

Business Review of Aston Martin Through Utilisation of Published Financial Statements for the Past Three Years.

Author: Bethan Morgans

University of Wales Trinity Saint David

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Lecturer: Howard Davies



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

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Business Review Aston Martin Utilising Their Published Financial Statements

1. Executive Summary

Aston Martin have experienced situations of financial instability more than seven times during their existence (Hussain, 2023), with the most recent financial reports indicating they require rescuing with further financial support. Primary concerns relate to short to midterm cashflows and liquidity, as finance activity outflows accelerate faster than operating activity inflows. Internal strategies require improved focus in the areas of overall business strategy, economic factors and competitive market conditions. Aston Martin should be encouraged to work on the recommendations in section 5, with further emphasis on improving cashflow and operating activities in order to increase profits via stronger debtor and creditor control practices, improved inventory turnover and an improved cash control culture internally.

2. Introduction

Aston Martin is acknowledged as an iconic, exclusive and luxury sports car, global brand which was founded in 1913 by Lionel Martin and Robert Bamford (Aston Martin, 2017), trading as Aston Martin Lagonda Global Holdings PLC on the London Stock Exchange (LSE, 2023). Aston Martin have continuously expanded their presence around the world, with the dealer network spanning more than 160 locations and 53 countries. They have recently introduced a three-pillar product strategy focusing on front-engine, SUVs and mid-engine (Aston Martin, 2022). Majority of Aston Martin's revenue is generated in the United Kingdom and through the production of petrol cars. However, they plan on launching their first electric vehicle (EV) in 2025, with every model will be available with an electrified powertrain by 2026 (Stafford, 2022).

The following business report analyses financial statements and calculates a range of key financial ratios in order to measure the financial health of Aston Martin. The report will examine the profit and loss accounts, balance sheets, and cashflow reports from 2020, 2021 and 2022 H1 to critically evaluate the profitability, activity, liquidity, leverage and investor ratios. Analysis for each ratio is represented in section 4 and the conclusion and recommendations in section 5 highlights opportunities to improve financial management within the business.

3. Aston Martin Results

Aston Martin								
Year	2019	2020	2021	2022 H1				
Revenue		612	1,095	541.7				
COGS		501	752	353.6				
Gross Profit		111	344	188.1				
SG&A		434	420	260.8				
Operating Profit		-323	-77	-89.9				
Interest		-183	-174	-221.1				
Tax								
Net Income		-411	-189	-289.8				
Balance Sheet					Gross Margin %	18.2%	31.4%	34.72%
Year	2019	2020	2021	2022 H1	Operating Profit %	-52.8%	-7.0%	-16.6%
Fixed Assets		1,905	1,975	1981.4	Net Profit %	-67.1%	-17.3%	-53.5%
Stock	200.7	207	197	307.6	Return on Assets	-14.7%	-6.7%	-10.6%
Cash and Cash Equivalents		489	419	156.2	Return on Shareholder Equity	-51.05%	-28.66%	-76.71%
Debtors		179	246	290.4	Current Ratio	1.10	0.96	0.80
Other Current Assets		15	7	9.2	Quick Ratio	0.84	0.74	0.48
Current Assets		890	869	763.4	Cash Ratio	0.61	0.46	0.16
					Days Sales Outstanding	106.67	81.81	97.84
					Inventory Turns	2.45	3.72	1.40
					Days Inventory	148.75	98.15	260.33
Total Assets		2,796	2,843	2,745	Days Payable Outstanding	422.01	354.90	434.99
Cash and Cash Equivalents		489	419	156.2	Gearing Ratio	57.43%	64.29%	77.26%
Creditors		579	731	842.8	Debt / Equity Ratio	2.35	3.17	6.26
Accruals					LT Debt / Equity Ratio	1.35	1.80	3.40
Current Liabilities		808	905	949.8	Interest Coverage	1.76	0.44	0.41
Long Term Liabilities		1,085	1,189	1283.8	Earnings Per Ordinary Share	-543	-165.9	-290
Total Liabilities		1,893	2,094	2365.9				
Net Assets		902	749	377.8				
Shareholders Equity		804	660	378				

Figure 1 – Summary of Aston Martin Annual Report Figures for the Period of 2020-2022 H1 (see appendix for full sent of results).

4. Analysis

4.1 Use and Limitations of Ratios

Ratio analysis compares data from a company's financial statements including, income statements, balance sheets and cashflow reports, to reveal insights regarding profitability, liquidity, operational efficiency, and solvency (Bloomenthal, 2022). Ratio analysis is typically employed by investors and financial analysts to evaluate the financial health of companies, allowing them to dissect past and current financial statements. The comparative data can be utilised as an indicator of performance overtime and for comparison with industry averages. Although, Bloomenthal (2022) discusses how majority of financial ratios are used for internal decision making, often prompting managers to identify ways they can improve performance, it can be argued that calculating a single value through ratio analysis holds little to no value at all. Alternatively, ratio analysis must be considered along with comparable figures to determine whether a company's financial health is strong, weak, improving or deteriorating, therefore requiring consistency in terms of annual financial analysis (Bloomenthal, 2022).

