OPINION

In our opinion:

- Aston Martin Lagonda Global Holdings plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aston Martin Lagonda Global Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group	**Parent company**
Consolidated statement of financial position as at 31 December 2023	Parent company statement of financial position as at 31 December 2023
Consolidated statement of comprehensive income for the year then ended	Parent company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 6 to the financial statements including material accounting policy information.
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 34 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Understanding and walking through management's process for and controls related to assessing going concern including discussion with management to ensure all key factors were taken into account;
- Obtaining management's going concern assessment, which covers the period to 30 June 2025, and which includes cashflow and liquidity forecasts, details of facilities available, forecast covenant calculations and the results of management's downside scenarios, and testing the integrity of the model, including clerical accuracy;
- Confirming to the debt agreements both the maturity profile of the debt and the covenants that are required to be met within the going concern period;
- Confirming the Group forecasts demonstrate sufficient financial resources to repay the current RCF when it matures in August 2025 such that the going concern period does not need to be extended;
- Assessing the reasonableness of forecasts underpinning the going concern model which are based on the Board-approved budget and the Board-approved strategic plan. To do this we specifically considered forecast wholesale volumes compared to historical volumes, current confirmed orders and competitor volumes, sales margins and capital expenditure plans;
- Ensuring that these forecasts appropriately reflect the assessed impact of the current macroeconomic circumstances and the disclosed climate change commitments of the group;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2020, 2021, 2022 and 2023 as well as through the subsequent events period and performing inquiries to the date of this report to determine whether forecast cash flows are reliable based on past experience;
- Considering external factors that could impact liquidity/forecasts including reliance on suppliers, recoverability of debtors, the current macroeconomic climate, and the threat of potential litigations and claims;
- Considering the downside scenario identified by management in their assessment on pages 147-148, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario modelled in the going concern period is realistic;
- Performing reverse stress testing on the going concern model by independently determining what reduction in wholesale volumes would be required before liquidity would be exhausted. This included comparing this scenario to the downside scenario contemplated by management and considering the likelihood of the events required to exhaust available liquidity;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum particularly with respect to constraining capital spending if required; and
- Assessing the going concern disclosures in the financial statements to ensure they are in accordance with International Financial Reporting Standards.

We observed that while the group achieved lower than forecast total core wholesale volumes than it was originally targeting in 2023, this was driven by supplier readiness and integration of the new infotainment system impacting the timing of production and the related vehicle wholesale. The forecast core wholesale volumes for the going concern assessment period are reasonable compared to historic performance and the those reported by comparable brands in the luxury automotive sector. We observed in previous periods the control exercised over capital expenditure in comparison to amounts forecast which corroborates management's assertion that in the event of the modelled downside occurring capital expenditure could be deferred. Further, the Group has the borrowings disclosed in note 23 which includes details of the maturities of those facilities. We observed that the group forecasts demonstrate sufficient financial resources to repay the current RCF when it matures in August 2025 such that the going concern period does not need to be extended.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2025.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	– We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further three components. – The components where we performed full or specific audit procedures accounted for 100% of Adjusted EBITDA, 100% of Revenue and 100% of Total assets.
Key audit matters	– Revenue recognition, specifically: – There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements; and – There is also a risk of overstatement of revenue through inappropriate manual journal entries – Capitalisation and amortisation of development costs – Impairment of capitalised development costs – Deferred tax asset valuation – Parent Company Investment Impairment
Materiality	– Overall Group materiality of £7.5m which represents 2.5% of Adjusted Earnings before interest, tax, depreciation and amortisation ('EBITDA').

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 8 reporting components of the Group, we selected 7 components covering entities within the UK, Europe, USA, Japan and China, which represent the principal business units within the Group.

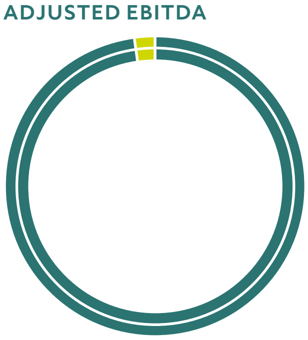
Of the 7 components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining three components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2022: 100%) of the Group's Adjusted EBITDA, 100% (2022: 100%) of the Group's Revenue and 100% (2022: 100%) of the Group's Total assets. For the current year, the full scope components contributed 98% (2022: 98%) of the Group's Adjusted EBITDA, 96% (2022: 97%) of the Group's Revenue and 98% (2022: 98%) of the Group's Total assets. The specific scope component contributed 2% (2022: 2%) of the Group's Adjusted EBITDA, 4% (2022: 3%) of the Group's Revenue and 2% (2022: 2%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining one components that together represent 0% of the Group's Adjusted EBITDA, we performed other procedures, including analytical review to respond to any potential risks of material misstatement to the Group financial statements.

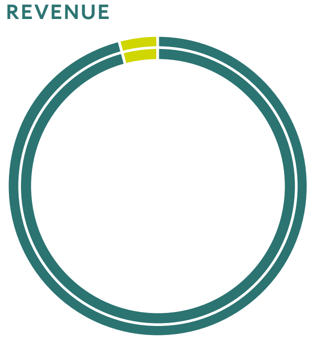
The charts below illustrate the coverage obtained from the work performed by our audit teams.

ADJUSTED EBITDA



98% Full scope components
2% Specific scope components

REVENUE



96% Full scope components
4% Specific scope components

TOTAL ASSETS

98% Full scope components
2% Specific scope components

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on three of these directly by the primary audit team. For the three specific scope components, audit procedures were performed directly by the primary audit team. For the component not audited by the primary team, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor or his designate visits full scope component audited by the EY global network firm each year. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in China and these visits continued to be conducted virtually in line with prior periods. These sessions involved meeting with our local component team to discuss and direct their audit approach, understanding the significant audit findings in response to the key audit matters and reviewing key audit working papers. The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact Aston Martin Lagonda Global Holdings plc. The Group has determined that the most significant future impacts from climate change on its operations will be from the transition to EV ('Electric vehicle') powertrains, managing the financial impact of increasing carbon related costs in response to changes in legislation and managing the brand/reputational impact of continuing to sell ICE ('Internal combustion engine') powered vehicles in the short to medium term. These are explained on pages 58-63 in the required Task Force On Climate Related Financial Disclosures and on pages 64-69 in the principal risks and uncertainties. They have also explained their climate commitments on pages 44-49. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1 how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. Significant judgements or estimates relating to climate change have been factored into the Directors impairment assessments of the carrying value of capitalised development cost intangible assets, parent company investment impairment assessment and recoverability of deferred tax assets in the notes to the financial statements. 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 30 June 2025 nor the viability of the Group over the next five years.

Our audit effort, in considering the impact of climate change on the financial statements, was focused on evaluating management's assessment of the impact of climate risk, both physical and transition, managements climate commitments and the effects of material climate risks disclosed on pages 61-62. We focused on whether these have been appropriately reflected in asset values where these are impacted by future cash flows, being the impairment testing of capitalised development costs, impairment of parent company investments and deferred tax asset recoverability and associated sensitivity disclosures (see notes 9 and 13 in the group financial statements and note 3 in the parent company financial statements) following the requirements of UK adopted international accounting standards for the group and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) for the parent company. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings are included in our explanation of key audit matters below.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue Recognition (2023: £1,632.8m; 2022: £1,381.5m) *Refer to the Audit Committee Report (pages 98-101); Accounting policies (pages 148 to 149); and Note 3 of the Consolidated Financial Statements (page 157)* There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements whereby revenue is recognised on a completed vehicle before delivery is made to the customer based on the customer's request. In the current year the business and industry has experienced supply chain challenges and as a result there is an increased risk that revenue is recognised ahead of the vehicle build being complete. There is also a risk of overstatement of revenue through inappropriate manual journal entries.	– We confirmed the existence and the design effectiveness of controls within the sales process, paying particular attention to those around cut-off and bill and hold transactions. – For a sample of sales transactions, we considered the terms per the contracts and deliveries to ensure revenue has been recognised in accordance with IFRS 15 and is recorded in the correct period. – For a sample of bill and hold sales we have confirmed the vehicle was completed before year end by obtaining the signed quality check documentation. For that sample we also confirmed the transfer of control had occurred by confirming the transaction directly with the third-party dealer and by obtaining the customer requests to hold the vehicles on their behalf. – We performed physical verification on the finished vehicles and agreed these to either the inventory or the bill and hold listings. We ensured for a sample of vehicles the manufacturing process was complete and that the vehicle was not double counted in revenue and inventory. – We performed cut-off testing by tracing a sample of transactions around the period end to third party delivery note documentation. – We performed data analytical procedures of the double entries in the general ledger to test the postings from Revenue to Cash, correlating the cash conversion of sales. We investigated and obtained evidence for any unusual items identified. – We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for unusual and/or material revenue journals. – We performed audit procedures over this risk area in the full and specific scope locations.	Our audit procedures did not identify evidence of material misstatements in revenue recognition arising from the risk of cut-off, bill and hold or management override through journal entries.
Capitalisation and amortisation of development costs (Net book value of capitalised development costs: £848.4m, 2022: £843.9m) **(Amounts capitalised in the year: £268.5m, 2022: £232.0m) (Amortisation charge: £264.0m, 2022: £221.4m)** *Refer to Accounting policies (page 150); and Note 12 of the Consolidated Financial Statements (page 165)* There is a risk that costs are capitalised which do not meet the criteria set out within IAS 38 or that the amortisation period is inappropriate. There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.	– We confirmed the existence and the design effectiveness of controls around the intangibles process and in particular around the approval of capitalised development expenditure. – For a sample of costs capitalised we confirmed that the costs incurred were; capitalised against the correct project; measured correctly; eligible for capitalisation, and the timing of the expense capitalisation was appropriate. – For a sample of projects we compared the actual spend against the budgeted spend to ensure the projects continue to meet the IAS 38 criteria for capitalisation and remain commercially viable. – For capitalised development costs we confirmed the amortisation period was aligned to the period over which commercial benefits are expected to be received and is consistent with the Group's business plan. – We considered the appropriateness of the amount/percentage of costs which are transferred between models as a result of the carry over carry across principle ('COCA'). – We recalculated the amortisation recognised to confirm this was in line with expectations. – We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for any unusual journals related to capitalised development costs. – We performed full scope audit procedures over this risk area in one location, which covered 100% of the risk amount.	Our audit procedures did not identify evidence of material misstatement in the amounts of development costs capitalised in the year or through inappropriate manual journal entries. Our audit procedures did not identify evidence of material misstatement of the amortisation charge for development costs recorded in the period.

Impairment of capitalised development costs (Net book value of capitalised development costs: £848.4m, 2022: £843.9m) (Impairment charge: £nil, 2022 £nil) *Refer to the Audit Committee Report (pages 98-101); Accounting policies (pages 151 - 152); and Note 13 of the Consolidated Financial Statements (page 166)* There is a risk that the value of development costs is not supported by the future forecast cashflows from the sale of vehicles to which the costs relate.	– We confirmed the existence and the design effectiveness of controls around management's impairment assessment for capitalised development costs. – We have examined management's methodology and impairment models for assessing the recoverability of the capitalised development costs to understand the composition of management's future cash flow forecasts, and the process undertaken to prepare them. This includes confirming the underlying cash flows are consistent with the Board approved business plan and reflect appropriately the effects of material climate risks as disclosed on pages 61-62. – We have re-performed the calculations in the model to test the mathematical integrity. – We have assessed the discount rate used by obtaining the underlying data used in the calculation and benchmarking it against comparable organisations and market data with the support of our valuation specialists. – We have analysed the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience. – We considered market data and the results of wider procedures in our audit in contemplation of whether any contra evidence existed. – We calculated the degree to which the key assumptions would need to fluctuate before an impairment arose and considered the likelihood of this occurring. – We have audited the disclosures in respect of impairment of capitalised development costs with reference to the requirements of IAS 36 and IAS 1 and confirmed their consistency with the audited impairment models. – We performed audit procedures over this risk area in one full scope location, which covered 100% of the risk amount.	Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.
Deferred Tax Asset Valuation (Deferred Tax Asset: £156.3m, 2022: £133.7m) *Refer to the Audit Committee Report (pages 98-101); Accounting policies (page 154); and Note 9 of the Consolidated Financial Statements (page 161-163)* The extent of recognition of deferred tax assets is subject to significant estimation and assumptions particularly in respect of deferred tax assets recognised in respect of carried forward losses based on forecast future taxable profits.	– We confirmed the existence and the design effectiveness of controls around management's assessment of the deferred tax asset valuation. – We considered and challenged the convincing evidence that the group will make future taxable profits against which to recognize carried forward losses. – We ensured the forecasts used are consistent with those used for going concern, viability and impairment assessments. This included confirming the underlying cash flows are consistent with the Board approved business plan and appropriately reflect the effects of material climate risks as disclosed on pages 61-62. – We tested the adjustments made to forecast profit before tax to arrive at forecast taxable profits. – For forecasts beyond the board approved budget, we considered how these forecasts had been prepared and challenged the forecast profitability. – We considered and challenged the level of Deferred Tax Asset recognised for both trade and non-trade losses including the timeframe in which these Deferred Tax Assets will be recovered and whether these forecast profits are considered probable. – We also considered and challenged the rational for the level of Deferred Tax Assets which remain unrecognised. – We performed and considered sensitivities on managements' future forecasts, both upside and downside, to challenge whether the forecasts used are the best estimate for use in calculation of the deferred tax asset recognised. – We audited the disclosures relating to the Deferred Tax Asset to ensure they are compliant with the requirements of IAS 12.	Our year end audit procedures did not identify evidence of material misstatement regarding the valuation of deferred tax assets.

Parent Company Investment impairment (Investment: £1,051.6m, 2022: £497.3m) (Impairment reversal: £460.1m, 2022 Impairment charge: £460.1m) *Refer to the Audit Committee Report (pages 98-101); Accounting policies (page 203); and Note 3 of the Parent Company Financial Statements (page 205)* There is a risk that the parent company investment impairment/impairment reversal is not supported by the subsidiaries future forecast cashflows.	– We confirmed the existence and the design effectiveness of controls around management's impairment assessment for investment in subsidiaries. – We considered the indicators of investment reversal, being the new medium term targets announced by management at the capital markets day as well as the increase in the Groups market capitalisation in the year. – We examined management's methodology and model for assessing the VIU for investment in subsidiaries. This included assessing the cash flow forecasts relating to the repayment of intercompany payables to the parent company. – We confirmed the underlying cash flows are consistent with the Board approved business plan and appropriately reflect the effects of material climate risks as disclosed on pages 61-62. – We re-performed the calculations in the model to test the mathematical integrity. – We calculated the degree to which the key assumptions would need to fluctuate before there is a change in the impairment/impairment reversal. – We assessed the discount rate used by obtaining the underlying data used in the calculation and benchmarking it against comparable organisations and market data with the support of our valuation specialists. – We have further reviewed managements cash flow forecasts used to support the repayment of intercompany payables to the parent company (outside of the Group VIU). – We considered sensitivity analysis about what changes in assumptions could individually lead to a different conclusion. – We audited the disclosures in respect of impairment of investments and confirm their consistency with the audited impairment models.	Our year end audit procedures did not identify evidence of material misstatement regarding the reversal of the impairment in investment in subsidiaries. The prior year adjustment related to the 2022 balance sheet is materially stated.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £7.5 million (2022: £4.75 million), which is 2.5% (2022: 2.5%) of Adjusted EBITDA. We believe that Adjusted EBITDA provides us with an appropriate basis for materiality as it is a key metric used by investors and management in assessing the performance of the Group.

We determined materiality for the Parent Company to be £25.4 million (2022: £30.8 million), which is 1% (2022: 1.5%) of Equity. We have reduced the percentage applied to determine materiality in the current year as a result of the prior year adjustments identified. When auditing balances included within to the Group financial statements we reduced this to the Group materiality.

Starting basis	Adjustments	Materiality
– Loss before Tax – £239.8m	– Adjusting items – £68.0m – Adjusted net finance expense – £92.1m – Depreciation and Amortisation – £385.6m	– EBITDA – £305.9m – Materiality of £7.5m (2.5% of materiality basis)

During the course of our audit, we reassessed initial materiality and updated this for actual results.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely £3.75m (2022: £2.4m). We have set performance materiality at this percentage due to the level of audit adjustments identified in the prior year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.75m to £3.7m (2022: £0.47m to £2.4m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.38m (2022: £0.24m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 1 to 208 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 147-148;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 70;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 70 and 147-148;
- Directors' statement on fair, balanced and understandable set out on pages 100-101 and 129;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 102;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 102-103;
- The section describing the work of the audit committee set out on page 98-105.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted international accounting standards, FRS 101, the Companies Act 2006 and UK Corporate Governance Code).
- We understood how Aston Martin Lagonda Global Holdings plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; enquiries of legal counsel, Group management, internal audit, and full and specific scope management; reading internal audit reports and whistleblowing summaries provided to the Audit Committee and performing focused testing, as referred to in the key audit matters section above.
- Specific enquiries were made with the component team to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the audit committee we were appointed by the company on 24 July 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 2019 to 2023.

- The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SIMON O'NEILL (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR
Birmingham
27 February 2024

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

		2023			2022		
	Notes	**Adjusted £m**	**Adjusting items* £m**	**Total £m**	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	**1,632.8**	**–**	**1,632.8**	1,381.5	–	1,381.5
Cost of sales		**(993.6)**	**–**	**(993.6)**	(930.8)	–	(930.8)
Gross profit		**639.2**	**–**	**639.2**	450.7	–	450.7
Selling and distribution expenses		**(143.8)**	**–**	**(143.8)**	(113.0)	–	(113.0)
Administrative and other operating expenses		**(575.1)**	**(31.5)**	**(606.6)**	(455.6)	(23.9)	(479.5)
Operating loss	4	**(79.7)**	**(31.5)**	**(111.2)**	(117.9)	(23.9)	(141.8)
Finance income	7	**74.3**	**–**	**74.3**	3.0	12.5	15.5
Finance expense	8	**(166.4)**	**(36.5)**	**(202.9)**	(336.1)	(32.6)	(368.7)
Loss before tax		**(171.8)**	**(68.0)**	**(239.8)**	(451.0)	(44.0)	(495.0)
Income tax credit/(charge)	9	**13.0**	**–**	**13.0**	(32.7)	–	(32.7)
Loss for the year		**(158.8)**	**(68.0)**	**(226.8)**	(483.7)	(44.0)	(527.7)
Loss attributable to:							
Owners of the Group				**(228.1)**			(528.6)
Non-controlling interests	33			**1.3**			0.9
				(226.8)			(527.7)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of Defined Benefit liability	26			**(0.1)**			6.8
Taxation on items that will never be reclassified to the Income Statement	9			**–**			(1.7)
Items that are or may be reclassified to the Income Statement							
Foreign currency translation differences				**(4.0)**			3.8
Fair value adjustment – cash flow hedges	23			**0.7**			(6.1)
Amounts reclassified to the Income Statement – cash flow hedges	23			**(5.4)**			2.9
Taxation on items that may be reclassified to the Income Statement	9			**1.2**			0.8
Other comprehensive (loss)/income for the year, net of income tax				**(7.6)**			6.5
Total comprehensive loss for the year				**(234.4)**			(521.2)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				**(235.7)**			(522.1)
Non-controlling interests	33			**1.3**			0.9
				(234.4)			(521.2)
Earnings per ordinary share							
Basic loss per share	11			**(30.5p)**			(124.5p)
Diluted loss per share	11			**(30.5p)**			(124.5p)

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 147 to 199 form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity as at 31 December 2023

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 (restated*) £m	Non-controlling interest £m	Total Equity (restated*) £m
At 1 January 2023 (restated*)	**69.9**	**1,697.4**	**143.9**	**9.3**	**6.6**	**6.5**	**4.3**	**(1,233.9)**	**19.5**	**723.5**
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(228.1)	1.3	(226.8)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(4.0)	–	–	–	(4.0)
Fair value movement – cash flow hedges (note 23)	–	–	–	–	–	–	0.7	–	–	0.7
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	–	(5.4)	–	–	(5.4)
Remeasurement of Defined Benefit liability (note 26)	–	–	–	–	–	–	–	(0.1)	–	(0.1)
Tax on other comprehensive loss (note 9)	–	–	–	–	–	–	1.2	–	–	1.2
Total other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(3.5)**	**(0.1)**	**–**	**(7.6)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(3.5)**	**(228.2)**	**1.3**	**(234.4)**
Transactions with owners, recorded directly in equity										
Issuance of new shares (note 27)	11.5	383.0	–	–	–	–	–	–	–	394.5
Issue of shares to Share Incentive Plan (note 27)	0.1	–	–	–	–	–	–	(0.1)	–	–
Warrant options exercised (note 27)	0.9	14.1	–	–	–	–	–	18.6	–	33.6
Credit for the year under equity-settled share-based payments (note 29)	–	–	–	–	–	–	–	5.4	–	5.4
Tax on items credited to equity (note 9)	–	–	–	–	–	–	–	0.5	–	0.5
Total transactions with owners	**12.5**	**397.1**	**–**	**–**	**–**	**–**	**–**	**24.4**	**–**	**434.0**
At 31 December 2023	**82.4**	**2,094.5**	**143.9**	**9.3**	**6.6**	**2.5**	**0.8**	**(1,437.7)**	**20.8**	**923.1**

* Detail on the restatement is disclosed in note 2.

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 (restated*) £m	Non-controlling interest £m	Total Equity (restated*) £m
At 1 January 2022 (restated*)	**11.6**	**1,123.4**	**143.9**	**9.3**	**6.6**	**2.7**	**6.7**	**(711.4)**	**18.6**	**611.4**
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(528.6)	0.9	(527.7)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	3.8	–	–	–	3.8
Fair value movement – cash flow hedges (note 23)	–	–	–	–	–	–	(6.1)	–	–	(6.1)
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	–	2.9	–	–	2.9
Remeasurement of Defined Benefit liability (note 26)	–	–	–	–	–	–	–	6.8	–	6.8
Tax on other comprehensive income (note 9)	–	–	–	–	–	–	0.8	(1.7)	–	(0.9)
Total other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**3.8**	**(2.4)**	**5.1**	**–**	**6.5**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**3.8**	**(2.4)**	**(523.5)**	**0.9**	**(521.2)**
Transactions with owners, recorded directly in equity										
Issuance of new shares (note 27)	58.3	574.0	–	–	–	–	–	–	–	632.3
Credit for the year under equity-settled share-based payments (note 29)	–	–	–	–	–	–	–	1.0	–	1.0
Total transactions with owners	**58.3**	**574.0**	**–**	**–**	**–**	**–**	**–**	**1.0**	**–**	**633.3**
At 31 December 2022 (restated*)	**69.9**	**1,697.4**	**143.9**	**9.3**	**6.6**	**6.5**	**4.3**	**(1,233.9)**	**19.5**	**723.5**

* Detail on the restatement is disclosed in note 2.

