lagonda, including our listing on the premium segment of the London Stock Exchange in October. In doing so, we became the only automotive business, and only the second luxury business, to be listed on the London main market.

Successful delivery of the Second Century Plan

Since launching the Second Century Plan (the “Plan”) in 2015, Aston Martin Lagonda has successfully transformed into a global luxury business focused on creating the most beautiful and accomplished automotive art in the world. Through the course of the year, we continued to focus on executing against the Plan, and 2018 saw Phase 2, “Core Strengthening”, substantially completed with the launch of Vantage and DBS Superleggera. In launching these cars our core sports car range has now been refreshed, with the convertible versions of DBS Superleggera and Vantage to follow, in 2019 and 2020 respectively. Phase 3, “Portfolio Expansion”, is progressing well and in line with the Plan. Development of DBX, our first SUV, remains on track and the development of the Aston Martin Valkyrie continues apace. The latest addition to the mid-engined super car range, Project 003, continues to showcase our ambitions in that segment. The re-launch of the Lagonda brand, planned to be the world’s first fully electric luxury brand, will complete this third phase of the Second Century Plan.

DBX and St Athan on track

We have materially completed our new manufacturing facility at St Athan in Wales, where the DBX will be produced. The first production trial of the DBX will commence in Q2 2019, with full production starting in H1 2020. We also confirmed in 2018 that St Athan will be our centre for battery electric vehicle production and will therefore be the manufacturing home of Lagonda and the Rapide E, our first electric vehicle, which is on track to start production in 2019.

Exclusive specials programmes once again in high demand

Complementing our portfolio of core cars, our exclusive special-editions continue to be in high demand. Deliveries of the Vanquish Zagato Speedster and Vanquish Zagato Shooting Brake commenced during 2018 and our first continuation model, DB4 GT completed production in the fourth quarter. During 2018 we announced our intention to build on this success, and to mark the centenary of the iconic Zagato design house, with 19 pairs of an ultra-exclusive DB4 GT Zagato Continuation alongside a contemporary DBS Zagato. The first car is planned for delivery during H2 2019. Finally, during 2018 we announced a highly limited run of 25 *Goldfinger* DB5 Continuation cars, one car for each Bond film produced, with production planned for 2020.

Expanding and upgrading global dealer network

We have continued to strengthen our dealer network to deliver world-class luxury customer experiences and consistent brand presentation. This included opening three new dealers in APAC, increasing our presence in a growing region, and changes in other locations including Madrid and Brussels. At the end of 2018 we had 162 Aston Martin dealerships across 53 countries globally, alongside flagship “brand centres” in key locations.

Plans in place for UK's withdrawal from the European Union

We have recruited a Chief Purchasing and Supply Chain Officer to strengthen the senior team and in anticipation of the United Kingdom's departure from the European Union. In addition, plans are in place to mitigate the impact on the business from potential supply chain disruption should the UK withdraw from the European Union without an agreement or in an unstructured manner. Plans for up to £30m of advanced working capital and/or operating expenses have been approved by the Board. If enacted, these one-off items would be reported separately through the year and will be excluded for performance measurement purposes. To date, the company has spent a minimal amount (on racking and packaging) and has committed, but not spent, c.£2m on revised supply chain routes.

FINANCIAL REVIEW

Revenue analysis

Wholesale volumes by region

	31-Dec-18	31-Dec-17	Change
UK	1,798	1,538	17%
Americas	1,761	1,277	38%
EMEA ex. UK	1,489	1,316	13%
APAC	1,393	967	44%
Total	6,441	5,098	26%

Note: Includes specials

Wholesales in 2018 increased for the third year running to 6,441 units, a 26% increase year-on-year with core volumes (ex. specials) up 30%. Regionally, volumes became more balanced as we focused on key growth markets, expanding and upgrading our dealer network capabilities; and investing in appropriate brand and marketing activities. APAC was the fastest growing region, up 44%, now 22% of group volume (including China up 31%, with a particularly strong performance from V8 variants). This was closely followed by the Americas (up 38%), which was the best performing region during the second half of the year with customers responding strongly to new product launches. Wholesales in the UK and EMEA also grew at a double-digit rate.

With the ramp up in new models, October and November saw some supply chain disruption, which was resolved during December. This resulted in higher wholesale volumes in the final month of the year compared to the prior year, as we caught up with deliveries to dealers.

Revenue by Category

£m	31-Dec-18	31-Dec-17	Change
Sale of vehicles	1,010.7	810.1	25%
Sale of parts	61.1	56.0	9%
Servicing of vehicles	14.6	9.9	47%
Brands and motorsport ¹	10.1	-	n.m.
Total	1,096.5	876.0	25%

¹Excludes £20m of consultancy revenue from a significant contract relating to the sale of certain legacy intellectual property in the first half of the year, previously reported in revenue now recognised as "other income"

Revenue growth for the period was 25% driven largely by the increase in wholesale volumes. Total Average Selling Price (ASP) fell slightly to £157k (2017: £159k) driven by the planned decrease in the ASP of core

vehicles to £141k (2017: £150k) as the model mix shifted as expected towards the new Vantage and DB11 V8 variants, and away from the higher priced DB11 V12 derivatives. This was partially offset by the introduction of DBS Superleggera in Q4, the highest priced of the core model line-up, alongside the delivery of higher priced special vehicles.

Revenue from the Sale of parts increased by 9% to £61m and revenue from Servicing by 47% to £15m as both continue to benefit from the growth in vehicle sales in recent years.

Revenues from Brands and motorsport of £10m were driven by sponsorship and race car sales resulting from Aston Martin's entry into the World Endurance Championship and revenue from AM Brands (AMB), which was acquired from a third party in December 2017. AMB currently manages 18 accounts, including recent relationships with TAG-Heuer, Beats, Waldorf Astoria and Sky. Revenues from Brands and motorsport in 2017 were immaterial and reported under Sale of vehicles.

Operating profit analysis

Adjusted operating profit increased by 18% to £147m (2017: £125m), with a margin of 13.4%, in-line with guidance. This included consultancy income of £20m from a significant contract relating to the sale of certain legacy intellectual property in the first half of the year, previously reported in revenue now recognised as "other income", which is not expected to repeat in 2019. Prior to this reclassification, adjusted operating margin would have been 13.2%. After adjusting operating items relating to the IPO of £74m, operating profit was £73m, down from £149m in 2017.

Gross profit increased by 15% to £436m (2017: £380m). The gross margin decreased as expected from 43.4% to 39.7% (prior to consultancy income reclassification 40.8%), due to the planned mix shift into new Vantage, partially offset by an outperformance in the higher margin regions and the introduction of the DBS Superleggera. Gross margin also benefited from the sale of fewer, but higher margin special vehicles.

Total operating expenses before depreciation, amortisation and adjusting items increased to £209m (2017: £173m), with the year-on-year increase driven by investment in marketing and associated selling costs supporting new model launches, the rebalancing of our geographic mix and the additional running costs of the St Athan facility. It also includes costs relating to AMB acquired in December 2017, non-capitalised engineering expenditure of £12m (2017: £11m) and higher than expected logistics costs due to the supply chain disruption in Q4.

Depreciation and amortisation increased to £100m (2017: £82m), reflecting the impact of new model launches throughout 2018. The "carry-over-carry-across" (COCA) principle, a cornerstone of the Second Century Plan, where every significant component utilises a part from a previous model or creates a part for a future model, underpinned new Vantage and DBS Superleggera, contributing to an £11m decrease in capitalised R&D at £202m.

Adjusted EBITDA increased by 20% to £247m (2017: £207m) with a margin of 22.6% (prior to consultancy income reclassification 22.1%).

Adjusting items

£m	Income Statement	Cash
Pre-IPO long-term employee incentives	61.2	23.1
IPO professional fees	12.9	6.0
Adjusting operating items	74.1	29.1
Shareholder pension adjustment	-	9.5
Premium on the redemption of preference shares	46.8	-
Preference share fee write-off	15.1	-
Adjusting financing items	61.9	9.5
Total adjusting items¹	136.0	38.6

¹Total operating and financing adjusting items, excludes any tax, for more detail please see note 5 of the Financial Statements

Adjusting items of £136m (2017: £24m credit) during the year represented the costs associated with the IPO in October. The £74m of adjusting operating items comprise £61m in respect of pre-IPO long-term incentive and remuneration expenses, and £13m in respect of professional fees. The £62m of adjusting financing items related to the conversion of preference shares. Of this, £47m was the true-up of accrued interest due over the remaining term which became immediately due on conversion. The balance of £15m was related to the write-off of fees incurred at the time of executing the preference shares, which were to have been amortised over the original term of the instrument.

Including the shareholder pension adjustment, £39m of adjusting items flowed through to cash. Of this sum, £23m related to company-wide long-term incentives and IPO bonuses, including associated National Insurance contributions (£16m) & other taxes. There was no cash component to the preference share conversion, with the remaining £10m of cash costs relating to a pension settlement for selling shareholders, which had no Income Statement impact.

Net financing expense

£m	31-Dec-18	31-Dec-17
Bank deposit and other interest income	4.2	3.1
Net gain on financial instruments recognised at fair value and foreign exchange gain	-	32.5
Bank loans and overdrafts	(44.6)	(45.1)
Interest on preference shares, deposits held and defined benefit liability	(38.7)	(41.9)
Net finance expense before adjusting items	(79.1)	(51.4)
Adjusting financing items ¹	(61.9)	(12.9)
Net finance expense	(141.0)	(64.3)

¹More information on "Adjusting items" see above

The total net finance expense over the period was £141m (2017: £64m). The £77m increase was primarily due to £62m of adjusting financing items shown above. The adjusted net financing expense of £79m (2017: £51m) rose by £28m primarily as a result of a £33m fair value and foreign exchange gain that was recognised in 2017. Following the adoption of IFRS 9 from 1 January 2018, such gains or losses are now reported in changes in equity, rather than the Income Statement.

Profit before tax

Adjusted profit before tax was £68m (2017: £73m). Adjusting for IFRS 9 in 2017, the comparable adjusted profit before tax would have been £41m. Profit before tax in the period after adjusting items was £(68)m (2017: £85m).

Taxation

The effective tax credit rate for the year was 16.3% (2017: 9.1% charge). The tax credit on the adjusted profit before tax was £1m reflecting the benefit of the impact of previously unrecognised tax losses (£19m), a prior year credit (£5m) offset by disallowable interest on the preference shares which were converted to ordinary shares in the year. In 2017 the tax charge also benefitted from the impact of previously unrecognised tax losses of £13m.

Earnings per share

The normalised calculation of Earnings Per Share (EPS) is based on the 228m of ordinary shares in issue at 31 December 2018 (this represents an indication of the weighted average number of ordinary shares for evaluating future performance). With adjusted earnings of £63m, recognising tax on adjusting items as appropriate, normalised adjusted EPS was 27.5p.

The weighted average number of shares in issue during the year as a result of the share split at IPO was 202m, giving an adjusted diluted EPS of 31.1p and reported diluted EPS was (31.0)p

Cash Flow / Net Debt

£m	31-Dec-18	31-Dec-17
Cash generated from operating activities	222.6	344.0
Cash used in investing activities	(306.3)	(346.6)
Cash inflow from financing activities	57.8	69.9
Effect of exchange rates on cash and cash equivalents	2.7	(1.2)
Net cash (outflow) / inflow	(23.2)	66.1
Cash balance	144.6	167.8
Borrowings	704.1	840.9
Net debt	559.5	673.1
Preference share adjustment ¹	-	(255.9)
Net debt adjusted for preference shares	559.5	417.2
<i>Adj. Leverage</i>	2.3x	2.0x
IPO and other one-off cash adjustments ²	38.6	-
<i>Adj. Leverage (after IPO cash adjustments)</i>	2.1x	2.0x
<i>ROIC</i>	12.8%	12.4%

¹Preference shares, which were converted into ordinary shares at IPO, are included in borrowings in 2017, for more information please see note 10 of the Financial Statements; ²Cash costs associated with the IPO and shareholder pension adjustment as at 31 December 2018

Cash generated from operating activities was £223m (2017: £344m) adversely impacted by a significant increase in working capital, including receivables of c.£90m associated with supply chain delays during Q4 and the consequential shifting of wholesale deliveries to the end of the period. This is expected to substantially unwind during the course of H1 2019. Capex increased to £311m (2017: £294m) as we continued to invest in future products and the St Athan facility. A change in the timing of anticipated spend meant this was lower than originally guided.

Net debt at 31 December 2018 was £560m (2017: £673m; £417m adjusting for preference shares). The increase in borrowings (ex. preference shares) reflected the net cash outflow of £23m and the re-valuation of the U.S. tranche of Senior Secured Notes, a new fixed rate loan to finance the construction of the paint shop at the St Athan manufacturing facility (£15m), and increased back-to-back facilities in China (£12m) alongside a partial drawdown of the RCF (£70m), supporting working capital requirements including the receivables increase noted above.

Adjusted net leverage was 2.3x, stable at 2.1x after adjusting for IPO and other one-off cash costs.

Return on Invested Capital (ROIC), measuring the efficient use of capital, was 12.8%. ROIC¹ is defined as net operating profit after tax divided by the sum of gross debt and equity.

No dividends have been paid or proposed as we invest in future growth and focus on the delivery of the Plan.

Outlook

Since our Third quarter trading update in November 2018, geopolitical and economic uncertainties have increased. In response, we have put contingency plans in place to protect production and customer deliveries should the UK leave the European Union without an agreement or in an unstructured manner. Plans for up to £30m of advanced working capital and/or operating expenses have been approved by the Board. If enacted, these one-off items would be reported separately through the year and will be excluded for performance measurement purposes. To date the company has spent a minimal amount (on racking and packaging) and has committed, but not spent, c.£2m on revised supply chain routes. Whilst we are mindful of these external factors and the uncertain and more challenging external environment, particularly in the UK and Europe, we remain disciplined in our execution and maintain our guidance for financial year 2019, whilst also reconfirming our medium-term objectives.

2019 guidance:

- Wholesales: 7,100 – 7,300 (*reconfirmed*)
- Adjusted EBITDA margin: ~24%
 - Adjusted EBITDA is expected to be lower year-on-year in the first half of 2019 principally due to the non-repeat of the £20m of other income relating to the sale of certain intellectual property in the first half of 2018.
- Adjusted operating profit (EBIT) margin: ~13%
- Interest cost: ~£55m and D&A: ~£140m
 - IFRS 16, the new lease accounting standard, is effective from 1 January 2019. It is estimated that a right-of-use depreciation charge of c.£11m and a lease liability interest charge of c.£5m will be recognised in the 2019 Consolidated Income Statement in place of a 2019 estimated IAS 17 operating lease charge of c.£12m (see note 1 to Consolidated Financial Statements)
- Effective tax rate: ~20%-22%
- Capex and R&D expenditure: ~£320m-£340m

Medium-term guidance (*reconfirmed*):

- Wholesales: ~14,000
- Adjusted EBITDA margin: >30%
- Adjusted operating profit (EBIT) margin: >20%

¹for full calculation please see Appendix.

APPENDICES

Dealerships

	31-Dec-18	31-Dec-17
UK	21	21
Americas	44	45
EMEA ex.UK	55	56
APAC	42	39
Total	162	161
<i>Number of Countries</i>	53	52

During 2018 we continued to strengthen our dealer network, opening three new dealers in APAC increasing our presence in a key growth region, with openings in other key locations including Madrid and Brussels.

Defined Benefit Pension Scheme

The net liability for defined benefit pension scheme obligations has decreased from £47m at 31 December 2017 to £39m at 31 December 2018. This decrease in obligations of 17% is largely due to improvements in financial assumptions partially offset by the change in the net minimum funding obligation in excess of assets after consideration of IFRIC 14.

ROIC calculation

<i>£m</i>	31-Dec-18	31-Dec-17
Adj. Operating Profit (EBIT)	146.9	124.5
Adj. Profit before Tax	67.8	73.1
Tax Rate	(0.9%)	4.9%
Tax (credit) / charge	(0.6)	3.6
Adj. NOPAT	147.5	120.9
Senior Secured Notes	590.9	570.2
Unsecured loans	1.4	1.3
Long-term borrowings	12.4	255.9
Short term borrowings	99.4	13.5
Gross Debt	704.1	840.9
Equity	449.4	136.1
Gross Debt + Equity	1,153.5	977.0
ROIC	12.8%	12.4%

Q4 Highlights

<i>£m</i>	FY 2018	FY 2017	Change	Q4-18	Q4-17	Change
Total wholesale volumes (#) ¹	6,441	5,098	26%	2,366	1,768	34%
Revenue ²	1,096.5	876.0	25%	389.2	309.2	26%
Adj. EBITDA ³	247.3	206.5	20%	87.0	85.4	2%
Adj. operating profit ³	146.9	124.5	18%	55.4	61.0	(9%)
Operating profit	72.8	148.8	(51%)	(16.9)	85.3	n.m.
(Loss) / profit before tax	(68.2)	84.5	n.m.	(92.0)	62.6	n.m.

Note: For further detail see operating profit analysis on page 6; ¹ Number of vehicles including specials; ² excludes £20m reclassification;

³ For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

Reclassification of Consultancy Income

	As Other Income	In Revenue (as reported)	As Other Income (as reported)	In Revenue (for information)
£m	H1 2018	H1 2018	FY 2018	FY 2018
Revenue	2,299	2,299	6,441	6,441
Gross Profit	424.9	444.9	1,096.5	1,116.5
<i>Gross margin</i>	180.4	200.4	435.8	455.8
Adj. EBITDA ¹	42.5%	45.0%	39.7%	40.8%
<i>Adj. EBITDA margin</i>	105.8	105.8	247.3	247.3
Adj. operating profit ¹	24.9%	23.8%	22.6%	22.1%
<i>Adj. operating margin</i>	64.3	64.3	146.9	146.9

¹ For definition of alternative performance measures please see Appendix and note 12 of the Financial Statements

New IFRS standards and interpretations adopted during 2018

In 2018 the following standards and amendments were endorsed by the EU, became effective and hence have been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Share Based Payments (amendments to)

For more information please see note 1 of the of the Financial Statements.

The following standards and interpretations which are not yet effective or endorsed by the EU and have not been early adopted by the Group will be adopted in future accounting periods:

- IFRS 16 'Leases' (effective 1 January 2019). For detail please see note 1 of the Financial Statements and guidance on page 9

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 operating profit (EBIT) is results from operating activities before adjusting operating items;
- Adjusted EBITDA further removes depreciation, loss/ (profit) on disposal of fixed assets and amortisation from adjusted EBIT;
- Adjusted EBT is the (loss) / profit before income tax and adjusting items;
- Adjusted EPS is (loss) / profit after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period;
- Normalised adjusted EPS is (loss) / profit after income tax before adjusting items, divided by the number of ordinary shares in issue at the end of the reporting period;
- Net Debt is current and non-current borrowings less cash and cash equivalents, both in-hand and at bank;
- Adjusted leverage is the ratio of Net Debt, adjusted for adjusting IPO and other one-off cash items, to Adjusted EBITDA;
- Return on invested capital represents adjusted operating profit after tax divided by the sum of gross debt and equity.

This is the first Financial Review since the Group listed in October 2018. For the majority of the year on which we are reporting a different pre-IPO capital structure was in place and the period also includes significant adjusting items. Accordingly, we have referred to adjusted results where appropriate within this report in order to present a more meaningful analysis.

Further details and definitions of adjusting items are contained in note 12 of the Financial Statements.

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	2	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	5	(219.1)	(74.1)	(293.2)	(195.3)	24.3	(171.0)
Other income	4	20.0	-	20.0	-	-	-
Operating profit	3,5	146.9	(74.1)	72.8	124.5	24.3	148.8
Finance income	6	4.2	-	4.2	35.6	-	35.6
Finance expense	7	(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)	8	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	9			(31.0p)			38.3p
Diluted	9			(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				5.4			2.9
Related income tax	8			(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

All operations of the Group are continuing.

* Adjusting items are defined in Note 1, with further detail shown in notes 5 and 7.