Although financial ratios are useful for internal use within companies, the Corporate Financial Institute (CFI) (2022) argue that they have many limitations. For example, it is difficult to predict the future company performance based on financial ratios alone, as the information used is based on real past results that are released by the company, therefore they do not necessarily represent the future performance of the company. The inflationary effect also adds to the limitations of financial ratios mentioned by the CFI, as the financial statements are released periodically, with time differences between each release. Therefore, if inflation has occurred in these periods, real prices are not reflected in the statements. This means financial statements and ratios are not comparable

until they are adjusted for inflation. Furthermore, operational changes may lead to misleading conclusions regarding the company's performance (CFI, 2022). Comparing ratios before and after changes in operational structure can skew the judgement of performance.

A further factor which may affect the validity of ratio analysis is the ability for the data to be manipulated by the company. The CFI (2022) have recognised that the information may be manipulated by the company's management to report a better result than its actual performance. This would lead to inaccurate ratio analysis as simple analysis such as this would not detect the misrepresentation of information provided.

4.2 Profitability

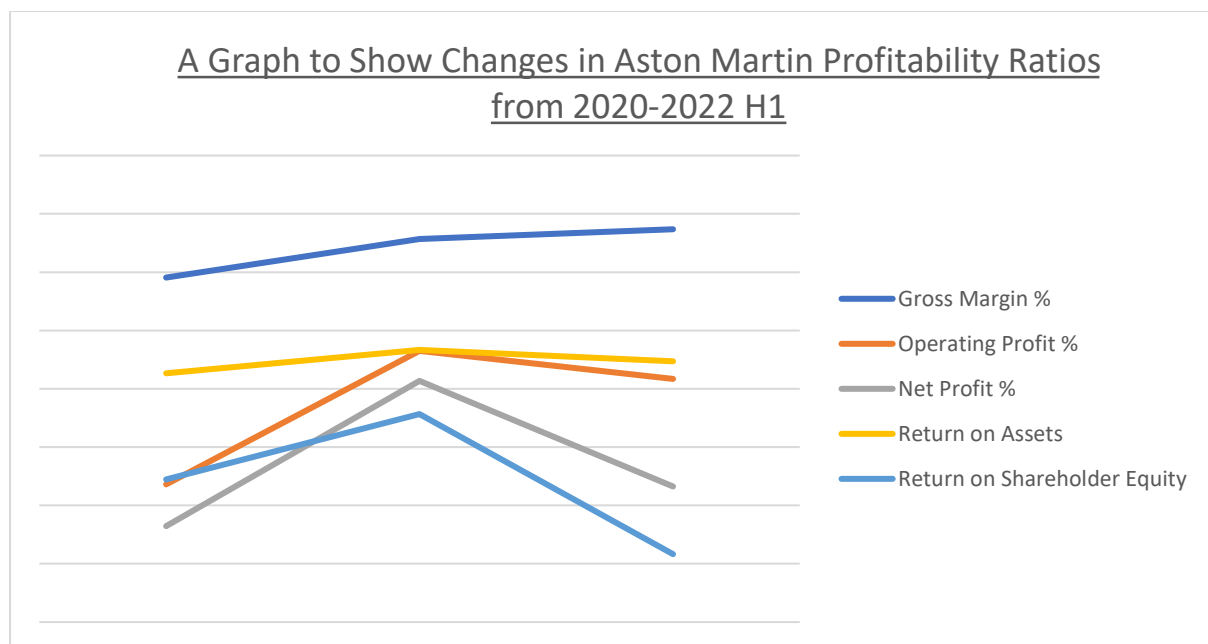


Figure 2 – A Graph Showing Overall Aston Martin Profitability Ratios for period 2020-2022 H1.

a) Gross Profit Margin

$$\text{Gross Profit Margin} = (\text{Gross Profit} \div \text{Sales}) \times 100$$

For businesses such as manufacturers and producers of goods, a gross profit of 50-70% would be considered healthy (BDC, 2022). However, Davidson (2022) argues that direct expenses should not exceed 40%, leaving you with a minimum gross profit margin of 60%. Financial year 2021 saw an increase of 13.2% in gross margin and a further increase in H1 2022 of 3.34%, although Aston Martin's gross profit remains low, with an average of 28.1% from 2020-2022 H1. The increase in cost of goods sold (COGS) in 2021 require further root-cause investigation, but may have been influenced by inflation, wages, materials, logistics and potential property, plant or equipment investments. H1, 2022 has already generated 47% of 2021 COGS, which indicates similar overall figures for COGS for 2022. Aston Martin must conduct an investigation into the drivers of cost increases to identify ways of improving gross margin levels and improve efficiency of managing their COGS. There are many improvements which could be employed by Aston Martin in order to improve their gross margin level, such as; streamlining processes to increase output, increasing pricing, identifying opportunities to reduce costs, building relationships with new suppliers to reduce supplier costs and implementing design changes to increase production and machine efficiencies.