Consolidated Statement of Financial Position at 31 December 2023

	Notes	**31 December 2023 £m**	31 December 2022 (restated*) £m	1 January 2022 (restated*) £m
Non-current assets				
Intangible assets	12	**1,577.6**	1,394.6	1,384.1
Property, plant and equipment	14	**353.7**	369.9	355.5
Investments in equity interests	15	**18.2**	–	–
Right-of-use lease assets	16	**70.4**	74.4	76.0
Trade and other receivables	18	**5.3**	6.3	2.1
Other financial assets		**–**	–	0.5
Deferred tax asset	9	**156.3**	133.7	156.4
		2,181.5	1,978.9	1,974.6
Current assets				
Inventories	17	**272.7**	286.2	196.8
Trade and other receivables	18	**322.2**	245.7	243.4
Income tax receivable		**0.9**	1.4	1.5
Other financial assets	20	**3.3**	8.8	7.3
Cash and cash equivalents	19	**392.4**	583.3	418.9
		991.5	1,125.4	867.9
Total assets		**3,173.0**	3,104.3	2,842.5
Current liabilities				
Borrowings	23	**89.4**	107.1	114.3
Trade and other payables	21	**840.4**	891.2	735.9
Income tax payable		**2.1**	6.3	5.5
Other financial liabilities	22	**25.2**	26.2	34.8
Lease liabilities	16	**8.8**	7.4	9.7
Provisions	25	**20.2**	18.6	19.9
		986.1	1,056.8	920.1
Non-current liabilities				
Borrowings	23	**980.3**	1,104.0	1,074.9
Trade and other payables	21	**122.3**	43.2	43.9
Lease liabilities	16	**88.5**	92.4	93.7
Provisions	25	**23.7**	22.5	19.0
Employee benefits	26	**49.0**	61.2	78.7
Deferred tax liabilities	9	**–**	0.7	0.8
		1,263.8	1,324.0	1,311.0
Total liabilities		**2,249.9**	2,380.8	2,231.1
Net assets		**923.1**	723.5	611.4
Capital and reserves				
Share capital	27	**82.4**	69.9	11.6
Share premium	27	**2,094.5**	1,697.4	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		**2.5**	6.5	2.7
Hedge reserves	23	**0.8**	4.3	6.7
Retained earnings		**(1,437.7)**	(1,233.9)	(711.4)
Equity attributable to owners of the Group		**902.3**	704.0	592.8
Non-controlling interests		**20.8**	19.5	18.6
Total shareholders' equity		**923.1**	723.5	611.4

* Detail on the restatement is disclosed in note 2.

The Financial Statements were approved by the Board of Directors on 27 February 2024 and were signed on its behalf by

AMEDEO FELISA
CHIEF EXECUTIVE OFFICER
Company Number: 11488166

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Operating activities			
Loss for the year		**(226.8)**	(527.7)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax (credit)/charge on operations	9	**(13.0)**	32.7
Net finance costs		**128.6**	353.2
Depreciation of property, plant and equipment	4	**90.3**	77.8
Depreciation of right-of-use lease assets	4	**9.3**	11.0
Amortisation of intangible assets	4	**283.4**	219.3
Loss on sale/scrap of property, plant and equipment		**2.6**	–
Difference between pension contributions paid and amounts recognised in Income Statement		**(15.0)**	(12.1)
Decrease/(increase) in inventories		**11.9**	(78.4)
(Increase)/decrease in trade and other receivables		**(82.3)**	0.1
Increase in trade and other payables		**50.9**	81.5
Decrease in advances and customer deposits		**(66.0)**	(17.9)
Movement in provisions		**3.4**	0.7
Other non-cash movements		**(0.3)**	1.2
Other non-cash movements – Movements in hedging position and foreign exchange derivatives		**(7.2)**	(3.2)
Other non-cash movements – Increase in other derivative contracts		**(11.2)**	(2.3)
Other non-cash movements – Movements in deferred tax relating to RDEC credit	9	**(7.4)**	(3.5)
Cash generated from operations		**151.2**	132.4
Decrease in cash held not available for short-term use	19	**0.3**	1.5
Income taxes paid	9	**(5.6)**	(6.8)
Net cash inflow from operating activities		**145.9**	127.1
Cash flows from investing activities			
Interest received	7	**13.5**	2.2
Repayment of loan assets	18	**0.5**	–
Payments to acquire property, plant and equipment		**(91.1)**	(58.6)
Cash outflow on technology and development expenditure		**(306.3)**	(228.3)
Net cash used in investing activities		**(383.4)**	(284.7)
Cash flows from financing activities			
Interest paid	28	**(122.5)**	(141.2)
Proceeds from equity share issue	27	**310.9**	653.9
Proceeds from issue of warrants	27	**15.0**	–
Proceeds from financial instrument utilised during refinancing transactions	7	**–**	4.1
Principal element of lease payments	28	**(7.9)**	(10.0)
Repayment of existing borrowings	28	**(129.7)**	(172.7)
Premium paid upon redemption of borrowings	28	**(8.0)**	(14.3)
Proceeds from inventory repurchase arrangement	21	**38.0**	75.7
Repayment of inventory repurchase arrangement	21	**(40.0)**	(60.0)
Proceeds from new borrowings	28	**11.5**	–
Transaction fees paid on issuance of shares		**(7.6)**	(18.6)
Transaction fees paid on financing activities	28	**–**	(1.9)
Net cash inflow from financing activities		**59.7**	315.0
Net (decrease)/increase in cash and cash equivalents		**(177.8)**	157.4
Cash and cash equivalents at the beginning of the year		**583.3**	418.9
Effect of exchange rates on cash and cash equivalents		**(13.1)**	7.0
Cash and cash equivalents at the end of the year		**392.4**	583.3

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.

Climate change

In preparing the Consolidated Financial Statements, management have considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year and the sustainability goals, including the stated net-zero targets. Climate change is not expected to have a significant impact on the Group's going concern assessment to 30 June 2025 nor the viability of the Group over the next five years following consideration of the below points.

- The Group has modelled various scenarios to take account of the risks and opportunities identified with the impact of climate change to assess the financial impact on its business plan and viability.
- The Group has a Strategic Cooperation 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.
- The Group is developing alternatives to the Internal Combustion Engine ('ICE') with a blended drivetrain approach between 2025 and 2030, including Plug-in Hybrid Electric Vehicle ('PHEV') and Battery Electric Vehicle ('BEV'), with a clear plan to have a line-up of electric sports cars and SUVs. This is supported by significant planned capital investment of around £2bn in advanced technologies over the 5 year period from 2024 to 2028, with investment shifting from ICE to BEV technology.
- The Group has formed a landmark new supply agreement with world-leading electric vehicle technologies company, Lucid Group, Inc. which will help drive the Group's high-performance electrification strategy and its long-term growth. The agreement will see Lucid, a world-leader in the design and manufacture of advanced electric powertrains and battery systems, supply industry-leading electric vehicle technologies. Access to Lucid's current and future powertrain and battery technology will support the creation of a bespoke, singular BEV platform, suitable for all product types from hypercar to SUV.
- The Group is leading a six-partner collaborative research and development project, Project ELEVATION, that was awarded £9.0m of government funding through the Advanced Propulsion Centre, further supplementing the research and development of its innovative modular BEV platform.
- The Group's first hybrid supercar, Valhalla, is on course to enter production in 2024, with its first BEV targeted for launch in 2026.

Consistent with the above, management have further considered the impact of climate change on a number of key estimates within the Financial Statements and has not found climate change to have a material impact on the conclusions reached.

Climate change considerations have been factored into the Directors' impairment assessments of the carrying value of non-current assets (such as capitalised development cost intangible assets) through usage of a pre-tax discount rate which reflects the individual nature and specific risks relating to the business and the market in which the Group operates.

In addition the forecast cash flows used in both the impairment assessments of the carrying value of non-current assets and the assessment of the recoverability of deferred tax assets reflect the current energy cost headwinds and future costs to achieve net-zero manufacturing facilities by 2030 as well as the forecast volumes for both existing and future car lines given current order books and the assessment of changing customer preferences.

Going concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m First Lien notes at 10.5% which mature in November 2025, $121.7m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% Payment in Kind) which mature in November 2026, a Revolving Credit Facility (£99.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF facility and a wholesale vehicle financing facility (as described in note 18). As previously announced, the Group expects to refinance the outstanding debt during the first half of 2024, however, the going concern assessment is not dependent on this occurring. Under the RCF the Group is required to comply with a leverage covenant tested quarterly. Leverage is calculated as the ratio of adjusted EBITDA to net debt, after certain accounting adjustments are made. Of these adjustments, the most significant is to account for lease liabilities under "frozen GAAP", i.e. under IAS17 rather than IFRS 16. Details of this adjustment are included in note 16. The Group has complied with its covenant requirements for the year ended 31 December 2023 and expects to do so for the Going Concern period.

The amounts outstanding on all the borrowings are shown in note 23.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2025 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due, including repayment of the current RCF were it needing to be repaid on 30 June 2025 and to comply with covenants for the going concern review period. The forecasts reflect the Group's ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. 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 that 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.

1 BASIS OF ACCOUNTING CONTINUED

Going concern continued

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 15% reduction in DBX volumes and a 10% reduction in sports volumes from forecast levels covering, although not exclusively, instances of reduced volume due to delayed product launches, operating costs higher than the base plan, incremental working capital requirements such as a reduced deposit inflows or increased deposit outflows and the impact of the strengthening of the sterling dollar exchange rate.

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.

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 more than 15% 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.

2 ACCOUNTING POLICIES

Basis of consolidation

The Consolidated Financial Statements consist of the Financial Statements of the Group and all entities controlled by the Group. All intercompany balances and transactions, including unrealised profits arising, are eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the Group Financial Statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the Group and are based on consistent accounting policies.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency of the operation by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the Income Statement except for the translational differences on monetary items that form part of designated hedge relationships.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates for the period. The resulting exchange differences are taken through Other Comprehensive Income to the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in the translation reserve relating to the foreign operation is recognised in the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Revenue recognition

Revenue is recognised when the Group satisfies its performance obligation to supply a product or service to the customer. Revenue is measured at the fair value of the consideration receivable, deducting dealer incentives, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

Sale of vehicles

Revenue from the sale of vehicles is recognised when control of the vehicle is passed to the dealer or individual, thus evidencing the satisfaction of the associated performance obligation under that contract. Control is passed when the buyer can direct the use of and obtain substantially all of the benefits of the vehicle which is typically at the point of despatch. When despatch is deferred at the formal request of the buyer and a written request to hold the vehicle until a specified delivery date has been received, revenue is recognised when the vehicle is ready for despatch and the Group can no longer use or direct the vehicle to an alternative buyer.

The Group estimates the consideration to which it will be entitled in exchange for satisfaction of the performance obligation as part of the sale of a vehicle. Revenue is recognised at the wholesale selling price net of dealer incentives (variable marketing expense or "VME"). VME is estimated and accrued for at the time of the wholesale sale to the dealer where no other obligations exist. For those elements of VME connected with retail sales by the dealer where there is also a contractual requirement for the dealer to make additional wholesale purchases at that time to receive the incentive, the incentive is accrued at the time of the retail sale by the dealer to the end customer.

2 ACCOUNTING POLICIES CONTINUED

Revenue recognition continued

Warranties are issued on new vehicles sold with no separate purchase option available to the customer and, on this basis, are accounted for in accordance with IAS 37. Service packages sold as part of the supply of a vehicle are accounted for as a separate performance obligation with the revenue deferred, based on the term of the package, at the original point of sale. The deferred revenue is released to the Income Statement over the shorter of the period that the service package covers or the number of vehicle services that the end user is entitled to.

Where a sale of a vehicle(s) includes multiple performance obligations, the Group determines the allocation of the total transaction price by reference to their relative standalone selling prices.

Sales of parts

Revenue from the sale of parts is recognised upon transfer of control to the customer, generally when the parts are released to the carrier responsible for transporting them. Where the dealer is Aston Martin Works Limited, an indirect subsidiary of the Company, revenue is recognised upon despatch to a customer outside of the Group.

Servicing and restoration of vehicles

Revenue is recognised upon completion of the service /restoration typically when the service or restoration is completed in accordance with the customers' requirements.

Brands and motorsport

Revenue from brands and motorsport is recognised when the performance obligations, principally use of the Aston Martin brand name or supply of a motorsport vehicle, are satisfied. Revenue is recognised either at a point in time or over a period of time in line with IFRS 15 according to the terms of the contract.

Customer advance payments

The Group receives advance cash payments from customers to secure their allocation of a vehicle produced in limited quantities, typically with a lead time of greater than 12 months. The value of the advance, both contractually refundable or non-refundable, is held as a contract liability in the Statement of Financial Position. Upon satisfaction of the performance obligation, the liability is released to revenue in the Income Statement. If the deposit is returned to the customer prior to satisfaction of the performance obligation, the contract liability is derecognised.

Where a significant financing component exists, the contract liability is increased over the same period of time as the contract liability is held to account for the time value of money. A corresponding charge is recognised in the Income Statement within finance expenses. Upon satisfaction of the linked performance obligation, the liability is released to revenue.

The Group applies a practical expedient for short-term advances received from customers whereby the advanced payment is not adjusted for the effects of a significant financing component.

Finance income

Finance income comprises interest receivable on invested funds calculated using the effective interest rate method, interest income and currency gains arising on foreign currency denominated borrowings (not designated under a hedge relationship) that are recognised in the Income Statement.

Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, interest expense on the net Defined Benefit pension liability, gains and losses on financial instruments that are recognised at fair value through the Income Statement and foreign exchange losses on foreign currency denominated financial liabilities.

Interest incurred on lease liabilities accounted for under IFRS 16, interest charged in relation to significant financing components on customer advance payments, and the unwind of discounting on long term liabilities are all recognised within finance expense.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption as part of the Group's normal identifiable operating cycle which is assumed to be 12 months. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes in line with the Group's identifiable normal operating cycle. These liabilities are expected to be settled as part of the Group's normal course of business. All other liabilities are classified as non-current liabilities. Customer deposits and advances are typically presented as current, although, due to the timing between deposit payment and a sale completing, can take longer than 12 months to unwind.

Goodwill

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit. The only cash-generating unit of the Group is that of Aston Martin Lagonda Group as there are no smaller groups of assets that can be identified with certainty which generate specific cash flows independent of the inflows generated by other assets or groups of assets. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement.

Intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Fair value adjustments are considered to be provisional at the first year-end date after the acquisition to allow the maximum time to elapse for management to make a reliable estimate.

2 ACCOUNTING POLICIES CONTINUED

Intangible assets continued

Purchased intellectual property

Purchased intellectual property that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset stated at cost less accumulated depreciation.

Brands

An acquired brand is only recognised in the Statement of Financial Position as an intangible asset where it is supported by a registered trademark, is established in the marketplace, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products.

The value of an acquired brand is determined by allocating the purchase price consideration of an acquired business between goodwill and the underlying fair values of the tangible assets, brands and other intangible assets acquired, using an income approach following the multi-period excess earnings methodology. Acquired brands have an indefinite life when there is no foreseeable limit to the period over which the asset is expected to generate cash inflows.

Development costs

Expenditure on internally developed intangible assets, excluding development costs, is taken to the Income Statement in the year in which it is incurred. Clearly defined and identifiable development costs are capitalised under IAS 38 'Intangible Assets' after the following criteria have been met:

- The project's technical feasibility and commercial viability, based on an estimate of future cash flows, can be demonstrated when the project has reached a defined milestone according to the Group's established product development model.
- Technical and financial resources are available for the project.
- An intention to complete the project has been confirmed.
- The correlation between development costs and future revenues has been established.

Technology

Patented and unpatented technology acquired in business combinations is valued using the cost approach. The obsolete element is determined by reference to the proportion of the product lifecycle that had expired at the acquisition date. Technology acquired from third parties is measured at the acquisition date fair value using the cost approach.

Dealer network

Save for certain direct sales of some special edition and buyer-commissioned vehicles, the Group sells its vehicles exclusively through a network of dealers. All dealers in the dealer network are independent dealers with the exception of Aston Martin Works Limited. To the extent that the Group benefits from the network, the dealer network has been valued based on costs incurred by the Group. The existing Dealer Network asset arose as part of a business combination.

Amortisation

Following initial recognition, the historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of these capitalised costs begins when the asset is available for use. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

	Years
Purchased intellectual property	5
Development costs	1 to 10
Technology	10
Software and other	3 to 10
Dealer network	20

The useful lives and residual values of capitalised development costs are determined at the time of capitalisation and are reviewed annually for appropriateness and recoverability.

Amortisation of special vehicle development costs are spread evenly across the limited quantity of vehicles produced and charged to the Income Statement at the point of sale for each vehicle.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given, to acquire the asset, including directly attributable costs to make the asset capable of operation. Borrowing costs directly attributable to assets under construction are capitalised.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis to its residual value over its expected useful life as follows:

	Years
Freehold buildings	30
Plant and machinery	5 to 30
Fixtures and fittings	3 to 12
Tooling	1 to 15
Motor vehicles	3 to 5

Tooling is depreciated over the life of the project. Assets in the course of construction are included in their respective category but are not depreciated until available for use. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the derecognition of the asset is included in the Income Statement in the period of derecognition.

2 ACCOUNTING POLICIES CONTINUED

Investments in equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Government grants

Government grants are recognised in the Income Statement, either on a systematic basis when the Group recognises the related costs that the grants are intended to compensate for, or immediately if the costs have already been incurred.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Research and development tax relief in the form of the Research and Development Expenditure Credit ("RDEC") is recognised in the Income Statement over the periods in which the qualifying expenditure giving rise to the RDEC claim is recognised, as the Group's assessment of the conditions of receipt of the RDEC concludes that it meets the definition of a Government grant. Certain expenses within the scope of RDEC are capitalised as part of the Groups development costs. Where this is the case, the Group defers the income associated with the claim to deferred income and releases it to the Income Statement in line with the amortisation profile of the associated asset. Claims are submitted annually based on the qualifying expenditure for a given accounting period. The cash benefit from the claim is received in the year of the claim and presented in operating cash flows.

If the subsidiary submitting the claim is loss-making, the RDEC claim is restricted by an amount equal to the current rate of UK corporation tax. The restricted amount can be applied in discharging any liability of the subsidiary to pay corporation tax in any subsequent tax period and has been accounted for as an unused tax credit in accordance with IAS 12 and is included within deferred tax assets.

Movements in government grants are presented within operating cashflows.

Carbon credits

The production and import of vehicles into certain jurisdictions can trigger a requirement to eliminate negative carbon credits, which gives rise to a liability. From time to time, the Group enters into contracts to purchase positive credits to offset the liability. The annual liability is currently immaterial to the Group.

Right-of-use assets and lease liabilities – IFRS 16

Leases under which the Group acts as lessee

The Group is a party to lease contracts for buildings, plant and machinery and IT equipment. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an estimate of the Group's incremental borrowing rate at that point in time.

The Group estimates the incremental borrowing rate by taking a credit risk adjusted risk-free rate in addition to making other specific adjustments to account for certain characteristics in the lease such as geography, type of asset and security pledged.

Lease payments included in the measurement of the lease liability comprise either fixed lease payments or lease payments subject to periodic fixed increases. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and interest cost with the interest costs charged to the Income Statement over the lease period.

The liability is remeasured when there is an increase/decrease in future lease payments arising from a change in an index or rate specified.

Short-term leases and leases of low-value assets

The Group does not recognise right of-use-assets and lease liabilities for short-term leases that have a lease term of fewer than 12 months and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis in the Income Statement over the lease term.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset, or cash-generating unit's, fair value less costs to sell and its value-in-use.

2 ACCOUNTING POLICIES CONTINUED

Impairment of assets continued

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows 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 specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement.

For goodwill, brands and other intangible assets that have an indefinite life, the recoverable amount is estimated annually or more frequently when there is an indication that the asset is impaired.

For intangible assets, property, plant and equipment, and right-of-use lease assets that have a finite life, the recoverable amount is estimated when there is an indication that the asset is impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised in the Income Statement as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. For service and restoration projects, net realisable value is the price at which the project can be invoiced in the normal course of business after allowing for the costs of completion.

Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, service parts and spare parts – purchase cost on a first-in, first-out basis.
- Work in progress and finished vehicles – cost of direct materials and labour plus attributable overheads based on a normalised level of activity, excluding borrowing costs.

Provisions are made, on a specific basis, for obsolete, slow-moving and defective stocks and if the cost of the service or restoration project cannot be fully recovered. Inventories held under financing arrangements are recognised when control is transferred to the Group.

Cash and cash equivalents

Cash and cash equivalent in the Statement of Financial Position comprise:

- cash, being cash at banks and in hand as well as demand deposits.
- cash equivalents, being short-term deposits with an original maturity of three months or less, subject to insignificant changes in value, which are readily convertible to known amounts and held to meet short-term commitments.

Derivative financial instruments

Derivative financial assets and liabilities are recognised in the Statement of Financial Position at fair value when the Group becomes a party to the contractual provisions of the instrument. The Group uses derivative instruments to manage its exposure to foreign exchange risk arising from operating activities. Movements in the fair value of foreign exchange derivatives not qualifying for hedge accounting are recognised in finance income or expense. The accounting policy on derivatives that are designated as hedging instruments in hedging relationships is detailed in the hedge accounting policies. A financial asset or liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial assets and liabilities

Financial assets are cash or a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the entity. In addition, contracts that result in another entity delivering a variable number of its own equity instruments are financial assets.

Derivative financial instruments, including equity options, are held at fair value. All other financial instruments are held at amortised cost.

Trade and other receivables

Trade and other receivables are carried at the lower of their original invoiced value and recoverable amount. A trade receivable loss allowance is measured at an amount equal to the lifetime expected credit loss at initial recognition and throughout the life of the receivable. Receivables are not discounted, as the time value of money is not considered to be material.

Trade and other payables

Trade and other payables are recognised and carried at their original invoiced value. Trade payables are not discounted to consider the time value of money as the impact is immaterial.

Refundable and non-refundable customer deposits are held as contract liabilities within current trade and other payables.

Inventory sale and repurchase arrangements, which are in substance financing transactions, are included in other payables. The difference between the sale and repurchase value is accounted for as part of the effective interest calculation. The effective interest is charged to the Income Statement over the period from sale to repayment.

Hedge accounting

The Group uses derivative financial instruments in the form of forward currency contracts, and certain US dollar denominated borrowings, to hedge the foreign currency risk of sales (including inter-Group sales) of finished vehicles and external purchases of component parts. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of an unrecognised firm commitment.

At the inception of the hedge relationship, the Group formally designates and documents the hedge relationship and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess hedge effectiveness. A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes resulting from that economic relationship.
- The theoretical hedge ratio of the hedging relationship is the same as practically occurs.

2 ACCOUNTING POLICIES CONTINUED

Hedge accounting continued

Derivative financial instruments

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement. The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in Other Comprehensive Income and accumulated in a separate component of equity under cost of hedging reserve.

Financial liability as a hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a cash flow hedge are recognised directly in Other Comprehensive Income to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the Income Statement.

