



Accelerating. Forward.

ASTON MARTIN LAGONDA

ANNUAL REPORT AND ACCOUNTS 2022





Aston Martin was deeply saddened by the passing of Her Majesty The Queen.

Queen Elizabeth II dedicated her life to public service, and throughout her long reign was a passionate champion for British culture, enterprise and innovation. We were honoured she visited Aston Martin in 1966.

We send our warmest of wishes to King Charles III, a passionate lifelong Aston Martin enthusiast, and continue to offer our service to the Royal Family as a proud Royal Warrant holder.

**Our values are: Unity, Openness, Trust, Ownership and Courage. At the core of our values is one single guiding tenet: No one builds an Aston Martin on their own.**

Our purpose is to create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading experience.

Our vision is to be the world's most desirable, ultra-luxury British performance brand, creating the most exquisitely addictive performance cars.

Our strategy is built on our key strengths; brand, product innovation, sustainability and team which are the pillars underpinning our strategy and future growth ambitions.

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# Accelerating. Forward.

## Highlights

Revenue Wholesale volumes

**£1.4bn** **6,412**  
(2021 £1.1bn) (2021 6,178)

Adjusted EBITDA Total average selling price

**£190m** **£201k**  
(2021 £138m) (2021 £162k)

Operating Loss Net debt

**£142m** **£766m**  
(2021 £76m) (2021 £892m)

## Aston Martin's vision is to be the world's most desirable, ultra-luxury British performance brand, creating the most exquisitely addictive performance cars.

### Who we are

Aston Martin is an iconic, globally recognised brand, with a unique position transcending ultra-luxury and high performance. For more than a century, our brand has symbolised exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our rich and prestigious heritage of delivering beautiful, awe-inspiring vehicles defines Aston Martin as something truly unique within the automotive industry. Our brand exposure, perception and desirability are strengthened by a strong, passionate and loyal customer base, which has been significantly increased by the return of the Aston Martin brand to the Formula One® grid for the first time since 1960.

### What we do

Founded in 1913 by Lionel Martin and Robert Bamford, today Aston Martin fuses the latest technology, time-honoured craftsmanship and beautiful styling to produce a range of critically acclaimed luxury models including the Vantage, DB11, DBS, DBX and our first hypercar, the Aston Martin Valkyrie. Based in Gaydon, England, Aston Martin Lagonda designs, creates and exports cars which are sold in 54 countries around the world. Our sports cars are skilfully crafted in Gaydon with our luxury DBX SUV range proudly hand built in St Athan, Wales.

### Why we do it

Aston Martin's vision is to be the world's most desirable, ultra-luxury British brand, creating the most exquisitely addictive performance cars. Our business is focused on delivering shareholder value and continuing our purpose to create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading customer experience.

### Focused on sustainability

Aston Martin is embracing a new, driving ambition: to be a world-leading sustainable ultra-luxury automotive business. This ambition is the central objective of our new sustainability strategy, *Racing. Green*. Our strategy embeds principles and goals that will continue to power our progress. It makes sustainability more than one part of what we do; it makes sustainability part of everything we do.

### Sustainability strategy goals

Tackling climate change

Creating a better environment

Investing in people and opportunity

Exporting success

Delivering the highest standards

◦ ◦ ◦ p52

Our global presence

**UK**

Aston Martin dealers<sup>1</sup>

**21**

(2021: 22)

Wholesale volumes

**1,110**

(2021: 1,109)

**EMEA<sup>2</sup>**

Aston Martin dealers\*

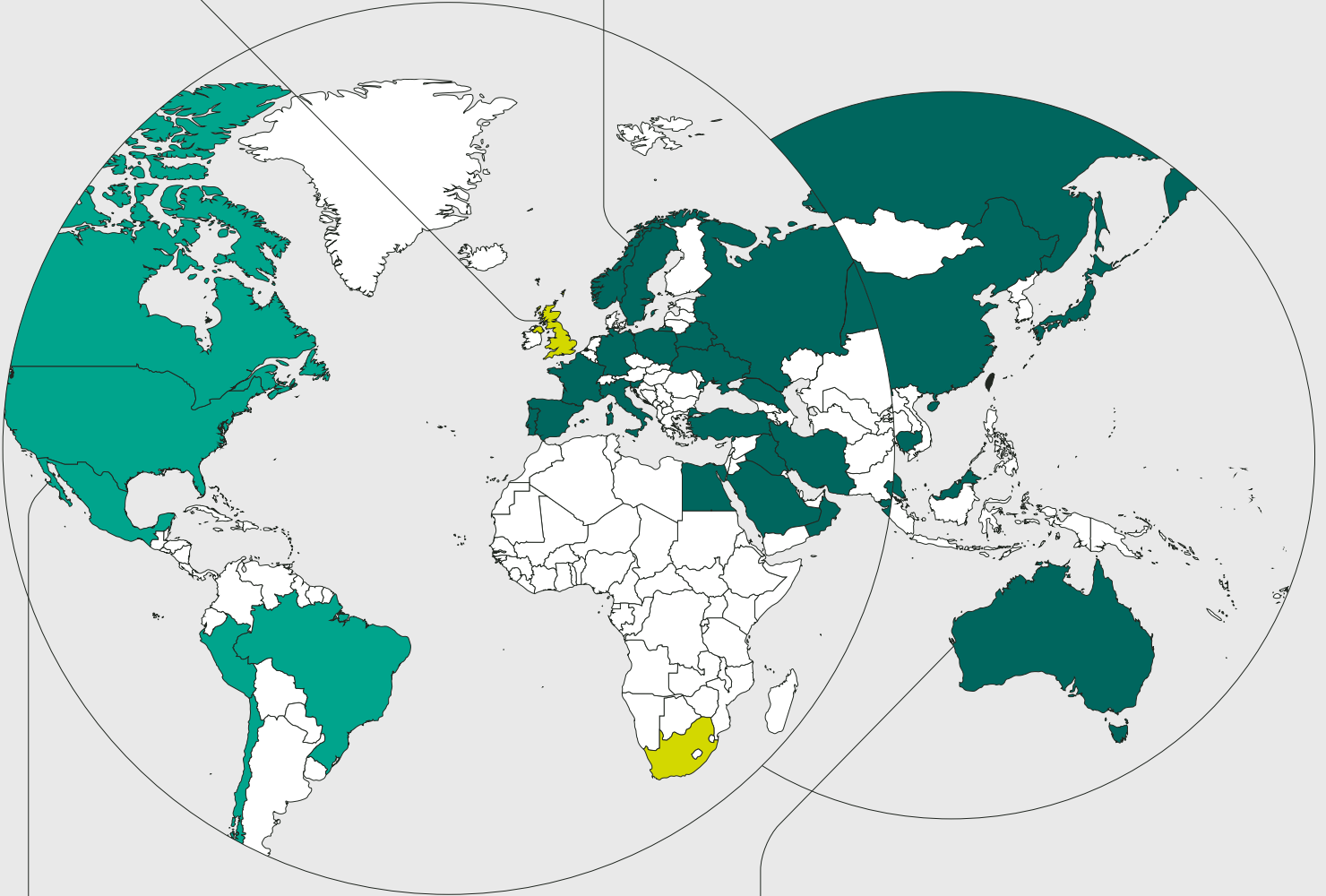
**52**

(2021: 53)

Wholesale volumes

**1,508**

(2021: 1,270)



**Americas**

Aston Martin dealers\*

**44**

(2021: 44)

Wholesale volumes

**1,980**

(2021: 1,984)

**Asia Pacific**

Aston Martin dealers\*

**48**

(2021: 49)

Wholesale volumes

**1,814**

(2021: 1,815)

1. All dealers are third-party dealers, with the exception of one in the UK
2. EMEA includes Europe, Middle East and Africa (excluding the UK and South Africa)



### Strong business model

Aston Martin has a strong business model focused on creating future value and aligned to our clear vision to become the world's most desirable ultra-luxury British performance brand.