** The 2017 comparative period has been restated to reflect the adoption of IFRS 15 – see note 1.

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 1)	–	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	–	–	–	–	–	–	–	5.4	5.4
Dividend paid to non-controlling interest	–	–	–	–	(3.0)	–	–	–	(3.0)
Income tax on other comprehensive income (note 8)	–	–	–	–	–	–	–	(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	–	(353.6)	–	(87.5)	–	–	–	441.1	–
Exercise of share warrants	–	–	(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- controllin g Interest £m	Translati on Reserve £m	Hedge Reserve	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 1)	–	(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	–	–	–	–	–	–	–	2.9	2.9
Income tax on other comprehensive income (note 8)	–	–	–	–	–	–	–	(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 1)	–	–	–	–	–	–	–	–	–
At 31 December 2017	–	353.7	18.5	94.1	7.6	1.6	–	(339.4)	136.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Notes	2018 £m	2017 <i>restated</i> £m
Non-current assets			
Intangible assets		1,071.7	930.7
Property, plant and equipment		313.0	243.9
Other receivables		1.8	2.1
Deferred tax asset	8	123.1	37.1
		1,509.6	1,213.8
Current assets			
Inventories		165.3	127.8
Trade and other receivables		241.6	115.7
Other financial assets		0.1	7.0
Cash and cash equivalents		144.6	167.8
		551.6	418.3
Total assets		2,061.2	1,632.1
Current liabilities			
Borrowings		99.4	13.5
Trade and other payables		696.1	483.1
Income tax payable		4.9	2.7
Other financial liabilities		4.2	18.2
Provisions		10.8	12.0
		815.4	529.5
Non-current liabilities			
Borrowings		604.7	827.4
Trade and other payables		12.2	17.7
Other financial liabilities		4.4	-
Employee benefits		38.7	46.9
Provisions		25.4	13.9
Deferred tax liabilities	8	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		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	8	(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	3	0.4	(0.1)
Depreciation and impairment of property, plant and equipment	3	32.4	27.4
Amortisation and impairment of intangible assets	3	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		10.0	12.5
Cash generated from operations		230.5	344.7
Income taxes paid	8	(7.9)	(0.7)
Net cash inflow from operating activities		222.6	344.0
Cash flows from investing activities			
Interest received	6	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		–	(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		0.3	(474.3)
New borrowings		98.1	606.1
Transaction fees on new borrowings		–	(12.1)
Net cash inflow from financing activities		57.8	69.9
Net (decrease)/increase in cash and cash equivalents		(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		2.7	(1.2)
Cash and cash equivalents at the end of the year		144.6	167.8

Notes to the Consolidated Financial Statements

1. Basis of Accounting

Aston Martin Lagonda Global Holdings plc (the "Company") is a Company incorporated in England and Wales and domiciled in the UK. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group Financial Statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The Financial Statements are prepared on a going concern basis and under the historical cost convention.

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 will be delivered in due course. The auditors have reported on those accounts. Their report was unqualified, did not include references to any matters by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

On 3 September 2018 the Company obtained control of the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with one share in the Company being exchanged for one share in Aston Martin Holdings (UK) Limited. Consequently, the Group incorporated the assets and liabilities of Aston Martin Holdings (UK) Limited at their pre-combination carrying amounts without fair value uplift from the first date presented in these financial statements. The opening equity balance as of 1 January 2017 reflects the equity of Aston Martin Holdings (UK) Limited. The share capital of £2.1m as of 31 December 2018 reflects the share capital of the Company.

Although the share for share exchange resulted in a change in legal ownership, in substance the Consolidated Financial Statements reflect the continuation of the pre-existing group headed by Aston Martin Holdings (UK) Limited. The transaction has been accounted for as a reverse acquisition in line with IFRS 3.

The comparatives presented in these Financial Statements are the consolidated results of Aston Martin Holdings (UK) Limited. The prior year Consolidated Statement of Financial Position reflects the share capital structure of Aston Martin Holdings (UK) Limited. The current year Consolidated Statement of Financial Position presents the legal change in the ownership of the Group. The Consolidated Statement of changes in equity explains the impact of these transactions in more detail.

Prior year restatement

In 2013 Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., acquired an equity interest in the group for a consideration of £150.0m. The agreement provided for a potential partial refund of this consideration or the issue of additional ordinary shares, dependent upon the average deficit of the defined benefit pension scheme over the four year period to June 2017. In the event a refund of £15.1m was made to Prestige Motor Holdings S.A with £5.6m paid in 2017 and £9.5m paid in 2018. The Group's share premium account at 1 January 2017 and therefore 1 January 2018 has been restated by £15.1m to reflect the total adjustment.

The £5.6m is shown as a receivable from shareholder at 31 December 2017 as this liability could not be settled until completion of the capital reduction undertaken during 2018 as distributable reserves were required to allow such settlement.

The impact on the Group Consolidated Financial Statements is:

As at 31 December 2017	£m
Other financial assets before correction	1.4
Other financial assets as restated in the Consolidated Statement of Financial Position and note 18	7.0
	<u>5.6</u>
Other financial liabilities before correction	(3.1)
Other financial liabilities as restated in the Consolidated Statement of Financial Position and note 22	(18.2)
	<u>(15.1)</u>
Impact on Net assets	<u>(9.5)</u>
Share premium before correction	368.8
Share premium as restated in the Consolidated Statement of Financial Position	353.7
	<u>(15.1)</u>
Transactions with owners, recognised directly in equity before correction	(5.6)
Transactions with owners, recognised directly in equity as restated in the Consolidated Statement of Financial Position	–
	<u>5.6</u>
Impact on equity attributable to owners of the Group	<u>(9.5)</u>

There is no impact on the 2017 Income Statement, earnings per share or retained earnings as a result of this prior year adjustment.

New IFRS standards and interpretations adopted during 2018

In 2018 the following standards and amendments were endorsed by the EU, became effective and hence have been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Share Based Payments (amendments to)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15 covering:

- incentives
- restoration work
- deposits
- barter arrangements
- servicing
- residual value guarantees
- warranty
- separate performance obligations
- bill and hold

The impact on the results of the Group for 2017 and 2018 is the recognition of an interest expense on customer deposits held for a period in excess of one year. IFRS 15 did not have a material impact on the Group's accounting policies with respect to the timing of revenue recognition.

The Group has imputed an interest expense on deposits held for greater than 12 months to reflect the time-value of the funds at the Group's cost of borrowing. This deposit is held as a liability in the Statement of Financial Position with the imputed interest charged to the Income Statement within finance expenses. When the vehicles are sold, the liability will be released and the revenue relating to these vehicle sales will be credited to the Income Statement. The Group has fully retrospectively adopted the standard for 2017.

The following tables summarise the impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2017, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected.

Consolidated Statement of Financial Position

As at 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Trade and other payables	480.9	2.2	483.1

Consolidated Income Statement

For the year ended 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Finance expense (note 7)	(97.7)	(2.2)	(99.9)
Profit before tax	86.7	(2.2)	84.5
Basic earnings per share	39.4p	(1.1p)	38.3p
Diluted earnings per share	37.6p	(1.1p)	36.5p

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As restated
Profit for the year	79.0	(2.2)	76.8
Other non-cash movements	(27.3)	2.2	(25.1)

The impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2018, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected is detailed below.

Consolidated Statement of Financial Position

As at 31 December 2018
£m

	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As reported
Trade and other payables	690.5	5.6	696.1

Consolidated Income Statement

For the year ended 31 December 2018
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As reported
Finance expense (note 7)	(139.6)	(5.6)	(145.2)
Loss before tax	(62.6)	(5.6)	(68.2)
Basic earnings per share	(28.2p)	(2.8p)	(31.0p)
Diluted earnings per share	(28.2p)	(2.8p)	(31.0p)

Consolidated Statement of Cash Flows

For the year ended 31 December 2018
£m

	Pre- adoption of IFRS 15	IFRS 15 Adjustment	As reported
Loss for the year	(51.5)	(5.6)	(57.1)
Other non-cash movements	7.7	5.6	13.3

No significant deposits were held for periods in excess of one year prior to 2017 and therefore there is no restatement to retained earnings at 1 January 2017.

There is no impact on the non-controlling interest for the periods ending 31 December 2018 and 31 December 2017.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments became effective on 1 January 2018 and the Group has adopted the standard from this date. The Group meets requirements for adopting hedge accounting in certain scenarios.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group had no hedging relationships designated under IAS 39 at 31 December 2017.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The need for designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through Profit or Loss.
 - Changes to hedge accounting policies have been applied prospectively.
 - There is no impact on the 2017 comparative Earnings per Share as a result of adopting IFRS9.

From 1 January 2018, changes in the fair value of financial assets and liabilities are now included in the Other Comprehensive Income and the hedging reserve whereas previously they were included in finance interest or expense within the Income Statement.

Changes in the fair value of foreign currency contracts and the US Dollar denominated loan, to the extent determined to be an effective hedge, will be shown within Other Comprehensive Income and reserves as a hedging reserve, with the respective financial liability shown in the Consolidated Statement of Financial Position. The Group has adopted the simplified approach to credit losses relating to trade receivables. Having used a lifetime expected loss allowance for all amounts not covered by the Group's trade receivable insurance policy there has been no material change to the Group Consolidated Financial Statements.

IFRS 2 Share Based Payments (amendments to)

The adoption of IFRS 2 'Share Based Payments (amendments to)' has not had a material impact on the Group.

The following standards and interpretations which are not yet effective or endorsed by the EU and have not been early adopted by the Group will be adopted in future accounting periods:

- IFRS 16 'Leases' (effective 1 January 2019).

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will apply the exemptions for short-term leases and leases of low value items and has chosen to adopt the modified retrospective approach.

The Group has assessed the impact of IFRS 16 and expects to recognise a right-of-use asset of c.£86m in the Statement of Financial Position at 1 January 2019 with a reduction in accruals due to lease incentives received from the lessor, and a lease liability of c.£118m. It is estimated that a corresponding right-of-use depreciation charge of c.£11m and a lease liability interest charge of c.£5m will be recognised in the 2019 Consolidated Income Statement in place of a 2019 estimated IAS 17 operating lease charge of c.£12m (2018: £10m).

Significant lease incentive payments received will be deducted from the value of the right-of-use asset with a corresponding entry to deferred income.

Lease payments for short-term leases, low-value assets and variable lease payments have not been included in the measurement of the lease liability and will be classified in the Statement of Consolidated Cash Flows as cash flows from operating activities. The principal portion of the lease payments will be recognised within cash flows from financing activities and the interest portion within cash flows from operating activities.

Management have implemented new processes and procedures throughout the Group to ensure compliance with the new accounting standard.

Adjusting items

An adjusting item is disclosed separately in the Consolidated Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group. The tax effect is also included.

Details in respect of the adjusting items recognised in the current and prior year are set out in note 5 and 7.

2. Segmental information

Operating segments are defined as components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision-maker in assessing performance. The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles, as well as the servicing and sale of related parts from which the Group derives its revenues. The Group has only one operating segment, so no separate segment reporting is given.

Revenue	2018 £m	2017 £m
Analysis by category		
Sale of vehicles	1,010.7	810.1
Sale of parts	61.1	56.0
Servicing of vehicles	14.6	9.9
Brands and motorsport	10.1	–
	1,096.5	876.0
Revenue	2018 £m	2017 £m
Analysis by geographic location		
United Kingdom	255.4	227.9
The Americas	305.7	242.1
Rest of Europe, Middle East & Africa	247.1	201.2
Asia Pacific	288.3	204.8
	1,096.5	876.0

3. Operating Profit

The Group operating profit is stated after charging/(crediting):

	2018 £m	2017 £m
Depreciation and impairment of property, plant and equipment	32.4	27.4
Amortisation and impairment of intangible assets	67.6	54.7
Loss/(profit) on sale of property, plant and equipment	0.4	(0.1)
Provision for the impairment of trade receivables	0.1	–
Net foreign currency differences	1.7	3.8
Cost of inventories recognised as an expense	552.9	435.9
Write-down of inventories to net realisable value	1.1	1.9
Operating lease payments (gross of sublease receipts)		
• Land and buildings	7.5	5.3
• Plant and machinery	2.2	1.6
Operating sublease receipts	(0.3)	(0.3)
Research and development expenditure recognised as an expense	11.5	11.1
Research and development expenditure is further analysed as follows:		
Total research and development expenditure	213.8	224.4
Capitalised research and development expenditure	(202.3)	(213.3)
Research and development expenditure recognised as an expense	11.5	11.1

4. Other income

	2018 £m	2017 £m
Sale of intellectual property	20.0	–

During the year ended 31 December 2018 other income of £20.0m was recognised from the sale of certain legacy intellectual property.

5. Adjusting items

	2018 £m	2017 restated £m
Adjusting operating expenses:		
Initial public offering costs:		
Staff incentives	(61.2)	–
Professional fees	(12.9)	–
	(74.1)	–
Past service pension benefit	–	24.3
Adjusted items before tax	(74.1)	24.3
Tax on adjusting items	10.5	(4.1)
Adjusted items after tax	(63.6)	20.2

On 8 October 2018 the Company listed on the London Stock Exchange for which costs of £74.1m were incurred.

In 2017 the benefits provided by the defined benefit pension scheme were agreed to change from being based on final salary to benefits based on career average revalued earnings (CARE) which resulted in a past service pension benefit.

6. Finance income

	2018 £m	2017 £m
Bank deposit and other interest income	4.2	3.1
Net gain on financial instruments recognised at fair value through the Income Statement	–	7.6
Net foreign exchange gain	–	24.9
Total finance income	4.2	35.6

7. Finance expense

	2018 £m	2017 restated £m
Bank loans and overdrafts	44.6	45.1
Net interest expense on the net defined benefit liability	1.1	1.8
Interest on preference shares classified as financial liabilities	32.0	37.9
Discounting of long-term deposits held	5.6	2.2
Finance expense before adjusting items	83.3	87.0
Adjusted finance expense items:		
Premium paid on the redemption of preference shares	46.8	–
Preference share fee write-off	15.1	–
Loan interest on the redemption of Senior Secured Loan notes and Senior Subordinated PIK notes	–	10.5
Write-off of capitalised arrangement fees on Senior Secured Loan notes and Senior Subordinated PIK notes	–	2.4
Total finance expense	145.2	99.9

8. Tax expense on continuing operations

	2018 £m	2017 £m
Current tax (credit)/charge		
UK corporation tax on profits	1.3	3.1
Overseas tax	6.4	1.4
Prior period movement	0.9	–
Total current income tax charge	8.6	4.5
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	(13.5)	4.2
Prior period movement	(6.2)	(1.0)
Total deferred tax (credit)/charge	(19.7)	3.2
Total tax (credit)/charge in the Income Statement	(11.1)	7.7

Tax relating to items charged in other comprehensive income

Deferred tax

Actuarial gains on defined benefit pension plan	0.9	0.5
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Fair value adjustment on cash flow hedges	(3.5)	–
	(2.6)	0.5
Tax relating to items charged in equity		
<i>Deferred tax</i>		
Share based payments	(13.3)	–

(b) Reconciliation of the total tax (credit)/charge

The tax (credit)/charge in the Consolidated Statement of Comprehensive Income for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	2018 £m		2017 restated £m
(Loss)/profit from operations before taxation	(68.2)		84.5
(Loss)/profit on operations before taxation	19.00%	(13.0)	19.25%
multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)			16.3
Difference to current tax (credit)/charge due to effects of:			
Recognition of previously unrecognised tax losses	(18.9)		(13.0)
Expenses not deductible for tax purposes	21.3		8.6
Adjustments in respect of prior periods	(5.3)		(1.0)
Effect of change in tax laws	(0.1)		(2.3)
Difference in overseas tax rates	1.5		(0.9)
Other	3.4		–
Total tax (credit)/charge	(11.1)		7.7

The adjustments in respect of prior periods for 2018 primarily related to additional tax allowances claimed in the tax return for 2017 which were not assumed at the time of preparing the 31 December 2017 financial statements. The previously unrecognised tax losses relate to losses that became available for utilisation following the group reorganisation prior to the Initial Public Offering.

(c) Tax paid

Total net tax paid during the year of £7.9m (2017: £0.7m) comprises £7.7m (2017: £0.7m) paid in respect of operating activities and £0.2m (2017: £nil) paid in respect of investing activities. A reconciliation of tax paid to the current tax credit in the income statement follows:

	2018 £m	2017 £m
Current tax credit in the income statement	(8.6)	(4.5)
Total current tax charge	(8.6)	(4.5)
Timing differences of cash tax paid and foreign exchange differences	0.7	5.2
Tax paid per cash flow	7.9	0.7
Cash tax rate on total profits	n/a	0.9%

(d) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2018 have been calculated based on this rate.

(e) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £m	Assets 2017 £m	Liabilities 2018 £m	Liabilities 2017 £m
Property, plant and equipment	(49.3)	–	–	8.8
Intangible assets	–	–	111.0	51.8
Employee benefits	(6.6)	(8.0)	–	–
Provisions	(0.6)	(1.4)	–	–
Interest deductible in future periods	(7.6)	–	–	–
Losses	(59.0)	(27.7)	–	–
Tax (assets)/liabilities	(123.1)	(37.1)	111.0	60.6

Set off of tax liabilities/(assets)		111.0	37.1	(111.0)	(37.1)
Movement in deferred tax in 2018	1 January 2018	Recognised in income and OCI	Recognised in equity	Acquisition of subsidiary	31 December 2018
	£m	£m	£m	£m	£m
Property, plant and equipment	8.8	(58.1)	–	–	(49.3)
Intangible assets	51.8	59.2	–	–	111.0
Employee benefits	(8.0)	1.4	–	–	(6.6)
Provisions	(1.4)	0.8	–	–	(0.6)
Interest deductible in future periods	–	(7.6)	–	–	(7.6)
Losses	(27.7)	(18.0)	(13.3)	–	(59.0)
	23.5	(22.3)	(13.3)	–	(12.1)

Movement in deferred tax in 2017	1 January 2017	Recognised in income and OCI	Recognised in equity	Acquisition of subsidiary	31 December 2017
	£m	£m	£m	£m	£m
Property, plant and equipment	(0.3)	9.1	–	–	8.8
Intangible assets	42.6	(0.2)	–	9.4	51.8
Employee benefits	(11.9)	3.9	–	–	(8.0)
Provisions	(1.7)	0.3	–	–	(1.4)
Losses	(18.2)	(9.5)	–	–	(27.7)
	10.5	3.6	–	9.4	23.5

Deferred tax assets have not been recognised in respect of the following items:

	2018	2017
	£m	£m
Tax losses	–	18.9

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are probable.

9. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the (loss)/profit for the year available for equity holders by the weighted average number of ordinary shares in issue in the year.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year.

Information concerning non-GAAP measures can be found in note 12.

Continuing and total operations	2018	2017 restated
Basic earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Basic weighted average number of ordinary shares (million)	202.1	193.8
Basic earnings per ordinary share (pence)	(31.0p)	38.3p
Diluted earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Diluted weighted average number of ordinary shares (million)	202.1	203.2
Diluted earnings per ordinary share (pence)	(31.0p)	36.5p
	2018	2017
	Number	Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares ¹ (million)	202.1	193.8
Adjustments for calculation of diluted earnings per share ² :		
Options ³	–	1.3

Warrants	–	8.1
Weighted average number of ordinary shares and potential ordinary shares (million)	202.1	203.2

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.
2. The adjustments made in calculating the weighted average number of ordinary and potential ordinary shares have been increased to reflect the share split in full without any time apportionment in the comparative period.
3. The number of options disclosed in the year ended 31 December 2017 does not include the ordinary shares awarded under the executive legacy Long Term Incentive Plan in 2018. The vesting condition at the year ended 31 December 2017 was not probable in accordance with IFRS 2.

Adjusted earnings per share is disclosed in note 12 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

10. Net Debt

	2018 £m	2017 £m
Cash and cash equivalents	144.6	167.8
Loans and other borrowings – current	(99.4)	(13.5)
Loans and other borrowings – non-current	(604.7)	(571.5)
Preference shares	–	(255.9)
Net debt	(559.5)	(673.1)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	(25.9)	67.3
Add back cash flows in respect of other components of net debt:		
New borrowings	(98.1)	(606.1)
Movement in existing borrowings	(0.3)	474.3
Transaction fees	–	12.1
Increase in net debt arising from cash flows	(124.3)	(52.4)
Non-cash movements:		
Conversion of preference shares to ordinary shares	302.9	–
Foreign exchange (loss)/gain on secured loan	(18.4)	24.9
Interest added to debt	(49.3)	(44.9)
Exchange and other adjustment	2.7	(1.2)
Decrease/(increase) in net debt	113.6	(73.6)
Net debt at beginning of the year	(673.1)	(599.5)
Net debt at the end of the year	(559.5)	(673.1)

11. Capital Commitments

Capital expenditure contracts to the value of £94.2m (2017: £58.5m) have been committed but not provided for as at 31 December 2018.

12. Non-GAAP measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"), previously called 'Non GAAP measures'. 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.