Subsequent accounting

The amounts accumulated in both the cash flow hedge reserve and the cost of hedging reserve are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedge reserve is removed and included in the initial cost of the hedge item. For any other cash flow hedges, the amount accumulated in the hedge reserve is reclassified to the Income Statement as a reclassification adjustment in the same period or periods during which the hedged cash flow affects profit or loss.

If hedge accounting is discontinued, the amount that has been accumulated in the hedge reserve must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the Income Statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in the hedge reserve is accounted for depending on the nature of the underlying transaction.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recorded and redemption value being recognised in the Income Statement as a finance expense over the period of the borrowings on an effective interest basis.

Pensions

The Group operates a Defined Contribution pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees.

The Group operates a Defined Benefit pension plan, which is contracted out of the state scheme. The Group's net obligation in respect of Defined Benefit plans is calculated for the plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of Defined Benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. When the calculation results in a deficit for the Group, the recognised liability is adjusted for the discounted value of future deficit reduction contributions in excess of the calculated deficit.

Remeasurements of the net Defined Benefit asset or liability, which comprise actuarial gains and losses, the interest on plan assets, and the effect of the asset ceiling or minimum funding requirements, are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net Defined Benefit asset or liability, considering any changes in the net defined asset or liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to Defined Benefit plans are recognised in the Income Statement.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognised immediately in the Income Statement. The Group recognises gains and losses on the settlement of a Defined Benefit plan when the settlement occurs.

Share-based payment transactions

The fair value of equity-classified share-based awards with both market and non-market-based performance conditions is recognised as an expense within administrative and other expenses in the Income Statement, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the shares.

The amount recognised as an expense is adjusted to reflect both non-market-based conditions, such as continued employment and profit-related metrics, in addition to market-based conditions driven by an estimation of the quantum of awards expected to vest at the date of grant.

Where the Group obtains goods or services in exchange for the issuance of shares, these are accounted for as equity-settled share-based payments in accordance with IFRS 2. Where the fair value of the goods or services can be estimated reliably, these are recorded at fair value with a corresponding increase in equity.

In the instance of a scheme modification, the number of shares comprised in an award is adjusted to reflect equity changes in the Group and will therefore not impact underlying charges.

Provisions

The Group provides product warranties on all new vehicle sales. Warranty provisions are recognised when vehicles are sold or when new warranty programmes are initiated. Based on historical warranty claim experience, assumptions are made on the type and extent of future warranty claims, including non-contractual warranty claims as well as on possible recall campaigns. These assessments are based on the frequency and extent of vehicle faults and defects in the past. In addition, the estimates include assumptions on the potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

2 ACCOUNTING POLICIES CONTINUED

Provisions continued

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

- there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- the employees affected have been notified of the plan's main features.

Income taxes

Tax on the profit or loss for the period represents the sum of the tax currently payable and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income whereby the tax treatment follows that of the underlying item.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and can be estimated. Any interest and penalties accrued, if applicable, are included in income taxes in both the Consolidated Income Statement and the Consolidated Statement of Financial Position. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled. Deferred tax assets and liabilities are disclosed on a net basis where a right of offset exists.

The Group applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends and distributions relating to equity instruments are debited direct to equity.

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.

Critical accounting assumptions and key sources of estimation uncertainty estimates

The preparation of Financial Statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, which are described in this note, management have made estimates. Other than as set out below, variations in the remaining estimates are not considered to give rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group considers it appropriate to identify the nature of the estimates used in preparing the Group Financial Statements and the main sources of estimation uncertainty are:

- impairment of finite life intangible assets; and
- the recognition of deferred tax assets

Impairment of finite life intangible assets

For intangible assets that have a finite life, the recoverable amount is estimated when there is an indication that the asset is impaired.

The result of the calculation of the value-in-use is sensitive to the assumptions made and is a subjective estimate (note 13).

Recognition of deferred tax assets

Deferred tax assets are first recognised against deferred tax liabilities relating to the same taxation authority and the same taxable company which are expected to reverse in the same period.

Net deferred tax assets remaining are then only recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary difference or unused tax losses or credits can be recovered or utilised. The Group reviews the same underlying assumptions and future forecasts used for impairment testing, going concern and viability assessments to evaluate the level of estimated future taxable profits and the associated level of net deferred tax assets which are supportable for recognition at the reporting date.

In considering recoverability of the deferred tax assets, the Group relies upon future forecasts, which inherently increases the level of significant estimation uncertainty in the later periods. Note 9 provides information on the inherent sensitivities.

2 Accounting policies continued

New accounting standards

The following standards, amendments and interpretations were applicable for the period beginning 1 January 2023 and were adopted by the Group for the year to 31 December 2023. They have not had a significant impact on the Group's result for the year, equity or disclosures:

- Definition of Accounting Estimates – Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- *Disclosure of Accounting Policies – Amendments to* IAS 1 and IFRS Practice Statement 2.

The following are new accounting standards and amendments to existing standards that have been published and are applicable for the Group's accounting periods beginning 1 January 2024 onwards, which the Group has not adopted early:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1.
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The adoption of these standards and amendments is not expected to have a material impact on the Group's Consolidated Financial Statements.

PRIOR YEAR RESTATEMENT

The Consolidated Statement of Financial Position as at 1 January 2022 and 31 December 2022 has been restated to reflect a prior period adjustment in respect of the deferral of tax relief income received under the Research and Development Expenditure Credit ('RDEC') regime. The Group previously recognised the income within Administrative and other operating expenses in the Consolidated Income Statement, in the period in which the qualifying expenditure giving rise to the RDEC claim was incurred. The Group has reassessed the treatment under IAS 20 in respect of income from RDEC claims where the qualifying expenditure has been capitalised. For these capitalised expenses, the RDEC income earned has been deferred to the Consolidated Statement of Financial Position and will be released to the Consolidated Income Statement over the same period as the amortisation of the costs capitalised to which the RDEC income relates. Where the qualifying expenditure is not capitalised, the RDEC income will continue to be recognised in the Consolidated Income Statement in the year the expenditure is incurred, as has previously been the approach.

The impact of this adjustment is that as at 1 January 2022 and 31 December 2022, £49.0m of deferred income has been recognised on the balance sheet split between current £14.9m and non-current £34.1m Trade and Other Payables with a corresponding adjustment to retained earnings. There is no adjustment to the Consolidated Income Statement for the year ended 31 December 2022 as the impact of the adjustment is not material to that individual year. There is no change to the Consolidated Statement of Cash Flows as, whilst the accounting impact of the claim is deferred, there is no change to the timing of the cash receipt. No change in the corporation tax position is recognised for the year ended 31 December 2022 in either the Consolidated Income Statement or Consolidated Statement of Financial Position, as the recoverability assessment of the Group's deferred tax position has not been materially changed by this restatement. As there is no adjustment to the Consolidated Income Statement and no change in the income tax position, there is no impact on earnings per share.

Where the notes included in these Consolidated Financial Statements provide additional analysis in respect of amounts impacted by the above restatement, the comparative values presented have been re-analysed on a consistent basis. The following tables detail the impact on the Consolidated Statement of Financial Position as at 31 December 2022 and 2021, respectively.

Liabilities	As previously reported 31 December 2022 £m	Adjustment £m	Restated balance 31 December 2022 £m
Non-current liabilities			
Trade and other payables	9.1	34.1	43.2
Current liabilities			
Trade and other payables	876.3	14.9	891.2
Capital and reserves			
Retained Earnings	(1,184.9)	(49.0)	(1,233.9)

Liabilities	As previously reported 1 January 2022 £m	Adjustment £m	Restated balance 1 January 2022 £m
Non-current liabilities			
Trade and other payables	9.8	34.1	43.9
Current liabilities			
Trade and other payables	721.0	14.9	735.9
Capital and reserves			
Retained Earnings	(662.4)	(49.0)	(711.4)

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.

Revenue	**2023 £m**	2022 £m
Analysis by category		
Sale of vehicles	**1,531.9**	1,291.5
Sale of parts	**80.0**	70.8
Servicing of vehicles	**9.8**	9.3
Brands and motorsport	**11.1**	9.9
	1,632.8	1,381.5

Revenue	**2023 £m**	2022 £m
Analysis by geographical location		
United Kingdom	**309.9**	366.0
The Americas[1]	**452.8**	401.8
Rest of Europe, Middle East and Africa[2]	**547.0**	260.2
Asia Pacific[3]	**323.1**	353.5
	1,632.8	1,381.5

1. Within The Americas geographical segment, material revenue of £409.9m (2022: £363.9m) is generated in the United States of America
2. Within Rest of Europe, Middle East and Africa geographical segment, material revenue of £167.4m (2022: £87.5m) is generated in Germany
3. Within Asia Pacific geographical segment, material revenue of £91.8m (2022: £205.1m) is generated in China and £134.5m (2022: £68.9m) is generated in Japan

Non-current assets other than financial instruments and deferred tax assets by geographical location

As at 31 December 2023	**Right-of-use lease asset £m**	**Property, plant, equipment £m**	**Goodwill £m**	**Intangible assets[1] £m**	**Other receivables £m**	**Total £m**
United Kingdom	59.0	269.0	85.4	1,160.3	–	1,575.2
The Americas	6.3	6.8	–	188.5	3.3	204.9
Rest of Europe	1.7	77.6	–	143.4	2.0	223.2
Asia Pacific	3.4	0.3	–	–	–	3.7
	70.4	**353.7**	**85.4**	**1,492.2**	**5.3**	**2,007.0**

1. Within Intangible assets located in Europe, £143.4m is located in Germany. Within Intangible assets located in the Americas, £188.5m is located in the United States of America. These assets relate to the technology sharing agreements with Mercedes Benz AG and Lucid Group, Inc. respectively.

As at 31 December 2022	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible Assets[1] £m	Other receivables £m	Total £m
United Kingdom	60.7	301.6	85.4	1,155.8	–	1,603.5
The Americas	8.3	4.0	–	–	4.3	16.6
Rest of Europe	0.1	64.3	–	153.4	2.0	219.8
Asia Pacific	5.3	–	–	–	–	5.3
	74.4	369.9	85.4	1,309.2	6.3	1,845.2

1. Within Intangible assets located in Europe, £153.4m is located in Germany. This asset relates to the technology sharing agreements with Mercedes Benz AG.

4 OPERATING LOSS

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

		2023 £m	2022 £m
Depreciation of property, plant and equipment (note 14)		**91.2**	80.7
Depreciation absorbed into inventory under standard costing		**(0.9)**	(2.9)
Loss on sale/scrap of property, plant and equipment		**2.6**	–
Depreciation of right-of-use lease assets (note 16)		**9.3**	11.0
Amortisation of intangible assets (note 12)		**280.4**	227.4
Amortisation released from/(absorbed into) inventory under standard costing		**3.0**	(8.1)
Depreciation, amortisation and impairment charges included in administrative and other operating expenses		**385.6**	308.1
(Decrease)/increase in trade receivable loss allowance – administrative and other operating expenses (note 23)		**(1.3)**	0.6
Research and development expenditure tax credit		**(23.8)**	(18.4)
Net foreign currency differences		**0.3**	8.7
Cost of inventories recognised as an expense		**844.0**	798.0
Write-down of inventories to net realisable value		**24.2**	8.9
Increase in fair value of other derivative contracts		**(11.2)**	(2.3)
Lease payments (gross of sub-lease receipts)			
	Plant, machinery and IT equipment*	**0.3**	0.7
Sub-lease receipts	Land and buildings	**(0.4)**	(0.6)
Auditor's remuneration:			
	Audit of these Financial Statements	**0.3**	0.3
	Audit of Financial Statements of subsidiaries pursuant to legislation	**0.5**	0.4
	Audit-related assurance	**0.1**	0.1
	Services related to corporate finance transactions	**–**	0.2
Research and development expenditure recognised as an expense		**30.7**	14.1

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

	2023 £m	2022 £m
Total research and development expenditure	**299.2**	246.1
Capitalised research and development expenditure (note 12)	**(268.5)**	(232.0)
Research and development expenditure recognised as an expense	**30.7**	14.1

5 ADJUSTING ITEMS

	2023 £m	2022 £m
Adjusting operating expenses:		
ERP implementation costs[1]	**(14.5)**	(6.9)
Defined Benefit pension scheme closure costs[2]	**(1.0)**	(13.5)
Director settlement and incentive arrangements[7]	**–**	(3.5)
Legal settlement and costs[3]	**(16.0)**	–
	(31.5)	(23.9)
Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions[4]	**–**	4.1
Gain on financial instruments recognised at fair value through Income Statement[5]	**–**	8.4
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes[4]	**(8.0)**	(14.3)
Write-off of capitalised borrowing fees and discount upon early settlement of Senior Secured Notes[4]	**(9.5)**	(16.4)
Professional fees incurred on refinancing expensed directly to the Income Statement[4]	**–**	(1.9)
Loss on financial instruments recognised at fair value through Income Statement[5]	**(19.0)**	–
	(36.5)	(20.1)
Total adjusting items before tax	**(68.0)**	(44.0)
Tax charge on adjusting items[6]	**–**	–
Adjusting items after tax	**(68.0)**	(44.0)

Summary of 2023 adjusting items

1. In the year ended 31 December 2023, the Group incurred further implementation costs for a cloud-based Enterprise Resource Planning (ERP) system for which the Group will not own any intellectual property. £14.5m (2022: £6.9m) of costs have been incurred in the period under the service contract and expensed to the Consolidated Income Statement during the business readiness phase of the project. The project continued to undergo a phased rollout during 2023, which included HR, ordering and dealer management, and limited aspects of purchasing, following the previous migration of finance in 2022. 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.
2. On 31 January 2022, the Group closed its Defined Benefit Pension Scheme to future accrual incurring a past service cost of £2.8m. Under the terms of the closure agreement, employees were granted cash payments both in the current year and the following two financial years totalling £8.7m. These costs have been fully accrued. In addition, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during 2022. The terms of the agreement provide the employees with a minimum guaranteed value for these shares subject to their ongoing employment with the Group. The Group will pay the employees a further cash sum as the share price at 1 February 2024 did not meet this value. The charge associated with this portion was £1.0m in the year ended 31 December 2022 and is being accounted for in accordance with IFRS2 as a cash settled share-based payment scheme. A cost of £1.0m in the year ended 31 December 2023 relates to the ongoing minimum guaranteed value which will crystallise in early 2024.
3. During the year ended 31 December 2023, the Group was involved in two High Court cases against entities ultimately owned by a former significant shareholder of the Group. The first involved AMMENA, Aston Martin's distributor in the Middle East, North Africa and Turkey region. AMMENA brought a number of claims against the Group, including claims for debts arising between 2019-2021 when Aston Martin was acting as AMMENA's agent and several claims that the Group had acted in bad faith when AMMENA resumed its obligations as distributor. The Group successfully defended all the bad faith claims and AMMENA's 2021 debt claim was dismissed. Aston Martin, however, was unsuccessful in its claim to set off its own counter-claim that AMMENA (as the region's distributor) should indemnify the Group in relation to costs incurred in the termination of a retail dealer, so is required to pay AMMENA's debt claims for 2019 and 2020 (totalling £5.3m plus interest of £0.6m). The Group incurred costs of £5.7m in defending AMMENA's claims and must pay opposition costs of £1.7m. The cash impact of these costs is a cash outflow in February 2024 as well as working capital movements during the year ended 31 December 2023 for costs already incurred. The second case involves claims against a retail dealership, which is ultimately owned by entities that are shareholders in one of the Group's subsidiary entities, including for unpaid debts relating to two agreements from 2015 and 2016. The final judgement has been handed down (and is in AML's favour on all material issues), but the consequences of that judgement (including quantification of the final judgment sum, interest, and costs) has not yet been determined or ordered by the Court. The Group has incurred costs of £2.7m in the year which in conjunction with the other costs above are considered non-recurring in nature as these are related to historic disputes with former shareholders and not related to the ongoing business of the Group.
   Whilst disputes and legal proceedings pending are often in the normal course of the Group's business, in both these cases the opposing party has links to companies that were former significant shareholders of the Group. On that basis the Group has classified these costs as non-recurring in nature.
4. During the year ended 31 December 2023, the Group repaid $121.7m of Second Lien Senior Secured Notes ("SSNs"). In repaying the notes prior to their redemption date, a redemption premium of £8.0m was incurred, of which the cash impact was incurred in the year ended 31 December 2023. Accelerated amortisation of capitalised borrowing costs and discount of £10.1m was recognised which is a non-cash item.
   In the year ended 31 December 2022, the Group paid down $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The early settlement of these notes incurred a redemption premium of £14.3m and transaction fees of £1.9m and resulted in the acceleration of capitalised borrowing costs of £16.4m. The cash impact of the fees and premium are incurred within the year ended 31 December 2022. The acceleration of the borrowing costs is a non-cash item.
   In order to facilitate the repayment in of the SSNs in 2022, the Group placed a forward currency contract to purchase US dollars. Due to favourable movements in the exchange rates, a gain of £4.1m was realised in the Consolidated Income Statement at the transaction date. The repayment made in 2023 was not hedged.
5. The Group issued Second Lien 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 liability in the year ended 31 December 2023 resulted in a net loss, including warrant exercises, of £19.0m (2022: gain of £8.4m) being recognised in the Consolidated Income Statement. There is no cash impact of this adjustment.
6. In 2023, nil tax has been recognised as an adjusting item (2022: nil tax) which is not in line with the standard rate of income tax for the Group of 23.5% (2022: 19%). This is on the basis that the adjusting items generate net deferred tax assets (specifically unused tax losses and interest amounts disallowed under the corporate interest restriction legislation). These have not been recognised to the extent that sufficient taxable profits are not forecast (under the defined planning cycle applied for the recognition of deferred tax assets) against which the unused tax losses and interest amounts disallowed under the corporate interest restriction legislation would be utilised.

Summary of 2022 adjusting items

7. On 14 January 2022, it was announced that Doug Lafferty would be joining the Group as Chief Financial Officer replacing Ken Gregor who stepped down from the Board on 1 May 2022. On 4 May, it was announced that Tobias Moers would be stepping down as Chief Executive Officer and Chief Technical Officer. Amedeo Felisa was appointed as Chief Executive Officer and Roberto Fedeli was appointed as Chief Technical Officer on the same day. The total cost associated with these changes was £3.5m, of which £1.8m represents joining incentives, £0.7m represents severance (note 6), and £1.0m comprises social security and other costs. Due to the quantum of such costs incurred in the period, they have been separately presented. The cash outflows associated with this expense are expected to be incurred within a period of 12 months from the appointment of each individual.

6 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(a) Staff costs (including Directors)

	2023 £m	2022 £m
Wages and salaries	**188.0**	139.4
Social security costs	**19.4**	16.4
Expenses related to post-employment Defined Benefit plan[1]	**–**	16.0
Contributions to Defined Contribution plans	**20.9**	17.6
	228.3	189.4

1. The year ended 31 December 2022 includes Defined Benefit plan closure costs of £12.5m as separately described in note 5 alongside the total in-year service costs of £3.5m separately disclosed in note 26.

The average monthly number of employees during the year were:

By activity	2023 Number	2022 Number
Production	**1,238**	1,123
Selling and distribution	**342**	276
Administration	**1,160**	1,138
	2,740	2,537

(b) Directors' emoluments and transactions

	2023 £m	2022 £m
Directors' emoluments	**4.4**	3.1
Company contributions to pension schemes	**0.1**	0.1
Share related awards	**–**	0.8
Compensation for loss of office	**–**	0.7
	4.5	4.7

All Directors benefited from qualifying third-party indemnity provisions. Further information relating to Directors' remuneration is set out in the Directors' Remuneration Report on pages 108-122.

(c) Compensation of key management personnel (including Executive Directors)

	2023 £m	2022 £m
Short-term employee benefits	**11.0**	5.6
Post-employment benefits	**0.5**	0.4
Compensation for loss of office	**–**	0.7
Share related awards	**0.2**	0.8
	11.7	7.5

7 FINANCE INCOME

	2023 £m	2022 £m
Bank deposit and other interest income	**13.5**	3.0
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**60.8**	–
Finance income before adjusting items	**74.3**	3.0
Adjusting finance income items:		
Foreign exchange gain on financial instrument utilised during refinance transactions	**–**	4.1
Gain on financial instruments recognised at fair value through Income Statement (note 23)	**–**	8.4
Total adjusting finance income	**–**	12.5
Total finance income	**74.3**	15.5

8 FINANCE EXPENSE

	2023 £m	2022 £m
Bank loans, overdrafts and senior secured notes	**151.3**	166.0
Foreign exchange loss on borrowings not designated as part of a hedging relationship	**–**	156.2
Interest on lease liabilities (note 16)	**4.1**	4.5
Net interest expense on the net Defined Benefit liability (note 26)	**2.7**	1.4
Interest on contract liabilities held (note 21)	**7.7**	8.0
Effect of discounting on long-term liabilities	**0.6**	–
Finance expense before adjusting items	**166.4**	336.1
Adjusting finance expense items:		
Loss on financial instruments recognised at fair value through Income Statement (note 23)	**19.0**	–
Premium paid on the early redemption of Senior Secured Notes	**8.0**	14.3
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	**9.5**	16.4
Professional fees incurred on refinancing expensed directly to the Income Statement	**–**	1.9
Total adjusting finance expense	**36.5**	32.6
Total finance expense	**202.9**	368.7

9 TAXATION

	2023 £m	2022 £m
UK corporation tax on result	**0.3**	0.2
Overseas tax	**1.7**	7.4
Prior period movement	**(0.1)**	–
Total current income tax charge	**1.9**	7.6
Deferred tax credit		
Origination and reversal of temporary differences	**(15.1)**	29.4
Prior period movement	**0.2**	(4.3)
Total deferred tax (credit)/charge	**(14.9)**	25.1
Total income tax (credit)/charge in the Income Statement	**(13.0)**	32.7
Tax relating to items (charged)/credited to other comprehensive income		
Deferred tax		
Actuarial movement on Defined Benefit plan	**–**	1.7
Fair value adjustment on cash flow hedges	**(1.2)**	(0.8)
	(1.2)	0.9
Tax relating to items charged in equity – deferred tax		
Effect of equity settled share based payment charge	**(0.5)**	–

STRATEGIC REPORT GOVERNANCE FINANCIAL STATEMENTS FURTHER INFORMATION

9 TAXATION CONTINUED

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

The tax credit (2022: charge) in the Consolidated Statement of Comprehensive Income for the year is lower (2022: higher) than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are reconciled below:

	2023 £m	2022 £m
Loss from operations before taxation	**(239.8)**	(495.0)
Loss from operations before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	**(56.3)**	(94.0)
Difference to total income tax (credit)/charge due to effects of:		
Expenses not deductible for tax purposes	**1.2**	2.0
Movement in unprovided deferred tax	**43.4**	100.3
Derecognition of deferred tax assets	**–**	25.6
Irrecoverable overseas withholding taxes	**–**	0.8
Adjustments in respect of prior periods	**0.1**	(4.3)
Difference in UK tax rates	**(0.7)**	1.1
Difference in overseas tax rates	**0.2**	1.2
Other	**(0.9)**	–
Total income tax (credit)/charge	**(13.0)**	32.7

(b) Tax paid

Total net tax paid during the year was £5.6m (2022: £6.8m).