Business Model p26



### Growth ambitions

We are taking significant steps to de-risk the business, achieve financial stability and sustainability and position Aston Martin for long-term, profitable growth for our stakeholders.

Financial review p48



### Innovation: Breathtaking portfolio

We are expanding our breath taking portfolio of ultra-luxury and high-performance products, including the expansion of our DBX SUV range, the upcoming launch of our next generation of sports cars and our entry into the mid-engine sports car segment.

New product line-up p40





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### World-class talent

A key element of Aston Martin's future growth strategy is investing in our people, with our highly skilled and innovative team being complemented with additional talent to support our success.

• • • People p70



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### Globally renowned

With 110 years of history, Aston Martin is one of the world's most renowned automotive marques, synonymous with inventive design, luxurious craftsmanship, thrilling performance and exclusivity.

• • • Brand p32

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### Clear sustainability strategy

Through our *Racing. Green.* sustainability strategy we have outlined our ambition to be a leading sustainable ultra-luxury business, taking action to tackle climate change, by outlining a net-zero future for our business.

• • • *Racing. Green.* p52



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### Strong partnerships

A keen collaborator, Aston Martin has established formidable strategic technology partnerships and close-knit ties with its suppliers and stakeholders.

The Secretary of State for Wales, Simon Hart MP, visited St Athan in May to see the first DBX707 come off the assembly line.

• • • Stakeholders p22



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# Clear direction

It has now been three years since I became Executive Chairman and had the privilege of commencing a new chapter for Aston Martin.

Alongside fellow investors, our leadership, and our people, I have been firmly focused on a shared vision: to build the world's most desirable ultra-luxury British performance brand.

## We create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke class leading customer experience.

2022 has seen Aston Martin continue to accelerate towards that goal, establishing strong foundations for our future growth and aligning the business with its future direction. With continued development of breath-taking products, I believe we are moving towards the strongest product portfolio across the entire ultra-luxury segment. From our awe-inspiring Valkyrie hypercar to our next generation of sports cars and the world-leading DBX707 performance SUV, we are assembling a stunning line-up of models that are inspiring a new breed of customer and deepening the connection with those who have forever loved our brand. I share their passion. With knowledge of the products to come in our 110<sup>th</sup> anniversary year in 2023, I could not be more excited.

Of course, the last 12 months have not been without their challenges. The geopolitical, macroeconomic and humanitarian

events of 2022 have had an impact on all businesses, with Aston Martin no exception. But in Gaydon, St Athan and our other locations across the world, it has also been a year of positive transformational importance for our business and brand. I look to the future with renewed confidence in both our ability to deliver on our vision and the targets we have set.

Despite the tough operating environment, we ended 2022 with significantly improved growth. We have delivered gross profit margin enhancement, in line with our commitment to achieving a minimum 40% contribution margin on all new Aston Martin products. In Q4 we also demonstrated our ability to be free cash flow positive, highlighting the potential of our business to operate sustainably in the future. We exited 2022 with the strongest order book this Company has seen in many years, with heightened

excitement around our brand and growing demand for our products. Whilst we accelerate and continue to invest in our future, I also want to acknowledge the excellent strategic progress we have made.

2022 marked delivery of the first new models to complete the product development cycle since I became Executive Chairman. In February, we launched the critically acclaimed DBX707 – the world's most powerful luxury SUV, combining ultra-luxury with high performance and, crucially, increased profitability. DBX707 was followed by our strictly limited and highly coveted V12 Vantage and V12 Vantage Roadster models, all examples of which were secured by customers before the cars were revealed. This huge customer demand for our most special of products continued with our award-winning DBR22 model, which has been followed in 2023 by the launch of DBS

770 Ultimate – another model already fully allocated.

Across our organisation, 2022 saw us continue to strengthen our teams, led by our CEO Amedeo Felisa, who has instilled a renewed focus on innovation, execution and efficiency to support our longer-term growth. Furthermore, we completed a significant £654m equity capital raise, which has seen the Public Investment Fund welcomed as a new anchor shareholder and enabled us to take action to deleverage our balance sheet. Our target remains to become free cash flow positive from 2024.

We have also taken our first steps towards a new goal of a net zero future for Aston Martin, through the launch of our *Racing. Green.* sustainability strategy. Outlining our target for net-zero manufacturing facilities by 2030 and across the Company's entire supply chain by

2023, the strategy also confirms our shift to electrification, with the first Aston Martin Battery Electric Vehicle (BEV) targeted for launch in 2025.

In the summer, we made the biggest investment in our iconic brand for more than a decade, through the launch of our renewed iconic wings and bold new creative strategy and brand positioning that aligns Aston Martin to our future ambitions. Retaining the elegance and sophistication that our brand and products are revered for worldwide, our more emotionally led creative direction dials up the bolder, edgier and more intense characteristics that have always underscored Aston Martin as a brand born on the racetrack.

Our high performance DNA has been further amplified by our partnership with the Aston Martin Aramco Cognizant Formula One™ team. Our presence at the pinnacle of motorsport is driving growing demand from a new generation of customers, with more than 60% of all customers new to the brand. This is a statistic that rises to 72% for our Vantage F1® Edition model, further demonstrating the potential of this powerful, and rapidly growing, global platform to attract new audiences to Aston Martin.

Our performance credentials have been further endorsed by the achievements of our customers in other motorsport

formats. I congratulate the TF Sport team on winning the 2022 FIA World Endurance Championship in the GTE Am class, the 11<sup>th</sup> world title for the Vantage GTE model since the formation of the championship in 2012, and a testament to our production model from which it is derived.

2023 is poised to be a significant year for Aston Martin. In addition to celebrating our 110<sup>th</sup> anniversary, which will see the unveiling of a highly-exclusive commemorative Special model, 2023 will also see the start of our next generation of sports cars which will truly reposition Aston Martin for the future.

I remain extremely confident in the delivery of our strategy and the path we are on to deliver our targets.

I thank you for joining us on our journey.

**Lawrence Stroll**  
Executive Chairman



Executive Chairman Lawrence Stroll and other members of the executive team held town halls with employees on the production floor.

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# Highly tuned



**“The V12 Vantage Roadster possesses the same potency and dynamism that characterises the V12 Vantage Coupe, while surpassing it in terms of raw sensory excitement that you only achieve with roof down driving.”**

**Roberto Fedeli**

Group Chief Technology Officer, Aston Martin

**Innovative product**

Launched at the Pebble Beach Concours d’Elegance in August, the V12 Vantage Roadster was one of several stand-out new products to expand Aston Martin’s breathtaking product portfolio in 2022. As with its Coupe equivalent, all examples of the strictly limited production run were fully allocated ahead of the car’s reveal, following unprecedented customer demand.

# Precision focus

In May 2022, Aston Martin announced the appointment of Amedeo Felisa as Chief Executive Officer, with a focus on leading the brand to a new phase of growth and development.