The key APMs that the Group focuses on are as follows:

- i) Adjusted EBT is the profit/(loss) before income tax and adjusting items as shown in the Consolidated Income Statement.
- ii) Adjusted EBIT is profit/(loss) from operating activities before adjusting items.
- iii) Adjusted EBITDA further removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted EBIT.
- iv) Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
- v) Normalised Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items as shown in the Consolidated Income Statement, divided by the closing number of ordinary shares in issue at the end of the reporting period.
- vi) Net Debt is current and non-current borrowings less cash and cash equivalents as shown in the Consolidated Statement of Financial Position.

- vii) Adjusted leverage is represented by the ratio of Net Debt to Adjusted EBITDA as defined above.
- viii) Return on Invested Capital represents adjusted operating profit after tax divided by the sum of gross debt and equity.

Income statement

	2018 £m	2017 £m
(Loss)/profit before tax	(68.2)	84.5
Adjusting operating expenses/(income) (note 5)	74.1	(24.3)
Adjusting finance expenses (note 7)	61.9	12.9
Adjusted profit before tax (EBT)	67.8	73.1
Adjusted finance income	(4.2)	(35.6)
Adjusted finance expense	83.3	87.0
Adjusted operating Profit (EBIT)	146.9	124.5
Reported depreciation	32.4	27.4
Reported amortisation	67.6	54.7
Loss/(profit) on disposal of fixed assets	0.4	(0.1)
Adjusted EBITDA	247.3	206.5

Earnings per share

	2018 £m	2017 £m
Adjusted earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	(62.7)	74.2
Adjusting items (note 5 and 7)		
Adjusting items before tax (£m)	136.0	(11.4)
Tax on adjusting items (£m)	(10.5)	4.1
Adjusted earnings (£m)	62.8	66.9
Basic weighted average number of ordinary shares ¹ (million)	202.1	193.8
Adjusted earnings per ordinary share (pence)	31.1p	34.5p
Adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Diluted weighted average number of ordinary shares ¹ (million)	202.1	203.2
Adjusted diluted earnings per ordinary share (pence)	31.1p	32.9p
	2018 £m	2017 £m
Normalised adjusted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Basic number of ordinary shares as at 31 December ² (million)	228.0	193.8
Normalised adjusted earnings per ordinary share (pence)	27.5p	34.5p
Normalised adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	62.8	66.9
Diluted number of ordinary shares as at 31 December ² (million)	228.0	203.2
Normalised adjusted diluted earnings per ordinary share (pence)	27.5p	32.9p

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.

2. The basic and diluted number of ordinary shares as at 31 December have been used as the basis for the current year normalised EPS calculation. This represents an indication of the future weighted average number of ordinary shares for evaluating performance of the Group. The comparative number of ordinary shares reflects the share split conducted in 2018 in full without time apportionment. The prior year comparative number of basic and diluted ordinary shares represents the weighted average quantity of shares in issue during the year ended 31 December 2017 (see note 9).

Net debt

	2018 £m	2017 £m
Opening cash and cash equivalents	167.8	101.7
Cash inflow from operating activities	222.6	344.0
Cash outflow from investing activities	(306.3)	(346.6)

Cash inflow from financing activities	57.8	69.9
Effect of exchange rates on cash and cash equivalents	2.7	(1.2)
Cash and cash equivalents at 31 December	144.6	167.8
Borrowings	(704.1)	(840.9)
Net Debt	(559.5)	(673.1)
Preference shares (re-designated as part of the IPO process)	–	255.9
IPO and other one-off cash adjustments	38.6	–
Adjusted Net Debt	(520.9)	(417.2)
Adjusted EBITDA for the period ended 31 December	247.3	206.5
Adjusted leverage	2.3x	3.3x
Adjusted leverage (excluding IPO and other one-off cash adjustments)	2.1x	2.0x
Return on Invested Capital	2018	2017
	£m	£m
Adjusted operating profit (EBIT)	146.9	124.5
Tax credit/(charge)	0.6	(3.6)
Adjusted operating profit after tax	147.5	120.9
Senior Secured Notes	590.9	570.2
Unsecured loans	1.4	1.3
Current loans and borrowings	99.4	13.5
Non-current loans and borrowings	12.4	–
Preference Shares	–	255.9
Gross Debt	704.1	840.9
Total Shareholders' equity	449.4	136.1
	1,153.5	977.0
Return on Invested Capital	12.8%	12.4%

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2020

- FY 2020 results in-line with expectations
- New leadership team, technology partner and funding in place
 - Successful DBX launch, 1,516 units wholesaled
- Supply to demand rebalance for GT/Sport near completion, ahead of plan
- Q4 strongest quarter with revenue growth and positive adjusted EBITDA
 - Strong demand for both DBX and GT/Sport

£m	31-Dec-20	31-Dec-19 ¹	% change	Q4-20	Q4-19 ¹	% change
Total retails²	4,150	6,136	(32%)	1,398	1,654	(15%)
Total wholesales²	3,394	5,862	(42%)	1,839	1,923	(4%)
Revenue	611.8	980.5	(38%)	341.8	330.5	3%
Adjusted EBITDA³	(70.1)	118.9	n.m.	47.5	55.2	(14%)
Adjusted operating (loss)/profit³	(224.9)	(9.9)	n.m.	(9.7)	14.4	n.m.
Total adjusting operating items before tax ⁴	(98.0)	(42.1)	n.m.	(84.1)	(36.7)	n.m.
Operating loss	(322.9)	(52.0)	n.m.	(93.8)	(22.3)	n.m.
Loss before tax	(466.0)	(119.6)	n.m.	(158.1)	(24.8)	n.m.
Net debt ⁵	(726.7)	(987.6)		(726.7)	(987.6)	

¹2019 restated see note 2 of the Financial Statements for detail; ²Number of vehicles including specials; ³Alternative performance measures are defined in the Appendix; ⁴Adjusting items are detailed in note 5 of the Financial Statements; ⁵Includes lease liabilities (31 December 2020: £103m, 31 December 2019: £111m)

Financial Highlights

- Retail¹ sales of 4,150 vehicles (down 32%) with Covid-19 impacting dealer operations; improved performance in Q4 with full quarter of DBX sales
- Wholesales² of 3,394 vehicles (down 42%) reflected action to reduce dealer stock levels and Covid-19 impact; Q4 included 1,171 DBX to meet customer demand and deliver dealer stock
- Revenue declined to £612m and adjusted EBITDA to £(70)m, principally due to reduced wholesales
 - Q4 strongest quarter, material improvement versus Q3, with 3% revenue growth and positive adjusted EBITDA due to full quarter of DBX, 32 Specials (Q3: 10) and reduction in total customer and retail financing support
- Operating loss of £(323)m includes £98m of adjusting operating items, largely the impairment of capitalised R&D due to technology and cycle plan changes
- Free cashflow³ of £(539)m reflects the operating loss, a working capital outflow of £109m, capital expenditure of £261m and net interest paid of £80m; Q4 free cashflow £(26)m
- Refinancing to strengthen financial resilience and support growth ambitions resulted in increased year-end cash of £489m (December 2019: £108m) and net debt substantially lower at £(727)m (December 2019: £(988)m) with extended debt maturity profile to 2025 and 2026; Shareholders' equity increased to £804m (December 2019: £330m).

Operational Progress

- Transformation plan - "Project Horizon" - launched to drive growth, agility and efficiency
- Significant progress rebalancing supply to demand and transitioning to a build to order model. GT/Sport dealer stock reduced by 1,580 units; de-stock due to be largely complete in Q1 2021, ahead of original expectations
- Successful DBX launch with strong customer demand and first new variant planned for Q3 2021
- Initial efficiency programme well underway with headcount c.300 lower than April 2020

¹Dealers sales to customers (some Specials are direct to customer); ² Company sales to dealers (some Specials are direct to customer)

³Operating cashflow less capital investment and net cash interest

- Aston Martin Valkyrie on track for H2 2021 deliveries and expansion of the Aston Martin Valkyrie portfolio from Q4.
- Well prepared for Brexit, to-date manufacturing operations not impacted by supply chain disruption.

Lawrence Stroll, Executive Chairman commented:

“2020 has been a transformative year for Aston Martin. Since I became Executive Chairman in April, we have made significant progress to position the Company for success to capture the huge and exciting opportunity ahead of us. We have appointed a world-class executive leadership team with deep experience of this industry and earlier this month announced new non-executive appointments to the Board bringing a wealth of relevant luxury and automotive experience. I am extremely pleased with the progress to date despite operating in these most challenging of times. I both welcomed the strong support we received from existing investors and was delighted to attract new investors to Aston Martin through the successful refinancing actions taken during 2020. I, and my co-investors, are fully committed to delivering this plan and are confident in the future success of Aston Martin as we transform the Company to be one of the greatest luxury car brands in the world.”

Tobias Moers, Chief Executive Officer commented:

“On joining Aston Martin, my first priority was successfully launching our first SUV, the DBX. Demand is strong and we have wholesaled 1,516 units with all dealers now having their demonstrator and floorplan models. Actions were already underway on rebalancing supply to demand for GT and Sports cars, where we have made tremendous progress and are ahead of plan with encouraging signs for demand. Finally, Specials are integral to our plan. The era defining Aston Martin Valkyrie is a priority this year and we are on track for deliveries to start in the second half.

Our future product plans are underpinned by the landmark strategic cooperation agreement signed with Mercedes-Benz AG giving access to customisable and world-class technology, including hybrid and electrified powertrains. This enables us to focus our development time and investment on the areas that will truly differentiate our products.

A second key priority for me was to carry out a comprehensive review of the business to ensure we can deliver our plans. “Project Horizon” has been launched to revitalise our products and deliver a level of operational excellence, agility and efficiency throughout every aspect of the organisation. In support of this, we have further strengthened the management team adding experienced hires with strong luxury and automotive backgrounds. We also have significant benefit from the global reach of the Aston Martin Cognizant F1™ team from this season to further drive brand awareness. With these actions and the re-financing, we have secured the right team, partner and funding to deliver our transformational growth plans to create a world-class luxury automaker.”

Outlook

The significant progress we are making in the early stages, only a few months in, of Aston Martin's transformation confirms our confidence in achieving our medium-term targets. By 2024/25:

- c.10,000 wholesales, c.£2bn revenue and c.£500m adjusted EBITDA
- Annual capex and R&D £250m-£300m

For 2021, the first full year of the plan, we expect to see the first steps towards improved profitability. The benefits of initial efficiency actions will start to be delivered and through “Project Horizon”, the Company is seeking to further optimise its structure and processes to deliver a level of operational excellence in line with the updated product and business plan.

The aggressive reduction of dealer GT/Sports inventory is expected to be largely complete in Q1 with the building order book ahead of our original expectations. DBX dynamics are also strong, orders are in-line with our expectations and a first variant is planned for launch in Q3. Specials are expected to be significantly weighted to the second half and particularly Q4.

The uncertainty surrounding the duration and impact of the pandemic on the global economy continues, with the pace of emergence from lockdown and recovery in consumer demand varying significantly across geographies. While Q1 was planned to be the smallest quarter of the year, trading to date has been in-line with our expectations and our outlook for the full year is unchanged.

- 2021 guidance: outlook unchanged
 - Wholesales: c.6,000
 - Adjusted EBITDA margin: mid-teens %
 - Adjusted EBITDA is expected to be heavily weighted to the second half and particularly Q4 given the timing of Specials
 - Capex and R&D: c.£250m-£275m
 - Depreciation and amortisation c.£240m-£250m; Interest costs⁴: c.£155m (P&L)/ c.£120m (cash)

⁴ Assuming current exchange rates prevail for FY 2021

All metrics and commentary in this announcement exclude adjusting items unless stated otherwise and certain financial data within this announcement have been rounded.

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- Recorded presentations accompanying this release from Tobias Moers and Kenneth Gregor are available on the corporate website from 07.00am today; there will be a live Q&A for investors and analysts at 08:30am
- Presentations and the Q&A can be accessed here: www.astonmartinlagonda.com/investors/calendar
- A replay facility will be available on the website later in the day

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BUSINESS REVIEW

2020 was a transformational year for Aston Martin, as the business reset its strategy, strengthened its balance sheet and presented a revised plan to deliver value for its stakeholders.

New executive leadership team and “Project Horizon”

In April, following the completion of a capital raise that saw the Lawrence Stroll-led Yew Tree Consortium become the Company's largest shareholder, with a 25% position, Lawrence became Executive Chairman. Subsequently, a new executive team was appointed to lead the turnaround of the business. Tobias Moers joined as Chief Executive Officer in August and Kenneth Gregor as Chief Financial Officer in June. Tobias has further strengthened the senior leadership team, adding experienced hires with strong luxury and automotive backgrounds, including a new Chief Operating Officer, and heads of Vehicle Engineering, Powertrain Engineering, Electrical Engineering and Global Sales. Further additions to strengthen the team are planned in the future.

Following a comprehensive review of the business, “Project Horizon” was launched to revitalise the product offering and deliver a level of operational excellence, agility and efficiency throughout every aspect of the organisation. This is a comprehensive programme to ensure the successful delivery of the strategy and growth and improved profitability in line with the business plan.

Addressing operational challenges and driving efficiency

Operationally in 2020, the business had to address the challenges presented globally by Covid-19, which included the temporary closure of both manufacturing facilities in the spring and disruption to dealer operations. During this time, the Company's primary concern was the health and safety of colleagues, their families, business partners and local communities. Following government guidance, both manufacturing facilities re-opened safely and are operating as Covid-secure facilities, with regular testing of all employees on site to mitigate the risk of transmission.

In June, the Company announced plans to better align the organisation with future production volumes. Good progress has been made with the programme on track to deliver annualised savings of approximately £28m (operating cost savings of c.£10m, reduced direct manufacturing costs in line with reduced GT/Sports volumes c.£8m and reduced capital expenditure/R&D c.£10m versus original plan). Further efficiencies will be delivered through “Project Horizon”.

DBX launch

The Company successfully launched its first SUV, the DBX, which began deliveries at the end of July. After a quality led ramp-up, 1,171 DBXs were wholesaled from the new St Athan facility in Q4 (FY: 1,516), ensuring all dealers had received their demonstrator and showroom vehicles by the end of the year. Response from customers is very positive, with strong demand and the orderbook is in line with our expectations. The first expansion of the SUV platform with a DBX variant is planned for Q3 2021.

Rebalancing supply and demand

A key strategic focus was to establish business practices which would allow Aston Martin to operate as a true luxury brand. As such, the Company has aggressively de-stocked the dealer network to restore the supply/demand dynamic and transition to a demand led build to order model, critical for the long-term brand strength. Despite the challenges presented by Covid-19 the Company has made great progress. GT/Sport dealer inventory more than halved since the start of the year, 1,580-units lower. This rebalancing process is expected to be largely complete in Q1 2021. Retail demand for front-engine sports cars is encouraging with the orderbook ahead of our original expectations.

Landmark technology agreement with Mercedes-Benz AG and new growth plan

In October, the Company entered into an expanded and enhanced technology agreement with long-term partner, supplier, and shareholder Mercedes-Benz AG. The agreement provides the Company with access to a wide range of world-class technologies for the next generation of luxury vehicles which are planned to be launched through to 2027, in particular, powertrain architecture for conventional, hybrid and electric vehicles as well as future electric/electronic architecture. Under the agreement, through the issue of new shares in a number of stages, the Mercedes-Benz AG holding in Aston Martin will increase to a maximum of 20% (11.85% as at 31 December 2020). The agreement removes the additional costs and risks associated with developing these technologies in-house, allowing Aston Martin to focus development on areas that truly differentiate its products to drive demand.

Reflecting the new technology agreement, the Company updated its strategic and product roll out plans to deliver profitable growth and cash generation over the medium-term and lay a pathway for significant shareholder value creation. The Company is targeting annual volumes of approximately 10,000 units, revenue of approximately £2 billion and adjusted EBITDA of approximately £500 million by 2024/25 with capital expenditure of £250m - £300m per annum. This plan incorporates revitalising the front-engine sports car range, expansion of the SUV offering and launch of the mid-engine range.

Aston Martin Cognizant F1™ Team

The move of the Company into the more profitable segment of mid-engine cars and the marketing of the whole brand, will be underpinned by Formula One™. From 1 January 2021 the team formerly Racing Point F1™ was relaunched as the Aston Martin Cognizant F1™. Team. The sponsorship agreement, with commercial terms commensurate with the Company's prior F1™ expenditure, is expected to help reignite the brand and further increase its desirability.

Strengthened balance sheet

Finally, the Company undertook a series of financing transactions through the year to strengthen its financial resilience and support its growth ambitions. Existing shareholders, bondholders and core relationship banks have been supportive and new investors and banking partners were attracted to the Company. As a consequence of the transactions undertaken in 2020, liquidity has significantly improved with £489m cash on the balance sheet at year-end (2019: £108m). The Company will continue to prudently explore ways to further augment and diversify its liquidity pools and build on the strong position and relationships it currently has. Gross equity proceeds of £813m were raised during the year and £1.2bn debt refinancing completed in December, extending debt maturities from 2022 to 2025/26.

FINANCIAL REVIEW

Sales and revenue analysis

Number of vehicles	FY-20	FY-19	% change	Q4-20	Q4-19	% change
Retail	4,150	6,136	(32%)	1,398	1,654	(15%)
Core (excluding Specials)	4,112	5,999	(31%)	1,373	1,629	(16%)

Number of vehicles	FY-20	FY-19	% change	Q4-20	Q4-19	% change
Wholesale	3,394	5,862	(42%)	1,839	1,923	(4%)
Core (excluding Specials)	3,351	5,798	(42%)	1,807	1,906	(5%)
By region:						
UK	820	1,429	(43%)	350	480	(27%)
Americas	923	2,050	(55%)	581	749	(22%)
EMEA ex. UK	865	1,074	(19%)	425	336	26%
APAC	786	1,309	(40%)	483	358	35%
By model:						
Sports	691	2,250	(69%)	322	800	(60%)
GT	1,116	3,384	(67%)	307	1,066	(71%)
SUV	1,516	-	n.m.	1,171	-	n.m.
Other	28	164	(83%)	7	40	(83%)
Specials	43	64	(33%)	32	17	88%

Note: Sports includes Vantage, GT includes DB11 and DBS Superleggera, SUV includes DBX and Other includes prior generation models such as Rapide AMR

Total retails were down 32% with dealer operations and customer demand impacted by Covid-19. Performance significantly improved in Q4 from Q3 but remained down on the prior year, with increased DBX deliveries and despite a second wave of lockdowns (Q4: (15%); Q3 (34%)).

Total wholesales decreased 42%. All regions declined, due to the plan to reduce dealer inventories, which was exacerbated by the Covid-19 pandemic. The Americas faced the greatest headwind, as the region started the year with the highest stock level, wholesales were down 55% year-on-year.

With GT/Sport retails significantly ahead of wholesales in unit terms, dealer inventory more than halved, reducing by 1,580 units. Having successfully achieved this rebalance, the Company no longer plans to report retail units in FY 2021, in-line with luxury disclosure. The Company now expects to largely complete the de-stock in Q1 2021, ahead of its original expectations. Following a quality-led ramp-up in Q3, DBX volumes increased to 1,171 units in Q4 fulfilling customer orders and delivering fleet vehicles to dealers. In Q4, total wholesales were ahead of retails in unit terms as the dealer DBX orders were shipped.

The 43 Specials included 19 of the 25-unit run DB5 Goldfinger Continuations and 20 DBS GT Zagatos, which included a prototype model.

Revenue by Category

£m	FY-20	FY-19 ¹	% change	Q4-20	Q4-19 ¹	% change
Sale of vehicles	535.1	880.8	(39%)	321.2	305.1	5%
Sale of parts	56.6	63.0	(10%)	16.1	16.1	0%
Servicing of vehicles	6.6	9.3	(29%)	1.3	2.1	(38%)
Brand and motorsport	13.5	27.4	(51%)	3.2	7.2	(56%)
Total	611.8	980.5	(38%)	341.8	330.5	3%

¹ 2019 restated. See note 2 of the Financial Statements for detail

FY 2020 revenues declined to £612m as the Company reset GT/Sports car volumes, aligning supply to demand to regain exclusivity, and Covid-19 weighed on consumer confidence and retail demand. With increasing deliveries of DBX in Q4 performance improved and revenue increased year-on-year.

To achieve the necessary re-setting of dealer stock, customer and retail financing support was elevated. While the level of support per GT/Sport unit increased in Q4 vs Q3, fewer vehicles as a proportion received support with the start of DBX deliveries.

Wholesale average selling price (ASP) was impacted by the customer and retail financing support and the de-stocking dynamic, with retails significantly greater than wholesales for the year. However, in Q4 this impact was offset by product mix and reduced de-stock impact, with core ASP increasing to £145k (Q3: £130k; Q4 2019: £127k¹) and full year to £136k (2019: £132k¹).