(c) Factors affecting future tax charges

The UK's main rate of corporation tax increased from 19% to 25%, effective from 1 April 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two Transitional Safe Harbour provisions are expected to apply in each jurisdiction the Group operates in, and management is not aware of any circumstance under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes. The Group has applied the exception in IAS 12 'Income Taxes' to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(d) Deferred tax

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2023 £m	Assets 2022 £m	**Liabilities 2023 £m**	Liabilities 2022 £m
Property, plant and equipment	**(108.5)**	(76.2)	**–**	–
Intangible assets	**–**	–	**182.9**	181.3
Employee benefits	**(12.7)**	(15.5)	**–**	–
Provisions	**(10.4)**	(8.4)	**–**	–
RDEC credit[1]	**(23.5)**	(16.1)	**–**	–
RDEC deferred income[2]	**(13.8)**	–		–
Losses and other deductions[3]	**(168.3)**	(198.6)	**–**	–
Share-based payments	**(2.0)**	(0.2)	**–**	–
Other	**–**	–	**–**	0.7
Deferred tax (assets)/liabilities	**(339.2)**	(315.0)	**182.9**	182.0
Offset of tax liabilities/(assets)	**182.9**	181.3	**(182.9)**	(181.3)
Total deferred tax (assets)/liabilities	**(156.3)**	(133.7)	**–**	0.7

1 Deferred tax assets categorised as 'RDEC credit' relate to the cumulative restricted amount of the payable tax credits which can be applied or surrendered in discharging any future corporation tax liability of the claimant company, as detailed in the Government Grants section of the Accounting Policies (Note 2).
2 Deferred tax assets categorised as 'RDEC deferred income' relate to expenditure deferred to the Consolidated Statement of Financial position which has previously been included within filed RDEC claims and subject to corporation tax. Any future release of the RDEC deferred income to the Consolidated Income Statement will not be subject to corporation tax for a second time.
3 Deferred tax assets categorised as 'Losses and other deductions' relate to tax losses and tax interest amounts disallowed under the corporate interest restriction legislation.

9 Taxation continued

(d) Deferred tax continued

Where the right exists in certain jurisdictions, deferred tax assets and liabilities have been offset.

Movement in deferred tax in 2023	1 January 2023 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2023 £m
Property, plant and equipment	**(76.2)**	**(32.4)**	**–**	**–**	**–**	**(108.5)**
Intangible assets	**181.3**	**1.6**	**–**	**–**	**–**	**182.9**
Employee benefits	**(15.5)**	**2.8**	**–**	**–**	**–**	**(12.7)**
Provisions	**(8.4)**	**(1.4)**	**(1.2)**	**–**	**0.6**	**(10.4)**
RDEC credit	**(16.1)**	**–**	**–**	**–**	**(7.4)**	**(23.5)**
RDEC deferred income	**–**	**(13.8)**	**–**	**–**	**–**	**(13.8)**
Losses and other deductions	**(198.6)**	**30.2**	**–**	**–**	**0.1**	**(168.3)**
Share-based payments	**(0.2)**	**(1.2)**	**–**	**(0.5)**	**–**	**(2.0)**
Other	**0.7**	**(0.7)**	**–**	**–**	**–**	**–**
	(133.0)	**(14.9)**	**(1.2)**	**(0.5)**	**(6.7)**	**(156.3)**

Movement in deferred tax in 2022	1 January 2022 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2022 £m
Property, plant and equipment	(111.1)	34.9	–	–	–	(76.2)
Intangible assets	186.8	(5.5)	–	–	–	181.3
Employee benefits	(19.9)	2.7	1.7	–	–	(15.5)
Provisions	(6.3)	(0.9)	(1.2)	–	–	(8.4)
RDEC credit	(12.6)	–	–	–	(3.5)	(16.1)
Losses and other deductions	(192.6)	(6.4)	0.4	–	–	(198.6)
Share-based payments	(0.7)	0.5	–	–	–	(0.2)
Other	0.8	(0.1)	–	–	–	0.7
	(155.6)	25.2	0.9	–	(3.5)	(133.0)

The losses and other deductions of £168.3m (£673.8m gross) comprises of UK tax losses totalling £117.3m (£469.2m gross), China tax losses totalling £1.9m (£8.3m gross) and disallowed interest amounts of £49.1m (£196.3m gross).

Net deferred tax assets have been recognised to the extent that it is considered probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses or credits can be recovered or utilised. In evaluating the level of probable future taxable profits the Group reviews the same underlying assumptions and future forecasts used for impairment testing, going concern and viability assessments.

Given the recent history of accumulating tax losses, the Group has evaluated whether there is convincing other evidence that sufficient taxable profit will be available in determining the supportable level of net deferred tax assets which have been recognised at the reporting date. The significant progress made both strategically and financially in the past couple of years provides convincing evidence that the current business plan, as set out by the Executive team, will start generating the forecast taxable profits in the UK in the short term in order to support the recognition of deferred tax assets.

The future forecasts cover an extended period, which inherently increases the level of significant estimation uncertainty in the later periods. Specifically in this context, for the deferred tax assets held by the main UK trading entity, a defined look-out period for Internal Combustion Engine ('ICE') and Plug-In Hybrid Vehicle ('PHEV') to 31 December 2030 was selected on the basis that this timeframe correlates to existing vehicle life cycles. A longer defined-look out period of two vehicle life cycles was selected for the recognition of UK tax losses carried forward by the non-trading entities. The extended look out period is considered appropriate on the basis that the utilisation of these UK tax losses is only reliant on a relatively low level of future forecast profits generated by the Group beyond 2030. The Group has gross deferred tax assets unrecognised at the reporting date totalling £1,253.0m comprised of £541.2m tax losses, £196.8m accelerated capital allowances, £8.1m US provisions and £506.9m of disallowed tax interest amounts.

The aggregate amount of temporary differences associated with investments in subsidiaries and branches for which deferred tax liabilities have not been recognised is £1.5m for the financial year ended 31 December 2023 (2022: £38.4m). An increase/decrease of £50m in forecast taxable UK profits by 2030 would increase/decrease the level of deferred tax asset that would be recognised on losses by £6.3m under current UK tax legislation.

10 DIVIDENDS

No dividends were declared or paid by the Company in the year ended 31 December 2023 (2022: £nil).

11 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. 1,017,505 ordinary shares were issued under the Group's share investment plan (note 29). As these shares are held in trust on behalf of the Group's employees and the Group controls the trust they have been excluded from the calculation of the weighted average number of shares.

Continuing and total operations	2023	2022
Basic earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Basic loss per ordinary share (pence)	**(30.5p)**	(124.5p)

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	2023	2022
Diluted earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Basic loss per ordinary share (pence)	**(30.5p)**	(124.5p)

	2023 Number	2022 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
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)	**748.2**	424.7

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 have been excluded from the weighted average number of diluted ordinary shares, as including them is anti-dilutive to diluted earnings per share.

As part of the Strategic Cooperation Agreement entered into in December 2020 with MBAG, 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 (note 30). During the year ended 31 December 2023, the agreement was amended and the Group is no longer required to issue further shares to MBAG.

Warrants to acquire shares in the Company were issued alongside the Second Lien SSNs in December 2020 which can be exercised from 1 July 2021 through to 7 December 2027. As a consequence of the rights issue during the period ended 31 December 2022 (note 27) the number of ordinary shares issuable via the options was increased by a multiple of 6 to ensure the warrant holders' interests were not diluted. As at 31 December 2023, 66,159,325 options, each entitled to 0.3 ordinary shares, remain unexercised. The future issuance of warrants may have a dilutive effect in future periods if the Group generates a profit.

Adjusted earnings per share is disclosed in note 34 to show performance undistorted by adjusting items to assist in providing useful information on the underlying performance of the Group and enhance the comparability of information between reporting periods.

12 INTANGIBLE ASSETS

	Goodwill £m	Brands £m	Technology £m	Capitalised development cost £m	Dealer network £m	Software and other £m	Total £m
Cost							
Balance at 1 January 2022	85.4	297.6	163.5	1,613.9	15.4	67.1	2,242.9
Additions	–	–	–	232.0	–	5.9	237.9
Balance at 31 December 2022	85.4	297.6	163.5	1,845.9	15.4	73.0	2,480.8
Balance at 1 January 2023	**85.4**	**297.6**	**163.5**	**1,845.9**	**15.4**	**73.0**	**2,480.8**
Additions	**–**	**–**	**188.5**	**268.5**	**–**	**6.4**	**463.4**
Balance at 31 December 2023	**85.4**	**297.6**	**352.0**	**2,114.4**	**15.4**	**79.4**	**2,944.2**
Amortisation							
Balance at 1 January 2022	–	–	9.9	780.6	10.8	57.5	858.8
Charge for the year	–	–	1.9	221.4	0.8	3.3	227.4
Balance at 31 December 2022	–	–	11.8	1,002.0	11.6	60.8	1,086.2
Balance at 1 January 2023	**–**	**–**	**11.8**	**1,002.0**	**11.6**	**60.8**	**1,086.2**
Charge for the year	**–**	**–**	**9.8**	**264.0**	**0.7**	**5.9**	**280.4**
Balance at 31 December 2023	**–**	**–**	**21.7**	**1,266.0**	**12.3**	**66.7**	**1,366.7**
Net book value							
At 1 January 2022	85.4	297.6	153.6	833.3	4.6	9.6	1,384.1
At 31 December 2022	85.4	297.6	151.7	843.9	3.8	12.2	1,394.6
At 1 January 2023	**85.4**	**297.6**	**151.7**	**843.9**	**3.8**	**12.2**	**1,394.6**
At 31 December 2023	**85.4**	**297.6**	**330.4**	**848.4**	**3.1**	**12.7**	**1,577.6**

On 7 December 2020, the Company issued 224,657,287 shares to MBAG as consideration for access to the first tranche of powertrain and electronic architecture via a Strategic Cooperation Agreement. The Group was required to undertake a valuation exercise to measure the fair value of the access to the MBAG technology upon its initial capitalisation. The Group selected the 'With and Without' income approach which compares the net present value of cash flows from the Group's business plan prior to ('Without') and after ('With') the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Group's assessment, the fair value of access to this technology is £142.3m. The £142.3m represents the assumed cost at acquisition from which point the cost model has been adopted. Amortisation commenced during the year ended 31 December 2023 and the carrying value of the technology asset is £134.2m.

On 26 June 2023, the Aston Martin Lagonda Global Holdings plc confirmed a strategic supply arrangement with Lucid Group, Inc. ("Lucid") providing the Group with access to select powertrain components for future BEV vehicles (collectively the "technology"). The consideration paid by the Group was a mixture of cash and 28,352,273 newly issued shares in Aston Martin Lagonda Global Holdings plc. The Group was required to undertake a valuation exercise to measure the fair value of the access to the Lucid technology upon its initial capitalisation. The Group selected the 'With and Without' income approach which compares the net present value of cash flows from the Group's business plan prior to ('Without') and after ('With') the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Group's assessment, the fair value of access to this technology is £188.5m. The £188.5m represents the assumed cost at acquisition from which point the cost model has been adopted. Amortisation is aligned to when the asset is available for use – i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation of capitalised development costs commences when the programme to which the expenditure relates is available for use. As at 31 December 2023, £253.2m (2022: £259.4m) of capitalised development costs were not yet within the scope of amortisation.

13 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 has considered 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 £1.9bn at 31 December 2023.

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 capitalised development costs and technology.

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 assets. The recoverable amount is the higher of the assets' fair value less costs of disposal and its value-in-use. Where non-current assets with finite useful lives are not yet available for use, these are tested for impairment annually.

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.

Key assumptions used in value-in-use calculations

Where there are indicators of impairment, the calculation of value-in-use for the assets is most sensitive to the following assumptions:

- Cash flows are projected based on actual operating results and the current five-year 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 14.0% (2022: 14.0%).
- A long-term growth rate of 2% (2022: 2%)

Sensitivity analysis

- As at 31 December 2023, the gross margin would need to decrease by 36% before any of the finite life assets become impaired.

The Group has considered the carrying value of its assets in conjunction with the trading and cash flow forecasts for the Group including factors related to the Group's ongoing climate commitments (see note 1). The Group is satisfied no impairment is required at 31 December 2023. No reasonably possible change in an assumption could result in a material impact on the impairment assessment in the next twelve months.

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £m	Tooling £m	Plant, machinery, fixtures and fittings £m	Motor vehicles £m	Total £m
Cost					
Balance at 1 January 2022	71.5	547.6	238.5	0.8	858.4
Additions	2.9	64.1	27.8	0.1	94.9
Disposals	–	–	(0.6)	(0.2)	(0.8)
Effect of movements in exchange rates	0.3	–	0.1	–	0.4
Balance at 31 December 2022	74.7	611.7	265.8	0.7	952.9
Balance at 1 January 2023	**74.7**	**611.7**	**265.8**	**0.7**	**952.9**
Additions	**9.1**	**45.0**	**23.8**	**-**	**77.9**
Disposals	**(0.1)**	**(2.8)**	**(1.7)**	**(0.1)**	**(4.7)**
Effect of movements in exchange rates	**(0.4)**	**–**	**(0.1)**	**–**	**(0.5)**
Balance at 31 December 2023	**83.3**	**653.9**	**287.8**	**0.6**	**1,025.6**
Depreciation					
Balance at 1 January 2022	32.3	363.7	106.7	0.2	502.9
Charge for the year	2.7	60.5	17.3	0.2	80.7
Disposals	–	–	(0.6)	(0.2)	(0.8)
Effect of movements in exchange rates	0.1	–	0.1	–	0.2
Balance at 31 December 2022	35.1	424.2	123.5	0.2	583.0
Balance at 1 January 2023	**35.1**	**424.2**	**123.5**	**0.2**	**583.0**
Charge for the year	**3.8**	**67.9**	**19.5**	**–**	**91.2**
Disposals	**(0.1)**	**(0.9)**	**(1.0)**	**(0.1)**	**(2.1)**
Effect of movements in exchange rates	**(0.1)**	**–**	**(0.1)**	**–**	**(0.2)**
Balance at 31 December 2032	**38.7**	**491.2**	**141.9**	**0.1**	**671.9**
Net book value					
At 1 January 2022	39.2	183.9	131.8	0.6	355.5
At 31 December 2022	39.6	187.5	142.3	0.5	369.9
At 1 January 2023	**39.6**	**187.5**	**142.3**	**0.5**	**369.9**
At 31 December 2023	**44.6**	**162.7**	**145.9**	**0.5**	**353.7**

14 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property, plant and equipment provides security for a fixed and floating charge in favour of the Aston Martin Lagonda Limited pension scheme.

Assets in the course of construction at a cost of £37.4m (2022: £32.9m) are not depreciated until available for use and are included within tooling, plant and machinery. The gross value of freehold land and buildings includes freehold land of £6.1m (2022: £6.1m) which is not depreciated. Capital commitments are disclosed in note 30.

The tables below analyse the net book value of the Group's property, plant and equipment by geographical location.

At 31 December 2023	**United Kingdom £m**	**Rest of Europe £m**	**The Americas £m**	**Asia Pacific £m**	**Total £m**
Freehold land and buildings	**38.7**	**1.9**	**5.7**	**–**	**46.3**
Tooling	**83.7**	**73.7**	**0.9**	**0.3**	**158.6**
Plant, machinery, fixtures and fittings, and motor vehicles	**146.6**	**2.0**	**0.2**	**–**	**148.8**
	269.0	**77.6**	**6.8**	**0.3**	**353.7**

At 31 December 2022	United Kingdom £m	Rest of Europe £m	The Americas £m	Asia Pacific £m	Total £m
Freehold land and buildings	36.6	1.8	2.9	–	41.3
Tooling	120.3	61.8	1.1	–	183.2
Plant, machinery, fixtures and fittings, and motor vehicles	144.7	0.7	–	–	145.4
	301.6	64.3	4.0	–	369.9

15 INVESTMENTS IN EQUITY INTERESTS

On 15 November 2023, the Group subscribed for shares in AMR GP Holdings Limited by exercising its primary warrant option and subscribing for reward shares it was entitled to under the initial sponsorship term. The primary warrant became exercisable following the Group entering an agreement with AMR GP for a second sponsorship term running from 2026 to 2030.

At the point of subscription, a valuation exercise was undertaken to determine the fair value of the derivatives with a gain being recognised in the Consolidated Income Statement (see note 20). As the subscription was sufficiently close to the year-end date, and no material changes have occurred in underlying business, the same valuation was used to determine the fair value as at 31 December 2023. The fair value of the warrant equity option and reward shares was established by applying the proportion of equity represented by the derivatives to an assessment of the equity value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment.

The Group has made the election to carry the investment at fair value through other comprehensive income and will continue to fair value the investment in line with the requirements of IFRS 9 at future balance sheet dates. This election was made to reduce volatility due to movements in fair value within the Consolidated Income Statement.

	2023 £m	2022 £m
Investments		
As at 1 January	**–**	–
Additions	**18.2**	–
As at 31 December	**18.2**	–

16 LEASES

The Group holds lease contracts for buildings, plant and machinery and IT equipment.

a) Right-of-use lease assets

	Properties £m	Plant and machinery £m	IT equipment £m	Total £m
Cost				
Balance at 1 January 2022	89.2	15.6	6.5	111.3
Additions	4.0	–	–	4.0
Modifications	3.3	–	0.2	3.5
Disposals	(5.5)	(4.5)	(5.8)	(15.8)
Effect of movements in exchange rates	1.2	–	–	1.2
Balance at 31 December 2022	92.2	11.1	0.9	104.2
Balance at 1 January 2023	**92.2**	**11.1**	**0.9**	**104.2**
Additions	**4.4**	**–**	**1.4**	**5.8**
Modifications	**0.6**	**–**	**–**	**0.6**
Disposals	**(3.5)**	**(0.1)**	**(0.1)**	**(3.7)**
Effect of movements in exchange rates	**(1.5)**	**–**	**(0.1)**	**(1.6)**
Balance at 31 December 2023	**92.2**	**11.0**	**2.1**	**105.3**
Depreciation				
Balance at 1 January 2022	24.3	5.1	5.9	35.3
Charge for the year	9.9	0.6	0.5	11.0
Disposals	(5.5)	(4.5)	(5.8)	(15.8)
Effect of movements in exchange rates	(0.7)	–	–	(0.7)
Balance at 31 December 2022	28.0	1.2	0.6	29.8
Balance at 1 January 2023	**28.0**	**1.2**	**0.6**	**29.8**
Charge for the year	**8.3**	**0.4**	**0.6**	**9.3**
Disposals	**(3.4)**	**(0.1)**	**(0.1)**	**(3.6)**
Effect of movements in exchange rates	**(0.7)**	**–**	**0.1**	**(0.6)**
Balance at 31 December 2023	**32.2**	**1.5**	**1.2**	**34.9**
Carrying value				
At 1 January 2022	64.9	10.5	0.6	76.0
At 31 December 2022	64.2	9.9	0.3	74.4
At 1 January 2023	**64.2**	**9.9**	**0.3**	**74.4**
At 31 December 2023	**60.0**	**9.5**	**0.9**	**70.4**

Income from the sub-leasing of right-of-use assets in the year 31 December 2023 was £0.4m (2022: £0.6m). The Group recognises the lease payments received on a straight-line basis over the lease term within administrative and other operating expenses in the Consolidated Income Statement.

16 LEASES CONTINUED

b) Obligations under leases

The maturity profile of undiscounted lease cash flows accounted for under IFRS 16 is:

	2023 £m	2022 £m
Less than one year	**12.7**	9.9
One to five year	**40.3**	39.1
More than five years	**82.8**	90.1
	135.8	139.2

The maturity profile of discounted lease cash flows accounted for under IFRS 16 is:

	2023 £m	2022 £m
Less than one year	**8.8**	7.4
One to five years	**28.5**	26.8
More than five years	**60.0**	65.6
	97.3	99.8
Analysed as:		
Current	**8.8**	7.4
Non-current	**88.5**	92.4
	97.3	99.8

A reconciliation of the lease liability from 1 January to 31 December for the current and prior year is disclosed within note 28.

The total lease interest expense for the year ended 31 December 2023 was £4.1m (2022: £4.5m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £7.9m (2022: £10.0m). Expenses charged to the Consolidated Income Statement for short-term leases for the year ended 31 December 2023 were £0.3m (2022: £0.7m). The portfolio of short-term leases at 31 December 2023 is representative of the expected annual short-term lease expense in future years.

The following disclosure has been included to facilitate the understanding of the impact of adopting IFRS 16 on the Group due to covenants in the Group's finance arrangements that continue to use IAS 17.

The impact of IFRS 16 on the Consolidated Income Statement, excluding tax, for the year ended 31 December 2023 is:

	As reported 31 December 2023 £m	Add back IFRS 16 interest charge £m	Add back IFRS 16 depreciation charge £m	Less amortisation of legal fees £m	Less lease incentives £m	Less IAS 17 lease cost £m	Excluding impact of IFRS 16 31 December 2023 £m
Revenue	**1,632.8**	**–**	**–**	**–**	**–**	**–**	**1,632.8**
Cost of sales	**(993.6)**	**–**	**–**	**–**	**–**	**–**	**(993.6)**
Gross profit	**639.2**	**–**	**–**	**–**	**–**	**–**	**639.2**
Selling and distribution expenses	**(143.8)**	**–**	**–**	**–**	**–**	**–**	**(143.8)**
Administrative and other operating expenses	**(606.6)**	**–**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(608.0)**
Operating loss	**(111.2)**	**–**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(112.6)**
Finance income	**74.3**	**–**	**–**	**–**	**–**	**–**	**74.3**
Finance expense	**(202.9)**	**4.1**	**–**	**–**	**–**	**–**	**(198.8)**
(Loss)/profit before tax	**(239.8)**	**4.1**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(237.1)**
Adjusted EBITDA (note 34)	**305.9**	**–**	**–**	**(0.1)**	**1.1**	**(11.7)**	**295.2**

16 LEASES CONTINUED

b) Obligations under leases continued

The impact of IFRS 16 on the Consolidated Income Statement, excluding tax, for the year ended 31 December 2022 is:

	As reported 31 December 2022 £m	Add back IFRS 16 interest charge £m	Add back IFRS 16 depreciation charge £m	Less amortisation of legal fees £m	Less lease incentives £m	Less IAS 17 lease cost £m	Excluding impact of IFRS 16 31 December 2022 £m
Revenue	1,381.5	–	–	–	–	–	1,381.5
Cost of sales	(930.8)	–	–	–	–	–	(930.8)
Gross profit	450.7	–	–	–	–	–	450.7
Selling and distribution expenses	(113.0)	–	–	–	–	–	(113.0)
Administrative and other operating expenses	(479.5)	–	11.0	(0.1)	1.1	(14.5)	(482.0)
Operating loss	(141.8)	–	11.0	(0.1)	1.1	(14.5)	(144.3)
Finance income	15.5	–	–	–	–	–	15.5
Finance expense	(368.7)	4.5	–	–	–	–	(364.2)
(Loss)/profit before tax	(495.0)	4.5	11.0	(0.1)	1.1	(14.5)	(493.0)
Adjusted EBITDA (note 34)	190.2	–	–	(0.1)	1.1	(14.5)	176.6

17 INVENTORIES

	2023 £m	2022 £m
Parts for resale, service parts and production stock	**157.7**	152.2
Work in progress	**33.2**	48.5
Finished vehicles	**81.8**	85.5
	272.7	286.2

Finished vehicles include Group-owned service cars at a net realisable value of £49.0m (2022: £44.4m).