A former CEO of Ferrari, Amedeo is one of the most highly regarded leaders and engineering professionals in the high-performance luxury sports car sector. Formerly a Non-executive Director of Aston Martin, he previously served as Chairman of the Company's Product Strategy Committee.

He reflects on his first year as Chief Executive Officer and how the business has approached the challenges of 2022.





**“2022 has positioned us well for the future. Given the health of our iconic brand, the size of the market opportunity, and our renewed focus on consistently executing an ultra-luxury strategy, I have great confidence that we can deliver on our ambitions.”**

**What were your first impressions of Aston Martin?**

Through my previous role as a Board member, I was fortunate to have already seen the huge potential of the Aston Martin brand and developed a good knowledge of the business and close relationships across our senior leadership team. My work chairing the Product Strategy Committee allowed me to see first-hand the passion and expertise of our people, but as CEO I have been even more impressed by the highly experienced and impressive pool of talent we have established here at Aston Martin, and the culture of innovation.

When I was appointed, I stood on our factory floor and told all our employees that people would be my greatest focus. I recognised that we needed to create more cohesion, encourage cross-functional collaboration and optimise ways of working to achieve operational efficiencies and

work more effectively. I think that throughout the second half of 2022 we have made strong progress in providing more support and resources for colleagues to contribute to our success and growth.

Becoming CEO in May, I was also impressed by DBX707. Everyone involved should take great pride in creating a truly game-changing product like this. We seized the opportunity this outstanding model creates in terms of both ramping up production at St Athan in a challenging supply chain environment and successfully marketing the car globally.

**What were your biggest priorities when becoming CEO?**

While it was clear that tremendous progress had been made on our journey, we needed to improve execution and our capability to deliver on targets. My immediate priority was to focus the organisation on our 2022 targets, delivering DBX707

volume and embedding higher build rate for the Aston Martin Valkyrie programme.

As CEO, I have also sought to optimise our ways of working to set up the business for its future success, including the introduction of a new organisational structure for engineering with increased cross-functional teams. Throughout the second half of the year we've harnessed this collective engineering firepower to progress our next generation of sports cars, to be launched from 2023.

In addition to providing continued cost management, I have also personally overseen many of the measures to mitigate the supply chain and logistical challenges we've encountered in 2022. This is an area I am particularly passionate about, with a belief that any successful automotive business must work truly collaboratively and make suppliers feel like valued partners.

**What challenges has Aston Martin faced in 2022?**

Clearly 2022 is a year that will be remembered for macroeconomic, geopolitical and health challenges on a global scale. Whilst all businesses have been impacted by those factors, in Gaydon, St Athan and our other locations across the world, it has also been a year of positive transformational importance for our business and brand. That is largely testament to the collective efforts of our people to show resilience, commitment and passion in their work.

Supply chain issues and logistical disruption have been well documented across the entire automotive industry and we have needed to work incredibly hard to navigate those challenges and meet customer demand, whilst not compromising on the incredibly high standards that our ultra-luxury positioning requires. I think the operational challenges we've seen across the industry have further



↖  
Amedeo Felisa presenting at the Leadership Conference in October 2022.

highlighted my long-standing belief that a business such as ours must forge incredibly strong relationships across the supply chain and seek to create strategic partners, not simply suppliers.

**How do you summarise the Group's performance in 2022?**

Having navigated a challenging operating environment throughout 2022, I am pleased with how we ended the year. We delivered in line with expectations, took actions to address the short-term impacts of supply chain issues, and continued to make progress in several key areas which will support our ability to meet strong customer demand.

2022 has positioned us well for the future. Given the health of our iconic brand, the size of the market opportunity, and our renewed focus on consistently executing an ultra-luxury strategy, I have great confidence that we can deliver on our ambitions.

**How is your journey to a 40% contribution margin progressing?**

Achieving a minimum 40% contribution margin is a major focus for all our new models. Despite the challenges in 2022 of unexpected supply chain recovery costs and lower year-on-year gross margin within Specials, we have still increased our overall gross margin to 33% and expect to deliver significant growth and higher gross margin in 2023.

**What have been your key achievements in 2022 against the goals set out last year?**

I think the most significant is the successful launch of our fantastic new products, starting with DBX707 and the final edition V12 Vantage. Both of these cars are a good example of how we are uplifting performance in our product strategy, whilst crucially delivering the 40% minimum contribution margin that our business plan requires. Our continued development of

Specials such as Valhalla and the award-winning DBR22 also carries huge importance to the business, enhancing levels of exclusivity and desirability for our brand. Our record total Average Selling Price of £201k is also a positive indicator of strong desirability, demonstrating our brand's ability to justify an ultra-luxury price tag that so few in the automotive sector can command for their products.

I am also pleased with our revenue growth, whilst we have strong demand across the portfolio with around 80% of our production of current sports cars sold out for 2023 and a stronger DBX order book running into Q3 2023.

In 2022 we also injected fresh energy into our iconic brand, with the reveal of our updated Aston Martin wings, *Intensity. Driven.* brand positioning and fresh creative identity. This investment in our brand is already demonstrating

results with heightened awareness and salience amongst our target audience.

We have made a renewed commitment to making Aston Martin a great place to work, commencing investment in our facilities, culture and organisation, which I believe will help to drive forward our people and progress in 2023.

Whilst not foreseen as a 2022 objective, led by our Chairman Lawrence Stroll, this year we have also welcomed significant new investment through the successful completion of the £654m equity capital raise that strengthens our financial position and enhances our pathway to becoming sustainably free cash flow positive from 2024.

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# Extraordinary bloodline



**“DBR22 is a hot-blooded, purebred Aston Martin sports car full of speed, agility and spirit, and a machine that we think will be the basis of many of tomorrow’s icons.”**

**Marek Reichman**  
Chief Creative Officer

The V12-engined, two-seater coach-built design is the latest in a long line of projects by our in-house bespoke division, Q by Aston Martin, which in 2022 celebrated a decade of building exclusive cars for our most discerning customers. The instantly iconic model was declared Best of Show at the influential Chantilly Arts et Élégance Richard Mille later in the year. With the orderbook closed, deliveries are expected to start in 2023.



# Aston Martin and the luxury market

## The global luxury market

## Market expansion

## Personalisation and customisation

## Geopolitical and macroeconomic Issues

### The issue/opportunity

The growth in the global market for luxury goods as the world's Ultra High Net Worth Individual (UHNWI) population increases

The opportunity to expand Aston Martin's brand presence and market share in established markets of wealth density such as the USA, and rapidly expanding markets for luxury cars such as China and Japan

The rising demand for unique and bespoke personalised products amongst luxury consumers

The ongoing global impact of the COVID-19 pandemic, war in Ukraine and global macroeconomic challenges

### What we're doing

- Operating as an ultra-luxury brand by aligning demand to supply, and embracing a manufacture-to-order model
- Investing in our brand and international marketing to appeal to luxury consumers
- Creating more limited and Special models to cater for our most exclusive of customers

- Strengthening regional leadership to deliver our strategic growth plans for individual markets, including appointments of new Regional Presidents in the USA, Asia and Europe in 2022
- Launching a new brand strategy and creative identity to further expand Aston Martin's appeal to new audiences globally
- Connecting with dealers and customers in the USA through Aston Martin's significant presence at the iconic Pebble Beach Concours d'Elegance
- Growing our brand awareness and desirability through the global platform of Formula One®