While fewer Specials were delivered year-on-year (43 vs 64 in 2019), they were on average higher priced and supported an increase in total ASP to £157k from £149k¹ in the prior year.

The decline in Brand and motorsport revenue is due to lower GT race car sales, with 61 cars sold in the prior year and 19 this year. For 2021 motorsport revenues are expected to remain low.

Summary income statement and analysis

<i>£m</i>	FY-20	FY-19¹	Q4-20	Q4-19¹
Revenue	611.8	980.5	341.8	330.5
Cost of sales	(500.7)	(642.7)	(244.8)	(231.7)
Gross profit	111.1	337.8	97.0	98.8
<i>Gross margin %</i>	<i>18.2%</i>	<i>34.5%</i>	<i>28.4%</i>	<i>29.9%</i>
Operating expenses ^{1,3}	(336.0)	(328.7)	(106.7)	(84.4)
<i>of which depreciation & amortisation^{2, 3}</i>	<i>154.8</i>	<i>128.8</i>	<i>57.2</i>	<i>40.8</i>
Other (expense)	-	(19.0)	-	-
Adjusted operating (loss)/profit^{1,3}	(224.9)	(9.9)	(9.7)	14.4
<i>Adjusted operating margin</i>	<i>(36.8%)</i>	<i>(1.0%)</i>	<i>(2.8%)</i>	<i>4.4%</i>
Adjusting operating items	(98.0)	(42.1)	(84.1)	(36.7)
Operating (loss)	(322.9)	(52.0)	(93.8)	(22.3)
Net financing expense	(143.1)	(67.6)	(64.3)	(2.5)
<i>of which adjusting financing items</i>	<i>(68.6)</i>	<i>(6.6)</i>	<i>(68.6)</i>	<i>-</i>
Loss before tax	(466.0)	(119.6)	(158.1)	(24.8)
Taxation	55.5	2.0	15.5	3.1
Loss for the period	(410.5)	(117.6)	(142.6)	(21.7)
Adjusted EBITDA^{2,4}	(70.1)	118.9	47.5	55.2
<i>Adjusted EBITDA margin</i>	<i>(11.5%)</i>	<i>12.1%</i>	<i>13.9%</i>	<i>16.7%</i>
Adjusted (loss)/profit before tax^{2,4}	(299.4)	(70.9)	(5.4)	11.9
<i>EPS (pence)</i>	<i>(543.0)</i>	<i>(290.6)</i>	<i>(192.4)</i>	<i>(58.4)</i>
Adjusted EPS (pence)^{2,4}	(369.9)	(198.8)	(32.3)	10.8

¹2019 restated see note 2 of the Financial Statements for detail; ²Excludes adjusting items; ³Includes loss / (profit) on disposal of fixed assets (2020: nil, 2019: £0.9m); ⁴Alternative Performance Measures are defined in the Appendix

The adjusted operating loss of £225m (2019: £10m loss) reflected:

- the flow through of the revenue reduction to gross margin;
- increased St Athan costs as facility ramped-up partially offset by planned cost efficiencies;
- a £13m benefit from furlough credits from the Government's Coronavirus Job Retention Scheme;
- higher depreciation and amortisation charges (up £27m year-on-year, as guided) principally due to start of DBX production; and
- a £15m FX headwind.

FY adjusted EBITDA was £(70)m. In Q4 profitability was significantly stronger compared with prior quarters due to the first full quarter of DBX deliveries and Specials deliveries, adjusted EBITDA was £48m, representing a margin of 14%.

Adjusting operating items of £98m largely related to the impairment of capitalised development costs due to technology and cycle plan changes (£79m). Other adjusting operating items included restructuring costs (£12m) and £6m associated with the cessation of operating a team in the FIA World Endurance Championship.

Net adjusted financing costs of £75m were up from £61m in 2019 reflecting the \$150m of new notes issued in October 2019, interest on the \$68m notes from that issue drawn in June, and the first charges for the £1.1bn equivalent US\$ notes issued in October 2020 as part of the re-financing. The charge includes a £31m revaluation gain due to exchange rate movements given the US\$ denomination of the notes. Adjusted loss before tax was £(299)m (2019: £71m loss). Adjusting net financing charges of £69m were related to the re-financing completed in December 2020, resulting in a loss before tax of £466m (2019: £120m).

The tax credit on the adjusted loss before tax is £23m. The effective tax rate at 11.9% is lower than the 19% standard UK tax rate mainly due to a restriction on the amount of interest that the Group can deduct for tax purposes. Tax on adjusting items was recognised as appropriate and resulted in a tax credit of £33m, giving an overall tax credit to the Income Statement of £56m.

The total share count at 31 December 2020 was 115 million following a 20:1 share consolidation in mid-December. The shares outstanding reflects the issuance of shares associated with equity placings to the Yew Tree Consortium (March) and the issuance of tranche 1 shares to Mercedes-Benz AG under the terms of the Strategic Co-operation Agreement (December) in addition to April, June and December raises. The second lien notes issued in December have warrants attached which represent up to 5% of the diluted issued share capital once fully exercised. The weighted average number of shares in the period was 77.2 million giving an adjusted EPS of (369.9)p (2019¹: (198.8)p).

¹2019 restated see note 2 of the Financial Statements for detail

Cash flow and net debt

£m	FY-20	FY-19	Q4-20	Q4-19
Cash generated/(used) from operating activities	(198.6)	19.4	73.5	(40.5)
Capital expenditure	(260.7)	(310.2)	(56.6)	(55.6)
Net cash Interest paid	(80.0)	(47.0)	(42.6)	(25.6)
Free Cash outflow	(539.3)	(337.8)	(25.7)	(121.7)
Cash inflow from financing activities (excl. interest)	922.5	295.3	204.9	122.0
Increase/(decrease) in net cash	383.2	(42.5)	179.2	0.3
Effect of exchange rates on cash and cash equivalents	(1.7)	5.8	2.9	6.7
Cash balance	489.4	107.9	489.4	107.9

Net cash outflow from operating activities was £199m (2019: £19m inflow) including a net working capital outflow of £109m. A substantial payables outflow of £119m, largely in early Q2 following the completion of the initial equity raise, was the most significant contributor to the working capital outflow. Inventory increased to support the production of DBX at St Athan but this was broadly offset by reduced finished goods stock, resulting in a net inventory outflow of £5m. December deliveries were earlier in the month than in the prior year, resulting in a receivables inflow of £67m. With 43 Specials delivered and given the timing of future Special projects, the deposit balance reduced by £53m to £269m.

Capital expenditure was £261m, lower than the c.£270m guided with some re-phasing into 2021. Investment was focused on DBX, Vantage Roadster and Aston Martin Valkyrie.

Free cashflow of £(539)m (2019: £(338)m). Q4 free cashflow of £(26)m shows reduced cash burn as wholesales normalise with a full quarter of DBX, Specials deliveries and receivables inflow.

Cash inflow from financing (excluding interest) of £923m included proceeds from equity raises during the year and bond refinancing in December.

The net cash inflow of £383m resulted in a closing cash balance of £489m at 31 December 2020 significantly improved from £108m at 31 December 2019.

£m	31 Dec-20	31 Dec-19
Borrowings	971.3	839.1
Inventory financing	38.2	38.9
Bank loans and overdrafts	113.5	114.8
Lease liabilities (IFRS 16)	103.0	111.4
Gross debt	1,226.0	1,104.2
Cash balance	489.4	107.9
Cash not available for short-term use	9.9	8.7
Net debt	726.7	987.6

Net debt at 31 December 2020 was down to £727m (31 December 2019: £988m) primarily due to the higher cash balance. The debt maturity profile was extended with the refinancing of US\$ notes of £1.1bn equivalent completed in December (First lien of £840m at 10.5% interest maturing in 2025; Second lien of £259m at 15.0% split interest (8.9% cash; 6.1% PIK) with detachable warrants maturing in 2026). Gross debt includes a £79m drawdown of the expanded RCF and inventory financing remained broadly unchanged year-on-year at £38m supporting working capital requirements.

APPENDICES

Dealerships

	31 Dec-20	31 Dec-19
UK	22	22
Americas	43	45
EMEA ex. UK	52	56
APAC	50	45
Total	167	168
<i>Number of countries</i>	54	54

Alternative Performance Measure

<i>£m</i>	FY-20	FY-19
Loss for the period	(466.0)	(119.6)
Adjusting operating expense	98.0	42.1
Adjusting finance income	(6.9)	6.6
Adjusting finance expense	75.5	-
Adjusted EBT	(299.4)	(70.9)
Adjusted finance (income)	(33.1)	(16.3)
Adjusted finance expense	107.6	77.3
Adjusted operating loss	(224.9)	(9.9)
Reported depreciation	55.7	42.7
Reported amortisation	99.1	85.2
Loss on disposal of fixed asset	-	0.9
Adjusted EBITDA	(70.1)	118.9

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 EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement
- Adjusted operating loss 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 operating margin is adjusted operating (loss)/profit divided by revenue
- 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, cash held not available for short-term use (the definition of this APM has been updated since 31 December 2019)
- 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.

Further details and definitions of adjusting items are contained in note 5 of the Financial Statements.

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		–	–	–	(19.0)	–	(19.0)
Operating loss	4	(224.9)	(98.0)	(322.9)	(9.9)	(42.1)	(52.0)
Finance income	6	33.1	6.9	40.0	16.3	–	16.3
Finance expense	7	(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)	8	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				(59.1)			(1.4)
Taxation on items that will never be reclassified to the Income Statement	8			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				6.6			9.0
Amounts reclassified to the Income Statement - cash flow hedges				9.7			15.6
Taxation on items that may be reclassified to the Income Statement	8			(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	9			(543.0p)			(290.6p)
Diluted loss per share	9			(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 9.

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

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	–	–	–	–	–	–	6.6	–	–	6.6
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	–	–	9.7	–	–	9.7
Remeasurement of defined benefit liability	–	–	–	–	–	–	–	(59.1)	–	(59.1)
Tax on other comprehensive income (note 8)	–	–	–	–	–	–	(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 12)	18.7	755.9	144.0	–	–	–	–	–	–	918.6
Capital reduction	(9.3)	–	–	9.3	–	–	–	–	–	–
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	–	4.2	–	4.2
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(6.6)	(6.6)
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	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	–	–	–	–	–	9.0	–	–	9.0
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	–	15.6	–	–	15.6
Remeasurement of defined benefit liability	–	–	–	–	–	–	(1.4)	–	(1.4)
Tax on other comprehensive income (note 8)	–	–	–	–	–	(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	–	–	–	–	–	–	3.7	–	3.7
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(4.9)	(4.9)
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	–	–
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

	Notes	31 December 2020 £m	31 December 2019 <i>restated*</i> £m	1 January 2019 <i>restated*</i> £m
Non-current assets				
Intangible assets		1,336.8	1,183.6	1,071.7
Property, plant and equipment		389.6	350.5	313.0
Right-of-use lease assets		71.4	81.8	82.5
Trade and other receivables		0.9	1.8	1.8
Other financial assets		0.1	0.2	–
Deferred tax asset		106.5	45.7	32.7
		1,905.3	1,663.6	1,501.7
Current assets				
Inventories		207.4	200.7	165.3
Trade and other receivables		177.9	249.7	240.1
Income tax receivable		0.2	0.3	0.8
Other financial assets		14.6	8.9	0.1
Cash and cash equivalents		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		113.5	114.8	99.4
Trade and other payables		578.9	734.1	655.2
Income tax payable		1.2	8.9	4.9
Other financial liabilities		83.3	6.3	4.2
Lease liabilities		9.3	14.1	15.0
Provisions		22.1	12.0	10.8
		808.3	890.2	789.5
Non-current liabilities				
Borrowings		971.3	839.1	604.7
Trade and other payables		7.5	9.4	49.8
Other financial liabilities		–	2.6	4.4
Lease liabilities		93.7	97.3	101.5
Provisions		16.8	16.2	12.9
Employee benefits		92.5	36.8	38.7
Deferred tax liabilities		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	12	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		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.

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	8	(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		(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		(0.9)	(8.7)
Income taxes paid	8	(9.2)	(12.5)
<i>Net cash (outflow)/inflow from operating activities</i>		(198.6)	19.4
<i>Cash flows from investing activities</i>			
Interest received	6	2.3	5.0
Payments to acquire property, plant and equipment		(81.0)	(82.2)
Payments to acquire intangible assets		(179.7)	(228.0)
<i>Net cash used in investing activities</i>		(258.4)	(305.2)
<i>Cash flows from financing activities</i>			
Interest paid		(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		(12.2)	(10.9)
Repayment of existing borrowings		(1,092.3)	(91.5)
Proceeds from existing borrowings		–	102.3
Proceeds from inventory repurchase arrangement		76.8	38.7
Repayment of inventory repurchase arrangement		(80.0)	–
Proceeds from new borrowings		1,252.7	260.8
Transaction fees paid on issuance of shares		(34.9)	–
Transaction fees paid on financing activities		(41.9)	(4.1)
<i>Net cash inflow from financing activities</i>		840.2	243.3
Net increase/(decrease) in cash and cash equivalents	11	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
<i>Cash and cash equivalents at the end of the year</i>		489.4	107.9

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 BASIS OF ACCOUNTING

Aston Martin Lagonda Global Holdings plc (the “Company”) is a company incorporated in England and Wales and domiciled in the UK. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

The Group Financial Statements have been prepared and approved by the Directors in accordance with

international accounting standards in conformity with the requirements of the Companies Act 2006; and

international financial reporting standards (‘IFRSs’) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Group Financial Statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required as explained below. The Financial Statements are prepared in millions to one decimal place, and in Sterling which is the Company’s functional currency.

The financial information set out does not constitute the Company’s financial statements for the years ended 31 December 2020 or 2019 but is derived from those financial statements. Financial statements for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditors have reported on those accounts. Their report for both years ended 31 December 2019 and 31 December 2020 were not qualified, however the report in respect of the year-ended 31 December 2019 included a paragraph drawing attention to Material Uncertainty Related to Going Concern. Their reports did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

GOING CONCERN

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of \$1,085.5m of 1st Lien notes at 10.5% which mature in November 2025, \$335m of 2nd Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a revolving credit facility (£90.6m) which matures August 2025, facilities to finance inventory, a number of back-to-back loans and a wholesale vehicle financing facility. Under the revolving credit facility, the Group is required to comply with liquidity and leverage covenants.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these financial statements through

30 June 2022 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with reduced sports car production levels. The forecasts make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models including Valkyrie and the potential impact of Covid-19 on sales. The nature of the Group’s business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these financial statements.

The directors have considered a severe but plausible downside scenario that includes considering the impact of a 30% reduction in DBX volumes, a further 4 week period of factory closure due to Covid-19 restrictions and, operating costs higher than the base plan.

The Group plans to make continued investment for growth in the period and, accordingly, funds generated through operations are expected to be reinvested in the business mainly through new model development and other capital expenditure. To a certain extent such expenditure is discretionary and, in the event of risks occurring which could have a particularly severe effect on the Group, as identified in the severe but plausible downside scenario, actions such as constraining capital spending, working capital improvements, reduction in marketing expenditure and the continuation of strict and immediate expense control would be taken to safeguard the Group’s financial position.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to comply with its financial covenants therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

2 ACCOUNTING POLICIES

PRIOR YEAR RESTATEMENT

The financial results for the year ended 31 December 2019 have been restated to reflect a prior period adjustment in respect of variable marketing expense ("VME"). Pursuant to IFRS 15, future VME in the US should be estimated and accrued for on the balance sheet of the Group and deducted from revenue at the point revenue is recognised for the wholesale of the vehicle to the dealer rather than at the time of retail sale by the dealer to the end customer, as had previously been the approach. Outside of the US, VME continues to be accrued at the time of the retail sale by the dealer to the end customer, reflecting the contractual requirement that the dealer has to make additional wholesale purchases at that time in order to receive the VME. The impact of this correction is a reduction in revenue of £16.8m to the 2019 reported result. The £13.8m and £29.1m impact on the statement of financial position as at 1 January 2019 and 31 December 2019 respectively represents the additional accrual required at those points in time.

The statement of financial position of the Group as at 31 December 2019, and the Income Statement for the year ended 31 December 2019, have been restated to reflect the correction of this error including the related adjustments to tax. This had no impact on the timing of the Company's historic or forecast cash flows. The adjustment results in an earlier accrual for VME in the United States than previously reported and impacts the statement of financial position and income statement as set out below.

The Group's retained earnings have been restated to correct for a brought forward taxation error, with a corresponding £2.9m entry made to reduce trade and other receivables at 1 January 2019 and increase trade and other payables at 31 December 2019.

Consolidated Statement of Comprehensive Income (extract)

Year ended 31 December 2019	As Reported £m	Increase/ (decrease) £m	As Restated £m
Revenue	997.3	(16.8)	980.5
Cost of sales	(642.7)	—	(642.7)
Gross profit	354.6	(16.8)	337.8
Selling and distribution expenses	(95.0)	—	(95.0)
Administrative expenses	(277.3)	1.5	(275.8)
Other expense	(19.0)	—	(19.0)
Operating loss	(36.7)	(15.3)	(52.0)
Finance income	16.3	—	16.3
Finance expense	(83.9)	—	(83.9)
Loss before income tax	(104.3)	(15.3)	(119.6)
Income tax (charge)/credit	(0.1)	2.1	2.0
Loss for the period	(104.4)	(13.2)	(117.6)
(Loss)/profit for the period attributable to:			
Owners of the group	(113.2)	(13.2)	(126.4)
Non-controlling interests	8.8	—	8.8
	(104.4)	(13.2)	(117.6)
Other comprehensive income for the period, net of income tax	17.3	—	17.3
Total comprehensive loss for the period	(87.1)	(13.2)	(100.3)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the group	(95.9)	(13.2)	(109.1)
Non-controlling interests	8.8	—	8.8
	(87.1)	(13.2)	(100.3)
Earnings per ordinary share ¹			
Basic	(49.6p)	(5.8p)	(55.4p)
Diluted	(49.6p)	(5.8p)	(55.4p)

The restated earnings per ordinary share presented quantifies the impact of the error on the earnings per share previously disclosed. In addition to the above, resulting from the bonus element of the rights issue in April 2020 and the share consolidation completed in December 2020 (see note 12), the comparative basic and diluted earnings per ordinary share have been represented in the Consolidated Statement of Comprehensive Income as described in note 9 in compliance with IAS 33.

PRIOR YEAR RESTATEMENT (CONTINUED)

Consolidated Statement of Financial Position (*extract*)

	As Reported £m	Increase/ (decrease) £m	As Restated £m
As at 31 December 2019			
Trade and other payables - current	702.1	32.0	734.1
Deferred tax liability	12.6	(2.7)	9.9
Net Assets	358.9	(29.3)	329.6
Retained earnings	(13.5)	(29.3)	(42.8)
Equity attributable to owners of the group	344.8	(29.3)	315.5
Non-controlling interests	14.1	–	14.1
Total shareholders' equity	358.9	(29.3)	329.6

	As Reported * £m	Increase/ (decrease) £m	As Restated £m
As at 1 January 2019			
Trade and other payables - current	641.4	13.8	655.2
Trade and other receivables	243.0	(2.9)	240.1
Deferred tax asset	32.1	0.6	32.7
Net Assets	447.2	(16.1)	431.1
Retained earnings	97.2	(16.1)	81.1
Equity attributable to owners of the group	437.0	(16.1)	420.9
Non-controlling interests	10.2	–	10.2
Total shareholders' equity	447.2	(16.1)	431.1

* As reported at 31 December 2018, as adjusted for the adoption of IFRS 16.

There is no overall impact on the cashflow in any of the previous periods from the restatement mentioned above. The income statement impact and the movement in the statement of financial position is all classified within cashflows from operations and hence no impact on overall cashflow sub-headings.

Where the notes included in these Consolidated Financial Statements provide additional analysis in respect of amounts impacted by the above restatements, the comparative values presented have been re-analysed on a consistent basis.

ADJUSTING ITEMS

An adjusting item is disclosed separately in the Consolidated Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group including where they are not expected to repeat in future periods. The tax effect is also included.

Details in respect of adjusting items recognised in the current and prior year are set out in note 5 in the Financial Statements

NEW ACCOUNTING STANDARDS

In 2020 the following standard were endorsed by the EU, became effective and adopted by the Group:

Definition of a Business – Amendments to IFRS 3

Definition of material – amendments to IAS 1 and IAS 8 (effective 1 January 2020).

Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7.

The Conceptual Framework for Financial Reporting

These standards have not had a material impact on the Group's reported financial performance or position.