During the years ended 31 December 2023 and 2022, inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 21 for further details.

18 TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Amounts included in current assets		
Trade receivables	**216.2**	137.0
Indirect taxation	**43.8**	42.5
Prepayments	**46.6**	46.8
Other receivables	**15.6**	19.4
	322.2	245.7
Amounts included in non-current assets		
Other receivables	**5.3**	6.3

Trade and other receivables for non-vehicle receivables are non-interest bearing and generally have terms of less than 60 days. Due to their short maturities, the fair value of trade and other receivables approximates to their book value. Certain vehicle trade receivables are financed through a wholesale finance facility (see below). Where vehicle trade receivables remain a part of the Group's Consolidated Statement of Financial Position, these receivables bear interest after 60 days. Credit terms for such trade receivables vary between 0 and 180 days.

Credit risk is discussed further in note 23.

18 TRADE AND OTHER RECEIVABLES CONTINUED

The carrying amount of trade and other receivables at 31 December, converted into sterling at the year-end exchange rates, are denominated in the following currencies (excluding prepayments):

	2023 £m	2022 £m
Sterling	**78.6**	75.6
Chinese renminbi	**38.3**	15.2
Euro	**87.9**	50.8
US dollar	**17.0**	21.7
Japanese yen	**41.0**	31.0
Other	**18.1**	11.4
	280.9	205.7

Wholesale finance facility

Sales to third-party Aston Martin franchised dealers are eligible, subject to individual dealer approved credit limits, to be financed through a wholesale finance facility.

In the year ended 31 December 2022, the Group entered into a multi-currency wholesale finance facility with CA Auto Bank S.p.A. ("CAAB") and its regional designates. Under the facility, the Group finances dealer trade receivables with CAAB around the time a sale has been made under the Group's revenue recognition policy and receives consideration equal to the value of the trade receivable financed. The Group has the option to subvent the dealer financing cost which provides the dealer network an interest-free period. The cost of this subvention is presented as a financing expense in the Consolidated Income Statement. The Group has considered the IFRS 9 criteria for asset derecognition in respect of the trade receivables financed through CAAB. The Group is satisfied that substantially all the risks are transferred to CAAB. As a result, the wholesale finance facility is off balance sheet. Due to this classification, financing costs of £2.5m (2022: £0.3m) associated with the scheme are presented in operating cash flows (note 28). As at 31 December 2023, £83.8m was financed under the facility (2022: £65.2m).

The Group's previous wholesale finance facility was with Velocitas Funding Designated Activity Company ("Velocitas") a special purpose vehicle established for the purpose and financed by a panel of banks led by JPMorgan Chase Bank, N.A., London Branch. At 31 December 2022 the multi-currency facility was closed to new financing, and wound down in the first half of 2023. The remaining senior loan of £0.1m and subordinated loan of £0.5m was received by the Group in the year ended 31 December 2023.

19 CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash and cash equivalents	**392.4**	583.3

Cash at bank when placed on deposit earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates to their fair value.

Cash is held in the following currencies; those held in currencies other than sterling have been converted into sterling at year-end exchange rates:

	2023 £m	2022 £m
Sterling	**143.2**	336.8
Chinese renminbi	**21.6**	59.8
Euro	**38.7**	26.1
US dollar	**166.5**	130.5
Japanese yen	**15.9**	4.5
Other	**6.5**	25.6
	392.4	583.3
Included within the above:		
Restricted cash	**–**	32.8

During 2021, the Group entered into a bilateral Revolving Credit Facility with HSBC Bank plc ("HSBC"), whereby Chinese renminbi with an initial value of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC in the UK. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents value above. The cash in China cannot be withdrawn whilst the loan remains in place. During the year ended 31 December 2023, the loan was repaid and the restricted cash was released.

20 OTHER FINANCIAL ASSETS

	2023 £m	2022 £m
Forward currency contracts held at fair value	**3.3**	2.3
Loan assets	**–**	0.6
Cash held not available for short-term use	**–**	0.3
Other derivative contracts	**–**	5.6
	3.3	8.8
Analysed as:		
Current	**3.3**	8.8
Non-current	**–**	–
	3.3	8.8

The Group uses forward currency contracts to partly manage the risk associated with fluctuations in exchange rates on future sales contracts. At the reporting date these cash flow hedges are marked-to-market and any assets are shown as other financial assets in the Statement of Financial Position.

At 31 December 2022, £0.3m held in certain local bank accounts had been frozen in relation to local arbitration proceedings and the cash held in these accounts did not meet the definition of cash and cash equivalents, and therefore was classified as an other financial asset. During 2023, all amounts have been unfrozen.

At 31 December 2022, the Group held £0.5m of subordinated loan and £0.1m of senior loan assets relating to a wholesale financing facility (note 18). The facility fully closed during the year ended 31 December 2023 and the amounts were repaid to the Group. The subordinated loan is presented within financing cashflows owing to its longer term deposit time whereas movements in the senior loan are included in operating cashflow.

Other derivative contracts comprise warrant options and non-option derivatives both of which entitle the Group to subscribe for equity in AMR GP Holdings Limited, the immediate parent company of AMR GP Limited. The warrant options were recorded as an embedded option derivative asset at £2.9m on initial recognition on 31 March 2020. The fair value movement in the options for the year ended 31 December 2023 was a £7.4m increase (2022: £1.6m increase) and is recognised within the Consolidated Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement (see note 22) which represented an accrual for that element of future sponsorship payments.

20 OTHER FINANCIAL ASSETS CONTINUED

The fair value of the warrant equity option above has been established by applying the proportion of equity represented by the derivative to an assessment of the enterprise value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment.

There is a further embedded derivative in the agreement in respect of an additional economic interest in the equity of AMR GP Holdings Limited which was assessed as having a carrying value of £nil at inception. This derivative entitled the Group to subscribe for further share capital in AMR GP Limited in the event that the sponsorship agreement is extended for a further five-year period. The fair value movement in this derivative for the year ended 31 December 2023 was a £3.8m increase (2022: £0.7m increase) and is recognised within the Consolidated Income Statement in administrative expenses. The movement in the value of this derivative has been estimated using the same method as the warrant equity option disclosed above. There is no corresponding liability recorded as it is a non-option embedded derivative.

The Group exercised its option and subscribed for equity in AMR GP Holdings Limited during the year ended 31 December 2023. The Group holds one further warrant which is exercisable in the event of the Group agreeing a third period of sponsorship for the period 2031 to 2035. The fair value of this warrant option is currently assessed as £nil owing to the uncertainty that the sponsorship will be renewed so far in the future.

21 TRADE AND OTHER PAYABLES

Current trade and other payables

	2023 £m	2022 £m (restated*)
Trade payables	**143.2**	151.2
Repurchase liability	**39.7**	38.2
Customer deposits and advances	**272.1**	335.7
Accruals and other payables	**356.5**	346.0
Deferred income – tax relief*	**13.8**	14.9
Deferred income – service packages	**4.7**	5.2
Deferred income – other	**10.4**	–
	840.4	891.2

* Detail on the restatement is disclosed in note 2

Trade payables are non-interest bearing, and it is the Group's policy to settle the liability within 90 days.

Accruals and other payables consist of product development and capital accruals of £115.4m (2022: £135.7m), sales and marketing accruals of £70.4m (2022: £59.0m), manufacturing accruals of £44.4m (2022: £40.7m) and administrative and other accruals of £126.3m (2022: £110.6m).

At 31 December 2023, a repurchase liability of £39.7m including accrued interest of £1.7m, has been recognised in trade and other payables and net debt (see note 24). In 2023, £31.4m of parts for resale, service parts and production stock were sold for £38.0m (gross of indirect tax) and subsequently repurchased. Under this repurchase agreement, the Group will repay a total of £40.0m (gross of indirect tax). As part of the arrangement, legal title to the parts was surrendered, however, control remained with the Group. During 2023, £40.0m had been repaid relating to the liability of £38.2m as at 31 December 2022 following further interest accrual.

Contract liabilities

Changes in the Group's contract liabilities during the year are summarised as follows:

	At 1 January 2023 £m	**Additional amounts arising during the period £m**	**Amounts recognised within revenue £m**	**Significant financing component for which an interest charge is recognised £m**	**Amounts returned and other changes £m**	**At 31 December 2023 £m**
Customer deposits and advances	**335.7**	**122.7**	**(156.1)**	**7.7**	**(37.9)**	**272.1**
Deferred income – service packages	**13.7**	**4.2**	**(5.2)**	**–**	**(0.2)**	**12.5**

	At 1 January 2022 £m	Additional amounts arising during the period £m	Amounts recognised within revenue £m	Significant financing component for which an interest charge is recognised £m	Amounts returned and other changes £m	At 31 December 2022 £m
Customer deposits and advances	342.6	108.5	(111.0)	8.0	(12.4)	335.7
Deferred income – service packages	14.9	3.2	(4.7)	–	0.3	13.7

21 TRADE AND OTHER PAYABLES CONTINUED

Customer deposits and advances are recognised in revenue when the performance obligation, principally the supply of a Limited-Edition vehicle or service of a vehicle, is met by the Group. As part of the operating cycle of Special Vehicle projects, to which these customer deposits primarily relate, the Group expects to derecognise a significant proportion over the next three years with approximately £167.1m expected to be recognised in 2024. This unwind relates to the balance held as at 31 December 2023 and does not take into consideration any additional deposits and advances arising during 2024.

In the year ended 31 December 2023, a finance expense of £7.7m (see note 8) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2022: £8.0m). Upon satisfaction of the linked performance obligation, the liability is released to revenue so that the total amount taken to the Consolidated Income Statement reflects the sales price the customer would have paid for the vehicle at that point in time.

The Group applies a practical expedient for short-term advances received from customers whereby the advanced payment is not adjusted for the effects of a significant financing component. According to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, some deposits are contractually refundable. At 31 December 2023, the Group held £132.8m of contractually refundable deposits (before the impact of significant financing components) (2022: £102.9m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer who is required to make an equivalent advanced payment. The cumulative significant financing component associated with a reimbursed advance payment is credited in arriving at the net significant finance charge for the year. Further liquidity risk considerations are disclosed in note 23.

Deferred service package income is recognised in revenue over the service package period.

Non-current trade and other payables

	2023 £m	2022 £m (restated*)
Trade payables**	**71.7**	–
Deferred income – tax relief*	**42.0**	34.1
Deferred income – service packages	**7.8**	8.5
Other payables	**0.8**	0.6
	122.3	43.2

* Detail on the restatement is disclosed in note 2
** Trade payables consists of discounted deferred payments relating to technology purchases in the year (see note 12).

22 OTHER FINANCIAL LIABILITIES

	2023 £m	2022 £m
Forward currency contracts held at fair value (see note 23)	**2.1**	0.7
Other derivative contracts (see note 20)	**–**	2.9
Derivative option over own shares (see note 23)	**23.1**	22.6
	25.2	26.2
Analysed as:		
Current	**25.2**	26.2
Non-current	**–**	–
	25.2	26.2

23 FINANCIAL INSTRUMENTS

Group

The Group's principal financial instruments comprise cash and cash equivalents, Senior Secured Notes ("SSNs"), a Revolving Credit Facility ("RCF"), a finished vehicle financing facility, a bilateral RCF, loan assets, derivative options, and forward currency contracts. Additionally, the Group has trade payables and trade receivables which arise directly from its operations. Included in trade and other payables is a liability relating to an inventory repurchase arrangement. These short-term assets and liabilities are included in the currency risk disclosure. The main risks arising from the Group's financial instruments are credit risk, interest-rate risk, currency risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor adherence to limits. The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to specific risks faced by the Group.

Credit risk

The Group sells vehicles through a global dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme (see note 18). Credit risk on receivables purchased by CAAB under the wholesale finance facilities is borne by CAAB. The Group has no credit risk associated with the CAAB facility. The Group's remaining vehicle sales to territories where there is currently no wholesale financing are made on credit terms ranging from 30 to 180 days. The Group manages the default risk of such sales via a credit risk insurance policy. Dealers within North America are allowed ten-day credit terms from the date of invoice. In certain circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on net 30-day credit terms. Servicing receivables are due for payment on collection of the vehicle.

Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of the debtor to engage in a repayment plan with the Group and a failure to make contractual payments. An expected credit loss provision is then calculated on the remaining trade and other receivables. The expected credit loss related to default of other receivables (note 18) is assessed as zero.

In generating the expected credit loss provision for trade receivables, historical credit loss rates for the preceding five years are calculated, including consideration given to future factors that may affect the ability of customers to settle receivables, and applied to the trade and other receivable ageing buckets at the year end. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has no material contract assets.

	As at 31 December 2023			As at 31 December 2022		
	Expected loss rate %	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate %	Gross carrying amount £m	Loss allowance £m
Current	*****	**180.1**	**–**	*	129.1	–
1 – 30 days past due	*****	**28.2**	**–**	*	5.8	–
31 – 60 days past due	*****	**3.7**	**–**	*	1.7	–
61+ days past due	**52.2%**	**8.8**	**4.6**	93.8%	6.5	6.1
		220.8	**4.6**		143.1	6.1

* The expected loss rates for these specific ageing categories are not disclosed, as no material loss allowance is generated when applied against the gross carrying value. The expected loss rate has reduced following the settlement of previously provided receivables.

	2023 £m	2022 £m
Opening loss allowance as at 1 January	**6.1**	24.6
(Reduction)/increase in loss allowance recognised in the Income Statement – administrative and other operating expenses	**(1.3)**	0.6
Receivables written off during the year as uncollectible	**(0.2)**	(19.2)
Effect of foreign exchange	**–**	0.1
At 31 December	**4.6**	6.1

23 FINANCIAL INSTRUMENTS CONTINUED

Borrowings

The following table analyses Group borrowings:

	2023 £m	2022 £m
Current		
Bank loans and overdrafts	**89.4**	107.1
Non-current		
Senior Secured Notes	**980.3**	1,104.0
Total borrowings	**1,069.7**	1,211.1

Total borrowings are denominated in the following currencies, in sterling at the year-end exchange rates:

	2023 £m	2022 £m
Sterling	**89.4**	107.1
US dollar	**980.3**	1,104.0
Total borrowings	**1,069.7**	1,211.1

Current borrowings

The Group has a RCF attached to the SSNs (see Non-current borrowings below). The carrying amount net of unamortised arrangement fees included in current borrowings relating to the RCF at 31 December 2023 was £89.4m (2022: £77.1m). At 31 December 2023 £90.0m of the £99.6m RCF was drawn as cash (2022: £78.5m of the £90.6m facility).

At 31 December 2022, the Group had entered into a bilateral revolving credit facility with HSBC Bank plc ("HSBC"), whereby Chinese Renminbi were deposited in a restricted account with HSBC in China in exchange for a £30.0m Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents. At 31 December 2022, the facility of £30.0m was shown within borrowings in current liabilities on the Statement of Financial Position. During the year ended 31 December 2023, the bilateral revolving credit facility was repaid, but remains available.

Non-current borrowings

In December 2020, the Group took out First Lien and Second Lien SSNs at $1085.5m and $335.0m, respectively. All SSNs are secured by fixed and floating charges over certain assets of the Group. In March 2021, the Group issued an additional £70.7m equivalent of 10.5% First Lien SSNs with a nominal value of $98.5m at a premium of £6.3m. Transaction costs of £1.7m and the premium are amortised using the effective interest rate. In October 2022, the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The portion of unamortised fees and the redemption premium was charged to the Consolidated Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £1.9m relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

At 31 December 2023, the Group held £980.3m of SSNs (2022: £1,104.0m) comprising First Lien SSNs of $1,143.7m (2022: $1,143.7m) at 10.5% cash interest and Second Lien SSNs of $121.7m (2022: $229.1m) at 8.89% cash interest and 6.11% Payment in Kind ("PIK") interest respectively. The Second Lien Notes were issued at a 2% discount and include detachable share warrants (see below). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. Transaction costs and discounts on issuance are amortised using the effective interest rate. Early repayments of both First and Second Lien SSNs in the year ended 31 December 2022 and Second Lien SSNs in the year ended 31 December 2023 resulted in one off premium costs and the acceleration of transaction costs and discounts (see note 5).

Derivative option over own shares

The Second Lien SSNs include detachable warrants enabling the warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 (previously £10 per share prior to the rights issue in September 2022). The warrant holders have the right to exchange their warrant options for a reduced number of warrant shares, resulting in no cash being paid to receive the shares. The ratio at which this exchange can be transacted is determined by the share price at execution of the options. A derivative option liability was initially recorded at 31 December 2020 due to the uncertain number of shares which will be issued under the agreement, which is subsequently remeasured at fair value through the Consolidated Income Statement.

23 FINANCIAL INSTRUMENTS CONTINUED

Borrowings continued

Derivative option over own shares continued

The warrants can be exercised from 1 July 2021 through to 7 December 2027. The issuance of debt with attached warrants required the Group to assess separately the fair value of the warrants and the debt. The fair value of the warrants was determined using a binomial model used to predict the behaviour of the warrant holders and when they might exercise their holdings. The derivative option liability was initially recognised as a derivative forward at fair value with changes in the fair value being recognised in the Consolidated Income Statement until issuance of the warrants on 7 December 2020 resulting in an initial valuation of £34.6m. Upon issuance of the $335m SSNs, the carrying value of the debt was reduced by the same amount. The debt will be increased via an effective interest charge over the term of the SSNs. During the year ended 31 December 2023, changes to the fair value of the derivative option have resulted in a debit to the Consolidated Income Statement of £19.0m (2022: £8.4m credit to the Consolidated Income Statement) which is presented in adjusting items. A total of 29,969,927 (2022: nil warrants) were exercised, resulting in a £18.6m reduction to the liability (2022: no change to the associated liability).

Interest rate risk

The Group is exposed interest rate risk on the RCF attached to the SSNs and on the bilateral RCF facility with HSBC when drawn, whereby Chinese renminbi have been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The interest rate charged on both facilities is based on SONIA and compounded in arrears.

Profile

At 31 December the interest rate profile of the Group's interest-bearing financial instruments was:

	2023 £m	2022 £m
Fixed rate instruments		
Financial liabilities	**980.3**	1,104.0
Variable rate instruments		
Financial liabilities	**89.4**	107.1

The SSNs, are at fixed interest rates. The rate of interest on the RCF, which is attached to the SSNs, and the bilateral RCF are based on SONIA plus a percentage spread. As SONIA varies on a daily basis both the RCF and bilateral RCF are considered to be variable rate instruments. The bilateral is now drawn as at 31 December 2023.

In 2023 and 2022, the Group entered into an inventory repurchase arrangement (not included within the financial liabilities noted above). The interest charged on this arrangement is determined as the difference between the sales and repurchase value and is therefore fixed at the time of entering into the arrangement. The repayment terms of this arrangement are not in excess of 270 days.

Surplus cash funds, when appropriate, are placed on deposit and attract interest at variable rates.

Interest rate risks – sensitivity

The following table demonstrates the sensitivity, with all other variables held constant, of the Group's loss after tax to a reasonably possible change in interest rates on the bilateral RCF with HSBC and the RCF attached to the SSNs.

		2023 £m	2022 £m
	Increase/ (decrease) in interest rate	**Effect on loss after tax**	Effect on loss after tax
SONIA	(3.0%)	**(2.1)**	(2.6)
SONIA	3.0%	**2.1**	2.6

23 FINANCIAL INSTRUMENTS CONTINUED

Foreign currency exposure

The Group's exposure to the risk of changes in foreign currency exchange relates primarily to US dollar sales (including inter-Group sales), Chinese renminbi sales, Japanese yen sales and Euro denominated purchases.

At 31 December 2023, the Group hedged 25% for 2024 (2022: 29% for 2023) of its US dollar denominated highly probable inter-Group sales, 53% for 2024 of its Japanese yen sales (2022: 19% for 2023) and 0% of its Euro denominated purchases for 2024 (2022: 15% for 2023). These foreign currency risks are hedged by using foreign currency forward contracts.

The Group's sterling equivalents of financial assets and liabilities (excluding borrowings analysed by currency above) denominated in foreign currencies at 31 December were:

At 31 December 2023	**Euros £m**	**US dollars £m**	**Chinese renminbi £m**	**Japanese yen £m**	**Other £m**	**Total £m**
Financial assets						
Trade and other receivables	**94.8**	**22.2**	**38.8**	**41.2**	**17.2**	**214.2**
Foreign currency contracts	**–**	**3.3**	**–**	**–**	**–**	**3.3**
Cash balances	**38.7**	**166.5**	**21.6**	**15.9**	**6.5**	**249.2**
	133.5	**192.0**	**60.4**	**57.1**	**23.7**	**466.7**
Financial liabilities						
Trade and other payables	**(172.5)**	**(274.0)**	**(27.6)**	**(16.3)**	**(11.6)**	**(502.0)**
Lease liabilities	**(2.0)**	**(7.7)**	**(0.3)**	**(3.4)**	**–**	**(13.4)**
Customer deposits and advances	**(33.8)**	**(54.6)**	**(5.6)**	**(7.4)**	**(8.7)**	**(110.1)**
Foreign currency contracts	**–**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
	(208.3)	**(336.3)**	**(33.5)**	**(29.2)**	**(20.3)**	**(627.6)**
Net balance sheet exposure	**(74.8)**	**(144.3)**	**26.9**	**27.9**	**3.4**	**(160.9)**

At 31 December 2022	Euros £m	US dollars £m	Chinese renminbi £m	Japanese yen £m	Other £m	Total £m
Financial assets						
Trade and other receivables	50.8	21.7	15.2	31.0	11.4	130.1
Loan assets	0.2	–	–	–	0.1	0.3
Foreign currency contracts	0.8	1.5	–	–	–	2.3
Cash held not available for short-term use	–	–	0.3	–	–	0.3
Cash balances	26.1	130.5	59.8	4.5	25.6	246.5
	77.9	153.7	75.3	35.5	37.1	379.5
Financial liabilities						
Trade and other payables	(153.1)	(134.3)	(34.2)	(9.5)	(5.4)	(336.5)
Lease liabilities	(0.1)	(9.5)	(0.7)	(5.0)	(0.1)	(15.4)
Customer deposits and advances	(17.8)	(44.3)	(7.6)	(4.8)	(1.9)	(76.4)
Foreign currency contracts	–	(0.1)	–	(0.6)	–	(0.7)
	(171.0)	(188.2)	(42.5)	(19.9)	(7.4)	(429.0)
Net balance sheet exposure	(93.1)	(34.5)	32.8	15.6	29.7	(49.5)

23 FINANCIAL INSTRUMENTS CONTINUED

Foreign currency exposure continued

The following significant exchange rates applied:

	Average rate 2023	Average rate 2022	**Closing rate 2023**	Closing rate 2022
Euro	**1.15**	1.17	**1.15**	1.13
Chinese renminbi	**8.75**	8.26	**9.04**	8.36
US dollar	**1.23**	1.25	**1.27**	1.20
Japanese yen	**172.09**	160.24	**179.72**	158.72

Currency risk – sensitivity

The following table demonstrates the sensitivity to a change in the US dollar, Euro, Chinese renminbi and Japanese yen exchange rates, with all other variables held constant, of the Group's result after tax (due to changes in the fair value of monetary assets and liabilities) assuming that none of the US dollar or Euro exposures are used as hedging instruments.