- Expanding our Q by Aston Martin offering – our ultimate bespoke personalisation service, providing the option for customers to personalise their Aston Martin beyond the scope of the core option range, and even commission their own unique model
- Launching special, limited-edition products for our most distinguished customers – introducing the introduction of the final V12 Vantage and ultra-exclusive DBR22 in 2023, plus the recent DBS 770 Ultimate
- Enhancing our award-winning online configurator, allowing customers to personally select their own unique specification for each Aston Martin model
- Showcasing development upgrades to hybrid supercar Valhalla to customer acclaim
- Investing in our ultra-luxury customer journey and retail experience

- Maintaining our production and business operations through diligent workplace health and safety practices
- Deleveraging our balance sheet through a successful equity capital raise to strengthen our financial position and reduce our debt
- Expanding our online presence to cater for the changing needs of customers, through new services like our online configurator
- Suspending all product and parts sales to Russia, in line with global trade sanctions
- Working in close partnership with suppliers to identify supply chain risk at the earliest opportunity
- Investing in supply chain recovery tactics to overcome isolated supply chain issues
- Regularly reviewing our pricing to ensure strong gross margin
- Supporting our colleagues with the higher cost of living through pay rises approved by the Remuneration Committee

### Statistics

**28%**

Between 2021 and 2026 it is forecast that the global UHNWI population will grow by a further 28%. Over the ten years to 2026 that represents a more than doubling in the number of global UHNWIs

**>60%**

of Aston Martin customers are new to the brand

**4.8%**

year-on-year increase in Aston Martin exports

By 2026, Asia will surpass Europe as the second largest regional wealth hub behind the USA

**£201k**

record Average Selling Price in 2022

**>50%**

of the planned 999 Valhalla models already sold to customers

**>10%**

increase in web and configurator sessions year-on-year

**£583m**

Cash balance at the end of year

**\$200m**

Successfully completed debt tender in October 2022

### Strategic Objectives

- Balance supply to demand, operating as a true luxury business
- Focussing on building to order, supporting strong pricing
- Accelerating growth with our target to achieve approximately 10,000 wholesales
- By 2024/25 seeking to generate c.£2 billion revenue and c.£500 million adjusted EBITDA
- Targeting minimum of 40% contribution margin on all new models
- Targeting to become sustainably free cash flow positive from 2024

## Vehicle electrification

### The issue/opportunity

The transition away from the internal combustion engine (ICE) to a range of technologies that use electricity to propel vehicles, including plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV)

### What we're doing

- Signed our enhanced technology agreement with Mercedes-Benz AG, providing access to advanced technologies
- Investing in electrification skills across our business
- Recruiting new talent, including a dedicated Group Chief Technology Officer and new team of highly skilled powertrain experts
- Introducing hybrid technology through our products such as Aston Martin Valkyrie and DBX Straight-Six
- Preparing to deliver our first PHEV, Valhalla, in 2024 ahead of the first Aston Martin BEV in 2025

## Sustainability

The need for all businesses to act on climate change and limit the global temperature rise to 1.5 degrees.

- Launching *Racing. Green.* our new ESG strategy with ambitious commitments to become a world-leading sustainable luxury automotive business
- Working towards net-zero manufacturing facilities and a 30% reduction in supply chain emissions by 2030
- In our manufacturing facilities in Gaydon and St Athan we continue our commitments to only use renewable electricity
- By 2025 we aim to achieve zero single-use plastic packaging from our Manufacturing facilities and to reduce our water consumption by 15%

### Statistics

## Zero-emissions

All new car sales in Europe by 2035 to be zero-emissions at the tail pipe

## Reduce 2.5%

In 2022 new targets were set to drive year-on-year improvements in our sustainability performance including reducing CO<sub>2</sub> emissions and energy intensity per car each year by 2.5%.

## Reduced 3.9%

In 2022 Scope 1 CO<sub>2</sub> emissions were reduced by 3.9% per car compared to 2021

### Strategic Objectives

- Transforming our products, producing emissions-free vehicles. First BEV targeted for launch in 2025
    - Fully electrified sports car and SUV portfolio by 2030
  - Our *Racing. Green.* sustainability strategy outlines our target to achieve:
    - Carbon Neutral manufacturing facilities
    - 100% use of renewable electricity in its manufacturing facilities
    - A new goal to achieve a 2.5% year-on-year reduction in CO<sub>2</sub> emissions from our manufacturing facilities\*
    - A new goal to reduce CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year on year\*
    - Enhancing our gender diversity aspiration with a new target of women in 25% of leadership positions by 2025 and in 30% of leadership positions by 2030
    - A new target to improve biodiversity at our manufacturing facilities
- \* Scope 1 CO<sub>2</sub> emissions.

### The ten-year view

Projected increase in UNHWIs by region 2016–2026

North America **+116%**

Latin America **+33%**

Europe **+106%**

Africa **+16%**

Middle East **+170%**

Asia **+65%**

Russia and CIS **+77%**

Australasia **+202%**

Global **+125%**

Source: Knight Frank Wealth Report, 2022.

We believe that stakeholder engagement is a key element of delivering a sustainable business and this activity is undertaken across our business at different levels of the organisation.

Through effective engagement with our stakeholders we can understand what matters to them and what their priorities are. A summary of who our key stakeholders are, what matters to them and how we engage with them is set out on the following pages and is reinforced throughout this Report. Engagement at Board level is highlighted with **B**.

Our Section 172 statement which sets out how the Board has taken into account the interests of the Company's stakeholders in its decision-making is set out on pages 106-107.



## Customers and enthusiasts

Customers and enthusiasts are key to our brand and our business success. Their emotional connection with the brand enables us to build a strong and loyal customer community.

### What matters to them?

- Quality and safety of products
- Car design and performance
- Brand strength
- Exclusivity and scarcity
- Ultra-luxury customer experience
- Cost of ownership
- Environmental commitment
- Sense of community

### How we engage

- New brand strategy and creative identity
- Launch of new *Intensity. Driven.* brand campaign
- Bespoke customer communications and Customer Relationship Management strategy
- Investment in ultra-luxury customer journey
- Innovative and engaging content across our website and social media channels
- Major brand campaigns, such as the campaign for the DBX707 starring actor Felicity Jones
- Aston Martin luxury customer magazine
- Tailor-made customer events, such as car reveals and the Valhalla global tour
- Dealership events
- Customer rallies and gatherings
- Formula One® hospitality and events programme **B**
- Executives actively meeting customers at leading luxury automotive events such as Pebble Beach and Goodwood Festival of Speed **B**
- Global communications strategy, driving coverage across automotive and lifestyle media





## Dealer network

Our third-party dealerships are the direct contact point for our brand to our customers. They enable us to maintain control over our brand positioning and luxury customer service in a cost-effective way.

### What matters to them?

- Brand awareness and desire
- Brand strength and Company support
- Programmes to identify and generate sales opportunities
- Increased customer satisfaction and retention targeting ultra-luxury segment
- Ultra-luxury product and product refresh
- Return on investment

### How we engage

- CEO and Board engagement to strengthen dealer relationships and support demand-driven strategy **B**
- Attendance (physical or virtual) at local dealer conferences held during the year
- Strengthening of central and regional senior management, supporting closer dealer relationship and communications
- Rollout of dealer network programmes to monitor performance aligned to growth opportunities
- Implementation of standards to drive dealers to consistent ultra-luxury behaviour
- Transfer of Aston Martin Academy training programmes into virtual class delivery, together with upgrade of eLearning courses
- Upgrade within digital platforms, supporting increased engagement and elevated brand representation



## Suppliers and other partnerships

Our suppliers are fundamental to our business. Carefully chosen partnerships provide us with an important source of technical expertise and brand enhancement.