The following standard amendments, which are not yet effective or endorsed by the EU and have not been early adopted by the Group, will be adopted in future accounting periods:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are not expected to have a material impact on the Group.

3 SEGMENTAL REPORTING

Operating segments are defined as components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision-maker in assessing performance. The Group has only one operating segment, the automotive segment, and therefore no separate segmental report is disclosed. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including consulting services; as well as the sale of parts, servicing and automotive brand activities from which the Group derives its revenues.

	2020 £m	2019 <i>restated</i> £m
Revenue		
Analysis by category		
Sale of vehicles	535.1	880.8
Sale of parts	56.6	63.0
Servicing of vehicles	6.6	9.3
Brands and motorsport	13.5	27.4
	611.8	980.5

	2020 £m	2019 <i>restated</i> £m
Revenue		
Analysis by geographic location		
United Kingdom	106.0	229.6
The Americas	162.5	278.5
Rest of Europe, Middle East & Africa	184.9	231.2
Asia Pacific	158.4	241.2
	611.8	980.5

4 OPERATING LOSS

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

	2020 £m	2019 £m
Depreciation and impairment of property, plant and equipment	52.5	41.8
Depreciation absorbed into inventory under standard costing	(1.7)	(3.0)
Depreciation and impairment of right-of-use assets	14.8	13.3
Amortisation and impairment of intangible assets	168.8	116.1
Amortisation absorbed into inventory under standard costing	(0.3)	(3.2)
Loss on sale of property, plant and equipment	–	0.9
Depreciation, amortisation and impairment charges included in Administrative and other operating expenses	234.1	165.9
Increase in trade receivable loss allowance - Other Expenses	–	19.0
Increase in trade receivable loss allowance - Administrative and other operating expenses	1.5	1.0
Net foreign currency differences	(15.9)	8.6
Cost of inventories recognised as an expense	372.7	538.2
Impairment of inventories held (note 10)	–	2.3
Write-down of inventories to net realisable value	13.5	2.5
Increase in fair value of other derivative contracts	1.1	–
Expenditure related grant income*	(12.5)	(0.2)
Operating lease payments (gross of sub-lease receipts)		
Plant, machinery and IT equipment**	0.6	1.2
Sub-lease receipts	(0.7)	(0.3)
Auditor's remuneration:		
Audit of these financial statements	0.3	0.2
Audit of financial statements of subsidiaries pursuant to legislation	0.3	0.3
Audit related assurance	0.1	–
Services related to corporate finance transactions	0.4	0.1
Other non-audit services	1.0	–
Research and development expenditure recognised as an expense	4.5	–
	2020 £m	2019 £m
Total research and development expenditure	182.1	226.0
Capitalised research and development expenditure	(177.6)	(226.0)
Research and development expenditure recognised as an expense	4.5	–

* Government grant income has been offset against the qualifying employee expenditure within the Consolidated Income Statement. Grant income in 2020 represents government wage subsidies paid through the job retention scheme. There are no unfulfilled conditions outstanding and the grant has been recognised in full.

** Election taken by the Group to not recognise right-of-use lease assets and equivalent lease liabilities for short-term and low-value leases.

5 ADJUSTING ITEMS

	2020 £m	2019 £m
Adjusting operating expenses:		
Impairment of assets (note 10):		
Development costs ¹	(69.4)	(27.7)
Plant, machinery, fixtures and fittings ²	(3.8)	(4.7)
Tooling ¹	(3.3)	(3.7)
Inventory ¹	–	(2.3)
Right-of-use lease assets ²	(2.8)	(1.0)
	(79.3)	(39.4)
Restructuring:		
Employee restructuring costs ³	(12.4)	(2.8)
Motorsport exit costs ⁴	(6.2)	–
Director settlement arrangements and incentive payments ⁵	(2.7)	–
Initial Public Offering costs:		
Staff incentives ⁶	2.6	0.6
Professional fees ⁷	–	(0.5)
	(98.0)	(42.1)
Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions ⁸	6.9	–
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes ⁸	(21.4)	–
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes ⁸	(7.6)	–
Net loss on financial instruments recognised at fair value through Income Statement ⁹	(45.3)	–
Professional fees incurred on refinancing expensed directly to the Income Statement ¹⁰	(1.2)	–
Movement on derivatives not qualifying for hedge accounting (note 7) ¹¹	–	(6.6)
	(68.6)	(6.6)
Total adjusting items before tax	(166.6)	(48.7)
Tax credit on adjusting items ¹²	32.9	8.8
Adjusting items after tax	(133.7)	(39.9)

- On 27 October the Group announced an expanded and enhanced technology agreement with Mercedes-Benz AG, giving access to powertrain architecture (for conventional, hybrid, and electric vehicles) and future oriented electric/electronic architecture for all product launches through to 2027. Following incorporation of the benefits of this enhanced partnership on the Group's business plan, and other cycle plan updates following the strategic review of the business plan the carrying value of capitalised tooling and intangible development costs have been impaired by £72.7m to reflect the change in future vehicle powertrains and electronic architecture.
Announced in 2019, the Lagonda brand was expected to be relaunched no earlier than 2025 and while development of Rapide E was substantially complete, the programme was paused pending further review. An assessment of the carrying value of Rapide E assets, and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle resulted in an impairment charge of £39.4m – see note 10 for further details.
- In 2020 the Group commenced a rationalisation exercise to reduce its geographical footprint. This resulted in a £2.8m right-of-use lease asset and £3.8m plant and machinery impairment charge triggered by the conclusion of activity at a number of the Group's leased sites.
- During 2020 the Group provided £12.1m for phase two restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020 (2019: £2.8m).
- In December 2020 Aston Martin announced that, following conclusion of the 2020 FIA World Endurance Championship, it would cease operation of a factory GTE team into 2021 incurring termination costs of £6.2m.
- It was announced on 27 February 2020 that Mark Wilson would step down as CFO and as an Executive Director of the Group on 30 April 2020. Subsequent to this, on 25 May 2020, Dr Andrew Palmer stepped down as CEO and as an Executive Director of the Group. Tobias Moers joined the Group as CEO and Executive Director on 1 August 2020. Amounts due as a result of these changes were £2.7m.
- In the year-ended 2020 a Legacy Long-term Incentive Plan ("LTIP") charge of £3.8m was recognised within 'Staff incentives' (2019: £3.6m). As an offset to this due to the reduced performance of the Group, the remaining Initial Public Offering ("IPO") bonus held for management was no longer forecast to be paid. This resulted in £6.4m being credited back to the Consolidated Income Statement (2019: £4.2m credit).
- Additional professional fees of £0.5m were charged in 2019 as a result of the Initial Public Offering during the year ended 31 December 2018.
- On 27 October the Group announced the successful arrangement of a new financing package including the issuance of \$1,085.5m of US Dollar 1st Lien notes and \$335m of US Dollar 2nd Lien split coupon notes. Proceeds from this financing package were used to redeem the existing Senior Secured Notes ("SSNs") in full ahead of their April 2022 maturity date. In redeeming the existing SSNs early the Group incurred an early redemption premium of £21.4m. Professional fees capitalised against the existing SSNs of £7.6m were written off to the Income Statement upon redemption.
Upon the successful arrangement of the new finance package, the Group entered into a conditional forward currency contract to hedge the net US Dollar cash receipt into Sterling upon completion of the transaction. Movement in the US Dollar to Sterling exchange rate between the arrangement date and transaction date resulted in the recognition of a £6.9m currency gain in the Income Statement.
- The Group issued second lien SSNs which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the derivative option liability from initial pricing during October 2020 when the SSNs were marketed to the 31 December 2020 resulted in a loss of £45.3m being recognised in the Income Statement.

5 ADJUSTING ITEMS (CONTINUED)

10. Fees incurred on raising the second lien loan notes in December 2020 were allocated between the debt and warrant elements on a proportional basis. The fees allocated to the warrants have been written off in the period they were incurred.
11. In 2019 a charge of £6.6m was recognised in relation to fair value movements of derivative financial instruments held to hedge future foreign currency cashflows, but where the necessary criteria for hedge accounting had not been met. Once the criteria for hedge accounting had been met, all movements in the fair value of these derivative financial instruments are recorded either in Other Comprehensive Income or in arriving at adjusted operating profit in the Consolidated Income Statement.
12. In 2020, a total tax credit of £32.9m has been recognised as an adjusting item. The tax credit on adjusting items in 2020 is higher than the standard rate of income tax for the Group at 19% due to an additional credit of £1.3m which relates to the impact of a change in deferred tax rate from 17% to 19% on items treated as adjusting in previous years.

6 FINANCE INCOME

	2020 £m	2019 £m
Bank deposit and other interest income	2.3	5.0
Foreign exchange gain on borrowings not designated as part of a hedging relationship	30.8	11.3
Finance income before adjusting items	33.1	16.3
<i>Adjusting finance income items:</i>		
Foreign exchange gain on financial instrument utilised during refinance transactions	6.9	—
Total Adjusting finance income	6.9	—
Total finance income	40.0	16.3

7 FINANCE EXPENSE

	2020 £m	2019 £m
Bank loans, overdrafts and secured notes	98.4	55.3
Other interest	—	7.5
Interest on lease liabilities	4.1	4.6
Net interest expense on the net defined benefit liability	0.7	1.1
Hedge ineffectiveness	2.5	—
Interest on contract liabilities held	1.9	8.8
Finance expense before adjusting items	107.6	77.3
<i>Adjusting finance expense items:</i>		
Premium paid on the early redemption of Senior Secured Notes	21.4	—
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	7.6	—
Loss on financial instruments recognised at fair value through Income Statement	45.3	—
Professional fees incurred on refinancing expensed directly to the Income Statement	1.2	—
Movements on derivatives not qualifying for hedge accounting	—	6.6
Total Adjusting finance expense	75.5	6.6
Total finance expense	183.1	83.9

8 TAXATION

	2020 £m	2019 <i>restated</i> * £m
Current tax (credit)/ charge		
UK corporation tax on losses	(0.6)	(1.3)
Overseas tax	4.7	13.2
Prior period movement	(5.0)	2.0
Total current income tax (credit)/ charge	(0.9)	13.9
Deferred tax credit		
Origination and reversal of temporary differences	(64.4)	(15.1)
Prior period movement	8.5	(0.8)
Effect of change in deferred tax rate	1.3	–
Total deferred tax credit	(54.6)	(15.9)
Total income tax credit in the Income Statement	(55.5)	(2.0)
<i>Tax relating to items charged/(credited) to other comprehensive income</i>		
Deferred tax		
Actuarial movement on defined benefit pension plan	(11.2)	(0.2)
Fair value adjustment on cash flow hedges	0.9	0.1
Effect of change in deferred tax rate	(1.1)	–
Current tax		
Fair value adjustment on cash flow hedges	2.2	3.3
	(9.2)	3.2
<i>Tax relating to items charged in equity – deferred tax</i>		
Effect of change in deferred tax rate	(1.6)	–

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

(a) Reconciliation of the total income tax charge/(credit)

The tax charge/(credit) in the Consolidated Statement of Comprehensive Income for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are reconciled below:

	2020 £m	2019 <i>restated</i> * £m
Loss from operations before taxation	(466.0)	(119.6)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	(88.5)	(22.7)
Difference to total income tax credit due to effects of:		
Expenses not deductible for tax purposes	0.2	0.2
Recognition of previously unrecognised deferred tax asset	–	(6.3)
Movement in unprovided deferred tax	26.1	11.4
Derecognition of deferred tax asset of interest deductible in future periods	–	8.0
Irrecoverable overseas withholding taxes	0.3	1.2
Adjustments in respect of prior periods	3.5	1.2
Effect of lower rates applied to deferred tax	–	2.2
Effect of change in deferred tax rate	1.3	–
Difference in overseas tax rates	0.6	1.5
Other	1.0	1.3
Total income tax credit	(55.5)	(2.0)

(b) Tax paid

Total net tax paid during the year of £9.2m (2019: £12.5m).

(c) Factors affecting future tax charges

There are no known factors that will affect the Group's future current tax charge.

9 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year. As part of the Strategic Co-operation Agreement entered into in December 2020 with Mercedes-Benz AG, shares were issued for access to tranche 1 technology (see note 10). The Agreement includes an obligation to issue further shares for access to further technology in a future period. Warrants to acquire shares in the Company were issued in December 2020 as part of the refinancing of the Group. Up to 6,332,393 ordinary shares could be issued to warrant holders who can exercise their rights from 1 July 2021. Both of these transactions may have a dilutive effect in future periods if the group generates a profit.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year including the future technology shares and warrants detailed above. The weighted average number of dilutive ordinary share awards outstanding during the year are excluded when including them would be anti-dilutive to the earnings per share value.

	2020	2019 restated*
Continuing and total operations		
Basic earnings per ordinary share		
Loss available for equity holders (£m)	(419.3)	(126.4)
Basic weighted average number of ordinary shares (million) ²	77.2	43.5
Basic loss per ordinary share (pence)	(543.0p)	(290.6p)
 Diluted earnings per ordinary share		
Loss available for equity holders (£m)	(419.3)	(126.4)
Diluted weighted average number of ordinary shares (million) ²	77.2	43.5
Diluted loss per ordinary share (pence)	(543.0p)	(290.6p)

	2020 Number	2019 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares ^{1,2} (million)	77.2	43.5
Adjustments for calculation of diluted earnings per share ³:		
Long-term incentive plans	–	–
Issue of unexercised ordinary share warrants	–	–
Issue of tranche 2 shares	–	–
Weighted average number of diluted ordinary shares (million)	77.2	43.5

13. Additional ordinary shares issued as a result of the rights issue conducted in 2020, have been incorporated in the 2019 earnings per share calculation in full without any time apportionment.

14. Average number of ordinary shares has been reduced by a ratio of 20:1 reflecting the share consolidation undertaken in December 2020.

15. The number of ordinary shares issued as part of the long-term incentive plans, and the potential number of ordinary shares issued as part of the 2020 issue of share warrants have been excluded from the weighted average number of diluted ordinary shares as including them is anti-dilutive to diluted earnings per share.

Adjusted earnings per share is disclosed in note 15 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

* To aid users understanding of the movement in the Basic and Diluted earnings per ordinary share presented for the comparative period, the following table reconciles the numbers presented in the 2019 Annual Report and Accounts to those presented above.

	As presented 2019 Annual Report	VME error correction (note 2)	As Restated (note 1)	Bonus element of right issue (note 12)	Share consolidation (note 12)	As presented above
Continuing and total operations – 12 months ended 31 December 2019						
Basic earnings per ordinary share						
Loss available for equity holders (£m)	(113.2)	(13.2)	(126.4)	–	–	(126.4)
Basic weighted average number of ordinary shares (million)	228.0	–	228.0	642.4	(826.9)	43.5
Basic loss per ordinary share (pence)	(49.6p)	(5.8p)	(55.4p)	40.9p	(276.1p)	(290.6p)
 Diluted earnings per ordinary share						
Loss available for equity holders (£m)	(113.2)	(13.2)	(126.4)	–	–	(126.4)
Diluted weighted average number of ordinary shares (million)	228.0	–	228.0	642.4	(826.9)	43.5
Diluted loss per ordinary share (pence)	(49.6p)	(5.8p)	(55.4p)	40.9p	(276.1p)	(290.6p)

10 IMPAIRMENT TESTING

INDEFINITE USEFUL LIFE NON-CURRENT ASSETS

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash-generating unit – the Aston Martin Lagonda Group business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes. The Group also considers the carrying value of its assets in the context of the Group's market capitalisation. At this level, it was concluded that the net assets of the Group are recoverable owing to the Group's market capitalisation of £2.3bn at 31 December 2020.

The Group tests the carrying value of goodwill and brands at the cash-generating unit level for impairment annually or more frequently if there are indicators that goodwill or brands might be impaired. At the year-end reporting date, a review was undertaken on a value in use basis, assessing whether the carrying values of goodwill and brands were supported by the net present value of future cash flows derived from those assets.

Key assumptions used in value in use calculations

The calculation of value in use for the cash-generating unit is most sensitive to the following assumptions:

Cash flows were projected based on actual operating results and the current five-year plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% per annum using a like-for-like cost and volume basis as the Group transitions to electric powered vehicles. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and the current business plan;

Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Group operates. The pre-tax discount rate used was 11.1% (2019: 9.0%); and

An exchange rate of \$1.29/£ has been used for 2021, with \$1.29/£ used for 2022 into perpetuity.

Sensitivity analysis

the pre-tax discount rate would need to increase to 13.3% for the assets to become impaired; or

the growth rate of 2.0% per annum beyond the five-year plan would need to be -2.2% for the assets to become impaired; or

the USD exchange rate would need to increase to \$1.57/£ (with all other currencies moving against the £ in line with the \$) for the assets to become impaired.

FINITE USEFUL LIFE NON-CURRENT ASSETS

Recoverability of non-current assets with finite useful lives include property, plant and equipment, right-of-use lease assets and certain intangible assets. Intangible assets with finite useful lives mainly consist of capitalized development costs.

The Group reviews the carrying amount of non-current assets with finite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount and the recoverable amount of the cash-generating unit ("CGU"). The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use.

In assessing the value in use, the estimated future cash flows relating to the forecast usage period of the asset, or group of assets, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks. The pre-tax discount rate used was 11.1%.

IMPAIRMENT

The following table details impairments made to the Group's assets.

	2020 £m	2019 £m
Development costs	69.4	27.7
Plant, machinery, fixtures and fittings	3.8	4.7
Tooling	3.3	3.7
Inventory	–	2.3
Right-of-use lease assets	2.8	1.0
Total impairment charge recognised as adjusting in the Consolidated Income Statement (note 5)	79.3	39.4

2020

Announced in 2020, the Group commenced a rationalisation exercise to reduce its geographical footprint. The execution of this exercise throughout 2020 resulted in a total right-of-use lease asset impairment of £2.8m across 2 sites where the recoverable value was deemed to be nil. Furthermore, an impairment charge of £3.8m has been recognised to reflect plant and machinery that will no longer bring economic benefit to the Group.

In October 2020 the Group entered in an expanded and enhanced technology agreement with Mercedes-Benz AG contingent on shareholder approval, anti-trust and underwriting conditions. This strategic technology agreement gives the Group access to powertrain architecture (for conventional, hybrid, and electric vehicles) and future oriented electric/electronic architecture for all product launches through to 2027.

Following completion of this transaction in December 2020, the benefits of this enhanced partnership were reflected in the Group's business plan and future strategy to achieve its medium-term targets. The updated strategy principally focused on changes to future vehicle powertrain and electrical architecture in addition to changes to the volume mix and cadence of vehicle derivatives.

The impact of these changes resulted in the impairment of £69.4m of capitalised development costs and £3.3m of tooling assets which included writing down existing hybrid powertrain development to nil.

The impairment of each asset group was determined using a value in use methodology whereby any impairment was capped by the net present value of expected future cashflows still anticipated to flow from those assets where they remain in use. Any assets where no future benefit is expected were written off in full.

10 IMPAIRMENT TESTING (CONTINUED)

2019

At 31 December 2019 the Group was engaged in early stage discussions with strategic investors in relation to building longer term relationships. The impact on current project lifecycles and the cadence of future model launches was under review.

On 31 January 2020, the Group announced its intention to strengthen its financial position in order to immediately improve liquidity and reduce leverage. A proposed placing of newly issued ordinary shares of the Company to a Consortium, and a subsequent underwritten rights issue, was proposed for completion following the publication of the 2019 Annual Report and Accounts. The Group and ventures affiliated to the Consortium agreed, as part of the reset business plan, to control medium-term investment requirements providing greater financial stability and flexibility. The Lagonda brand was expected to be relaunched no earlier than 2025 and while development of Rapide E was substantially complete, the programme was paused pending further review.

With the aforementioned indicators of impairment, a review of the carrying value of Rapide E assets and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle was completed. As a result of this review an impairment charge was recognised in full for the Rapide E assets.

11 NET DEBT

The Group defines Net Debt as current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents including cash held not available for short-term use. The comparative Net Debt at 31 December 2019 has been re-presented to align with the updated definition of Net Debt to include current and non-current lease liabilities following the Group's adoption of IFRS 16 on 1 January 2019. There is no impact on the Group's Consolidated Income Statement, earnings per share, retained earnings or net assets. Net Debt is a non-IFRS alternative performance measure used for evaluating the performance of the Group and for further details see note 15.