b) Operating Profit & Net Profit

Operating Profit Margin = (Operating Profit ÷ Sales) x 100

Net Profit Margin = (Net Income ÷ Sales) x 100

For most businesses, operating profit margins above 15% are considered healthy (Girsch-Bock, 2022). However, Aston Martin are operating at a loss and have averaged an operating loss of -25.5% from 2020 – H1 of 2022. This is an indicator that Aston Martin's core operations are not profitable and changes are needed within their operations in order to increase revenues and decrease costs to regain an operating profit. Further investigations are required into their operating expenses in order to determine the driving force of their operating loss. However, it is evident that there was an increase in revenue in 2021 whilst operating costs remained stable. This increase may be a result of the pandemic as vehicle sales and production was more stable in 2021 than 2020 resulting in increased revenues in 2021 following the plummet in the UK automotive industry during the covid-19 pandemic.

Further to the operating losses, Aston Martin have experienced average net losses of -46% from 2020 – H1, 2022. In 2021, they reported a 45.8% reduction in operating loss and 49.8% reduction in net loss compared with the previous year. The improvement in both operating loss and gross margin suggests there have been positive changes driven by the company. As the reduction in operating loss was significantly more than the increase in gross margin, it is likely that there has been a reduction in overheads as well as the increase in gross profit.

The revenue for H1 2022 has reached 49% of the revenue achieved overall for financial year 2021, predicting a revenue similar to that of 2021. With gross margin of H1, 2022, being higher than 2021 so far, it suggests that the return on revenue has improved for 2022, which may be a result of stronger revenue per unit, smaller COGS per unit or a combination of the two.

c) Return on Assets

Return on Assets = (Net Income ÷ Assets) x 100

Generally, a return on assets (ROA) of above 5% is considered good, with figures above 20% being excellent (Hargrave, 2022). Aston Martin have consistently over the last 2.5 years generated a negative ROA, with the average ROA from 2020 – H1, 2022 being -10.6%.

d) Return on Equity

Return on Equity = Net Income ÷ Shareholder's Equity

Aston Martin's return on equity is negative, with an average for the period 2020 – H1, 2022 of -52%. It is evident that the reoccurring net losses over the past financial years has resulted in increased borrowing in order to remain operational. In line with other profitability ratios mentioned in this report, the return on equity confirms that Aston Martin are failing to generate a profit.

4.3 Liquidity

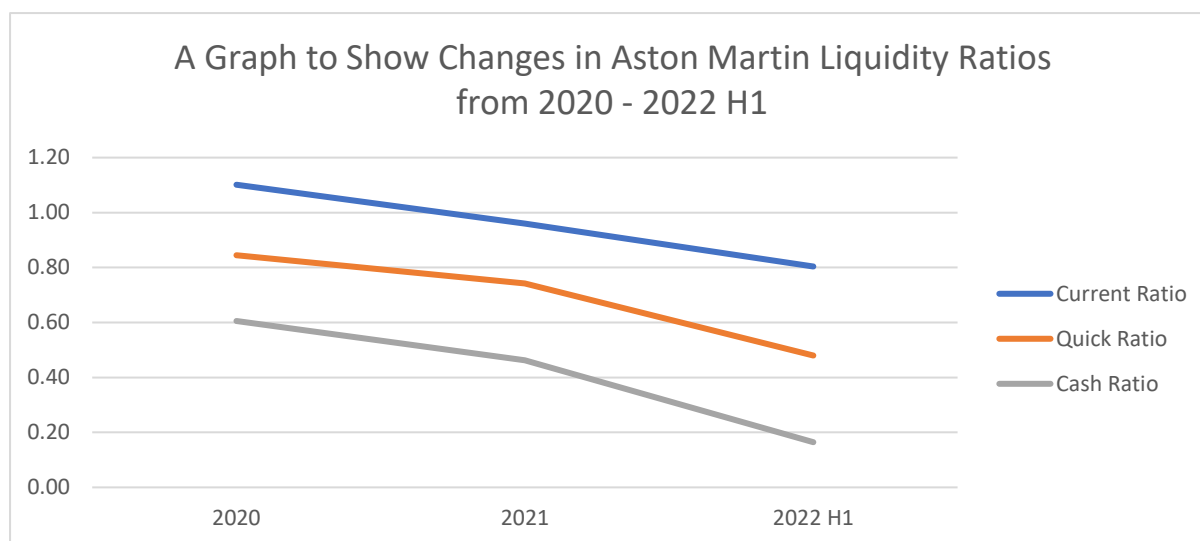


Figure 3 – A Graph Showing Overall Aston Martin Liquidity Ratios from 2020-2022 H1.