	(Increase)/ decrease in rate	**Effect on result after tax 2023 £m**	Effect on result after tax 2022 £m
US dollar	(5%)	**(7.3)**	(7.8)
US dollar	5%	**8.1**	8.6
Euro	(5%)	**8.5**	12.5
Euro	5%	**(9.4)**	(13.8)
Chinese renminbi	(5%)	**(0.3)**	(4.3)
Chinese renminbi	5%	**0.4**	4.8
Japanese yen	(5%)	**(3.4)**	(1.7)
Japanese yen	5%	**3.8**	1.9

$1,085.5m and $335m Senior Secured Notes

In December 2020, the Group took out First Lien and Second Lien SSNs at $1085.5m and $335m, respectively. The Group has not hedged the SSNs since inception. Foreign currency gains/(losses) on these SSNs, due to exchange rate movements between the US dollar and sterling, are charged to the Consolidated Income Statement within finance income/(expense). A corresponding change in the translated sterling value of these SSNs is reflected in the Consolidated Statement of Financial Position. In March 2021, the Group issued additional First Lien SSNs of $98.5m. During the year ended 31 December 2023, the Group paid down $121.7m of Second Lien SSNs (year ended 31 December 2022: $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs). No hedging relationship has been established in 2022 or 2023.

$400m Senior Secured Notes

The Group had designated $400m of SSNs as a hedging instrument in respect of $400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020 and hedge accounting was discontinued from the date of repayment. As the forecast transactions are still expected to occur, the amount accumulated in the cash flow hedge reserve at the repayment date has been fully released to the Consolidated Income Statement in line with the profile of the US dollar sales to which it related.

Hedge accounting

The Group is primarily exposed to US dollar currency variations on the sale of vehicles and parts, and Euro currency variations on the purchase of raw material parts and services. As part of its risk management policy, the Group uses derivative financial instruments in the form of currency forward contracts to manage the cash flow risk resulting from these exchange rate movements. The Group had designated the foreign exchange movement on $400m of repaid SSNs as part of a cash flow hedging relationship, to manage the exchange rate risk resulting from forecast US dollar intercompany sales. Together, these are referred to as cash flow hedges. The cash flow hedges give certainty over the transactional values to be recognised in the Consolidated Income Statement, and in the case of the forward contracts, certainty around the value of cash flows arising as foreign currencies are exchanged at predetermined rates. The Group hedges significant foreign currency exposures as follows:

- Firstly, when practical, with currency forward contracts on a reducing basis with the highest coverage in the year immediately following the year-end date. When practicable, the Group places additional hedges on a regular basis so that the percentage of the foreign currency exposure hedged increases as the time to maturity of the foreign currency exposure reduces.
- Secondly, the Group has designated $400m of repaid SSNs as a hedging instrument in respect of $400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020. The Group currently has no active currency forward contract cash flow hedges beyond 2024. The Group does not mitigate all transactional foreign currency exposures, with the unhedged proportion converted at exchange rates prevailing on the date of the transaction.

23 FINANCIAL INSTRUMENTS CONTINUED

Hedge accounting continued

Derivative financial instruments

Derivative financial instruments are recorded at fair value. The hedging instruments of the cash flow hedge relationship have been designated as the spot element of forward foreign exchange contract, and the forward points are excluded from the hedge relationship. The hedged items have been designated as highly probable forecast net sales or purchases denominated in foreign currencies.

Where the value of the hedging instrument matches the value of the hedged item in a 1:1 hedge ratio, the hedge is effective, and changes in the fair value of the hedging instrument attributable to the spot risk are considered an effective hedge and recognised in the cash flow hedge reserve within Other Comprehensive Income. Changes in fair value attributable to forward points are recognised in the cost of hedging reserve within Other Comprehensive Income. Where the value of hedging instrument is greater than the value of the hedged item, the excess portion is recognised as the ineffective portion of the gain or loss on the hedging instrument and is recorded immediately in the Consolidated Income Statement.

When the expected volume of hedged highly probable forecast transactions is lower than the designated volume, and a portion of the hedged item is no longer highly probable to occur, hedge accounting is discontinued for that portion. If the hedged future cash flows are still expected to occur, then the accumulated amount in cash flow hedge reserve relating to the discontinued portion remains in the cash flow hedge reserve until the future cash flows occur. If the hedged future cash flows are no longer expected to occur, then that amount is immediately reclassified from the cash flow hedge reserve to the Consolidated Income Statement as a reclassification adjustment.

$400m Senior Secured Notes

The $400m SSNs were repaid in December 2020. Prior to repayment they were recorded at amortised cost and translated into sterling at the year-end or repayment date closing rates with movements in the carrying value due to foreign exchange movements offset by movements in the value of the highly probable forecast sales when translated from US dollars to sterling. When the hedge ratio is 1:1, the value of the hedging instrument matches the value of the hedged item. In this case, the change in the carrying value of these SSNs, arising as a result of exchange differences, is recognised through Other Comprehensive Income into the hedge reserve instead of within finance income/(expense).

When the value of the hedging instrument is greater than the value of the hedged item, the excess portion is recognised as ineffective and is recorded immediately to finance expense in the Consolidated Income Statement.

The amounts recorded within the hedge reserve, including the cost of hedging reserve, are reclassified to the Consolidated Income Statement when the hedged item affects the Consolidated Income Statement. Due to the nature of the hedged items, all amounts reclassified to the Consolidated Income Statement are recorded in cost of sales (2022: all cost of sales), except for ineffective amounts relating to the $400m SSNs which would be recorded as finance expense in the Consolidated Income Statement.

Main sources of hedge ineffectiveness

Other than previously described, in relation only to forward contracts designated as a hedge, the main sources of potential hedge ineffectiveness relate to potential differences in the nominal value of hedged items and the hedging instrument should they occur.

The impact of hedging instruments on the Statement of Financial Position is as follows:

	31 December 2023			31 December 2022		
	Notional value £m	**Carrying value £m**	**Change in fair value used for measuring ineffectiveness £m**	Notional value £m	Carrying value £m	Change in fair value used for measuring ineffectiveness £m
Foreign exchange forward contracts – other financial assets	**94.1**	**3.3**	**3.3**	96.1	2.3	2.3
Foreign exchange forward contracts – other financial liabilities	**52.9**	**(2.1)**	**(2.1)**	33.1	(0.7)	(0.7)
$400m Senior Secured Notes – hedge instrument	**75.2**	**–**	**–**	105.6	–	–

The impact of hedged items on the Statement of Financial Position is as follows:

	31 December 2023		31 December 2022	
	Cash flow hedge reserve £m	**Cost of hedging reserve £m**	Cash flow hedge reserve £m	Cost of hedging reserve £m
Foreign exchange forward contracts	**1.9**	**(0.8)**	2.9	(0.9)
$400m Senior Secured Notes – hedge instrument	**–**	**–**	3.9	–
Tax on fair value movements recognised in OCI	**(0.5)**	**0.2**	(1.8)	0.2

23 FINANCIAL INSTRUMENTS CONTINUED

Hedge accounting continued

Main sources of hedge ineffectiveness continued

The effect of the cash flow hedge in the Consolidated Income Statement and Other Comprehensive Income is:

Year ended 31 December 2023	Total hedging (loss)/gain recognised in OCI £m	Ineffectiveness recognised in the Income Statement £m	Income Statement line item	Fair value movement on cash flow hedges £m	Amount reclassified from OCI to the Income Statement £m	Income Statement line item
Foreign exchange forward contracts	**(0.8)**	**–**	**Cost of sales**	**0.7**	**(1.5)**	**Cost of sales**
$400m Senior Secured Notes – hedge instrument	**(3.9)**	**–**	**Cost of sales**	**–**	**(3.9)**	**Cost of sales**
Tax on fair value movements recognised in OCI	**1.2**	**–**	**–**	**(0.2)**	**1.4**	**–**

Year ended 31 December 2022	Total hedging gain/(loss) recognised in OCI £m	Ineffectiveness recognised in the Income Statement £m	Income Statement line item	Fair value movement on cash flow hedges £m	Amount reclassified from OCI to the Income Statement £m	Income Statement line item
Foreign exchange forward contracts	1.7	(0.3)	Cost of sales	(6.1)	7.8	Cost of sales
$400m Senior Secured Notes – hedge instrument	(4.9)	–	Cost of sales	–	(4.9)	Cost of sales
Tax on fair value movements recognised in OCI	0.9	–	–	1.5	(0.7)	–

Hedge ineffectiveness recognised within the Consolidated Income Statement relates to differences in the nominal value of the hedged items and the hedging instrument. At 31 December 2023 and 2022, there were no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required.

All hedging instruments recognised by the Group at 31 December 2023 have a maturity date of less than one year.

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet foreseeable needs and, when appropriate, allow placement of cash on deposit safely and profitably. During 2023, the Group undertook a share placing and retail offer to strengthen the liquidity of the business.

At 31 December 2022, the Group had entered into a bilateral revolving credit facility with HSBC Bank plc (“HSBC”), whereby Chinese Renminbi were deposited in a restricted account with HSBC in China in exchange for a £30.0m Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents. At 31 December 2022, the facility of £30.0m was shown within borrowings in current liabilities on the Statement of Financial Position. During the year ended 31 December 2023, the bilateral revolving credit facility was repaid. The facility remains available until 31 August 2025 and the total facility size is £50m.

At 31 December 2023 the Group held £972.7m of SSNs (2022: £1,104.0m). In November 2023, the Group repurchased $121.7m of Second Lien SSNs. In October 2022 the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The premium paid on redemption was £8.0m (2022: £14.3m). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. The portion of unamortised fees and the redemption premium was charged to the Consolidated Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £Nil (2022: £1.9m) relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

Attached to the SSNs is a £99.6m (2022: £90.6m) RCF of which £90.0m (2022: £78.5m) was drawn in cash at the reporting date. The amount recorded in the Statement of Financial Position is net of unamortised transaction costs. £4.4m (2022: £5.2m) of the remaining ancillary facility has been utilised through the issuance of letters of credit and guarantees. The RCF attached to the SSNs is available until August 2025.

As part of the normal operating cycle of the Group, customers make advanced payments to secure their allocation of Special Vehicles produced in limited numbers. The cash from these advance payments is primarily used to fund upfront costs of the Special Vehicle project, including raw materials and components required in manufacture. In certain circumstances, according to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, the advanced payments are contractually refundable. At 31 December 2023, the Group held refundable deposits of £132.8m (2022: £102.9m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer, who is required to make an equivalent advanced payment.

23 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk continued

The maturity profile of the Group's financial liabilities at 31 December 2023 based on contractual undiscounted payments, was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual Cash Flows Total £m
Non-derivative financial liabilities						
Bank loans and overdrafts	**–**	**90.6**	**–**	**–**	**–**	**90.6**
Senior Secured Notes	**–**	**–**	**102.8**	**1,133.9**	**–**	**1,236.7**
Trade and other payables	**–**	**441.5**	**120.2**	**79.5**	**0.8**	**642.0**
Refundable customer deposits and advances	**132.8**	**–**	**–**	**–**	**–**	**132.8**
Derivative financial liabilities						
Forward exchange contracts	**–**	**0.3**	**1.8**	**–**	**–**	**2.1**
	132.8	**532.4**	**224.8**	**1,213.4**	**0.8**	**2,104.2**

Included in the tables above and below are interest bearing loans and borrowings at a carrying value of £1,061.8m (2022: £1,211.1m). The liquidity profile associated with leases accounted under IFRS 16 is detailed in note 16.

The maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted payments, was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual Cash Flows Total £m
Non-derivative financial liabilities						
Bank loans and overdrafts	–	109.0	–	–	–	109.0
Senior Secured Notes	–	–	117.0	1,462.4	–	1,579.4
Trade and other payables	–	443.1	138.1	8.6	0.6	590.4
Refundable customer deposits and advances	102.9	–	–	–	–	102.9
Derivative financial liabilities						
Forward exchange contracts	–	0.5	0.2	–	–	0.7
	102.9	552.6	255.3	1,471.0	0.6	2,382.4

23 FINANCIAL INSTRUMENTS CONTINUED

Estimation of fair values

	As at 31 December 2023			As at 31 December 2022		
	Nominal value £m	**Book value £m**	**Fair value £m**	Nominal value £m	Book value £m	Fair value £m
Included in assets						
Level 2						
Forward foreign exchange contracts	**–**	**3.3**	**3.3**	–	2.3	2.3
Loan assets	**–**	**–**	**–**	0.6	0.6	0.6
Level 3						
Investments	**–**	**18.2**	**18.2**	–	–	–
Other derivative contracts	**–**	**–**	**–**	–	5.6	5.6
	–	**21.5**	**21.5**	0.6	8.5	8.5
Included in liabilities						
Level 1						
$1,143.7m (2022: $1,143.7m) 10.5% US dollar First Lien Notes	**897.2**	**890.0**	**906.7**	950.8	935.0	893.0
$121.7m (2022: $229.1m) 15.0% US dollar Second Lien Split Coupon Notes	**95.4**	**90.3**	**103.6**	190.5	169.0	194.4
Level 2						
Forward exchange contracts	**–**	**2.1**	**2.1**	–	0.7	0.7
Derivative option over own shares	**33.1**	**23.1**	**23.1**	48.1	22.6	22.6
	1,025.7	**1,005.5**	**1,035.5**	1,189.4	1,127.3	1,110.7

The nominal value, book value and fair value of the Second Lien SSNs includes $9.8m, $10.5m, $10.8m, $6.8m, $7.0m and $7.2m of PIK notes issued in April 2021, November 2021, April 2022, November 2022, April 2023 and November 2023 respectively. The total number of Second Lien SSNs in issuance has been reduced by repayments of $143.8m and $121.7m in 2022 and 2023 respectively. The book value includes accrued PIK notes not issued at each reporting date.

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest-bearing loans and borrowings are considered to be level 1 liabilities with forward exchange contracts being level 2 assets and liabilities. IFRS 7 defines each level as follows:

- Level 1 assets and liabilities have inputs observable through quoted prices.
- Level 2 assets and liabilities have inputs observable, other than quoted prices, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 assets and liabilities are those with inputs not based on observable market data.

Trade and other receivables, current borrowings and trade and other payables are deemed to have the same fair value as their book value and, as such, the table above only includes assets and liabilities held at fair value, and borrowings. The forward currency contracts are carried at fair value based on pricing models and discounted cash flow techniques derived from assumptions provided by third-party banks. Loan assets are held at cost less any expected credit loss provision (note 18). The SSNs are all valued at amortised cost retranslated at the year-end foreign exchange rate. The fair value of these SSNs at the current and comparative period ends are determined by reference to the quoted price on The International Stock Exchange Authority in St Peter Port, Guernsey. The fair value and nominal value exclude the impact of transaction costs.

The other derivative contracts related to one option and one issuable derivative for the Group to acquire a minority shareholding in AMR GP Holdings Limited (see note 20). Two derivatives were exercised in the period giving rise to an investment (note 15).

The derivative option over own shares reflects the detachable warrants issued alongside the Second Lien SSNs (see borrowings section of note 23) enabling the warrant holders to subscribe for a number of ordinary shares in the Company. The fair value is calculated using a binomial model and updated at each period end, reflecting the latest market conditions. The inputs used in the valuation model include the quoted share price, market volatility, exercise ratio and risk-free rate. The reduction in nominal value represents options exercised by warrant holders during the year.

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

23 FINANCIAL INSTRUMENTS CONTINUED

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. Given this, the objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt which includes the borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in the Consolidated Statement of Changes in Equity.

24 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 additional cash flow disclosures required under IAS 7 are made in note 28.

	2023 £m	2022 £m
Cash and cash equivalents	**392.4**	583.3
Cash held not available for short-term use	**–**	0.3
Inventory repurchase arrangement	**(39.7)**	(38.2)
Lease liabilities – current	**(8.8)**	(7.4)
Lease liabilities – non-current	**(88.5)**	(92.4)
Loans and other borrowings – current	**(89.4)**	(107.1)
Loans and other borrowings – non-current	**(980.3)**	(1,104.0)
Net debt	**(814.3)**	(765.5)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	**(190.9)**	164.4
Add back cash flows in respect of other components of net debt:		
New borrowings	**(11.5)**	–
Proceeds from inventory repurchase arrangement	**(38.0)**	(75.7)
Repayment of existing borrowings	**129.7**	172.7
Repayment of inventory repurchase arrangement	**40.0**	60.0
Lease liability payments	**7.9**	10.0
Movement in cash held not available for short-term use	**(0.3)**	(1.5)
(Increase)/decrease in net debt arising from cash flows	**(63.1)**	329.9
Non-cash movements:		
Foreign exchange gain/(loss) on secured loan	**60.8**	(156.2)
Interest added to debt	**(14.2)**	(15.7)
Borrowing fee amortisation	**(26.9)**	(25.4)
Lease liability interest charge	**(4.1)**	(4.5)
Lease modifications	**(0.6)**	(3.5)
New leases	**(5.8)**	(2.2)
Foreign exchange gain and other movements	**5.1**	3.7
(Increase)/decrease in net debt	**(48.8)**	126.1
Net debt at beginning of the year	**(765.5)**	(891.6)
Net debt at the end of the year	**(814.3)**	(765.5)

25 PROVISIONS

	2023 £m		2022 £m		
	Warranty	**Total**	Restructuring	Warranty	Total
At the beginning of the year	**41.1**	**41.1**	0.4	38.5	38.9
Charge for the year	**29.7**	**29.7**	–	30.9	30.9
Utilisation	**(27.4)**	**(27.4)**	(0.4)	(26.5)	(26.9)
Effect of movements in exchange rates	**0.7**	**0.7**	–	(1.5)	(1.5)
Release to the Income Statement	**(0.2)**	**(0.2)**	–	(0.3)	(0.3)
At the end of the year	**43.9**	**43.9**	–	41.1	41.1
Analysed as:					
Current	**20.2**	**20.2**	–	18.6	18.6
Non-current	**23.7**	**23.7**	–	22.5	22.5
	43.9	**43.9**	–	41.1	41.1

In the year ended 31 December 2020, the Group launched a consultation process to reduce employee numbers reflecting lower than originally planned production volumes resulting in an exceptional charge to the Consolidated Income Statement in 2020. The restructuring was substantially completed during 2021, with the final amounts being utilised during the year ended 31 December 2022.

The warranty provision is calculated based on the level of historical claims and is expected to be substantially utilised within the next three years.

26 PENSION OBLIGATIONS

Defined contribution scheme

The Group opened a Defined Contribution scheme in June 2011. The total expense relating to this scheme in the year ended 31 December 2023 was £20.9m (2022: £17.6m). Outstanding contributions at the 31 December 2023 were £1.9m (2022: £1.5m). Contributions are made by the Group to other pension arrangements for certain employees of the Group.

Defined Benefit scheme

The Group operates a Defined Benefit Pension Scheme. During 2017, it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings (CARE) basis with effect from 1 January 2018. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members were not affected by the closure of the scheme. The assets of the scheme are held separately from those of the Group. On 31 January 2022, the scheme was closed to future accrual resulting in a curtailment loss of £2.8m (note 5).

In constructing the investment strategy for the scheme, the Trustees take due account of the liability profile of the scheme along with the level of disclosed surplus or deficit. The investment strategy is reviewed on a regular basis and, at a minimum, on a triennial basis to coincide with actuarial valuations. The primary objectives are to provide security for all beneficiaries and to achieve long-term growth sufficient to finance any pension increases and ensure the residual cost is held at a reasonable level.

The pension scheme operates under the regulatory framework of the Pensions Act 2004. The Trustee has the primary responsibility for governance of the scheme. Benefit payments are from Trustee-administered funds and scheme assets are held in a Trust which is governed by UK regulation. The Trustee comprises representatives of the Group and members of the scheme and an independent, professional Trustee was appointed during 2019.

The pension scheme exposes the Group to the following risks:

- Asset volatility – the scheme's Statement of Investment Principles targets around 22% return-enhancing assets and 78% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis.
- Inflation risk – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.
- Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

The projected unit method has been used to determine the liabilities.

The pension cost is assessed in accordance with the advice of an independent qualified actuary. The latest completed actuarial valuation of the scheme had an effective date of 6 April 2020. The assumptions that make the most significant effect on the valuation are those relating to the rate of return on investments, the rate of increase in salaries and pensions and expected longevity. It was assumed that the investment return would be based on the Bank of England gilt curve plus 0.5% per annum and that salary increases would be equivalent to CPI inflation plus 1.0% per annum. At the 6 April 2020 actuarial valuation, the actuarial value of the scheme assets was £314.6m, sufficient to cover 76% of the benefits which had accrued to members.

26 PENSION OBLIGATIONS CONTINUED

Defined Benefit scheme continued

On 18 December 2020, the Group agreed to increase the recovery plan contributions from £7.1m per annum to £15.0m per annum effective from 1 January 2021 through to 30 June 2027. Estimated contributions for the year ending 31 December 2024 are £15.0m, although this is subject to consideration as part of the 6 April 2023 valuation, due by July 2024.

The 6 April 2020 valuation was updated by an independent qualified actuary to 31 December 2022 for the 2022 year-end disclosures in accordance with IAS 19R. The initial results of the 6 April 2023 valuation were updated by an independent qualified actuary to 31 December 2023 for the 2023 year-end disclosures in accordance with IAS 19R. The ongoing valuation as at 6 April 2023 is due to be completed by July 2024 in line with the scheme-specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the scheme.

Following the High Court ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others in June 2023, it was held that section 37 of the Pension Schemes Act 1993 operates to make void any amendment to the rules of a contracted out pension scheme without written actuarial confirmation under Regulation 42(2) of the Occupational Pension Schemes (Contracting Out) Regulations 1996, in so far that the amendment relates to members' section 9(2B) rights. An appeal is due to be heard on 26 June 2024 which, it is hoped, will provide further clarity on the issue.

The Trustees of the Scheme and the Plan (collectively the "Pension Schemes") have confirmed that;

- The Pension Schemes were contracted out of the additional state pension between 1997 and 2016; and
- It was possible that amendments were made to the Pension Schemes that may have impacted on the members' section 9(2B) rights.