	2020 £m	2019 £m
Cash and cash equivalents	489.4	107.9
Cash held not available for short-term use	9.9	8.7
Inventory repurchase arrangement	(38.2)	(38.9)
Lease liabilities – current	(9.3)	(14.1)
Lease liabilities – non-current	(93.7)	(97.3)
Loans and other borrowings – current	(113.5)	(114.8)
Loans and other borrowings – non-current	(971.3)	(839.1)
Net debt	(726.7)	(987.6)
Movement in net debt		
Net increase/ (decrease) in cash and cash equivalents	381.5	(36.7)
Add back cash flows in respect of other components of net debt:		
New borrowings	(1,252.7)	(260.8)
Proceeds from inventory repurchase arrangement	(76.8)	(38.7)
Proceeds from existing borrowings	–	(102.3)
Repayment of existing borrowings	1,092.3	91.5
Repayment of inventory repurchase arrangement	80.0	–
Lease liability payments	12.2	10.9
Movement in cash held not available for short-term use	0.9	8.7
Transaction fees	41.9	4.1
Decrease/ (increase) in net debt arising from cash flows	279.3	(323.3)
Non-cash movements:		
Opening lease liability upon adoption of IFRS 16	–	(116.5)
Foreign exchange gain on secured loan	30.8	23.7
Interest added to debt	(8.6)	(1.6)
Premium on the early redemption of Senior Secured Notes	(21.4)	–
Borrowing fee amortisation	(13.0)	(5.5)
Lease liability interest charge	(4.1)	(4.6)
Lease modifications	(1.7)	3.5
New leases	2.6	(9.8)
Unpaid transaction fees	0.8	2.0
Foreign exchange gain and other movements	(3.8)	4.0
Decrease/(increase) in net debt	260.9	(428.1)
Net debt at beginning of the year	(987.6)	(559.5)
Net debt at the end of the year	(726.7)	(987.6)

12 SHARE CAPITAL AND OTHER RESERVES

		Nominal Value £	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m
Allotted, called up and fully paid	Number of shares					
Opening balance at 1 January 2020	228,002,890	0.009039687	2.1	352.3	—	—
Private placing ¹	76,000,000	0.009039687	0.7	170.3	—	—
Rights issue ²	1,216,011,560	0.009039687	11.0	353.7	—	—
Non-pre-emptive placing and retail offer ³	304,000,000	0.009039687	2.7	—	149.4	—
Placing Shares ⁴	250,000,000	0.009039687	2.3	122.7	—	—
Tranche 1 Consideration Shares ⁵	224,657,287	0.009039687	2.0	140.3	—	—
Issue of new shares ⁶	3	0.009039687	—	—	—	—
Transaction costs arising on the issuance of ordinary shares	—	—	—	(31.1)	(5.4)	—
	2,298,671,740	0.009039687	20.8	1,108.2	144.0	—
Share split - original shares ⁷	2,298,671,740	0.005000000	11.5	—	—	—
Share split - deferred shares ⁷	2,298,671,740	0.004039687	9.3	—	—	—
Cancellation of deferred shares ⁷	(2,298,671,740)	(0.004039687)	(9.3)	—	—	9.3
	2,298,671,740	0.005000000	11.5	1,108.2	144.0	9.3
Consolidation of shares ⁷	(2,183,738,153)	—	—	—	—	—
Closing balance at 31 December 2020	114,933,587	0.100000000	11.5	1,108.2	144.0	9.3

- On 31 March 2020 the Company issued 76.0m ordinary shares by way of a private placing. The shares were issued at 225p raising gross proceeds of £171.0m, with £0.7m recognised as share capital and the remaining £170.3m recognised as share premium.
- On 1 April 2020 the Company issued 1,216.0m ordinary shares by way of a rights issue. The shares were issued at 30p raising gross proceeds of £364.7m, with £11.0m recognised as share capital and the remaining £353.7m recognised as share premium. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 642.4m shares issued were considered bonus shares. The weighted average shares used to calculate Earnings Per Share (see note 9) has been adjusted accordingly.
- On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.
- On 7 December 2020 the Company issued 250.0m ordinary shares by way of a placing. The shares were issued at 50p raising gross proceeds of £125.0m, with £2.3m recognised as share capital and the remaining £122.7m recognised as share premium.
- On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired (see note 10), with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.
- On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation in sub-note 7 below.
- On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.

13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure contracts to the value of £3.1m (31 December 2019: £74.4m) have been committed but not provided for as at 31 December 2020.

In the normal course of the Group's business, claims, disputes, and legal proceedings involving customers, dealers, suppliers, employees or others are pending or may be brought against Group entities arising out of current or past operations. The Group believes the impact of these claims and proceedings will be immaterial.

14 POST BALANCE SHEET EVENTS

On 24 February 2021, £4.7m of cash not available for short term use was released following conclusion of arbitration.

15 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.

The key APMs that the Group focuses on are as follows:

- i) Adjusted EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement.
- ii) Adjusted EBIT is operating (loss)/profit before adjusting items.
- iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.
- iv) Adjusted operating margin is adjusted operating (loss)/profit divided by revenue.
- v) Adjusted EBITDA margin is adjusted EBITDA (as defined above) divided by revenue.
- vi) Adjusted Earnings Per Share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
- vii) Net Debt is current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash held not available for short-term use as shown in the Consolidated Statement of Financial Position.
- viii) Adjusted leverage is represented by the ratio of Net Debt to the last twelve months ('LTM') Adjusted EBITDA.
- ix) 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.

INCOME STATEMENT

	2020 £m	2019 restated* £m
Loss before tax	(466.0)	(119.6)
Adjusting operating expenses (note 6)	98.0	42.1
Adjusting finance income (note 8)	75.5	–
Adjusting finance expenses (note 9)	(6.9)	6.6
Adjusted loss before tax (EBT)	(299.4)	(70.9)
Adjusted finance income	(33.1)	(16.3)
Adjusted finance expense	107.6	77.3
Adjusted Operating Profit (EBIT)	(224.9)	(9.9)
Adjusted Operating Margin	(36.8%)	(1.0%)
Reported depreciation	55.7	42.7
Reported amortisation	99.1	85.2
Loss on disposal of fixed assets	–	0.9
Adjusted EBITDA	(70.1)	118.9
Adjusted EBITDA Margin	(11.5%)	12.1%

EARNINGS PER SHARE

	2020 £m	2019 restated* £m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	(419.3)	(126.4)
Adjusting items (note 5)		
Adjusting items before tax (£m)	166.6	48.7
Tax on adjusting items (£m)	(32.9)	(8.8)
Adjusted loss (£m)	(285.6)	(86.5)
Basic weighted average number of ordinary shares (million)¹	77.2	43.5
Adjusted loss per ordinary share (pence)	(369.9p)	(198.8p)
Adjusted diluted earnings per ordinary share		
Adjusted loss (£m)	(285.6)	(86.5)
Diluted weighted average number of ordinary shares (million)	77.2	43.5
Adjusted diluted earnings per ordinary share (pence)	(369.9p)	(198.8p)

* Detail on the restatement of the comparative period is disclosed in note 2 and the impact on Earnings Per Share in note 9. Additional ordinary shares issued as a result of the rights issue conducted in 2020 have been incorporated in the 2019 earnings per share calculation in full without any time apportionment.

1. Average number of ordinary shares has been reduced by a ratio of 20:1 reflecting the share consolidation undertaken in December 2020.

15 ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

NET DEBT

	2020 £m	2019 £m
Opening cash and cash equivalents	107.9	144.6
Cash (outflow)/inflow from operating activities	(198.6)	19.4
Cash outflow from investing activities	(258.4)	(305.2)
Cash inflow from financing activities	840.2	243.3
Effect of exchange rates on cash and cash equivalents	(1.7)	5.8
Cash and cash equivalents at 31 December	489.4	107.9
Cash held not available for short-term use	9.9	8.7
Borrowings	(1,084.8)	(953.9)
Lease liabilities	(103.0)	(111.4)
Inventory repurchase arrangement	(38.2)	(38.9)
Net Debt	(726.7)	(987.6)
Adjusted EBITDA	(70.1)	118.9
Adjusted leverage	n.m	8.3x

FREE CASHFLOW

	2020 £m	2019 £m
Net cash (outflow)/inflow from operating activities	(198.6)	19.4
Cash used in investing activities (excluding interest received)	(260.7)	(310.2)
Interest paid less interest received	(80.0)	(47.0)
Free cashflow	(539.3)	(337.8)

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2021

- Retail sales well ahead of wholesales; >6,000 core vehicles wholesaled
- Significant growth in Americas and record sales in China, driven by strong DBX demand
 - Targeting Net-Zero manufacturing facilities by 2030
 - 2024/25 medium-term targets confirmed

£m	31-Dec-21	31-Dec-20	% change	Q4-21	Q4-20	% change
Total wholesales¹	6,178	3,394	82%	1,928	1,839	5%
Revenue	1,095.3	611.8	79%	358.9	341.8	5%
Adjusted EBITDA²	137.9	(70.1)	n.m.	65.6	47.5	38%
Adjusted operating loss²	(74.3)	(224.9)	67%	(9.2)	(9.7)	5%
Operating loss	(76.5)	(322.9)	76%	(8.3)	(93.8)	91%
Loss before tax	(213.8)	(466.0)	54%	(25.2)	(158.1)	84%
Net debt ²	(891.6)	(726.7)		(891.6)	(726.7)	

1. Number of vehicles including Specials; 2. For definition of alternative performance measures please see Appendix

Financial Highlights

- Wholesales increased 82% as more normal operations were resumed following COVID-19 restrictions in 2020 and completed rebalance of dealer inventory in Q1
 - Achieved core targets and delivered over 3,000 DBXs in first full year
 - Transition to ultra-luxury operating model successfully completed with retails well ahead of wholesales
- Revenue increased to £1.1bn largely due to substantial volume growth, driven by customer demand, and strong pricing dynamics; represents 12% growth on 2019 revenues of £981m pre-COVID and strategic shift to ultra-luxury
 - Core ASP of £150k up from £136k in 2020 and a 14% improvement versus 2019 (£132k)
- Adjusted EBITDA of £138m (consistent with January 2022 trading update) an improvement of more than £200m versus 2020 and £19m on 2019, with a 13% margin; Q4 adjusted EBITDA margin of 18% reflecting strength of trading, Specials deliveries and Project Horizon efficiencies
 - Reduced operating loss of £77m despite increased investment in brand and marketing activities, higher depreciation and amortisation and non-repeat of 2020 £13m furlough credit
- Positive cash inflow from operations of £179m; Free cash outflow of £123m, a £416m improvement on the prior year (£215m improvement on 2019), with rephased capital expenditure aligned to business plan deliverables
- Strong liquidity, year-end cash of £419m (2020: £489m); Net debt of £892m (2020: £727m)

Transformation continues at pace

- Delivering exciting products
 - DBX achieved an estimated 20% market share; DBX707, the most powerful luxury SUV on the market, unveiled 1 February 2022 with deliveries expected from Q2
 - Core electrification journey started with mild-hybrid DBX Straight-Six launched in China in Q4
 - First plug-in hybrid electric vehicle (PHEV) planned for early 2024 deliveries
 - First battery electric vehicle (BEV) targeted for launch in 2025 and all new car lines to have the option of an electrified powertrain by 2026 (PHEV or BEV); fully electrified Sport/GT and SUV portfolio by 2030
 - Deliveries of era-defining Aston Martin Valkyrie programme started in Q4 at a slower pace than originally expected due to following a quality-focused approach

- All Aston Martin Valkyrie Coupes are sold out with a waiting list running; the Spider version was two-times over-subscribed at launch
- V12 Vantage attracting excellent customer demand ahead of deliveries scheduled for Q3 2022
- Focusing on customer & brand
 - Optimal front-engine dealer inventory levels achieved with healthy orderbook for all core vehicles
 - Attracted a large number of new customers as DBX broadens addressable market - 50% new to brand
 - Class-leading configurator led to a trebling of leads to our dealers; significant increase in reported third-party dealer profitability with >75% growth in new dealership enquiries
 - Sponsorship of Aston Martin Cognizant F1™ Team which reached c.2.8bn people driving a strong uplift to website traffic on race weekends
- Delivering operational excellence, agility and efficiency
 - Manufacturing consolidation has led to a c.20% reduction in manufacturing costs
 - New launches will be targeting contribution margins of over 40%
 - Creation of Engineering Centres of Excellence with a global footprint
 - Almost 20% of employees new to the business; commercial, technical, and operational teams substantially strengthened with new talent whilst delivering efficiencies in manufacturing
- Integrating ESG with new sustainability goals
 - Committed to the Science Based Targets initiative (SBTi) Net-Zero Standard, showing our commitment to target net-zero manufacturing facilities and a 30% reduction in supply chain emissions by 2030
 - Aiming to achieve zero plastic packaging waste, in addition to reducing water consumption by 15% by 2025
 - Targeting 25% female leadership within the next five years, tailoring leadership development and a number of wider initiatives to create a more inclusive culture
- Governance
 - Comprehensive Board renewal added extensive automotive and luxury experience; almost 30% of Board are women
 - Product Strategy Committee formed, leveraging industry experience
 - Sustainability Committee formed to oversee implementation of new sustainability strategy

Lawrence Stroll, Aston Martin Lagonda Executive Chairman commented:

“My second year as Executive Chairman of this iconic and great company has been another of significant progress. We have successfully transitioned our operating model to that of an ultra-luxury performance brand, with customer demand well ahead of supply. Our core business is strong and delivered to plan, with substantially improved profitability.

We have strengthened our teams, adding more luxury and automotive experience to the Board, broadening relevant experience at the executive level and substantially bolstering our operational and development teams. The return of the Aston Martin name to the Formula One™ grid has dramatically increased our brand exposure, desirability and global awareness, in line with our growth ambitions.

The Aston Martin Valkyrie programme pushes the boundaries of what is possible to bring to market outside an F1™ racing environment. We inherited a challenging programme, and while it was disappointing that some deliveries were rescheduled from late 2021, following an in-depth review and now under a dedicated team we are confident of continuing to deliver these truly extraordinary vehicles to our customers with no compromises.

We have a strong pipeline of extraordinary products to come with both DBX707 and V12 Vantage this year and a new generation of front-engine cars for 2023. This high-performance new portfolio will command stronger pricing and profitability compared with the past, driving delivery of our financial targets. Our path to electrification is clear with three of our product launches in 2021 featuring hybrid technology, our first plug-in hybrid coming in 2024, our first battery electric vehicle targeted for launch in 2025 and all new car lines will have an electrified powertrain option by 2026.

When I invested, I knew this transformation would take four to five years to recreate Aston Martin as the world’s most desirable, ultra-luxury British performance brand. We have made very strong progress already and are well on plan to achieve our ambitious goal.”

Tobias Moers, Aston Martin Lagonda Chief Executive Officer commented:

“The operating environment remained challenging throughout 2021. Despite this, we grew our core business to plan, with a demand-led delivery of our volume targets and enhanced core profitability. We achieved strong pricing and closed the year with dealer stock at optimum levels. We also started delivery of the once-in-a-generation Aston Martin Valkyrie hypercars. This was achieved despite the technical ambition of the product, supply chain constraints and with no compromise on quality, resulting in fewer cars than originally planned shipping in 2021.

Brand desirability is strong as evidenced by retails outpacing wholesales and the demand we see for our products, with the Aston Martin Valkyrie Spider, two-times oversubscribed following its launch in the summer and the order book filling up for our plug-in hybrid supercar Valhalla, which with a small timing shift is now due to start deliveries in early 2024.

We are expanding our offer in the growing luxury SUV segment. We launched the Straight-Six mild hybrid in China in November 2021 and earlier this month unveiled the highest performing luxury SUV on the market, DBX707. These products, coupled with the benefits of the efficiency actions undertaken through Project Horizon and alongside our Specials programme give us confidence in delivering meaningful growth in 2022.

Beyond 2022 we are confident in the medium and long-term potential for the business with our exciting product plans and a defined path to electrification.”

Outlook

We are well on our way to achieving our medium-term targets of c.10,000 wholesales, c.£2bn revenue and c.£500m adjusted EBITDA by 2024/25.

For 2022, we expect to deliver significant growth with a c.8% increase in core volumes expected to deliver a c.50% improvement in adjusted EBITDA from the core business. We will deliver the first two vehicles from the new management team, DBX707 and the V12 Vantage, with improved profitability compared with prior models as well as price adjustments across the full portfolio, given the pricing power of the brand.

In addition, 75-90 Aston Martin Valkyrie programme vehicles are planned for shipment.

Supply chains globally continue to experience disruption and our teams remain focused on mitigating any impact on production. Q1 is expected to be the smallest quarter of the year, given the timing of product launches (DBX707 in Q2 and V12 Vantage in Q3) and as we focus on refining the production process for Aston Martin Valkyrie programme vehicles with a focus on quality.

2022 guidance:

- Wholesales: growth to > 6,600 units
 - Adjusted EBITDA margin: c.350-450bps expansion
 - Capex and R&D: c.£300m
 - Depreciation and amortisation: c.£315m-£330m
- Reflecting Aston Martin Valkyrie programme shipments and a full year of accelerated depreciation of capitalised development costs ahead of next generation GT/sports vehicles in 2023
- Interest costs: c.£170m (P&L)/ c.£125m (cash) assuming current exchange rates prevail for 2022

Pension scheme closure

The Company successfully negotiated the closure to future accrual of its defined benefit pension scheme in January 2022. This is expected to deliver annual savings of c.£4.5m per year with an associated one-off adjusting item of c.£14m expected to be booked in 2022 (not included within adjusted EBITDA). In cash terms, with transition payments to scheme members in 2022-2024, the net cash impact is c.£1m benefit in each of those years and a c.£4.5m benefit thereafter.

Strategic technology agreement

The Company is embedding the first tranche of technology from Mercedes-Benz AG into its product renewal and expansion pipeline. There are currently no plans to issue additional shares to Mercedes-Benz AG until early 2023.

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- Recorded presentations accompanying this release from Lawrence Stroll, Tobias Moers and Kenneth Gregor are available on the corporate website from 07.00am GMT today; there will be a live Q&A for investors and analysts at 08:30am GMT
- Presentations and the Q&A can be accessed here: www.astonmartinlagonda.com/investors/calendar
- A replay facility will be available on the website later in the day

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BUSINESS REVIEW

2021 presented both new and old challenges as Aston Martin navigated a difficult operating environment both due to supply chain constraints and the ongoing COVID-19 pandemic. Despite this, the Company built on the foundational work in 2020 to deliver on its core portfolio as planned and successfully completed an extensive and challenging development and testing schedule for the era-defining Aston Martin Valkyrie, with shipments started in December.

In their first full year, the management team focused on delivery while redefining the Vision and Strategy, driving change throughout every area of the business and executing on Project Horizon.

The Company built on the strong executive management appointments in 2021 by also strengthening the Board, appointing world-class leaders in both the luxury and automotive sectors, adding relevant expertise and experience to support Aston Martin's journey to become the world's most desirable ultra-luxury British performance brand.

As the Company focuses on the upcoming portfolio of exciting new products and embarks on its electrification journey, engineering and procurement has been a key point of emphasis alongside upskilling operational and commercial functions. The business has recruited over 350 new employees, to lead the Company into a new era of ultra-luxury performance vehicles.

Project Horizon transformation – delivering operational excellence, agility & efficiency

The Project Horizon journey started in late 2020 and the Company has made substantial progress throughout 2021 in becoming more agile and efficient.

Delivering exciting products

In Q1, the Company successfully achieved the rebalance of front-engine supply to demand, which was earlier than originally planned. Retails outpaced wholesales by a significant margin, driving strong pricing dynamics and demonstrating the strength of the brand and demand for front-engine vehicles. The Vantage F1™ edition, the first F1™ branded Aston Martin road car, was well received by customers generating strong sales.

Aston Martin's first SUV, DBX, successfully delivered over 3,000 units in its first full year of production, achieving an estimated 20% share of the luxury SUV market, while maintaining a healthy orderbook throughout the year. The first derivative of this, a Straight-Six mild-hybrid, was released exclusively for China in Q4. Initial demand is strong and is expected to continue to build. The second derivative, DBX707, the most powerful luxury SUV on the market, was unveiled on 1 February 2022, adding another dimension to the Aston Martin SUV offer and is expected to deliver strong growth in the segment from Q2 2022 onwards.

The first true F1™ car for the road, Aston Martin Valkyrie, started deliveries of road and track versions to customers in December. This pioneering hypercar programme has pushed new boundaries in British automotive engineering and comprises the revolutionary Aston Martin Valkyrie road car, the track evolution AMR Pro, as well as the open-top Aston Martin Valkyrie Spider, which was two-times oversubscribed following its launch in August.