a) Current Ratio

Current Ratio = Current Assets ÷ Current Liabilities

Aston Martin's current ratio has a negative trend over the past 2.5 years as short-term liabilities have seen an increase of 12% in 2021 and a further 5% so far in H1, 2022. The current ratio has depleted from 1.10 in 2020 to 0.96 in 2021 and then 0.80 in H1, 2022. H1, 2022 has seen a heavy investment in inventory and a decline in the value of current assets. The acceleration in current liabilities in H1, 2022 is driven by increased short term borrowings and an increase in trade-payables (+15.3%). With a ratio of <1.00, Aston Martin have less assets than liabilities, suggesting they are taking on too much debt or their cash balance is depleting. The industry standard is 1.3-1.4 which indicates that a business has enough current assets in their current business to cover liabilities. A ratio under 1.00 indicates that the company's debts due in a year or less are greater than its assets (Fernando, 2022). It is possible for current ratios to be skewed, for instance if a retailer fails to offer credit to customers, this can reflect a high payable balance in relation to the receivable balance on the balance sheet, efficient supply chains will also help reduce inventory volumes which makes current assets shrink against current liabilities, which could show a lower ratio. However, as Aston Martin have a consistent negative trend in current ratio, along with negative profitability ratios, further investigation into cash balance and debt is prudent.

b) Quick Ratios

Quick Ratio = (Cash + Cash Equivalents) ÷ Current Liabilities

According to Seth (2022), a result of 1 for quick ratio is considered to be the normal quick ratio, with anything below 0.8, suggesting the business is at risk. A quick ratio of 1 indicates that the company is fully equipped with exactly enough assets to be instantly liquidated to pay off its current liabilities. Recent quick ratios for Aston Martin are below the industry average, declining from 0.84 in 2020 to 0.48 in H1, 2022. In this case, Aston Martin could be at risk of a liquidity crisis as the quick ratio figures suggest that they would find it difficult to meet short-term obligations such as repaying their loans and paying their employees or suppliers. Improvements should be

made with asset managements and account receivables in order to improve liquidity. Renegotiation with lenders could also be explored as a way of recovering liquidity.

c) Cash Ratios

$$\text{Cash Ratio} = (\text{Cash} + \text{Cash equivalents}) \div \text{Current Liabilities}$$

Although there is no industry standard for cash ratios, ideally, the cash ratio would be >1 as this would indicate that there is more cash and cash equivalents than current liabilities, but this is uncommon. However, on occasions a higher cash ratio may also reflect that the company is inefficiently utilising cash or not maximising the potential benefit of low-cost loans or potentially accumulating a protective capital cushion to protect them from a future profitability crisis (Kenton, 2022). Aston Martin have had a cash ratio of <1 consistently over the last 2.5 years, with H1, 2022 results being as low as 0.16, indicating that they have insufficient cash to cover their short-term debts. However, a thorough investigation would need to be conducted into the inventory management and credit terms with suppliers and customers to identify any possible conditions which may skew the balance sheets.