The Trustees of the Pension Schemes and the Directors work closely together and take appropriate legal and professional advice when making amendments to the Pension Schemes. However, at 31 December 2023, it is not currently possible to determine whether any amendments to section 9(2B) rights were made to the Pension Schemes that were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the possible impact to the defined benefit obligations of the Pension Schemes if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements.

Assumptions

The principal assumptions used by the actuary were:

	31 December 2023	31 December 2022
Discount rate	**4.7%**	4.85%
Rate of increase in salaries	**N/A**	N/A
Rate of revaluation in deferment	**2.4%**	2.45%
Rate of increase in pensions in payment attracting Limited Price Indexation	**2.85%**	2.95%
Expected return on scheme assets	**4.7%**	4.85%
RPI Inflation assumption	**2.9%**	3.00%
CPI Inflation assumption	**2.4%**	2.45%

The Group's inflation assumption reflects its long-term expectations and has not been amended for short-term variability. The mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with "future" relating to an employee retiring in 2043 (2023 assumptions) or 2042 (2022 assumptions).

Projected life expectancy at age 65

	Future	**Current**	Future	Current
	Currently aged 45 2023	**Currently aged 65 2023**	Currently aged 45 2022	Currently aged 65 2022
Male	**22.3**	**21.1**	22.5	21.3
Female	**25.1**	**23.7**	25.3	23.9

	Years
Average duration of the liabilities in years as at 31 December 2023	**19**
Average duration of the liabilities in years as at 31 December 2022	19

26 PENSION OBLIGATIONS CONTINUED
Assumptions continued

The following table provides information on the composition and fair value of the assets of the scheme:

	31 December 2023 Quoted £m	**31 December 2023 Unquoted £m**	**31 December 2023 Total £m**	31 December 2022 Quoted £m	31 December 2022 Unquoted £m	31 December 2022 Total £m
Asset class						
Overseas equities	5.6	–	5.6	25.9	–	25.9
Private debt	–	30.7	30.7	–	34.6	34.6
Asset-Backed Securities	4.3	-	4.3	37.7	–	37.7
Liability driven investment	133.3	3.3	136.6	26.3	9.5	35.8
Corporate bonds	–	–	–	24.5	–	24.5
Absolute return bonds	–	–	–	–	11.2	11.2
Diversified alternatives	–	–	–	–	0.9	0.9
Cash	30.9	–	30.9	12.8	–	12.8
Insurance policies	4.7	–	4.7	3.6	–	3.6
Total	**178.8**	**34.0**	**212.8**	130.8	56.2	187.0

The scheme assets and funded obligations at 31 December are summarised below:

	2023 £m	2022 £m
Total fair value of scheme assets	**212.8**	187.0
Present value of funded obligations	**(215.9)**	(188.9)
Funded status at the end of the year	**(3.1)**	(1.9)
Adjustment to reflect minimum funding requirements	**(45.9)**	(59.3)
Liability recognised in the Statement of Financial Position	**(49.0)**	(61.2)

The adjustment to reflect minimum funding requirements represents the excess of the present value of contractual future recovery plan contributions, discounted using the assumed scheme discount rate, over the funding status established through the actuarial valuation.

Amounts recognised in the Consolidated Income Statement during the year ended 31 December were as follows:

	2023 £m	2022 £m
Amounts charged to operating loss:		
Current service cost	**–**	(0.7)
Past service cost	**–**	(2.8)
	–	(3.5)
Amounts charged to finance expense:		
Net interest expense on the net Defined Benefit liability	**0.2**	0.1
Interest expense on the adjustment to reflect minimum funding requirements	**(2.9)**	(1.5)
Total expense recognised in the Income Statement	**(2.7)**	(4.9)

26 PENSION OBLIGATIONS CONTINUED
Assumptions continued

Changes in present value of the Defined Benefit pensions obligations are analysed as follows:

	2023 £m	2022 £m
At the beginning of the year	**(189.0)**	(368.4)
Current service cost	**–**	(0.7)
Past service cost	**–**	(2.8)
Interest cost	**(9.1)**	(7.2)
Experience losses	**(20.4)**	(14.7)
Actuarial (losses)/gains arising from changes in financial assumptions	**(3.5)**	190.7
Distributions	**4.2**	11.3
Actuarial gains arising from changes in demographic assumptions	**1.9**	2.8
Obligation at the end of the year	**(215.9)**	(189.0)

Changes in the fair value of plan assets are analysed below:

	2023 £m	2022 £m
At the beginning of the year	**187.0**	363.9
Interest on assets	**9.3**	7.3
Employer contributions	**15.0**	15.6
Return on scheme assets excluding interest income	**5.6**	(188.5)
Distributions	**(4.1)**	(11.3)
Fair value at the end of the year	**212.8**	187.0

	2023 £m	2022 £m
Actual return on scheme assets	**14.9**	(181.2)

Analysis of amounts recognised in the Statement of Financial Position:

	2023 £m	2022 £m
Liability at the beginning of the year	**(61.2)**	(78.7)
Net expense recognised in the Income Statement	**(2.7)**	(4.9)
Employer contributions	**15.0**	15.6
(Loss)/gain recognised in Other Comprehensive Income	**(0.1)**	6.8
Liability recognised in the Statement of Financial Position at the end of the year	**(49.0)**	(61.2)

Analysis of amount taken to Other Comprehensive Income:

	2023 £m	2022 £m
Return on scheme assets excluding interest income	**5.6**	(188.5)
Experience losses arising on funded obligations	**(20.4)**	(14.7)
(Losses)/gains arising due to changes in financial assumptions underlying the present value of funded obligations	**(3.5)**	190.7
Gains arising as a result of adjustment made to reflect minimum funding requirements	**16.3**	16.5
Gains arising due to changes in demographic assumptions	**1.9**	2.8
Amount recognised in Other Comprehensive Income	**(0.1)**	6.8

26 PENSION OBLIGATIONS CONTINUED

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

At 31 December 2023 the present value of the benefit obligation was £215.9m (2022: £189.0m) and its sensitivity to changes in key assumptions were:

	Change in assumption	**Present value of benefit obligations at 31 December 2023 £m**	Present value of benefit obligations at 31 December 2022 £m
Discount rate	Decrease by 1.00%	**260.3**	228.7
Rate of inflation*	Increase by 0.25%	**222.5**	196.7
Life expectancy increased by approximately 1 year	Increase by one year	**223.2**	194.7

* This sensitivity allows for the impact on all inflation-related assumptions (salary increases, deferred revaluation and pension increases).

Funding levels are monitored on a regular basis by the Trustee and the Group to ensure the security of members' benefits. The next triennial valuation, as at 6 April 2023, is due to be completed by July 2024 in line with the scheme-specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the scheme.

Sensitivity analysis of the principal assumptions used to measure scheme liabilities continued

	2023 £m	2022 £m
Expected future benefit payments		
Year 1 (2023/2024)	**10.6**	11.2
Year 2 (2024/2025)	**10.9**	11.6
Year 3 (2025/2026)	**11.2**	11.9
Year 4 (2026/2027)	**11.6**	12.3
Year 5 (2027/2028)	**11.9**	12.6
Years 6 to 10 (2029 to 2033)	**63.7**	67.9

History of scheme experience

	2023	2022
Present value of the scheme liabilities (£m)	**(215.9)**	(188.9)
Fair value of the scheme assets (£m)	**212.8**	187.0
Deficit in the scheme before adjusting to reflect minimum funding requirements (£m)	**(3.1)**	(1.9)
Experience gains/(losses) on scheme assets excluding interest income (£m)	**5.6**	(188.5)
Percentage of scheme assets	**2.6%**	(100.8%)
Return on scheme liabilities (£m)	**(20.4)**	(14.7)
Percentage of the present value of the scheme liabilities	**9.4%**	7.8%
Total amount recognised in Other Comprehensive Income (£m)	**(0.1)**	6.8
Percentage of the present value of the scheme liabilities	**0.0%**	(3.6%)

27 SHARE CAPITAL AND OTHER RESERVES

Allotted, called up and fully paid	Number of shares	Nominal value £	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m
Opening balance at 1 January 2022	**116,459,513**		**11.6**	**1,123.4**	**143.9**	**9.3**
Private placing[1]	23,291,902	0.1	2.4	75.7	–	–
Rights issue[2]	559,005,660	0.1	55.9	498.3	–	–
Balance as at 31 December 2022 and 1 January 2023	**698,757,075**		**69.9**	**1,697.4**	**143.9**	**9.3**
Private placing[3]	28,300,000	0.1	2.8	91.7	–	–
Issuance of shares to SIP[4]	1,017,505	0.1	0.1	–	–	–
Exercise of warrant options[5]	8,990,975	0.1	0.9	14.1	–	–
Placing[6]	58,245,957	0.1	5.9	206.9	–	–
Consideration shares[7]	28,352,273	0.1	2.8	84.4	–	–
Closing balance at 31 December 2023	**823,663,785**		**82.4**	**2,094.5**	**143.9**	**9.3**

1. On 9 September 2022, the Company issued 23,291,902 ordinary shares by way of a private placing. The shares were issued at 335p raising gross proceeds of £78.1m, with £2.4m recognised as share capital and the remaining £75.7m recognised as share premium.
2. On 28 September 2022, the Company issued 559,005,660 ordinary shares by way of a rights issue. The shares were issued at 103p raising gross proceeds of £575.8m, with £55.9m recognised as share capital and the remaining £519.9m recognised as share premium. Share premium is reduced by £21.6m, reflecting transaction fees paid, of which £2.9m are accrued as at 31 December 2022. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 211.6m shares issued were considered bonus shares. The weighted average shares used to calculate earnings per share (see note 11) has been adjusted accordingly.
3. On 26 May 2023, the Company issued 28,300,000 ordinary shares by way of a private placing. The shares were issued at 335p raising gross proceeds of £94.8m with £2.8m recognised as share capital and the remaining £92.0m recognised as share premium. Transaction fees of £0.3m were deducted from share premium.
4. On 30 May 2023, the Company issued 1,017,505 ordinary shares under the Company's Share Incentive Plan at nominal value. A transfer from retained earnings of £0.1m took place, with £0.1m recognised in share capital.
5. On 4 July 2023, 3,686,017 ordinary shares were issued to satisfy the redemption of certain warrant options. Further issuances of 3,980,921 ordinary shares on 12 July 2023 and 1,324,037 ordinary shares on 31 July 2023 took place. These transactions resulted in the recognition of £0.9m of share capital with the balance of £14.1m being recognised in share premium.
6. On 3 August 2023, the Company issued a total of 58,245,957 ordinary shares comprising 56,750,000 placing shares, 1,078,168 retail offer shares and 417,789 Director subscription shares. The shares were issued at 371p raising gross proceeds of £216.1m, with £5.9m recognised as share capital, the remaining £210.2m as share premium, offset by £3.3m of fees.
7. On 6 November 2023, the Company issued consideration shares to Lucid Group, Inc. in part payment for access to technology. The fair value of technology was evaluated (see note 12) which determined the issue price of the shares. £2.8m was recognised in share capital with an initial £85.8m in share premium. £1.4m of transaction fees were then deducted from share premium.

28 ADDITIONAL CASH FLOW INFORMATION

Reconciliation of movements of select liabilities to cash flows arising from financing activities

The tables below reconcile movements of liabilities classified within net debt (note 24) to cash flows arising from financing activities for the years ended 31 December 2023 and 2022.

Liabilities	Other borrowings and inventory arrangements £m	Lease Liabilities £m	$1,184.0m 10.5% First Lien Notes £m	$335m 15% Second Lien Notes £m	Total £m
At 1 January 2023	**145.3**	**99.8**	**935.0**	**169.0**	**1,349.1**
Changes from financing cash flows					
Interest paid	**(3.6)**	**(4.1)**	**(97.9)**	**(16.9)**	**(122.5)**
Principal lease payment	**–**	**(7.9)**	**–**	**–**	**(7.9)**
Proceeds from new borrowings	**11.5**	**–**	**–**	**–**	**11.5**
Repayment of existing borrowings	**(30.0)**	**–**	**–**	**(99.7)**	**(129.7)**
Premium paid on the early redemption of Senior Secured Notes	**–**	**–**	**–**	**(8.0)**	**(8.0)**
Inventory repurchase repayment	**(40.0)**	**–**	**–**	**–**	**(40.0)**
Inventory repurchase drawdown	**38.0**	**–**	**–**	**–**	**38.0**
Total changes from financing cash flows	**(24.1)**	**(12.0)**	**(97.9)**	**(124.6)**	**(258.6)**
Effect of changes in exchange rates	**–**	**(1.0)**	**(54.0)**	**(6.8)**	**(61.8)**
New leases under IFRS 16	**–**	**5.8**	**–**	**–**	**5.8**
Modifications to existing leases	**–**	**0.6**	**–**	**–**	**0.6**
Interest expense	**11.0**	**4.1**	**106.4**	**51.4**	**172.9**
Movement in accrued interest	**(0.6)**	**–**	**0.5**	**1.3**	**1.2**
Financing expense in the Income Statement classified as operating cash flow	**(2.5)**	**–**	**–**	**–**	**(2.5)**
Balance at 31 December 2023	**129.1**	**97.3**	**890.0**	**90.3**	**1,206.7**

28 ADDITIONAL CASH FLOW INFORMATION CONTINUED

Reconciliation of movements of select liabilities to cash flows arising from financing activities continued

Liabilities	Other borrowings and inventory arrangements £m	Lease Liabilities £m	$1,184.0m 10.5% First Lien Notes £m	$335m 15% Second Lien Notes £m	Total £m
At 1 January 2022	134.0	103.4	852.5	222.4	1,312.3
Changes from financing cash flows					
Interest paid	(4.6)	(4.5)	(96.3)	(35.8)	(141.2)
Principal lease payment	–	(10.0)	–	–	(10.0)
Repayment of existing borrowings	(7.8)	–	(36.1)	(128.8)	(172.7)
Premium paid on the early redemption of Senior Secured Notes	–	–	–	(14.3)	(14.3)
Inventory repurchase repayment	(60.0)	–	–	–	(60.0)
Inventory repurchase drawdown	75.7	–	–	–	75.7
Transaction costs paid	–	–	(1.9)	–	(1.9)
Total changes from financing cash flows	3.3	(14.5)	(134.3)	(178.9)	(324.4)
Effect of changes in exchange rates	–	0.7	113.5	42.7	156.9
New leases under IFRS 16	–	2.2	–	–	2.2
Modifications to existing leases	–	3.5	–	–	3.5
Interest expense	12.3	4.5	103.5	82.8	203.1
Movement in accrued interest	0.9	–	(0.2)	–	0.7
Financing expense in the Income Statement classified as operating cash flow	(5.2)	–	–	–	(5.2)
Balance at 31 December 2022	145.3	99.8	935.0	169.0	1,349.1

29 SHARE-BASED PAYMENTS

Long-term incentive schemes

On 24 May 2023, Executive Directors and certain other employees were granted conditional share awards under the Company's Long-Term Incentive Plan ("2023 LTIP"). On 12 December 2023, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £3.4m (2022: £nil).

On 13 and 14 June 2022, Executive Directors and certain other employees were granted conditional share awards under the Company's Long-Term Incentive Plan ("2022 LTIP"). On 15 December 2022, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £1.6m (2022: £0.9m).

On 14 June 2021, Executive Directors and certain other employees were granted conditional share awards under the Company's Long-Term Incentive Plan ("2021 LTIP"). On 14 December 2021, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £nil (2022: £0.4m).

Awards made under the 2020 LTIP lapsed during the year as the remaining qualifying criteria were not met.

The fair value of equity-settled share options and share awards granted is estimated at the date of grant using share option valuation models. The schemes are valued using the Monte Carlo model.

The following tables list the inputs to the models for share based payment costs in the year:

	2023 grant of 2023 LTIP	2022 grant of 2022 LTIP	2021 grant of 2021 LTIP
Aggregate fair value at measurement date (£m)	**18.6**	6.1	7.3
Exercise price (p)	**£nil**	£nil	£nil
Expected volatility (%)	**70.0%**	50.0%	50.0%
Dividend yield (%)	**N/A**	N/A	N/A
Risk free interest rate (%)	**4.25%**	2.16%	0.15%

The expected volatility is wholly based on the historical volatility of the Company's share price over a period from listing in 2018 to date.

29 SHARE-BASED PAYMENTS CONTINUED

Long-term incentive schemes continued

The following table details the outstanding options under the LTIP schemes:

	2023 Number	2022 Number
Options outstanding at 1 January	**5,267,164**	1,019,892
Granted	**8,329,424**	2,177,076
Forfeited	**(499,228)**	(139,533)
Adjustment for rights issue	**–**	1,930,663
Lapsed due to non-attainment of conditions	**(413,234)**	–
Options outstanding at 31 December	**12,684,126**	5,267,164

Free employee shares

On 19 May 2023, all UK employees of the Group were awarded up to 425 free shares in the Company under a Share Incentive Plan. A total of 1,017,505 shares were issued to the Aston Martin Employee Share Trust and immediately vested (see note 26). Employees must remain employed for a period of three years to earn the shares, otherwise they are forfeited. Employees within the Group not domiciled in the UK were awarded 425 free options under the LTIP rules. A total of 57,322 options were granted to these employees. Provided those employees remain employed by the Company for three years, the nil-cost options will vest with no other performance conditions.

The following table details the outstanding shares under both the UK and non-UK scheme combined:

	2023 Number	2022 Number
Awards/options outstanding at 1 January	**–**	–
Granted	**1,074,827**	–
Forfeited	**(50,411)**	–
Awards/options outstanding at 31 December	**1,024,416**	–

Other share-based payments

On 31 January 2022, the Group's Defined Benefit Pension Scheme was closed to future accrual. As part of the closure cost, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during the year ended 31 December 2022. A cash-settled share-based payment charge is also recognised associated with the guaranteed future value of the shares awarded to the employees (note 5). In the year ended 31 December 2023, a total charge of £1.0m (2022: £1.0m) was recognised in the Consolidated Income Statement.

On 8 November 2022, a Group Director was granted 659,113 shares for nil consideration in relation to forfeited awards at a previous employer and therefore securing his employment with the Group. The award is subject to clawback provisions for a period of 12 months from the award date. The total cost incurred related to this award was £0.8m.

The total expense arising from equity-settled share-based payments is as follows:

	2023 £m	2022 £m
2023 LTIP share option charge	**3.4**	–
2022 LTIP share option charge	**1.6**	0.9
2021 LTIP share option charge	**–**	0.5
2020 LTIP share option credit	**–**	(1.4)
Grant of shares upon closure of the Defined Benefit Pension Scheme (notes 5, 26)	**–**	1.0
Group Director buyout	**–**	0.8
Employee Share Incentive Plan	**0.4**	–
	5.4	1.8

30 CAPITAL COMMITMENTS

On 27 October 2020, the Group announced that it had entered into an enhanced strategic cooperation arrangement (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Group has agreed, over the period of time between December 2020 and July 2024 and in several tranches, to issue 458,942,744 ordinary shares of £0.009039687 each (22,947,138 ordinary shares of £0.10 each following the share consolidation in December 2020) to MBAG in exchange for access to certain technology and intellectual property to be provided to the Group by MBAG in several stages.

The first tranche of 224,657,287 ordinary shares of £0.009039687 each (11,232,864 ordinary shares of £0.10 each following the share consolidation) was issued to MBAG on 7 December 2020. A total of 11,714,274 ordinary shares remained unissued at 31 December 2022. During the year ended 31 December 2023 the Group agreed with MBAG that no further shares would be issued and no additional technology as part of the original agreement would be taken. This announcement was concurrent with entering into an agreement with Lucid Group, Inc. for access to certain aspects of BEV technology (see note 12).

Property, plant and equipment expenditure contracts to the value of £37.3m (2022: £10.8m) have been committed but not provided for as at 31 December 2023. Contracts to the value of £61.3m (2022: £51.4m) have been committed for the acquisition of intangible assets but not provided for as at 31 December 2023. Certain contracts contain financial commitments, in particular purchase commitments and guarantees, which are of a magnitude typical for the industry.

31 RELATED PARTY TRANSACTIONS

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

Transactions with Directors and related undertakings

Transactions during 2023

During the year ended 31 December 2023, a net marketing expense amounting to £19.4m of sponsorship has been incurred in the normal course of business with AMR GP Limited ("AMR GP"), an entity indirectly controlled by a member of the Group's Key Management Personnel ("KMP"). AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. £0.7m remains due from AMR GP at 31 December 2023 relating to these transactions.

During the year ended 31 December 2023 the Group extended its sponsorship arrangements with AMR GP for a further period of five years commencing in 2026. Amounts under this arrangement are due within each financial year from 2026. The Group also exercised its primary warrant option and subscribed for reward shares under the terms of the original sponsorship arrangement giving the Group a minority stake in AMR GP Holdings Limited, the immediate parent company of AMR GP limited. The Group paid nominal value for the shares of which £nil was outstanding at year end. Further detail is included in notes 15 and 20. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP. A separate immediate family member of one of the Group's KMP incurred costs of less than £0.1m relating to the export and transport of a vehicle. The services were provided by a Group company. £nil was outstanding at 31 December 2023.

In addition, the Group incurred costs of £8.5m associated with engineering design on two upcoming vehicle programmes from Aston Martin Performance Technologies Limited ("AMPT") of which £2.8m is outstanding to AMPT at 31 December 2023. AMPT is an associated entity of AMR GP.

During the year ended 31 December 2023, Classic Automobiles Inc. purchased a vehicle for £1.8m of which £nil was outstanding at 31 December 2023. Classic Automobiles Inc. is controlled by a member of the Group's KMP.

During the year ended 31 December 2023, a separate member of the Group's KMP and Non-executive Director purchased a vehicle for £1.8m, having paid a deposit to the Group in the first half of the year. £nil was outstanding at 31 December 2023.

On 26 June 2023, the Group announced a strategic supply arrangement with Lucid Group, Inc. ("Lucid") for future access to powertrain components for future BEV models. The arrangement is considered a Related Party Transaction owing to the substantial ownership of Lucid by the Public Investment Fund ("PIF"). PIF are also a substantial shareholder of the Group and two members of the Group's KMP & Non-executive Directors are members of PIF's KMP. The Group recognised an asset of £188.5m in relation to the supply agreement. The agreement is part-settled in equity, which was issued to Lucid in November 2023. An outstanding cash liability of £71.7m relating to the supply arrangement remains at 31 December 2023, all of which is due in more than one year. The supply arrangements, commit to an effective future minimum spend with Lucid on powertrain components of £177.0m.

During the year ended 31 December 2023, the Group incurred costs of £2.0m for design and engineering work from Pininfarina S.p.A. A member of the Group's KMP and Non-executive Director is also a member of Pininfarina S.p.A's KMP. As of 19 May 2023 the individual ceased to be a member of the Group's KMP and therefore any future spend under the contract will not be disclosed as a related party transaction. £nil is outstanding as at 31 December 2023.

During the year ended 31 December 2023, the Group incurred a rental expense of £1.2m from Michael Kors (USA), Inc., a Company which is owned by Capri Holdings Limited. A member of the Group's KMP and Non-executive Director is also a member of Michael Kors (USA), Inc.'s KMP.