Three of the models launched this year featured hybrid technology as the Company sets out on its path to electrification. The Aston Martin Valkyrie programme serves as a halo to our mid-engine vehicles, with the mid-engine supercar Valhalla, planned to be the Company's first PHEV on the market in 2024. The expectation is for all new car lines to have an electrified powertrain option by 2026 and for the Sport/GT and SUV portfolio to be fully electrified by 2030.

Focusing on customer & brand

Returning to the grid after over 60 years, the Aston Martin Cognizant Formula One™ Team has connected the brand with a highly engaged worldwide audience, with c.2.8bn social media impressions since March, during the most thrilling F1™ season for decades. Brand equity research shows improved perception and increased buying intent among luxury car buyers, particularly in China and the US, linked to the presence of the Aston Martin brand in F1™. Furthermore, the role of the Vantage F1™ Edition and DBX as Official Safety and Medical Cars of Formula 1™ for half of the season's race weekends has brought heightened global exposure, resulting in increased web traffic, up 25% on those weekends, and increased buying interest.

The Company has also reinvested in fixed marketing to support the brand and the expansion of the portfolio. In July, the business leveraged the Goodwood Festival of Speed to re-launch the plug-in hybrid supercar Valhalla, and in August unveiled the Aston Martin Valkyrie Spider at the Pebble Beach Concours d'Elegance. Aston Martins also took a leading role in the latest James Bond film, *No Time To Die*, with four of the brand's cars featuring.

In July the Company launched a class-leading configurator, enhancing the customer journey to create a truly unique and luxurious experience. Leads to dealers have increased significantly since launch and option uptake has increased throughout the portfolio.

Reported third-party dealer profitability in all regions has significantly improved, supported by the improved pricing dynamics, increasing residual values and strength in the pre-owned market alongside the expansion of the product offer. This transformation has contributed to a >75% increase in new dealer inquiries.

Delivering on operational excellence, agility and efficiency

In Q2, the Company transformed the manufacturing process at Gaydon into a centre of excellence for GT/sports cars, converting from two production lines to one, improving efficiencies and consolidating Specials assembly into the one plant. During Q3, the Company refined the manufacturing process at St Athan and consolidated its paint application operations. Bespoke paints are now only applied in Gaydon allowing the new St Athan paint shop to run more efficiently and effectively for all other colours, resulting in net savings of over £1,000 per vehicle. Combined, these initiatives reduced manufacturing costs per vehicle by c.20%.

The business navigated the challenging supply chain environment throughout the year and implemented measures to mitigate disruption, identify suppliers at risk and work with them proactively to resolve any pending situations. The Company has also worked on developing stronger, longer-term strategic partnerships with Tier 1 suppliers.

Becoming a world-leading sustainable ultra-luxury automotive business

Tackling climate change

A key issue of global awareness is climate change and as a responsible business, the Company recognises that it is now time to accelerate action and escalate our ambition on tackling climate change. Through investment and adapting the production processes, the business plans to work closely with the SBTi to set and verify targets to deliver net-zero emission manufacturing facilities by 2030, a 30% reduction in supply chain emissions by 2030, and net-zero supply chain emissions by 2039.

Creating a better environment

By 2025, the Company is aiming to generate zero plastic packaging waste and waste for landfill, as well as reduce water consumption by 15%. The business is also aiming to continue to maximise the use of sustainable materials and boost biodiversity across all sites.

Investing in people and opportunities

Investing in people and opportunity will continue to shape the Company's future. The Company relies on the skills and dedication of a brilliant team; a team that must be kept safe, a team that must be supported, and a team that must be sustained for the long-term. This demands a relentless focus on targeting zero accidents, supporting employees to realise their potential, and creating a more diverse and inclusive environment that promotes, attracts and develops the very best talent.

As part of the new ESG Strategy, the Company is targeting 25% of female leadership within the next five years, compared with the current level of 14%.

Take-off into a new era for Aston Martin

The next stage of our journey encompasses a new vision and refined strategy to accelerate growth and drive profitability.

Our vision is to be the world's most desirable ultra-luxury British performance brand – creating vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading customer experience.

The refined strategy advances the work completed through Project Horizon and builds on the inherent strengths of the business, focusing on four strategic pillars:

- Brand: Iconic brand with 109 years of deep, rich history;
- Product innovation: Pushing the limits of ultra-luxury, technology and performance;
- Sustainability: Driving new standards in the ultra-luxury segment;
- Team: World-class leadership team and brand attracting and developing top talent globally.

Leveraging the progress made through Project Horizon, in combination with the refined strategy, will position the Company to accelerate growth and drive increased profitability.

FINANCIAL REVIEW

Sales and revenue analysis

Number of vehicles	FY-21	FY-20	% change	Q4-21	Q4-20	% change
Wholesale	6,178	3,394	82%	1,928	1,839	5%
Core (excluding Specials)	6,080	3,351	81%	1,886	1,807	4%
By region:						
UK	1,109	820	35%	381	350	9%
Americas	1,984	923	115%	546	581	(6%)
EMEA ex. UK	1,270	865	47%	372	425	(12%)
APAC	1,815	786	131%	629	483	30%
By model:						
Sports	1,479	691	114%	520	322	61%
GT	1,589	1,116	42%	546	307	78%
SUV	3,001	1,516	98%	815	1,171	(30%)
Other	11	28	(61%)	5	7	(29%)
Specials	98	43	128%	42	32	31%

Note: Sports includes Vantage, GT includes DB11 and DBS, SUV includes DBX and Other includes prior generation models such as Rapide AMR

Total wholesales grew 82% to 6,178 units, driven by strong demand across the portfolio and a return to a more normal operating environment post COVID-19 restrictions on manufacturing in 2020 and a successfully completed rebalancing of dealer inventory. Q4 was the largest quarter and skewed towards December given supply chain constraints. Signifying the start of our core electrification journey, deliveries of the mild-hybrid DBX Straight-Six launched seamlessly in China in Q4.

Geographically, both APAC and the Americas delivered triple-digit growth over the prior year, up 131% and 115% respectively, as SUV demand skewed towards these regions as expected. Combined they now represent c.60% of total volumes.

The 98 Specials included 10 Aston Martin Valkyrie programme vehicles.

Revenue by Category

£m	FY-21	FY-20	% change
Sale of vehicles	1,005.4	535.1	88%
Sale of parts	65.5	56.6	16%
Servicing of vehicles	10.6	6.6	61%
Brand and motorsport	13.8	13.5	2%
Total	1,095.3	611.8	79%

Revenue grew to £1.1bn (2020: £612m), driven mainly by increased wholesales along with strong pricing dynamics. Sales of parts and servicing increased as dealers returned to more normal operations in most markets for the majority of the year – with the prior year significantly impacted by COVID-related restrictions on operations.

Pricing dynamics were strong, following the successful rebalancing of dealer inventory completed in Q1, reflecting significantly reduced customer and retail financing support. With demand ahead of supply and positive geographic and product mix, core ASP increased to £150k (2020: £136k). Total ASP of £162k reflected the 98 Specials in the year compared with 43 in the prior year (2020: £157k).

Summary income statement and analysis

<i>£m</i>	FY-21	FY-20	Q4-21	Q4-20
Revenue	1,095.3	611.8	358.9	341.8
Cost of sales	(751.6)	(500.7)	(237.1)	(244.8)
Gross profit	343.7	111.1	121.8	97.0
<i>Gross margin %</i>	<i>31.4%</i>	<i>18.2%</i>	<i>33.9%</i>	<i>28.4%</i>
Operating expenses ¹	(418.0)	(336.0)	(131.0)	(106.7)
<i>of which depreciation & amortisation</i>	<i>212.2</i>	<i>154.8</i>	<i>74.8</i>	<i>57.2</i>
Adjusted operating loss²	(74.3)	(224.9)	(9.2)	(9.7)
Adjusting operating items	(2.2)	(98.0)	0.9	(84.1)
Operating loss	(76.5)	(322.9)	(8.3)	(93.8)
Net financing expense	(137.3)	(143.1)	(16.9)	(64.3)
<i>of which adjusting financing items</i>	<i>34.1</i>	<i>(68.6)</i>	<i>21.2</i>	<i>(68.6)</i>
Loss before tax	(213.8)	(466.0)	(25.2)	(158.1)
Taxation	24.5	55.5	(7.5)	15.5
Loss for the period	(189.3)	(410.5)	(32.7)	(142.6)
Adjusted EBITDA^{1,2}	137.9	(70.1)	65.6	47.5
<i>Adjusted EBITDA margin</i>	<i>12.6%</i>	<i>n.m.</i>	<i>18.3%</i>	<i>13.9%</i>
Adjusted loss before tax¹	(245.7)	(299.4)	(47.3)	(5.4)
<i>EPS (pence)</i>	<i>(165.9)</i>	<i>(543.0)</i>		
Adjusted EPS (pence)²	(200.8)	(369.9)		

1. Excludes adjusting items; 2. For definition of alternative performance measures please see Appendix

Adjusted EBITDA was £138m, an improvement of £208m over the prior year, with a margin of 13%. This included a £5m trade debtor write down in Q2 related to legal action as announced on 22 June. The improved trading performance led to a significantly reduced operating loss of £77m (2020: £323m loss) and reflected:

- The flow through of revenue growth, a higher number of Specials and manufacturing efficiency actions contributing to a gross margin of 31% (up from 18% in 2020), offsetting the non-repeat of c.£13m of furlough credits received in the prior year;
- Increased brand investment as events such as Goodwood Festival of Speed and Pebble Beach Concours d'Elegance resumed post-pandemic, as well as events associated with F1™ and the release of the James Bond film *No Time To Die*;
- Higher depreciation and amortisation (D&A) charges of £212m, up £57m on the prior year, principally due to a full year of DBX, the start of Aston Martin Valkyrie programme deliveries and in Q4, accelerated depreciation of capitalised development costs ahead of next generation sports cars in 2023. 2021 D&A was lower than previously guided (£225m-£235m) due to re-timing of some Aston Martin Valkyrie programme cars; and
- A £14m benefit from exchange rate movements.

Adjusting operating items of £2m predominantly related to ERP implementation costs (2020: £98m – predominantly impairment of capitalised development costs).

Net adjusted financing costs of £171m were up from £75m in the prior year reflecting a full year of the £1.1bn equivalent US\$ notes issued in October 2020 and the £70m equivalent notes issued in February 2021. The charge also includes a

£12m adverse FX charge given the US\$ denomination of the notes (2020 included a £31m FX benefit). Adjusted loss before tax was £246m (2020: £299m loss). The adjusting net finance credit of £34m related to fair value movements of outstanding warrants (2020: adjusting net finance charge of £69m), leading to a reduced loss before tax of £214m (2020: £466m).

The tax credit on the adjusted loss before tax is £16m. The effective tax rate at 6.6% is lower than the 19% standard UK tax rate mainly due to movements in unprovided deferred tax related to losses and a restriction on the amount of interest that can be deducted for tax purposes. Tax on adjusting items was recognised as appropriate and resulted in a net tax credit of £8m, giving an overall tax credit of £25m.

The total share count at 31 December 2021 was 116 million following the exercise of 1.5 million warrants linked to the second lien notes. The weighted average number of shares in 2021 was 116 million. 4.8 million warrants remain outstanding and are exercisable until December 2027. The Company is embedding the first tranche of technology from Mercedes-Benz AG into its product renewal and expansion pipeline. There are currently no plans to issue additional shares to Mercedes-Benz AG until early 2023.

Cash flow and net debt

<i>£m</i>	FY-21	FY-20	Q4-21	Q4-20
Cash generated/(used) from operating activities	178.9	(198.6)	27.5	73.5
Cash used in investing activities (excl. interest)	(185.2)	(260.7)	(49.0)	(56.6)
Net cash interest paid	(116.9)	(80.0)	(62.6)	(42.6)
Free Cash outflow	(123.2)	(539.3)	(84.1)	(25.7)
Cash inflow from financing activities (excl. interest)	51.5	922.5	7.5	204.9
(Decrease)/increase in net cash	(71.7)	383.2	(76.6)	179.2
Effect of exchange rates on cash and cash equivalents	1.2	(1.7)	0.3	2.9
Cash balance	418.9	489.4	418.9	489.4

Net cash inflow from operating activities was £179m (2020: £199m outflow) including a net working capital inflow of £56m. The largest movement was receivables, a £75m increase, given the phasing of Q4 deliveries due to supply chain constraints in the quarter; this has substantially unwound in the first eight weeks of 2022. There was an offsetting £71m deposit inflow highlighting strong demand for Aston Martin Valkyrie Spider and Valhalla and a £53m payables inflow principally associated with future product rollout plans. Inventories reflected the working capital benefits of the manufacturing consolidations completed during the year, £8m lower despite the step up for Aston Martin Valkyrie build and the expanded product portfolio. Capital expenditure was £185m, lower than the c.£215m-£230m previously guided, as product development plans mature, aligned to medium-term business plan objectives. Investment was focused on DBX derivatives, the next generation of front-engine vehicles due to launch in 2023 and Aston Martin Valkyrie programme vehicles.

Free cashflow of £(123)m was significantly improved on the prior year (2020: £(539)m) reflecting the improved trading performance, demand for Specials, tight working capital control and planned capital expenditure phasing.

Cash inflow from financing (excluding interest) of £52m included gross proceeds from note issuance of £77m in February. The net cash outflow of £72m resulted in a closing cash balance of £419m at 31 December 2021 (31 December 2020: £489m).

£m	31 Dec-21	31 Dec-20
Loan Notes ¹	(1,074.9)	(965.0)
Inventory financing	(19.7)	(38.2)
Bank loans and overdrafts	(114.3)	(119.8)
Lease liabilities (IFRS 16)	(103.4)	(103.0)
Gross debt	(1,312.3)	(1,226.0)
Cash balance	418.9	489.4
Cash not available for short-term use	1.8	9.9
Net debt	(891.6)	(726.7)

1 US\$ notes of £1.1bn equivalent (First lien of £840m at 10.5% interest maturing in November 2025; Second lien of £259m at 15.0% split interest (8.9% cash; 6.1% PIK) with detachable warrants maturing in November 2026). These instruments carry no-call options of three years for the second lien and four years for the first lien.

Cash at 31 December 2021 of £419m included £77m gross proceeds from the note issuance completed in February. Net debt at 31 December 2021 was £892m (31 December 2020: £727m) reflecting the free cash outflow. With the exercise of some of the warrants attached to the second lien notes, the Company received cash of £15m in the year.

Gross debt includes £80m drawn down on the RCF, broadly unchanged year-on-year (2020: £79m), reduced inventory financing of £20m (2020: £38m) as the Company tightly managed working capital requirements, and a £12m FX revaluation of the US\$ denominated notes.

APPENDICES

Dealerships

	31 Dec-21	31 Dec-20
UK	22	22
Americas	44	43
EMEA ex. UK	53	52
APAC	49	50
Total	168	167
<i>Number of countries</i>	56	54

Alternative Performance Measure

<i>£m</i>	FY-21	FY-20
Loss before tax	(213.8)	(466.0)
Adjusting operating expense	2.2	98.0
Adjusting finance income	(34.1)	(6.9)
Adjusting finance expense	-	75.5
Adjusted EBT	(245.7)	(299.4)
Adjusted finance (income)	(2.3)	(33.1)
Adjusted finance expense	173.7	107.6
Adjusted operating loss	(74.3)	(224.9)
Reported depreciation	74.6	55.7
Reported amortisation	137.6	99.1
Adjusted EBITDA	137.9	(70.1)

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 operating loss 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 EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement
- 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, cash held not available for short-term use
- Free cashflow is represented by cash (outflow)/inflow from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

Further details and definitions of adjusting items are contained in note 5 of the Financial Statements.

		2021			2020		
	Notes	Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	1,095.3	–	1,095.3	611.8	–	611.8
Cost of sales		(751.6)	–	(751.6)	(500.7)	–	(500.7)
Gross profit		343.7	–	343.7	111.1	–	111.1
Selling and distribution expenses		(84.8)	–	(84.8)	(79.6)	–	(79.6)
Administrative and other operating expenses		(333.2)	(2.2)	(335.4)	(256.4)	(98.0)	(354.4)
Operating loss	4	(74.3)	(2.2)	(76.5)	(224.9)	(98.0)	(322.9)
Finance income	6	2.3	34.1	36.4	33.1	6.9	40.0
Finance expense	7	(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	8	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				3.8			(59.1)
Taxation on items that will never be reclassified to the Income Statement	8			(1.0)			12.3
Effect of change in rate in taxation	8			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				(0.3)			6.6
Amounts reclassified to the Income Statement – cash flow hedges				(4.3)			9.7
Taxation on items that may be reclassified to the Income Statement	8			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	9			(165.9p)			(543.0p)
Diluted loss per share	9			(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.

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	–	–	–	–	–	–	(0.3)	–	–	(0.3)
Amounts reclassified to the Income Statement – cash flow hedges	–	–	–	–	–	–	(4.3)	–	–	(4.3)
Remeasurement of Defined Benefit liability	–	–	–	–	–	–	–	3.8	–	3.8
Effect of change in rate of taxation (note 8)	–	–	–	–	–	–	(0.8)	6.8	–	6.0
Tax on other comprehensive income (note 8)	–	–	–	–	–	–	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 11)	0.1	15.1	–	–	–	–	–	14.8	–	30.0
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	–	3.1	–	3.1
Effect of change in rate of taxation (note 8)	–	–	–	–	–	–	–	4.7	–	4.7
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	0.1	–	0.1
Reclassification (note 11)	–	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	–	–	–	–	–	–	6.6	–	–	6.6
Amounts reclassified to the Income Statement – cash flow hedges	–	–	–	–	–	–	9.7	–	–	9.7
Remeasurement of Defined Benefit liability	–	–	–	–	–	–	–	(59.1)	–	(59.1)
Tax on other comprehensive income	–	–	–	–	–	–	(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 11)	18.7	755.9	144.0	–	–	–	–	–	–	918.6
Capital reduction	(9.3)	–	–	9.3	–	–	–	–	–	–
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	–	4.2	–	4.2
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(6.6)	(6.6)
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	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		1,384.1	1,336.8
Property, plant and equipment		355.5	389.6
Right-of-use lease assets		76.0	71.4
Trade and other receivables		2.1	0.9
Other financial assets		0.5	0.1
Deferred tax asset		156.4	106.5
		1,974.6	1,905.3
Current assets			
Inventories		196.8	207.4
Trade and other receivables		243.4	177.9
Income tax receivable		1.5	0.2
Other financial assets		7.3	14.6
Cash and cash equivalents		418.9	489.4
		867.9	889.5
Total assets		2,842.5	2,794.8
Current liabilities			
Borrowings		114.3	113.5
Trade and other payables		721.0	578.9
Income tax payable		5.5	1.2
Other financial liabilities		34.8	83.3
Lease liabilities		9.7	9.3
Provisions		19.9	22.1
		905.2	808.3
Non-current liabilities			
Borrowings		1,074.9	971.3
Trade and other payables		9.8	7.5
Lease liabilities		93.7	93.7
Provisions		19.0	16.8
Employee benefits		78.7	92.5
Deferred tax liabilities		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	11	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		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

TOBIAS MOERS

CHIEF EXECUTIVE OFFICER

COMPANY NUMBER: 11488166

KENNETH GREGOR

CHIEF FINANCIAL OFFICER

	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	8	(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		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		8.1	(0.9)
Income taxes paid	8	(9.0)	(9.2)
Net cash inflow/(outflow) from operating activities		178.9	(198.6)
Cash flows from investing activities			
Interest received	6	1.1	2.3
Increase in loan assets		(1.4)	–
Decrease in loan assets		0.9	–
Payments to acquire property, plant and equipment		(40.7)	(81.0)
Payments to acquire intangible assets		(144.0)	(179.7)
Net cash used in investing activities		(184.1)	(258.4)
Cash flows from financing activities			
Interest paid		(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		(9.9)	(12.2)
Repayment of existing borrowings		(37.3)	(1,092.3)
Proceeds from inventory repurchase arrangement		19.0	76.8
Repayment of inventory repurchase arrangement		(40.0)	(80.0)
Proceeds from new borrowings		108.5	1,252.7
Transaction fees paid on issuance of shares		(1.3)	(34.9)
Transaction fees paid on financing activities		(2.8)	(41.9)
Net cash (outflow)/inflow from financing activities		(66.5)	840.2
Net (decrease)/increase in cash and cash equivalents		(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

1 BASIS OF ACCOUNTING

Aston Martin Lagonda Global Holdings plc (the “Company”) is a company incorporated in England and Wales and domiciled in the UK. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

The Group Financial Statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

The Group Financial Statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required as explained below. The Financial Statements are prepared in millions to one decimal place, and in sterling which is the Company’s functional currency.