4.4 Activity Ratios

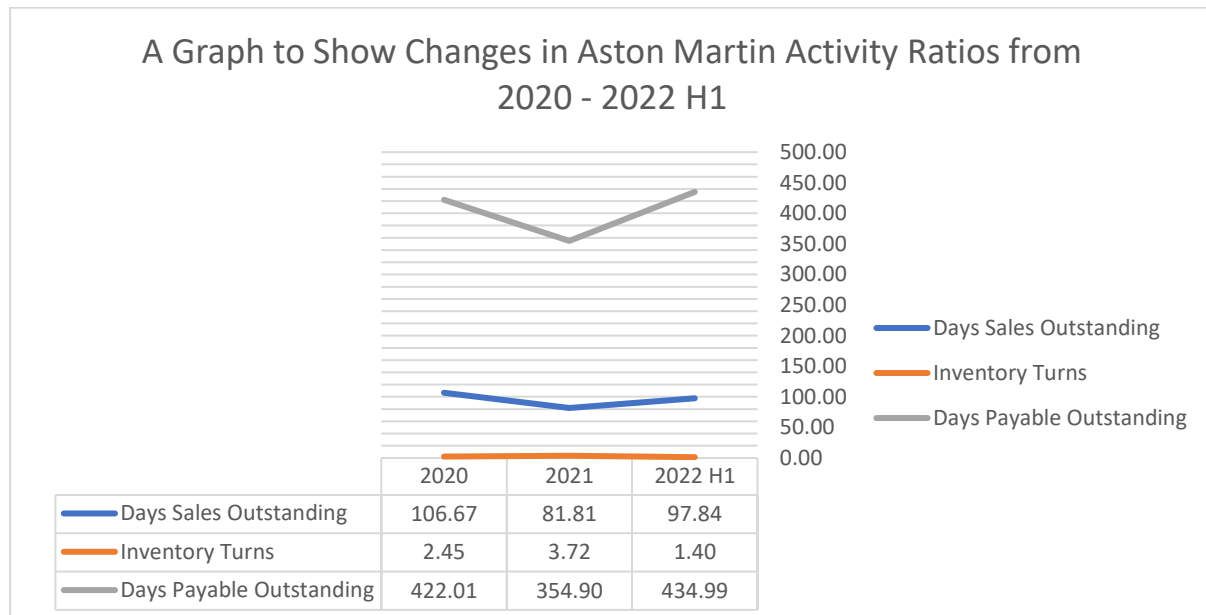


Figure 4 – A Graph Showing the Overall Changes in Aston Martin Activity Ratios for the Period of 2020-2022 H1.

a) Days Sales Outstanding

$$\text{Days Sales Outstanding} = \text{Trade and Other Receivables} \div \text{Average Revenue Per Day}$$

According to Kenton (2022), a number below 45 for days sales outstanding (DSO) is considered healthy. Although, it is more important to monitor the trend of DSO, as an increase in the number can mean that the company's cash flow is at risk. The average DSO from 2020 – H1, 2022 is 95.4. The recent DSO figure of 97.8 (H1, 2022) for Aston Martin is significantly higher than the 45, industry standard, indicating there is a significant cash flow problem. Further investigation into the collection activities as well as lending criteria is warranted in order to identify reasons why cash flow is at risk.

b) Inventory Turnover

Inventory Turnover = Cost of Goods Sold ÷ Average Inventory

Inventory Days = 365 ÷ Inventory Turnover

Inventory turnover has overall declined since 2020 and sits 223 days above the average inventory days for the auto industry. The average inventory turnover ratio for the auto industry is 10.11 or 36 days (Maverick, 2021). Aston Martin's current average inventory turnover ratio sits at 1.4, suggesting weak sales and marketing or overstocking. However, the comparative figures include averages from all auto motive related businesses and not premium auto motive brands alone. With Aston Martin being a premium, slow-moving, high-margin company, it could be expected to have a turnover below the average. The reduction from 2021 to 2022 in inventory turnover may be a cash saving approach as a low inventory turnover ratio can be an advantage during periods of inflation or supply chain disruptions, if it reflects an inventory increase ahead of supplier price hikes or higher demand, which is something that has been experienced since Brexit and the Covid-19 pandemic (Fernando, 2022). The War in Ukraine has also had an impact on inventory turnover as Aston Martin had more than 350 cars awaiting parts by the end of June 2022, causing the company to take a £80 million hit to its cash reserves (Hunt, 2022). The inability to produce finished vehicles has a major impact on inventory turnover, and may influence management to increase orders on supplies to prevent downtime in the future due to supply chain disruptions. A large driver was a £105m increase in inventories, reflecting a significant number of ordered vehicles awaiting final parts at the end of June 2022. The past three years have proven that political contingency plans are critical for the survival of companies throughout pandemics and political upheavals such as War. Although there may be valid reasons for lower inventory turnover, Aston Martin should aim to increase their inventory turnover as it may help reduce the amount of capital that they have tied up in stock and reduce the cost of storage, having the potential to increase profitability. Employing inventory management systems such as 'Just in Time' helps reduce stock piling and increases money available.

c) Days Payable Outstanding

Days Payable Outstanding = Trade and Other Payables ÷ Average COGS Per Day

The average days payable outstanding (DPO) for the period of 2020 to H1, 2022 is 403.9. In-depth qualitative research should be conducted to identify industry average insights, in order to assess and compare year on year performance. However, with the current DPO, Aston Martin may be at risk of jeopardising their relationships with creditors with future terms may not being as favourable to the company. A better balance between cash in-flow and out-flow is needed in order to enhance cash flow.