### What matters to them?

- Responsible procurement, trust, ethics and open dialogue
- Operational improvement
- Competitiveness
- Strong relationships
- Financial performance
- Building capability and expertise
- Design and technical expertise

### How we engage

- Forging stronger relationships with suppliers is a key focus, with a desire to create partners, not suppliers
- Strategic Cooperation Agreement with Mercedes-Benz AG securing access to technologies critical to our long-term plans
- Sponsorship of Aston Martin Aramco Cognizant F1™ team to provide a direct global marketing platform targeting key customers and enhancing the brand **B**
- Dedicated Supplier Quality Development team manages supplier quality and performance
- Rollout of the new Responsible Procurement Policy with our suppliers as part of our sustainability strategy
- Supply Chain Champions working closely with suppliers to resolve ongoing issues
- Commodity team structure established and being used effectively
- Supplier risk meeting cadence working cross-functionally to mitigate potential risks to production
- Collaboration with suppliers to deliver innovation and economic improvement
- Using supplier scorecards to identify areas for performance improvement



## Our people

Our people are the key to our success. Our performance depends on our passionate, knowledgeable, experienced and creative people.

### What matters to them?

- Personal development and career opportunities
- Health and safety
- Engagement
- Feeling listened to and valued
- Reward and benefits
- Equity, Diversity and Inclusion
- Environmental and social responsibility

### How we engage

- C-Suite roundtables with employees **B**
- People Forum
- Employee Town Halls **B**
- Dedicated Independent Non-executive Director to gather views of the workforce and report back to the Board
- Consultation on employee benefits
- Trade Union Business review
- Health and safety review
- Listening sessions supporting our culture and to deep dive engagement topics **B**
- Aston Martin internal communications platform and AM People newsletter
- Aston Martin's Inclusion Network
- Local Health and Safety Committees
- Local trade union meetings

## Investors

Continued access to capital is vital to the long term performance of our business. Our focus is to ensure investors understand our strategy, value drivers, performance, ambition and culture and for us to understand their priorities.

### What matters to them?

- Consistent delivery of the Company's strategy
- Financial performance relative to expectations
- Demonstrate that the Company is a responsible and effective steward of capital
- Sustainability
- Governance and transparency
- Confidence in the leadership team
- Stability and predictability, with no surprises

### How we engage

- Webcasts, presentations and meetings by the Executive Chair, Chief Executive Officer, Chief Financial Officer and the Investor Relations team **B**
- Gaydon site visit for equity analysts and large investors held in September, to showcase our strategic progress and priorities **B**
- Focused investor relations programme delivered both remotely and in person **B**
- Retail shareholders engaged via direct communications, our website, press activities, Annual Reports and general meetings **B**
- For more information see our Governance Report on page 86



## Local communities and Non-Governmental Organisations

We aim to build positive relationships with local communities and organisations interested in our business.

### What matters to them?

- Trust and ethics
- Safety
- Sustainability and non-financial performance including environmental impact of our products
- Career opportunities for members of the local community
- Local operational impact

### How we engage

- Outreach programmes with local schools, including initiatives to promote Science, Technology, Engineering and Mathematics and careers in the automotive industry
- Philanthropic activities to contribute social and societal benefits
- Meetings, site visits and dialogue with Non-Governmental Organisations including organisations representing industry, social and environmental interests



## Government and regulators

We engage with government and regulators given public policy and regulatory impacts on our business.

### What matters to them?

- Compliance with regulations and the law
- Sustainable operations
- Employment and economic impacts
- Contribution to achieving public policy objectives

### How we engage

- The Board is committed to proactive engagement with key stakeholders in government at local, regional and national level
- We aim to engage positively, constructively and consistently through various channels, including meetings, site visits, contributing to public policy development and responding to consultations

## Our vision

### To be the world’s most desirable ultra-luxury British performance brand

## What we put in

### Brand and heritage

Iconic ultra-luxury British brand with over 100 years of heritage, synonymous with style, performance and exclusivity. A new brand positioning and bold creative identity was launched in 2022, highlighting edgier, intense, performance-led characteristics that underscore our brand and product DNA, generating heightened brand awareness and salience. Aston Martin fuses the latest technology, time-honoured craftsmanship and beautiful styling to produce its critically acclaimed luxury models.

### People

World-class experienced management team spanning all functions from engineering, operational to commercial, focused on building a truly collaborative and functional way of working that inspires innovation and develops a high-performance culture. Committed to making Aston Martin a great place to work, our highly skilled and flexible manufacturing workforce is trained by Aston Martin’s own in-house academy, which is dedicated to training and up-skilling our manufacturing technicians and strengthening workforce skills and capability.

### Innovation and technology

Network of carefully chosen strategic technical partners to co-develop leading-edge technology and vehicle systems which will strengthen and enrich product excellence and create products with unmistakable character. The Engineering team has implemented an efficient Product Development process, maximising cross-carline component sharing and driving sustainability.

## 1.

### Product portfolio

- Performance-driven product portfolio, covering a wide segment of the ultra-luxury performance market
- Clear product advantage and individuality, driving up average selling price and margins
- Product portfolio comprises the front-engine sports cars, with assertive styling, dynamics and exhilarating performance, and an SUV range that has the world’s fastest, most powerful and best handling luxury SUVs representing the height of design, beauty and style
- In addition to core models, Aston Martin produces and sells exclusive limited volume Special editions, which are typically oversubscribed and are highly sought after amongst the active global community of automotive collectors and enthusiasts. Our Q Personalisation service allows Aston Martin to serve customers with a state-of-the-art offering and a focus on personalisation

### Our sustainable approach:

Electrification of our model range is fundamental to our product strategy. We expect to launch our first BEV in 2025 and will have a fully electrified sports car and SUV portfolio by 2030.

## 2.

### Engineering

- In-house engineering expertise with well-established teams for Product Development, Innovation & Advanced Technology, Vehicle Engineering, ICE Powertrain, ePowertrain, Software & Electronics Technology, Value Engineering and Project Management & Planning
- Teams work in a cross-functional structure to encourage a collaborative way of working, greater efficiency and foster cutting-edge innovation
- Development Process optimised to maximise cross-carline component sharing and drive sustainability, thereby reducing complexity, improving quality and delivering engineering efficiencies
- Network of strategic partners to co-develop world-class technology and vehicle systems, enhance quality and deliver technical excellence

### Our sustainable approach:

We are investing in EV technology that will be used to electrify our model range. We are also investing in the use of alternative sustainable materials within vehicles.



### 3.

#### Operational excellence

- Quality organisation transformed and strengthened with highly experienced management hires.
- New model launch function transformed to lead the overall build strategy and product introduction,
- New practices have been adopted with suppliers to stabilise the supply chain and mitigate disruption to production
- Renewed supply strategy in place to develop strategic and sustainable partnerships to improve supply chain resilience, quality and performance

**Our sustainable approach:**

We are passionate in moving towards a better future as demonstrated by our *Racing. Green.* sustainability strategy and commitment to the Science Based Targets Initiative (SBTi's) Net-Zero Standard.