The financial information set out does not constitute the Company's financial statements for the years ended 31 December 2021 or 2020 but is derived from those financial statements. Financial statements for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditors have reported on those accounts. Their reports for both years ended 31 December 2021 and 31 December 2020 were not qualified. Their reports did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

CLIMATE CHANGE

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year and the new sustainability goals including the stated net zero targets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group’s going concern assessment to June 2023 nor the viability of the Group over the next five years. The following specific points were considered:

- The Group has a Strategic co-operation agreement with Mercedes Benz AG. The agreement provides the Company with access to a wide range of world-class technologies for the next generation of

luxury vehicles which are planned to be launched through to 2027, in particular, powertrain architecture for conventional, hybrid and electric vehicles as well as future electric/electronic architecture.

- The Group continues to invest in onsite renewable energy generation solutions for our facilities and the use of sustainable materials within production and the required capital investment is included in our five year forecasts to enable us to meet our target for net-zero manufacturing facilities by 2030.
- Management has considered the impact of climate change on a number of key estimates within the financial statements, including the estimates of future cash flows used in impairment assessments of the carrying value of non-current assets (such as capitalised development cost intangible assets) and the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK.

GOING CONCERN

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of \$1,184.0m of First Lien notes at 10.5% which mature in November 2025, \$335.0m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a revolving credit facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility. Under the RCF the Group is required to comply with a liquidity covenant until May 2022 and a leverage covenant thereafter tested quarterly from June 2022.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2023 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with the ultra-luxury performance-oriented strategy. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling

price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 25% reduction in DBX volumes from forecast levels and operating costs higher than the base plan.

The Group plans to make continued investment for growth in the period and, accordingly, funds generated through operations are expected to be reinvested in the business mainly through new model development and other capital expenditure. To a certain extent such expenditure is discretionary and, in the event of risks occurring which could have a particularly severe effect on the Group, as identified in the severe but plausible downside scenario, actions such as constraining capital spending, working capital improvements, reduction in marketing expenditure and the continuation of strict and immediate expense control would be taken to safeguard the Group's financial position.

1 BASIS OF ACCOUNTING

GOING CONCERN CONTINUED

In addition, we also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by 40% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to comply with its financial covenants therefore the Directors continue to adopt the going concern basis in preparing the Financial Statements.

3 SEGMENTAL REPORTING

Operating segments are defined as components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision-maker in assessing performance. The Group has only one operating segment, the automotive segment, and therefore no separate segmental report is disclosed. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including consulting services; as well as the sale of parts, servicing and automotive brand activities from which the Group derives its revenues.

2 ACCOUNTING POLICIES

ADJUSTING ITEMS

An adjusting item is disclosed separately in the Consolidated Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group including where they are not expected to repeat in future periods. The tax effect is also included.

Details in respect of adjusting items recognised in the current and prior year are set out in note 5 in the Financial Statements.

Revenue	2021 £m	2020 £m
Analysis by category		
Sale of vehicles	1,005.4	535.1
Sale of parts	65.5	56.6
Servicing of vehicles	10.6	6.6
Brands and motorsport	13.8	13.5
	1,095.3	611.8

Revenue	2021 £m	2020 £m
Analysis by geographic location		
United Kingdom	231.3	106.0
The Americas	302.7	162.5
Rest of Europe, Middle East and Africa	233.8	184.9
Asia Pacific	327.5	158.4
	1,095.3	611.8

4 OPERATING LOSS

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

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

* Government grant income has been offset against the qualifying employee expenditure within the Consolidated Income Statement. Grant income in 2020 represents government wage subsidies paid through the Job Retention Scheme. There are no unfulfilled conditions outstanding and the grant has been recognised in full.

** Election taken by the Group to not recognise right-of-use lease assets and equivalent lease liabilities for short term and low value leases.

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

5 ADJUSTING ITEMS

	2021 £m	2020 £m
Adjusting operating expenses:		
Impairment of assets:		
Development costs ⁶	–	(69.4)
Plant, machinery, fixtures and fittings ⁷	–	(3.8)
Tooling ⁶	–	(3.3)
Right-of-use lease assets ⁷	–	(2.8)
	–	(79.3)
Restructuring:		
Employee restructuring costs ¹	2.4	(12.4)
Motorsport exit costs ⁸	–	(6.2)
Director settlement arrangements and incentive payments ⁹	–	(2.7)
Lease early exit costs ²	(0.6)	–
ERP implementation costs ³	(4.0)	–
Initial Public Offering costs:		
Staff incentives ¹⁰	–	2.6
	(2.2)	(98.0)
Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions ¹¹	–	6.9
Gain on financial instruments recognised at fair value through Income Statement ⁴	34.1	
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes ¹¹	–	(21.4)
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes ¹¹	–	(7.6)
Loss on financial instruments recognised at fair value through Income Statement ⁴	–	(45.3)
Professional fees incurred on refinancing expensed directly to the Income Statement ¹²	–	(1.2)
	34.1	(68.6)
Total adjusting items before tax	31.9	(166.6)
Tax (charge)/credit on adjusting items ⁵	(8.1)	32.9
Tax credit due to remeasurement of deferred tax on previously classified adjusting items ⁵	16.4	–
Adjusting items after tax	40.2	(133.7)

Summary of 2021 adjusting items

- During 2020 the Group provided £12.1m for restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020. A revision to the estimated total costs resulting from greater natural attrition has resulted in £2.4m of the existing provision being released to the Income Statement during the year ended 31 December 2021. The cash impact of the restructuring cost is realised in line with the movement in the provision. The credit to the Consolidated Income Statement in 2021 has no cash impact.
- In the year ended 31 December 2021 the Group continued to rationalise its geographical footprint. The Group incurred £0.6m of costs associated with surrendering a lease 30 months early. These costs have been disclosed consistent with prior periods. The rationalisation of the geographical footprint is now complete. The associated cash outflow related to this adjustment will be realised during 2022 and 2023 in line with the exit agreement.
- During the year ended 31 December 2021 the Group commenced a digital transformation strategy project which includes the implementation of a cloud-based ERP for which the Group will not own any Intellectual Property. This project will continue into 2022. £4.0m of costs have been incurred in the period under the service contract and expensed to the Income Statement. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting. The cash impact of this item is a working capital outflow at the time of invoice payment.
- The Group issued second lien Senior Secured Notes ("SSNs") during the year ended 31 December 2020 which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the derivative option liability from initial pricing during October 2020 when the SSNs were marketed to the 31 December 2020 resulted in a loss of £45.3m being recognised in the Income Statement. The movement in fair value of the liability in the year ended 31 December 2021 resulted in a gain of £34.1m being recognised in the Income Statement. There is no cash impact of this adjustment.
- In 2021, a total tax credit of £8.3m has been recognised as an adjusting item. The effective tax rate associated with the tax credit on adjusting items in the period is not in line with the standard rate of income tax for the Group at 19% (2020: 19%). This is due to a £16.4m tax credit attributable to deferred tax balances on items treated as adjusting in previous years being re-measured at 25%.

Summary of 2020 adjusting items

- On 27 October the Group announced an expanded and enhanced technology agreement with Mercedes-Benz AG, giving access to powertrain architecture (for conventional, hybrid and electric vehicles) and future oriented electric/electronic architecture for all product launches through to 2027. Following incorporation of the benefits of this enhanced partnership on the Group's business plan, and other cycle plan updates following the strategic review of the business plan, the carrying value of capitalised tooling and intangible development costs have been impaired by £72.7m to reflect the change in future vehicle powertrains and electronic architecture. There was no cash impact of this item.
- In 2020 the Group commenced a rationalisation exercise to reduce its geographical footprint. This resulted in a £2.8m right-of-use lease asset and £3.8m plant and machinery impairment charge triggered by the conclusion of activity at a number of the Group's leased sites. There was no cash impact of this item.
- In December 2020 Aston Martin announced that, following conclusion of the 2020 FIA World Endurance Championship, it would cease operation of a factory GTE team into 2021 incurring termination costs of £6.2m. The cash outflow associated with this item is realised during 2022-2024 in line with termination agreement.

5 ADJUSTING ITEMS CONTINUED

Summary of 2020 adjusting items continued

- It was announced on 27 February 2020 that Mark Wilson would step down as CFO and as an Executive Director of the Group on 30 April 2020. Subsequent to this, on 25 May 2020, Dr Andrew Palmer stepped down as CEO and as an Executive Director of the Group. Tobias Moers joined the Group as CEO and Executive Director on 1 August 2020. Amounts due as a result of these changes were £2.7m. The associated cash outflow took place during 2020 and 2021 in line with the relevant individuals' agreement.

10. In the year ended 31 December 2020 a Legacy Long term Incentive Plan ("LTIP") charge of £3.8m was recognised within 'Staff incentives'. As an offset to this due to the reduced performance of the Group, the remaining Initial Public Offering ("IPO") bonus held for management was no longer forecast to be paid. This resulted in £6.4m being credited back to the Consolidated Income Statement.
11. On 27 October the Group announced the successful arrangement of a new financing package including the issuance of \$1,085.5m of US dollar First Lien notes and \$335m of US dollar Second Lien split coupon notes. Proceeds from this financing package were used to redeem the existing Senior Secured Notes ("SSNs") in full ahead of their April 2022 maturity date. In redeeming the existing SSNs early the Group incurred an early redemption premium of £21.4m. Professional fees capitalised against the existing SSNs of £7.6m were written off to the Income Statement upon redemption.
- Upon the successful arrangement of the new finance package, the Group entered into a conditional forward currency contract to hedge the net US dollar cash receipt into sterling upon completion of the transaction. Movement in the US dollar to sterling exchange rate between the arrangement date and transaction date resulted in the recognition of a £6.9m currency gain in the Income Statement. The cash effect of these items was realised at the point in time of the transaction.
12. Fees incurred on raising the second lien loan notes in December 2020 were allocated between the debt and warrant elements on a proportional basis. The fees allocated to the warrants have been written off in the period they were incurred. The cash impact of this item was realised at the transaction date upon payment of the fees.

6 FINANCE INCOME

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

7 FINANCE EXPENSE

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

8 TAXATION

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

(A) RECONCILIATION OF THE TOTAL INCOME TAX CREDIT

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

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

(B) TAX PAID

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

(C) FACTORS AFFECTING FUTURE TAX CHARGES

The tax rate applied to UK profits is impacted by the UK Budget 2021 announcement to increase the UK's main rate of corporation tax from 19% to 25%, effective from 1 April 2023.

9 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year. As part of the Strategic Cooperation Agreement entered into in December 2020 with Mercedes-Benz AG, shares were issued for access to tranche 1 technology. The Agreement includes an obligation to issue further shares for access to further technology in a future period. Warrants to acquire shares in the Company were issued in December 2020 as part of the refinancing of the Group. A total of 6,332,393 ordinary shares could be issued to warrant holders who can exercise their rights from 1 July 2021 through to 7 December 2027. During the period a total of 1,525,926 ordinary shares were issued (note 11) resulting in 4,806,467 unexercised options. Both the future MBAG tranches and the future issuance of warrants may have a dilutive effect in future periods if the group generates a profit.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year including the future technology shares and warrants detailed above. The weighted average number of dilutive ordinary share awards outstanding during the year are excluded when including them would be anti-dilutive to the earnings per share value.

Continuing and total operations	2021	2020
Basic earnings per ordinary share		
Loss available for equity holders (£m)	(191.6)	(419.3)
Basic weighted average number of ordinary shares (million) ¹	115.5	77.2
Basic loss per ordinary share (pence)	(165.9p)	(543.0p)
Diluted earnings per ordinary share		
Loss available for equity holders (£m)	(191.6)	(419.3)
Diluted weighted average number of ordinary shares (million) ¹	115.5	77.2
Diluted loss per ordinary share (pence)	(165.9p)	(543.0p)

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

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

Adjusted earnings per share is disclosed in note 13 to show performance undistorted by adjusting items and to give a more meaningful comparison of the Group's performance.

10 NET DEBT

The Group defines Net Debt as current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents including cash held not available for short term use.

	2021 £m	2020 £m
Cash and cash equivalents	418.9	489.4
Cash held not available for short term use	1.8	9.9
Inventory repurchase arrangement	(19.7)	(38.2)
Lease liabilities – current	(9.7)	(9.3)
Lease liabilities – non-current	(93.7)	(93.7)
Loans and other borrowings – current	(114.3)	(113.5)
Loans and other borrowings – non-current	(1,074.9)	(971.3)
Net debt	(891.6)	(726.7)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	(70.5)	381.5
Add back cash flows in respect of other components of net debt:		
New borrowings	(108.5)	(1,252.7)
Proceeds from inventory repurchase arrangement	(19.0)	(76.8)
Repayment of existing borrowings	37.3	1,092.3
Repayment of inventory repurchase arrangement	40.0	80.0
Lease liability payments	9.9	12.2
Movement in cash held not available for short term use	(8.1)	0.9
Transaction fees	1.9	41.9
(Increase)/decrease in net debt arising from cash flows	(117.0)	279.3
Non-cash movements:		
Foreign exchange (loss)/gain on secured loan	(12.4)	30.8
Interest added to debt	(13.4)	(8.6)
Premium on the early redemption of SSNs	–	(21.4)
Borrowing fee amortisation	(7.5)	(13.0)
Lease liability interest charge	(3.9)	(4.1)
Lease modifications	0.4	(1.7)
New leases	(11.5)	2.6
Unpaid transaction fees	–	0.8
Foreign exchange gain and other movements	0.4	(3.8)
(Increase)/decrease in net debt	(164.9)	260.9
Net debt at beginning of the year	(726.7)	(987.6)
Net debt at the end of the year	(891.6)	(726.7)

11 SHARE CAPITAL AND OTHER RESERVES

	Number of Shares	Nominal Value £	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m
Allotted, called up and fully paid						
Opening balance at 1 January 2020	228,002,890	0.009039687	2.1	352.3	–	–
Private placing ¹	76,000,000	0.009039687	0.7	170.3	–	–
Rights issue ²	1,216,011,560	0.009039687	11.0	353.7	–	–
Non-pre-emptive placing and retail offer ³	304,000,000	0.009039687	2.7	–	149.4	–
Placing Shares ⁴	250,000,000	0.009039687	2.3	122.7	–	–
Tranche 1 Consideration Shares ⁵	224,657,287	0.009039687	2.0	140.3	–	–
Issue of new shares ⁶	3	0.009039687	–	–	–	–
Transaction costs arising on the issuance of ordinary shares	–	–	–	(31.1)	(5.4)	–
	2,298,671,740	0.009039687	20.8	1,108.2	144.0	–
Share split – original shares ⁷	2,298,671,740	0.005000000	11.5	–	–	–
Share split – deferred shares ⁷	2,298,671,740	0.004039687	9.3	–	–	–
Cancellation of deferred shares ⁷	(2,298,671,740)	(0.004039687)	(9.3)	–	–	9.3
	2,298,671,740	0.005000000	11.5	1,108.2	144.0	9.3
Consolidation of shares ⁷	(2,183,738,153)	–	–	–	–	–
Balance as at 31 December 2020 and 1 January 2021	114,933,587	0.100000000	11.5	1,108.2	144.0	9.3
Exercise of warrant options ⁸	1,525,926	0.100000000	0.1	15.1	–	–
Transfer between reserves	–	–	–	0.1	(0.1)	–
Closing balance at 31 December 2021	116,459,513	0.100000000	11.6	1,123.4	143.9	9.3

- On 31 March 2020 the Company issued 76.0m ordinary shares by way of a private placing. The shares were issued at 225p raising gross proceeds of £171.0m, with £0.7m recognised as share capital and the remaining £170.3m recognised as share premium.
- On 1 April 2020 the Company issued 1,216.0m ordinary shares by way of a rights issue. The shares were issued at 30p raising gross proceeds of £364.7m, with £11.0m recognised as share capital and the remaining £353.7m recognised as share premium. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 642.4m shares issued were considered bonus shares. The weighted average shares used to calculate Earnings Per Share (see note 9) has been adjusted accordingly.
- On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.
- On 7 December 2020 the Company issued 250.0m ordinary shares by way of a placing. The shares were issued at 50p raising gross proceeds of £125.0m, with £2.3m recognised as share capital and the remaining £122.7m recognised as share premium.
- On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired, with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.
- On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation in sub-note 7 below.
- On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.
- On 15 July 2021 945,131 ordinary shares in the Company were issued to satisfy the redemption of 18,902,665 warrant options. £9.5m of cash was received for the shares. On 22 July 2021 330,795 ordinary shares in the Company were issued to satisfy the redemption of 6,615,932 warrant options. £3.3m of cash was received for the shares. On 11 December 2021 250,000 ordinary shares in the Company were issued to satisfy the redemption of 5,000,003 warrant options. £2.5m of cash was received for the shares. Upon issuance of the shares the corresponding derivative option liability is extinguished resulting in a total credit to Retained Earnings during the year ended 31 December 2021 of £14.8m.

12 POST BALANCE SHEET EVENTS

On 31 January 2022, the Defined Benefit pension scheme operated by the Group was closed to future accrual. All active scheme participants have become deferred members. A curtailment loss of c.£3m and other associated closure costs of c.£11m are expected to be recognised by the Group during 2022.

13 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.

The key APMs that the Group focuses on are as follows:

- i) Adjusted EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement.
- ii) Adjusted EBIT is operating (loss)/profit before adjusting items.
- iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.
- iv) Adjusted operating margin is adjusted operating (loss)/profit divided by revenue.
- v) Adjusted EBITDA margin is adjusted EBITDA (as defined above) divided by revenue.
- vi) Adjusted Earnings Per Share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
- vii) Net Debt is current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash held not available for short term use as shown in the Consolidated Statement of Financial Position.
- viii) Adjusted leverage is represented by the ratio of Net Debt to the last twelve months ('LTM') Adjusted EBITDA.
- ix) Free cash flow is represented by cash (outflow)/inflow from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

INCOME STATEMENT

	2021 £m	2020 £m
Loss before tax	(213.8)	(466.0)
Adjusting operating expenses (note 5)	2.2	98.0
Adjusting finance expense (note 7)	–	75.5
Adjusting finance income (note 6)	(34.1)	(6.9)
Adjusted loss before tax (EBT)	(245.7)	(299.4)
Adjusted finance income	(2.3)	(33.1)
Adjusted finance expense	173.7	107.6
Adjusted Operating Loss (EBIT)	(74.3)	(224.9)
Adjusted Operating Margin	(6.8%)	(36.8%)
Reported depreciation	74.6	55.7
Reported amortisation	137.6	99.1
Adjusted EBITDA	137.9	(70.1)
Adjusted EBITDA Margin	12.6%	(11.5%)

EARNINGS PER SHARE

	2021 £m	2020 £m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	(191.6)	(419.3)
Adjusting items (note 5)		
Adjusting items before tax (£m)	(31.9)	166.6
Tax on adjusting items (£m)	(8.3)	(32.9)
Adjusted loss (£m)	(231.8)	(285.6)
Basic weighted average number of ordinary shares (million) ¹	115.5	77.2
Adjusted loss per ordinary share (pence)	(200.8p)	(369.9p)
Adjusted diluted earnings per ordinary share		
Adjusted loss (£m)	(231.8)	(285.6)
Diluted weighted average number of ordinary shares (million)	115.5	77.2

Adjusted diluted loss per ordinary share (pence)

(200.8p)

(369.9p)

1. Average number of ordinary shares has been reduced by a ratio of 20:1 reflecting the share consolidation undertaken in December 2020.

13 ALTERNATIVE PERFORMANCE MEASURES CONTINUED

NET DEBT

	2021 £m	2020 £m
Opening cash and cash equivalents	489.4	107.9
Cash inflow/(outflow) from operating activities	178.9	(198.6)
Cash outflow from investing activities	(184.1)	(258.4)
Cash (outflow)/inflow from financing activities	(66.5)	840.2
Effect of exchange rates on cash and cash equivalents	1.2	(1.7)
Cash and cash equivalents at 31 December	418.9	489.4
Cash held not available for short term use	1.8	9.9
Borrowings	(1,189.2)	(1,084.8)
Lease liabilities	(103.4)	(103.0)
Inventory repurchase arrangement	(19.7)	(38.2)
Net Debt	(891.6)	(726.7)
Adjusted EBITDA	137.9	(70.1)
Adjusted leverage	6.5x	n.m

FREE CASH FLOW

	2021 £m	2020 £m
Net cash inflow/(outflow) from operating activities	178.9	(198.6)
Cash used in investing activities (excluding interest received)	(185.2)	(260.7)
Interest paid less interest received	(116.9)	(80.0)
Free cash flow	(123.2)	(539.3)