4.5 Leverage Ratios

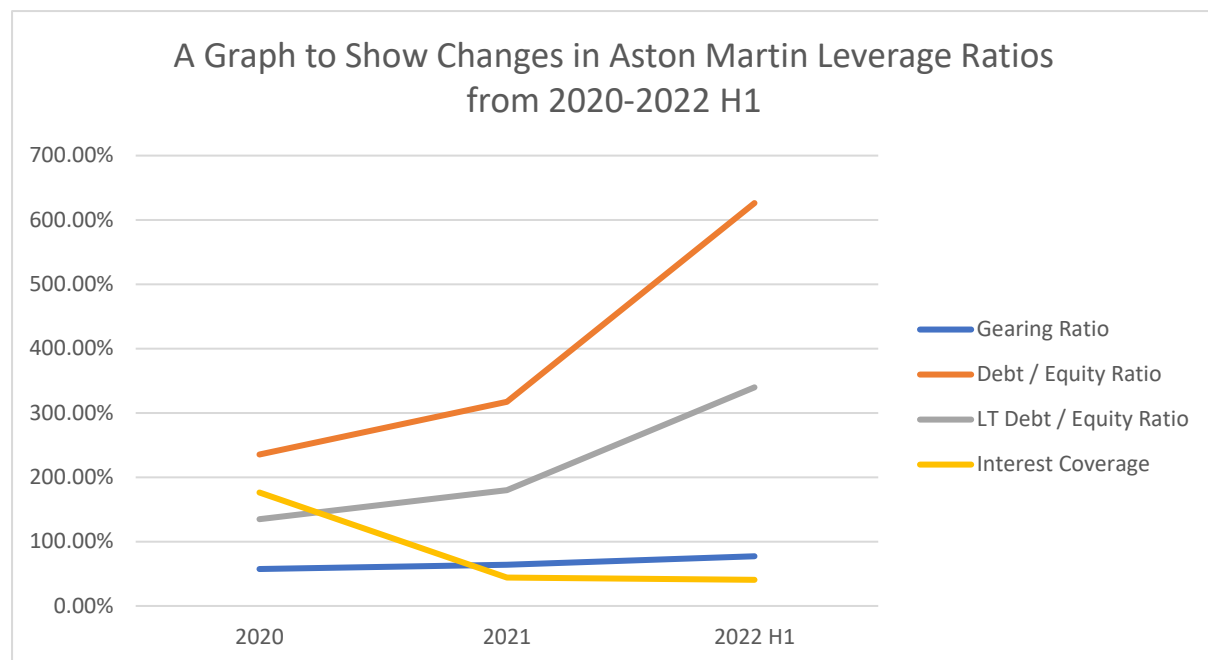


Figure 5 – A Graph Showing Overall Changes in Aston Martin Leverage Ratios for the Period of 2020-2022 H1.

a) Gearing

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

Boyte-White (2021) explains how investors and lenders would consider companies with a gearing ratio below 25% to be low risk, whilst ratios between 25-50% are considered to be the norm for well established companies. With Aston Martin's most recent gearing ratio being 78.9%, it is apparent that they are highly leveraged and are at great financial risk, making them more susceptible to loan default and bankruptcy when lower profits and higher interest rates may be experienced.

b) Debt/Equity Ratio & Long-Term Debt/Equity Ratio

$$\text{Debt/Equity Ratio} = (\text{Total Liabilities} \div \text{Shareholder's Equity}) \times 100$$

$$\text{Long Term Debt/Equity Ratio} = (\text{Long Term Debt} \div \text{Shareholder's Equity}) \times 100$$

Generally, the debt-to-equity (D/E) ratio should not exceed 2 times or 200% (Fernando, 2022). However, the optimal D/E ratio varies by industry so should always be compared to competitors. Aston Martin's D/E ratio exceeds the 2 times/200% rule with the average for the period of 2020 – H1, 2022 being 4 times (400%), experiencing a 33% increase from 2020-2021. The major increase of almost 97% in D/E ratio in H1, 2022 is due to the 43% reduction in shareholder's equity. When comparing these figures to companies in the same industry such as Ferrari, who averaged a D/E ratio of 1.4 over the past 5 years (Appendix 1.0), it is clear that Aston Martin are more leveraged. It is common for manufacturing and automotive companies to experience D/E ratios above 2, occasionally high D/E ratios can enable a company to grow and generate additional income (Fernando, 2022). However, Aston Martin's D/E and long-term D/E ratio trends suggests that they have become more dependent on long term debt to form its capital structure, with liabilities and

cashflow outlooks remaining a concern which may hinder further lending in the short term with interest coverage ratio also raising concern.

c) Interest Coverage

$$\text{Interest Coverage} = (\text{Operating Profit} \div \text{Interest Charge}) \times 100$$

An interest coverage ratio of less than 1.5 (150%) is generally considered the minimum acceptance (Hayes, 2022). In 2020, Aston Martin were performing above this, with an interest coverage ratio of 1.76 (176%). However, the past 1.5 years have seen an average interest coverage ratio of 0.42 (0.42%), questioning the ability for Aston Martin to manage outstanding debt. The outcome of all leverage ratios raises concerns as the trend over the last three years forecasts a heavier reliance on long-term debt.