### 4.

#### Go-to-market

- *Intensity. Driven* brand creative identity repositioned the Aston Martin brand to focus on ultra-luxury positioning and high-performance
- Building on strong retail distribution, and an ultra-luxury blend of physical and digital customer experience
- Ultra-luxury experienced dealer partners in all key growth markets, with new corporate identity aligned to ultra-luxury environment and product portfolio
- Leveraging a demand-driven business model that strengthens the order book, supports stronger pricing dynamics and controls inventory
- Strategic marketing initiatives intended to drive new levels of brand awareness, attract new customers, increase loyalty and exclusivity, and build a stronger community

**Our sustainable approach:**

Digital customer concierge services and digital touchpoints are fundamental to the environmentally conscious ultra-luxury consumer. Aston Martin's best-in-class online configurator tool enables customers to choose the full exterior and interior specification of their desired car remotely, whilst receiving the full Aston Martin experience.

### 5.

#### "No one builds an Aston Martin on their own"

- Building cross functional, multi-project teams and consistent one-team "Ways of Working" across the business that encourage collaboration and innovation across organisational boundaries
- Building a performance driven workforce culture and mindset, harnessing agility, efficiency and speed
- Creating a fulfilling and rewarding experience, including a company-wide performance bonus approach to drive performance, embedding key finance and quality measures and targets reflecting the mindset of a performance driven ultra-luxury brand
- Strengthening workforce skills, knowledge and capability and fostering engineering excellence and passion within our corporate DNA

**Our sustainable approach:**

We are committed to building a workplace and culture where all our people feel connected to Aston Martin's purpose, where they have a voice and can develop to reach their full potential. A diverse and inclusive workforce enhances our culture and our ability to deliver our business strategy and objectives.

#### The value we create

**Brand**

Aston Martin is an iconic brand, that has been repositioned as a high-performance driven ultra-luxury brand. The Aston Martin Aramco Cognizant Formula One Team™, drives greater brand awareness, which generates top of mind preference, desirability and exclusivity.

**Customers**

By increasing desirability and exclusivity and using a more precise data-driven approach, we are attracting new customers from the ultra-luxury segment to an existing loyal and passionate customer base.

**Workforce**

Investing in people and opportunity will continue to shape our future. We are committed to building a culture where our workforce feels connected and valued, and thereby enhance our ability to deliver our business strategy and objectives.

**Investors**

We have taken significant steps to strengthen the business, increase profitability and position Aston Martin for long-term growth and sustainable free cash flow generation for our investors.

**Sustainable business**

We are committed to our ambition on tackling climate change and to becoming a world-leading sustainable ultra-luxury business.

## A strategy that drives us forward

2023 is a significant year, as we celebrate the 110<sup>th</sup> anniversary of Aston Martin and prepare to unleash the first of our highly anticipated next generation of sports cars, further enhancing our focus on ultra-luxury, high-performance and driving intensity.





Our four strategic foundations are our key strengths which underpin our strategy and future growth ambitions.



**Brand**

Aston Martin is an iconic global brand with a unique position transcending ultra-luxury and high-performance underpinned by a strong and loyal customer base.



**Product Innovation**

A breathtaking and comprehensive core portfolio across front-engine, SUV and mid-engine, enhanced by a strategically-aligned Specials programme.



**Sustainability**

Deepening the integration of sustainability into our business and improving our sustainability performance through our *Racing. Green.* strategy.



**Team**

Talented and skilful team with experience and understanding of the ultra-luxury automotive sector, focused on building a collaborative and cross-functional way of working.

**Key tasks to realise our strategic goals and deliver our vision to be the most desirable ultra-luxury British performance brand**

Brand

Utilise the new *Intensity. Driven.* brand creative identity and Formula One® platform to elevate and reposition Aston Martin as an ultra-luxury high-performance brand.

Create ultra-luxury services and experiences that are seamless, personalised and unique.

Deliver products that create desire and excitement, clear product advantage and individuality.

Product innovation

Optimise the product development process to maximise cross-carline component sharing, reduce complexity and drive engineering efficiencies.

Build a strong network of strategic engineering partners to co-develop world-class technology and vehicle systems, enhance quality and deliver technical excellence.

Drive innovation to be a technologically advanced performance automotive brand.

Deliver operational excellence efficiency, sustainability and agility.

Sustainability

Deliver quality assurance in production and aftersales.

Maintain a resilient, stable and structured supply chain and logistics framework. Build a strong network of strategic supplier partners to minimise supply chain disruption and achieve cost and resource efficiencies.

Embed the new ESG strategy to realise our ambition to become a world-leading sustainable ultra-luxury business.

Team

Increase the culture of inclusion leveraging the Aston Martin values, building awareness through education and measuring through qualitative data.

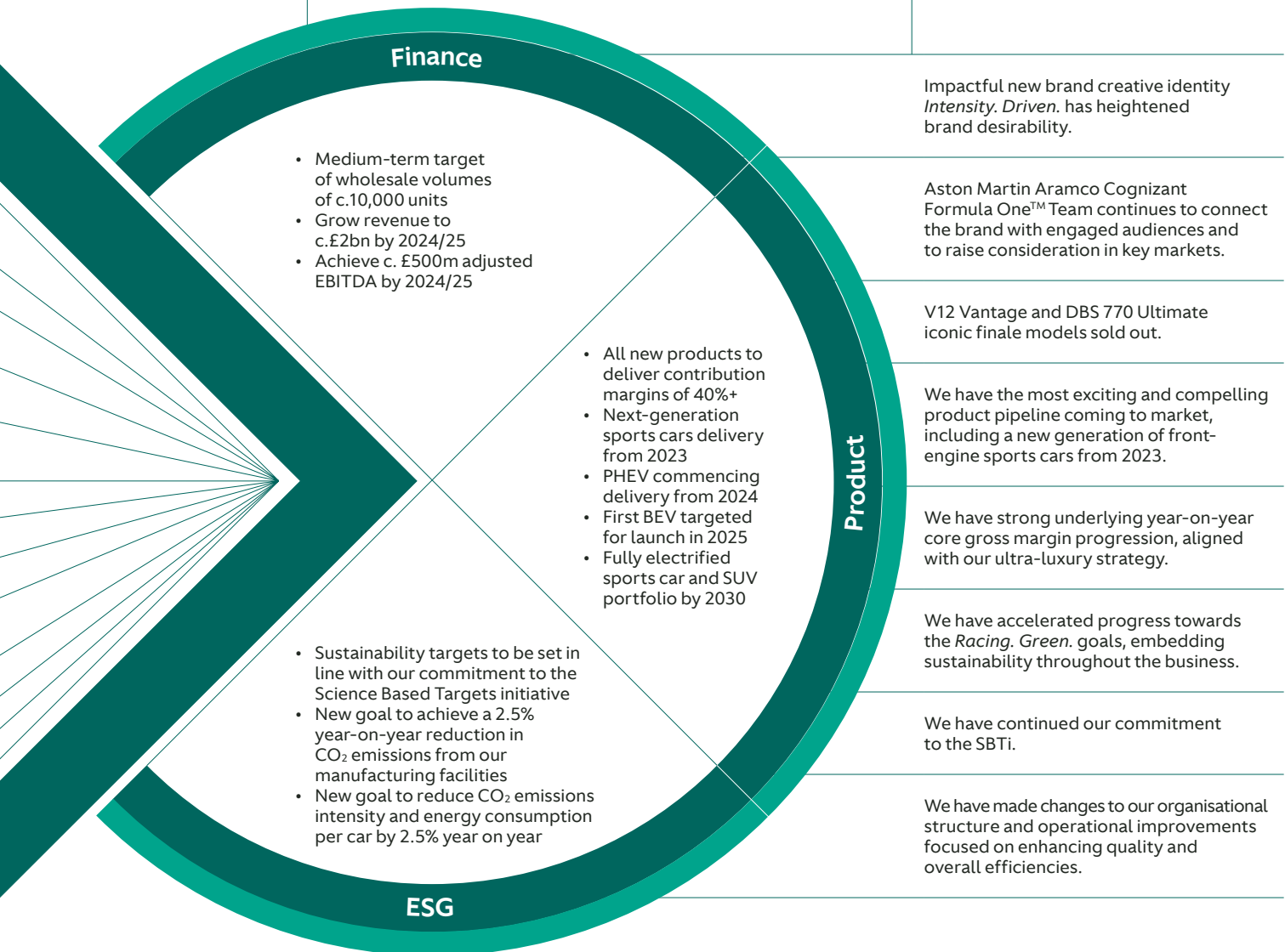
Improve colleague engagement and alignment by becoming a "Great Place to Work" by 2025.