During the year ended 31 December 2023, the Group incurred consultancy costs of £0.2m from a member of the Group's KMP and Non-executive Director in relation to the oversight of two significant legal claims which the Group has been party to. £0.1m was outstanding as at 31 December 2023. Owing to the unique experience of the individual involved and the specifics of the legal claims, no detailed market price assessment was performed when engaging this service.

31 RELATED PARTY TRANSACTIONS CONTINUED

Transactions with Directors and related undertakings continued

Transactions during 2023 continued

During the year ended 31 December 2023, an immediate family member of the Group's KMP & Non-executive Director provided event services at the opening of Q New York totalling less than £0.1m of expense. £nil was outstanding at 31 December 2023. No detailed market price assessment was performed when engaging this service.

Transactions during 2022

During the year ended 31 December 2022, a net marketing expense amounting to £20.2m of sponsorship has been incurred in the normal course of business with AMR GP Limited ("AMR GP"), an entity indirectly controlled by a member of the Group's Key Management Personnel ("KMP"). AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. In addition, the Group incurred costs of £2.0m associated with engineering design on an upcoming vehicle programme from Aston Martin Performance Technologies Limited ("AMPT") of which £2.0m is outstanding to AMPT at 31 December 2022. AMPT is an associated entity of AMR GP. In addition, AMR GP acquired a vehicle from the Group at a total cost of £0.7m. Less than £0.1m remains due from AMR GP at 31 December 2022 relating to these transactions. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP. A separate immediate family member of one of the Group's KMP purchased two vehicles from a Group company for £0.4m. £nil is outstanding at 31 December 2022. During the year ended 31 December 2022, Classic Automobiles Inc. placed a deposit of £0.5m with a Group company for the future purchase of a Group vehicle. Classic Automobiles Inc. is controlled by a member of the Group's KMP.

During the year ended 31 December 2022, a separate member of the Group's KMP and Non-executive Director placed a deposit of £1.5m with a Group company for the future purchase of a vehicle.

During the year ended 31 December 2022, a further separate member of the Group's KMP and Non-executive Director transacted with a Group company to undertake service work on a vehicle for a total cost of less than £0.1m. £nil was outstanding at 31 December 2022.

During the year ended 31 December 2022, the Group incurred costs of £1.3m for design and engineering work from Pininfarina S.p.A. A member of the Group's KMP and Non-executive Director is also a member of Pininfarina S.p.A's KMP.

During the year ended 31 December 2022, the Group incurred a rental expense of £0.7m from Michael Kors (USA), Inc., a Company which is owned by Capri Holdings Limited. A member of the Group's KMP and Non-executive Director is also a member of Michael Kors (USA), Inc.'s KMP.

Terms and conditions of transactions with related parties

Sales and purchases between related parties were made at normal market prices unless otherwise stated. Outstanding balances with entities other than subsidiaries are unsecured and interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on inter-company accounts. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

32 CONTINGENT LIABILITIES

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. There is presently a dispute between the Group and the other shareholders of one of its subsidiary entities, which is ongoing and from which a future obligation may arise. The Group denies the claims made and is working to resolve the matter.

33 GROUP COMPANIES

In accordance with Section 409 of the Companies Act 2006, a full list of entities in which the Group has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2023 are disclosed below.

Investments in subsidiary undertakings

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Aston Martin Holdings (UK) Limited*	Ordinary	100%	Dormant company
Aston Martin Capital Holdings Limited**◊	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited**	Ordinary	100%	Holding company
Aston Martin Capital Limited**◊	Ordinary	100%	Dormant company – financing company that held Senior Secured Notes that were repaid in 2017
Aston Martin Lagonda Group Limited**	Ordinary	100%	Holding company
Aston Martin Lagonda of North America Incorporated**^	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda Pension Trustees Limited**	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited**	Ordinary	100%	Manufacture and sale of luxury sports cars, the sale of parts, brand licensing and motorsport activities
AM Brands Limited**◊	Ordinary	100%	Non-trading company
Aston Martin Lagonda of Europe GmbH**>	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited**	Ordinary	100%	Dormant company
Aston Martin Japan GK**<<	Ordinary	100%	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda – Asia Pacific PTE Limited**>>	Ordinary	100%	Operator of the sales function in Singapore and certain other countries in the Asia Pacific region
AMWS Limited**◊	Ordinary	50%***	Holding company
Aston Martin Works Limited**	Ordinary	50%***	Sale, servicing and restoration of Aston Martin cars

All subsidiaries are incorporated in England and Wales unless otherwise stated.

◊ Incorporated in Jersey (tax resident in the UK)
^ Incorporated in the USA
> Incorporated in Germany
<< Incorporated in Japan
>> Incorporated in Singapore
√ Incorporated in the People's Republic of China
* Held directly by Aston Martin Lagonda Global Holdings plc
** Held indirectly by Aston Martin Lagonda Global Holdings plc
*** The Group exercises management control of these legal entities and therefore the results, assets and liabilities have been wholly included in the Consolidated Financial Statements. The individual results, aggregate assets and aggregate liabilities included within the Consolidated Financial Statements are summarised on pages 142-146.

33 GROUP COMPANIES CONTINUED

	Aston Martin Works Limited 2023 £m	**AMWS Limited 2023 £m**	Aston Martin Works Limited 2022 £m	AMWS Limited 2022 £m
Total assets	**45.3**	**–**	42.5	–
Total liabilities	**(4.1)**	**–**	(3.8)	–
Net assets	**41.2**	**–**	38.7	–
Revenue	**42.0**	**–**	40.6	–
Profit before tax	**2.5**	**–**	1.7	–
Group's share of profit	**1.3**	**–**	0.9	–

Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Capital Holdings Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Capital Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Lagonda Group Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda of North America Incorporated	Floor 22, 11 West 42nd Street, New York, NY, 10036-8002, United States of America
Lagonda Properties Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda Pension Trustees Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
AM Brands Limited	28 Esplanade, St Helier,JE2 3QA, Jersey
Aston Martin Lagonda of Europe GmbH	Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany
AML Overseas Services Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	Unit 2901, Raffles City Office Tower, No. 268 Xi Zang Middle Road, Huangpu District, Shanghai, China 200001
AM Nurburgring Racing Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Japan GK	1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan
Aston Martin Lagonda – Asia Pacific PTE Limited	Baker & McKenzie Singapore – 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981
AMWS Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England

34 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 profit/(loss) before tax and adjusting items as shown in the Consolidated Income Statement.
ii) Adjusted EBIT is operating profit/(loss) before adjusting items.
iii) Adjusted EBITDA removes depreciation, profit/(loss) on sale of fixed assets and amortisation from adjusted EBIT.
iv) Adjusted operating margin is adjusted EBIT divided by revenue.
v) Adjusted EBITDA margin is Adjusted EBITDA (as defined above) divided by revenue.
vi) Adjusted earnings per share is profit/(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 12 months (LTM) Adjusted EBITDA.
ix) Free cash flow is represented by cash inflow/(outflow) from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

Consolidated Income Statement

	2023 £m	2022 £m
Loss before tax	**(239.8)**	(495.0)
Adjusting operating expenses (note 5)	**31.5**	23.9
Adjusting finance income (notes 5, 7)	**–**	(12.5)
Adjusting finance expense (notes 5, 8)	**36.5**	32.6
Adjusted loss before tax (EBT)	**(171.8)**	(451.0)
Adjusted finance income (note 7)	**(74.3)**	(3.0)
Adjusted finance expense (note 8)	**166.4**	336.1
Adjusted operating loss (EBIT)	**(79.7)**	(117.9)
Adjusted operating margin	**(4.9%)**	(8.5%)
Reported depreciation	**102.2**	88.8
Reported amortisation	**283.4**	219.3
Adjusted EBITDA	**305.9**	190.2
Adjusted EBITDA margin	**18.7%**	13.8%

34 ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Earnings per share

	2023 £m	2022 £m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Adjusting items (note 5)		
Adjusting items before tax (£m)	**68.0**	44.0
Tax on adjusting items (£m)	**–**	–
Adjusted loss (£m)	**(160.1)**	(484.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Adjusted loss per ordinary share (pence)	**(21.4p)**	(114.1p)
Adjusted diluted earnings per ordinary share		
Adjusted loss (£m)	**(160.1)**	(484.6)
Diluted weighted average number of ordinary shares (million)	**748.2**	424.7
Adjusted diluted loss per ordinary share (pence)	**(21.4p)**	(114.1p)

Net debt

	2023 £m	2022 £m
Opening cash and cash equivalents	**583.3**	418.9
Cash inflow from operating activities	**145.9**	127.1
Cash outflow from investing activities	**(383.4)**	(284.7)
Cash inflow from financing activities	**59.7**	315.0
Effect of exchange rates on cash and cash equivalents	**(13.1)**	7.0
Cash and cash equivalents at 31 December	**392.4**	583.3
Cash held not available for short-term use	**–**	0.3
Borrowings	**(1,069.7)**	(1,211.1)
Lease liabilities	**(97.3)**	(99.8)
Inventory repurchase arrangement	**(39.7)**	(38.2)
Net debt	**(814.3)**	(765.5)
Adjusted EBITDA	**305.9**	190.2
Adjusted leverage	**2.7x**	4.0x

Free cash flow

	2023 £m	2022 £m
Net cash inflow from operating activities	**145.9**	127.1
Cash used in investing activities (excluding interest received)	**(396.9)**	(286.9)
Interest paid less interest received	**(109.0)**	(139.0)
Free cash flow	**(360.0)**	(298.8)

Parent Company Statement of Financial Position as at 31 December 2023

	Notes	**31 December 2023 £m**	31 December 2022 (restated*) £m	1 January 2022 (restated*) £m
Non-current assets				
Investments	3	**1,051.5**	497.3	957.4
Debtors: amounts falling due after one year	4	**1,699.7**	1,382.1	749.7
Current assets				
Debtors: amounts falling due within one year	4	**–**	0.3	–
Total assets		**2,751.2**	1,879.7	1,707.1
Current liabilities				
Creditors: amounts falling due within one year	5	**(212.8)**	(213.5)	(219.1)
Net assets		**2,538.4**	1,666.2	1,488.0
Capital and reserves				
Share capital	6	**82.4**	69.9	11.6
Share premium		**2,094.5**	1,697.4	1,123.4
Capital redemption reserve	6	**9.3**	9.3	9.3
Capital reserve	6	**2.0**	2.0	2.0
Merger reserve	6	**143.9**	143.9	143.9
Retained earnings		**206.3**	(256.3)	197.8
Shareholder equity		**2,538.4**	1,666.2	1,488.0

* Details of the restatement are presented in note 1.

The Financial Statements were approved by the Board of Directors on 27 February 2024 and were signed on its behalf by

AMEDEO FELISA
CHIEF EXECUTIVE OFFICER
Company Number: 11488166

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

The profit on ordinary activities after taxation amounts to £438.7m (2022 (restated): loss of £454.1m).

Parent Company Statement of Changes in Equity for the year ended 31 December 2023

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
At 1 January 2023	**69.9**	**1,697.4**	**9.3**	**2.0**	**143.9**	**(256.3)**	**1,666.2**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	**438.7**	**438.7**
Total comprehensive income for the year						**438.7**	**438.7**
Transactions with owners recorded directly in equity							
Issuance of new shares	**11.5**	**383.0**	–	–	–	–	**394.5**
Issuance of new shares to SIP	**0.1**	–	–	–	–	**(0.1)**	–
Warrant options exercised	**0.9**	**14.1**	–	–	–	**18.6**	**33.6**
Group share based payment cost	–	–	–	–	–	**5.4**	**5.4**
Total transactions with owners	**12.5**	**397.1**	–	–	–	**23.9**	**433.5**
At 31 December 2023	**82.4**	**2,094.5**	**9.3**	**2.0**	**143.9**	**206.3**	**2,538.4**

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022 (restated*)	11.6	1,123.4	9.3	2.0	143.9	197.8	1,488
Total comprehensive income for the year							
Loss for the year (restated*)	–	–	–	–	–	(454.1)	(454.1)
Total comprehensive income for the year	–	–	–	–	–	(454.1)	(454.1)
Transactions with owners recorded directly in equity							
Issuance of new shares	58.3	574.0	–	–	–	–	632.3
Total transactions with owners	58.3	574.0	–	–	–	–	632.3
At 31 December 2022 (restated*)	69.9	1,697.4	9.3	2.0	143.9	(256.3)	1,666.2

*Details of the restatement are presented in note 1.

1 ACCOUNTING POLICIES

Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of Aston Martin Lagonda Global Holdings plc (the "Company") for the year were authorised for issue by the Board of Directors on 27 February 2024 and the Statement of Financial Position was signed on the Board's behalf by Amedeo Felisa and Doug Lafferty. The Company is a public limited company incorporated and domiciled in the UK. The Company's ordinary shares are traded on the London Stock Exchange and it is not under the control of any single shareholder.

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 2-70. The debt facilities available to the Group and the maturity profile of this debt are shown in note 23 to the Group Financial Statements.

Going concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m First Lien notes at 10.5% which mature in November 2025, $121.7m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% Payment in Kind) which mature in November 2026, a Revolving Credit Facility (£99.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF facility and a wholesale vehicle financing facility (as described in note 18 of the Group Financial Statements). As previously announced, the Group expects to refinance the outstanding debt during the first half of 2024, however, the going concern assessment is not dependent on this occurring. Under the RCF the Group is required to comply with a leverage covenant tested quarterly. Leverage is calculated as the ratio of adjusted EBITDA to net debt, after certain accounting adjustments are made. Of these adjustments, the most significant is to account for lease liabilities under "frozen GAAP", i.e. under IAS17 rather than IFRS 16. Details of this adjustment are included in note 16 of the Group Financial Statements. The Group has complied with its covenant requirements for the year ended 31 December 2023 and expects to do so for the Going Concern period.

The amounts outstanding on all the borrowings are shown in note 23 of the Group Financial Statements.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2025 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due, including repayment of the current RCF were it needing to be repaid on 30 June 2025 and to comply with covenants for the going concern review period. The forecasts reflect the Group's ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. 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 that 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 15% reduction in DBX volumes and a 10% reduction in sports volumes from forecast levels covering, although not exclusively, instances of reduced volume due to delayed product launches, operating costs higher than the base plan, incremental working capital requirements such as a reduced deposit inflows or increased deposit outflows and the impact of the strengthening of the sterling dollar exchange rate.

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.

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 more than 15% 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.

The Parent Company Financial Statements are presented in sterling.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). No Income Statement is presented for the Company as permitted by Section 408 of the Companies Act 2006. There were no gains or losses in the year (2022: £nil) in Other Comprehensive Income. The fee relating to the audit of these Financial Statements of £0.3m was borne by the Company (2022: £0.3m).

1 ACCOUNTING POLICIES CONTINUED

Basis of preparation

The Parent Company Financial Statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual Financial Statements of qualifying entities that otherwise apply this recognition, measurement and disclosure requirements of UK adopted IFRS.

FRS 101 sets out amendments to UK adopted IFRS that are necessary to achieve compliance with the Companies Act and related Regulations. The following disclosures have not been included as permitted by FRS 101:

- A Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows'.
- Disclosures in respect of transactions with wholly-owned subsidiaries as required by IAS 24 'Related Party Disclosures'.
- Disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements'.
- The effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- Disclosures in respect of the compensation of key management personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.
- The requirements of paragraphs 88C and 88D of IAS 12 Income Taxes in respect of the impact of Pillar Two legislation.

As the Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' in respect of group-settled shared based payments.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out herein have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Investments

The Company recognises investments in subsidiaries at cost less impairment in its individual Financial Statements. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows 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 specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Management have further considered the impact of climate change on a number of key estimates within the Financial Statements and has not found climate change to have a material impact on the conclusions reached. Climate change considerations have been factored into the Directors' impairment assessments of the carrying value of non-current assets (such as the parent company investment) through usage of a pre-tax discount rate which reflects the individual nature and specific risks relating to the business and the market in which the Group operates.

Amounts due to Group undertakings

Amounts due to Group undertakings are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Amounts due from Group undertakings

Amounts due from Group undertakings are initially recognised at fair value and subsequently measured at amortised cost on an effective interest basis. The Company assess the loans for recoverability from surplus undiscounted cashflows from the operating Group and determined no loss provision necessary. The Company does not expect to receive payment within the next 12 months and therefore presents the loan as non-current.

Financial assets and liabilities

Financial assets are cash or a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the entity. In addition, contracts that result in another entity delivering a variable number of its own equity instruments are financial assets.

Derivative financial instruments including equity options are held at fair value. All other financial instruments are held at amortised cost.

Auditors remuneration

Auditors remuneration has been included in the group accounts. The Group accounts are required to comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

Prior year restatement

Following a review by the Financial Reporting Council ("FRC"), the Company revisited its assumptions used in determining the recoverability of the carrying value of the investment in subsidiaries. The original assessment had not considered the recoverability of the intercompany balances within the Company prior to assessing the recoverability of the investment valuation. When updating for this assumption, the net recoverable value of the investment is reduced from £957.4m to £497.3m at 31 December 2022. The impairment of £460.1m is reflected in the Parent Company Income Statement for the prior year.

As part of the same review it was identified the intercompany receivable was presented as current, however, the Company did not expect to receive repayment within 12 months from the balance sheet date. The intercompany receivable balance has therefore been restated as a non-current asset in the prior year Company Balance Sheet. In addition, the Expected Credit Loss provision recognised against the intercompany receivable is deemed not required. This is due to the balance being intercompany in nature and the parent company can allow the benefit of time to its subsidiary in order to recover the receivable in full from the future cashflows of the subsidiary. As there is no anticipated shortfall in repayment of the receivable over time, no expected credit loss provision is required. An opening reserves adjustment of £36.0m is made to reflect removing the provision as at 1 January 2022. A £11.2m charge is reflected in the Income Statement for the year ended 31 December 2022, reflecting the movement in the provision previously recognised between 1 January 2022 and 31 December 2022.

The restatements noted above have no impact on the previous, current or future results of the Group. The FRC's review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into and therefore provides no assurance that the Annual Report is correct in all material aspects.

Liabilities	As previously reported 31 December 2022 £m	Adjustment £m	Restated balance 31 December 2022 £m
Non-current assets			
Investments	957.4	(460.1)	497.3
Debtors: amounts falling due in more than one year	–	1,382.1	1,382.1
Current assets			
Debtors: amounts falling due within one year	1,357.6	(1,357.3)	0.3
Capital and reserves			
Retained Earnings	179.0	(435.3)	(256.3)

The loss on ordinary activities after taxation amounts to £454.1m (previously reported profit of £17.2m).

Liabilities	As previously reported 1 January 2022 £m	Adjustment £m	Restated balance 1 January 2022 £m
Non-current assets			
Debtors: amounts falling due in more than one year	–	749.7	749.7
Current assets			
Debtors: amounts falling due within one year	713.7	(713.7)	–
Capital and reserves			
Retained Earnings	161.8	36.0	197.8

The profit on ordinary activities after taxation amounts to £70.9m (previously reported profit of £34.9m).

2 DIRECTORS' REMUNERATION

The Company has no employees other than the Directors. Full details of the Directors' remuneration is given in the Directors' Remuneration Report.

3 INVESTMENTS

	£m
Cost	
At 1 January 2022	957.4
Additions	–
At 31 December 2022 and 1 January 2023	**957.4**
Additions	94.1
At 31 December 2023	**1,051.5**
Impairment	
At 1 January 2022	–
Impairment during 2022 (restated*)	(460.1)
At 31 December 2022 and 1 January 2023 (restated*)	**(460.1)**
Reversal of impairment during 2023	460.1
At 31 December 2023	**–**
Carrying value	
At 31 December 2022 (restated)	497.3
At 31 December 2023	**1,051.5**

*Details of the restatement are presented in note 1.

The Company directly owns 100% of the share capital of Aston Martin Holdings (UK) Limited, a non-trading intermediate holding company registered in England and Wales. A full list of subsidiary and other related undertakings is given in note 33 to the Group Financial Statements. Additions in the year represent £88.7m for the issuance of shares to Lucid Group, Inc. in respect of the Technology sharing agreement and £5.4m in relation to Group share based payment charges for which the Company will issue shares on behalf of employees in subsidiary companies.

Impairment testing

The Company reviews the carrying amount of its investment 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 assets. The recoverable amount is the higher of the assets' 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. In performing this analysis the Company's value-in-use calculation supports the recoverability of the full cost of the Company's investment in subsidiary undertakings and therefore a reversal of the impairment recognised in the prior year has been recognised in the year ended 31 December 2023. The Group forecast and business plan as at 31 December 2023 give an increased cash flow when compared to twelve months ago, resulting in a higher value-in-use therefore supporting the reversal of the impairment.

Key assumptions used in value-in-use calculations

Where there are indicators of impairment, the calculation of value-in-use for the assets is most sensitive to the following assumptions:

- Cash flows are projected based on actual operating results and the current five-year 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 14.0% (2022: 14.0%).
- A long-term growth rate of 2% (2022: 2%)

Sensitivity analysis

- As at 31 December 2023 the discount rate would need to increase by 1.1% before the investment in subsidiary undertakings is impaired.

4 DEBTORS

	2023 £m	2022 £m (restated*)
Amounts due from Group undertakings	**1,699.7**	1,382.1
Other receivables	**–**	0.3
Total	**1,699.7**	1,382.4
Analysed as:		
Current	**–**	0.3
Non-current	**1,699.7**	1,382.1
	1,699.7	1,382.4

*Details of the restatement are presented in note 1.

4 DEBTORS CONTINUED

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The Company does not expect to receive repayment of the loan due from Group undertakings within the next 12 months and has therefore presented the loan as non-current.

5 CREDITORS

	2023 £m	2022 £m
Amounts due to Group undertakings	**187.9**	187.9
Accrued expenses	**1.8**	2.9
Derivative option over own shares	**23.1**	22.7
	212.8	213.5

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Share warrants

As part of the issue of the Second Lien SSNs by Aston Martin Capital Holdings Limited, the Company issued share warrants enabling warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 per share (previously £10 per share prior to the rights issue in September 2022). The warrants can be exercised from 1 July 2021 through to 7 December 2027. The fair value of the warrants is determined at each period end. A charge to the Income Statement of £19.0m has been recognised in the year ended 31 December 2023 (2022: credit of £8.4m). A total of 29,969,927 warrants were exercised in the year ended 31 December 2023 (2022: no warrants exercised), resulting in the issuance of 8,990,975 ordinary shares (note 6).

6 CAPITAL AND RESERVES

Allotted, called up and fully paid	**2023 £m**	2022 £m
823,663,785 shares of 10.0p each (2022: 698,757,075 ordinary shares of 10.0p each)	**82.4**	69.9

A full reconciliation of the Company's movement in share capital is presented in note 27 of the Group accounts.

Merger reserve

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. The merger reserve value was reduced by £5.4m of transaction costs associated with the equity raise.

Capital reserve

The capital reserve of £2.0m arose from the share-for-share exchange on the acquisition of the entire share capital of Aston Martin Holdings (UK) Limited in 2018.