4.6 Investor Ratios

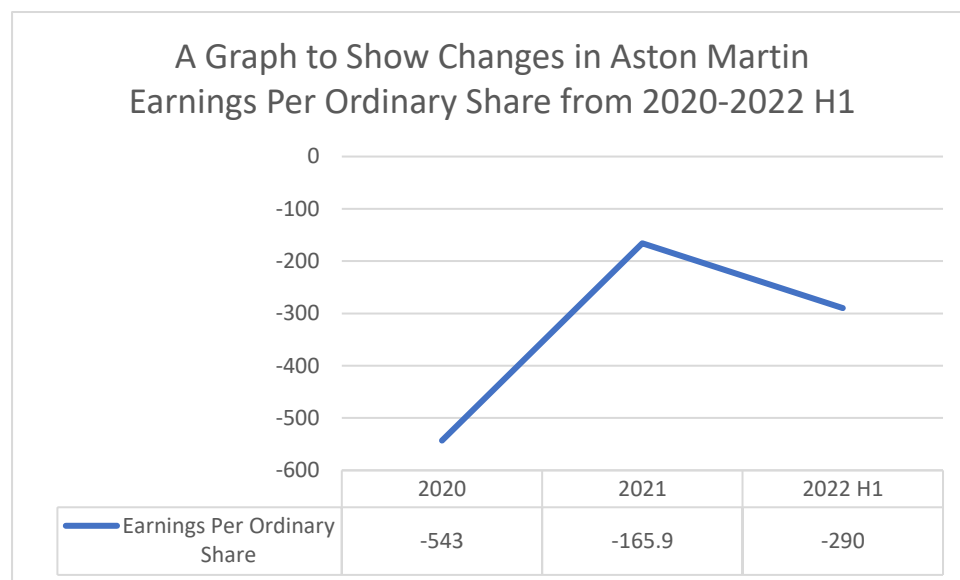


Figure 6 – A Graph Showing Overall Changes in Aston Martin Earnings Per Ordinary Share for the Period of 2020-2022 H1.

a) Earnings Per Ordinary Share & Price Per Earnings Ratio

$$\text{Earnings Per Ordinary Share} = \text{Net Income} \div \text{Number of Shares}$$

$$\text{Price Per Earnings Ratio} = \text{Market Value Per Share} \div \text{Earnings Per Ordinary Share}$$

Earnings per ordinary share (EPS) has followed the same trend as operating profit and net profit, although all have a negative return, there was an improvement of 46.5% in EPS from 2020 to 2022 H1, influencing investor confidence despite the absence of dividends.

b) Dividend Cover & Dividend Yield Ratio

Dividend Cover = (Net Income ÷ Dividend Proposed and Paid) x 100

Dividend Yield Ratio = (Dividend Per Share ÷ Market Value Per Share) x 100

These calculations are based on the results available and as no dividend was paid in this period, the above ratios relating to dividend are incalculable.

5. Conclusions and Recommendations

Aston Martin have utilised a pricing strategy as well as foreign exchange benefits allowing them to improve gross margin in 2022 H1, contributing to their target of a 40% contribution margin from future products. It is evident that H1 2022 provided a challenging operating environment for the whole automotive industry, including supply chain and logistic disruptions, resulting in an 8% decline in wholesales in H1 2022. A £33m outflow in this period was also influenced by supply chain and logistics disruptions, due to a significant number of ordered vehicles awaiting final parts at the end of June, resulting in a £105m increase in inventories in H1 2022. In light of this, the principal risks and uncertainties were reassessed at the end of H1 2022 to reconsider business risks associated with political instability, particularly related to the conflict in Russia and Ukraine.

The significant leveraging and existing levels of debts held by Aston Martin is likely to cause difficulty when obtaining additional financing, which puts the business at risk during unforeseen events which may cause economic shock. Successful collection of planned deposits is critical to the company's liquidity requirements, which may improve the balance between cash in-flow and cash out-flow. Further investment has been made by Mercedes Benz and the implementation of a strategic cooperation agreement (SCA) has been deployed which will influence further investment into the company as well as reduced capital expenditure for product development purposes.

It is evident that Aston Martin are aware of their highly leveraged situation and are making strategic moves to improve their financial position. I have made the following high priority recommendations based on the past three years financial reports in order to improve cash control culture and process improvements, with the aim to increase cashflow.

Recommendations:

- Continue to develop contingency plans for potential socio-economic and political issues internally as well as with partners/investors.
- Work on optimising inventory health by introducing enterprise resource planning (ERP) systems.
- Consider renegotiating payables windows at contract renewals stage.
- Implement quick pay discounts, late payment penalties and credit limit freezes and reductions.
- Continue to develop and accelerate joint venture partnerships and SCAs.
- Explore options of selling old plant, property and equipment.
- Consistently review business activities, key financial ratios and innovation strategies and compare with companies within the same sector (Lotus, Ferrari, Lamborghini etc.).

6. Appendices

1.0 – Ferrari Debt-Equity Ratios Figures from Past 5 years (YCharts, 2023)

Debt to Equity Ratio Range, Past 5 Years	
1.113	2.038
Minimum	Maximum
MAR 2022	MAR 2018
1.448	1.370
Average	Median
	DEC 2019

2.0 – Aston Martin Income Statement 2020

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

All operations of the Group are continuing.