**Performance targets**

**Achievements to date**

We have achieved an enormous amount to de-risk the business and position the Company for long-term, sustainable and profitable growth. We are on track with our transformation into one of the greatest ultra-luxury brands in the world with new leadership, partners and products.



## This brand's new era takes flight



In July 2022, Aston Martin launched a bold new creative brand strategy and global marketing campaign to further accelerate our growth amongst new audiences. Celebrating the Company's position as makers of the most exquisitely addictive performance cars, the new creative centres on

the brand idea *Intensity. Driven.* The radical redesign includes a contemporary update to the iconic wings, created by our world-renowned design function in collaboration with acclaimed British art director and graphic designer Peter Saville.

**“Retaining the elegance and sophistication that our brand and products are revered for worldwide, this emotionally-led creative direction dials up the bolder, edgier and more intense characteristics that have always underscored Aston Martin.”**

**Renato Bisignani**

Head of Global Marketing and Communications



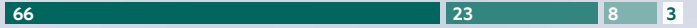
We make sure that when all eyes are on us there is an immediate connection



The brand's presence at the pinnacle of motorsport with the sponsorship of Aston Martin Aramco Cognizant Formula One™ Team is shining a spotlight on Aston Martin's high-performance credentials and heightening brand desirability and product familiarity, as the sport enjoys growing popularity worldwide.

2022 research shows that more than 95% of US customers feel Aston Martin's presence in F1® made them more likely to consider the brand. More than 70% of Vantage F1® Edition owners are new to the Aston Martin brand, further demonstrating the positive impact that Aston Martin's global presence in the sport is having on its brand image and appeal to new customers.

### Interest in F1 is strong and strengthening amongst our US customers (%)



- Very interested
- Fairly interested
- Not particularly interested
- Not at all interested





## Another accolade for world-beating Vantage

Through the incredible performance of our Aston Martin Racing partner team TF Sport, 2022 saw the Aston Martin Vantage GTE claim its 11<sup>th</sup> FIA World Endurance Championship title, including a thrilling victory for our British-built race car at the 90<sup>th</sup> running of the 24 Hours of Le Mans, in the GTE-Am class.

The victory further reinforces Aston Martin's performance credentials and is testament to the Vantage production model from which the car is derived.

**11<sup>th</sup>** championship trophy win





7  
World Endurance Championship  
winning driver 'Ben Keating'.







Strategy in action continued  
**100<sup>th</sup> anniversary Grand Prix**

## Built on an unforgettable legacy

A century on from its racing debut, in July Aston Martin's original Grand Prix car roared back to the French Grand Prix for a thrilling celebratory lap. Four-time F1® world champion Sebastian Vettel had the chance to pilot TT1 – affectionately nicknamed 'Green Pea' – around Circuit Paul Ricard, 100 years on from the storied car taking to the road circuit of Strasbourg for a 60-lap, 800 km race that ignited Aston Martin's passion for top-flight international competition.

**“The racing spirit and will to win is something that defines Aston Martin, and it’s fantastic to celebrate it.”**

**Sebastian Vettel**  
Aston Martin Aramco Cognizant  
Formula One™ Team

**2022 marked the start of an  
exciting new product line-up**





Building on the strong momentum from new introductions in 2021, Aston Martin continues to thrill drivers with breath-taking new products.

2022 saw the launch of the game-changing DBX707, our market-leading and critically-acclaimed high-performance luxury SUV.

This was followed by the highly desirable final edition V12 Vantage. The final edition of an iconic bloodline of outstanding two-door British V12 sports cars, the model enjoyed unprecedented demand with all 333 units fully allocated prior to its global release.

Our continued development of exclusive Specials was also showcased to acclaim at some of the world's most prestigious luxury automotive events.

At the Pebble Beach Concours d'Elegance in August, we introduced two spectacular new models – V12 Vantage Roadster and the ultra-exclusive DBR22, along with showcasing the latest development updates to our hybrid supercar Valhalla.

All 249 examples of the V12 Vantage Roadster, which combines the thrilling performance of the most powerful Aston Martin Vantage ever made with the freedom of roof down driving were secured by customers before the model's reveal.

Similar enthusiasm was generated for the instantly iconic DBR22, which was declared Best of Show at the influential Chantilly Arts et Éléance Richard Mille. Priced at £1.75m and with the orderbook closed, deliveries are expected to start in 2023.

2023, Aston Martin's 110<sup>th</sup> anniversary, is a significant year as we prepare to unleash the start of our highly-anticipated next generation of sports cars, which will further enhance Aston Martin's focus on ultra-luxury, high-performance and driving intensity.



## An icon for good

An Aston Martin DB5 replica stunt car featured in *No Time To Die* raised £2.75m for good causes in a charity auction at Christie's to celebrate 60 years of the James Bond films.

One of three special Aston Martin models included in the multi-million-pound charity auction, the replica DB5 donated by Aston Martin Lagonda was the star lot on the night, accelerating beyond the auctioneer's estimate.

The proceeds of the DB5 auction benefited The Prince's Trust in its work with young people; The Prince of Wales's Charitable Fund in support of charities assisting serving and former members of the UK Intelligence Agencies; and three charities supporting serving and former members of the UK Special Forces.