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

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

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

2.1 – Aston Martin Balance Sheet 2020

FINANCIAL STATEMENTS CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

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

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

2.2 – Aston Martin Cashflow 2020

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

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

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

3.0 – Aston Martin Income Statement 2021

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

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

All operations of the Group are continuing.

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

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

3.1 – Aston Martin Balance Sheet 2021

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

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

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

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER
COMPANY NUMBER: 11488166

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

3.2 – Aston Martin Cashflow 2021

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

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

4.0 – Aston Martin Income Statement 2022 H1

Impairment of capitalised development costs: The Group's balance sheet and income statement may be adversely impacted by an impairment in the carrying value of capitalised development costs. A significant reduction in vehicle lifecycle profitability could result in the need to impair the capitalised development intangible asset. Where potential impairment triggers are identified management perform assessments to evaluate the recoverability of capitalised development costs.

The risks and opportunities summarised above, linkage to the Group's strategy, and additional mitigating actions taken in respect of them, are explained and described in more detail on pages 40 to 42 of the 2021 Annual Report and Accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 30 June 2022			6 months ended 30 June 2021			12 months ended 31 December 2021		
	Notes	Adjusted	Adjusting items*	Total	Adjusted	Adjusting items*	Total	Adjusted	Adjusting items*	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2	541.7	-	541.7	498.8	-	498.8	1,095.3	-	1,095.3
Cost of sales		(353.6)	-	(353.6)	(355.5)	-	(355.5)	(751.6)	-	(751.6)
Gross profit		188.1	-	188.1	143.3	-	143.3	343.7	-	343.7
Selling and distribution expenses		(51.9)	-	(51.9)	(35.1)	-	(35.1)	(84.8)	-	(84.8)
Administrative expenses	3	(208.9)	(17.2)	(226.1)	(144.2)	(2.0)	(146.2)	(333.2)	(2.2)	(335.4)
Operating loss		(72.7)	(17.2)	(89.9)	(36.0)	(2.0)	(38.0)	(74.3)	(2.2)	(76.5)
Finance income	3, 4	1.2	24.4	25.6	10.7	14.0	24.7	2.3	34.1	36.4
Finance expense	5	(221.1)	-	(221.1)	(77.4)	-	(77.4)	(173.7)	-	(173.7)
(Loss)/profit before tax		(292.6)	7.2	(285.4)	(102.7)	12.0	(90.7)	(245.7)	31.9	(213.8)
Income tax (charge)/credit	6	(2.6)	(1.8)	(4.4)	6.3	13.3	19.6	16.2	8.3	24.5
(Loss)/profit for the period		(295.2)	5.4	(289.8)	(96.4)	25.3	(71.1)	(229.5)	40.2	(189.3)
(Loss)/profit for the period attributable to:										
Owners of the group				(290.0)			(72.7)			(191.6)
Non-controlling interests				0.2			1.6			2.3
				(289.8)			(71.1)			(189.3)
Other comprehensive income										
Items that will never be reclassified to the Income Statement										
Remeasurement of defined benefit pension liability				6.1			2.4			3.8
Taxation on items that will never be reclassified to the Income Statement				(1.5)			(0.6)			(1.0)
Effect of change in rate of taxation				-			6.8			6.0
Items that are or may be reclassified to the Income Statement										
Foreign exchange translation differences				4.3			-			2.3
Fair value adjustment on cash flow hedges				(4.2)			-			(0.3)
Amounts recycled to the Income Statement in respect of cash flow hedges				(0.8)			(2.1)			(4.3)
Taxation on items that may be reclassified to the Income Statement				1.3			0.5			1.2
Effect of change in rate of taxation				-			0.1			-
Other comprehensive income for the period, net of income tax				5.2			6.9			7.7
Total comprehensive loss for the period				(284.6)			(64.2)			(181.6)
Total comprehensive (loss)/income for the period attributable to:										
Owners of the group				(284.8)			(65.8)			(183.9)
Non-controlling interests				0.2			1.6			2.3
				(284.6)			(64.2)			(181.6)
Earnings per ordinary share										
Basic	7			(249.0p)			(63.3p)			(165.9p)
Diluted	7			(249.0p)			(63.3p)			(165.9p)

* Adjusting items are detailed in note 3.

4.1 – Aston Martin Balance Sheet 2022 H1

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

4.2 – Aston Martin Cashflow 2022 H1

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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Transaction fees on financing activities	-	(6.3)	(2.8)
Net cash (outflow)/inflow from financing activities	(104.2)	3.9	(86.5)
Net (decrease)/increase in cash and cash equivalents	(274.8)	18.1	71.7
Cash and cash equivalents at the beginning of the period	418.9	489.4	489.4
Effect of exchange rates on cash and cash equivalents	12.1	(1.9)	1.2
Cash and cash equivalents at the end of the period	156.2	505.6	418.9

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