# £2.75m

raised by AML for charity



CHRISTIE'S

LOT 7



GBP 2,400,000  
USD 2,558,400  
EUR 2,673,600  
CHF 2,539,200  
JPY 369,984,000  
HKD 19,996,800  
CNY 18,309,600

CONVERSIONS APPROXIMATE



CHRISTIE'S



CHRISTIE'S



Financial

Legend

-  Brand
-  Product Innovation
-  Sustainability
-  Team

Revenue

(£'m)

2022	1,381.5
2021	1,095.3
2020	611.8

**Description**

Revenue measures the appeal of our brands, our ability to build and sustain brand equity and increase market share through product expansion

**Definition**

Revenue is defined in note 2 of the Financial Statements

**Remuneration linkage**  
None

**Target**

The Company expects to generate revenue of c. £2bn by 2024/25

Link to strategy



Wholesale volumes

(Units)

2022	6,412
2021	6,178
2020	3,394

**Description**

This measures sales from the Company to its dealers and direct customers

**Definition**

Number of vehicles, including Specials, sold by the Company to its dealers and direct customers

**Remuneration linkage**

Represents 7.5% of the Group scorecard of performance measures for the annual bonus

**Target**

The Company expects to generate medium-term wholesale volumes of c.10,000 units

Link to strategy



Operating profit/(loss)

(£'m)

2022	(141.8)
2021	(76.5)
2020	(322.9)

**Description**

Operating profit/(loss) measures our actual, reported operating profitability

**Definition**

Net revenue, less Cost of Sales, less all other operational expenses (See note 4 of the Financial Statements)

**Remuneration linkage**  
None

**Target**

Not applicable

Link to strategy



Adjusted EBITDA

(£'m)

2022	190.2
2021	137.9
2020	(70.1)

**Description**

This measures our underlying operating profitability, stripping out the impact of adjusting items from operating profit/(loss) and interest, tax, depreciation and amortisation

**Definition**

Adjusted EBITDA is defined in note 33 of the Financial Statements

**Remuneration linkage**

Represents 50% of the Group scorecard of performance measures for the annual bonus

**Target**

The Company expects to generate c. £500m adjusted EBITDA by 2024/25

Link to strategy



## Net debt

(£'m)

2022	765.5
2021	891.6
2020	726.7

### Description

Net debt measures the amount of total indebtedness at the Company, net of any cash and cash equivalents

### Definition

Total value of all current and non-current borrowings, inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash not available for short-term use (See note 33 of the Financial Statements)

### Remuneration linkage

None

### Target

None

Link to strategy



## Net debt to adjusted EBITDA

('adjusted leverage')

2022	4.0
2021	6.5
2020	NM

### Description

Adjusted leverage measures our indebtedness compared to one year's worth of profitability

### Definition

Net debt divided by adjusted EBITDA over the last 12 months (See note 33 of the Financial Statements)

### Remuneration linkage

None

### Target

Not applicable

Link to strategy



## Free cashflow

(£'m)

2022	(298.8)
2021	(123.2)
2020	(539.3)

### Description

This measures the generation and usage of cash, including the impact of all investment and financing decisions

### Definition

Cash inflow/(outflow) from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year, less interest received (See note 33 of the Financial Statements)

### Remuneration linkage

Represents 20% of the Group scorecard of performance measures in the annual bonus

### Target

The Company expects to turn free cashflow positive by 2024

Link to strategy



## Non financial

## Quality – customer perception audit

(CPA) quality score

2022	*
2021	NM
2020	NM

\* Significant progress made but stretching target level not achieved.

### Description

This is an internal measure of the quality of each completed car at the end of the production line

### Definition

The CPA score is determined through the audit of each car at the point that it has completed all the production processes and is intercepted as it would be handed over to the outbound transport company

### Remuneration linkage

Quality measures, including CPA score, represent 15% of the Group scorecard of measures for the annual bonus

### Target

Ambition for continuous year-on-year improvement in CPA scores for GT/sports cars and DBX

Link to strategy



## Health & Safety - accident frequency rate

(AFR)

2022	0.53
2021	1.01
2020	1.44

### Description

The AFR measures work related recordable injuries or illnesses (as defined by the Occupational Health and Safety Administration)

### Definition

The AFR measure is calculated by the work related recordable injuries or illnesses divided by the numbers of hours worked over a 12-month period ending on 31 December each year

### Remuneration linkage

None

### Target

Ambition for continuous year-on-year reduction

Link to strategy





**“I am pleased with how we ended the year and the progress we have made towards meeting our medium-term targets.”**

**During 2022 the Company continued to make strong progress towards meeting its medium-term financial targets. Despite a challenging operating environment, our full year financial results are in line with expectations, driven by strong demand, record pricing and the launch of new products with enhanced profitability. The equity capital raise completed in September enabled us to deleverage the balance sheet and the thrilling new products we plan to launch in 2023 and 2024 will further enhance our growth.**

We enjoyed strong demand across the product portfolio, which resulted in wholesale volumes increasing by 4%, driven by strong volume growth in Q4. Our ultra-luxury strategy is supporting improved pricing power and record high total ASPs of more than £200k in 2022. This was a key driver of revenue growth, which increased by 26% to £1.4bn.

This growth was delivered in a complex operating environment, particularly impacted by supply chain and logistics disruptions, which limited our ability to meet this strong demand. Moreover, we incurred material levels of supply chain recovery costs to mitigate these disruptions and support customer demand, particularly for the DBX707. Including these costs, gross profit improved by 31% year-on-year to £451m and gross margin increased to 33%, driven by a stronger contribution from core models, including the V12 Vantage and DBX707, offset by a weaker contribution from Specials, related to a transitional shift in product mix.



**“The equity capital raise enabled us to strengthen our financial position, reduce our debt and support our target to become sustainably free cash flow positive from 2024.”**

Adjusted EBITDA increased by 38% year-on-year to £190m, delivering 120 basis points of margin expansion. Although this included foreign exchange tailwinds, these were more than offset by higher brand and marketing initiatives to support the ongoing elevation of the Aston Martin brand.

Free cash outflow of £299m (2021: £123m) included a significant increase in capital expenditure related to future product launches, as well as adverse movements in working capital, which were impacted by supply chain and logistics disruptions.

In the second half of the year we completed a £654m equity capital raise in order to strengthen our financial position, reduce our debt and support our target to become sustainably free cash flow positive from 2024. We also welcomed PIF as a new anchor shareholder. Using a portion of the proceeds from the capital raise, we completed a tender offer for a total consideration of \$200m, for a partial repurchase of our US dollar-denominated Senior Secured Notes and Second Lien Split Coupon Notes.

Supported by the capital raise, our year-end cash balance was much improved at £583m, with reduced net debt of £766m, despite a £156m adverse non-cash revaluation impact resulting from the weaker GBP versus the US dollar.

In summary, I am pleased with how we ended the year and the progress we have made towards meeting our medium-term targets. 2023 is poised to be a year where our transformation accelerates – particularly in the second half of the year – as we start to deliver our next generation of sports cars, all targeting a 40%+ contribution margin.

This is my first letter to you as Chief Financial Officer of Aston Martin Lagonda, having joined the business in May. I have been impressed by the passion and commitment of the teams here, the desire of all our people to ensure the Company's success and the renewed excitement about the opportunity ahead of us. I will continue to play my part, alongside the rest of the Board, in executing our strategy to help deliver value to all of our stakeholders.

**Doug Lafferty**  
Chief Financial Officer

## Financial Highlights

- Continued strong demand across all product lines with c.80% of current range of GT/Sports cars sold out for 2023 ahead of upcoming launches and DBX order book into Q3 2023
- Despite the impact of supply chain and logistics disruptions, most notably in Q2 and Q3, wholesale volumes in 2022 grew in line with revised range:
  - Wholesale volumes increased by 4% year-on-year to 6,412 (2021: 6,178)
    - Volumes included more than 3,200 DBXs, driven by launch of the DBX707 which represented more than 50% of overall DBX volumes
  - Q4 wholesale volumes of 2,352 increased by 22% year-on-year (Q4 2021: 1,928)
- Revenue increased by 26% year-on-year to £1.4bn and Q4 revenue increased by 46% year-on-year to £524m driven by:
  - Strong pricing dynamics and favourable mix in the core portfolio:
    - FY 2022 core ASP of £177k, up 18% from £150k in FY 2021
    - Q4 2022 core ASP of £184k, up 21% from £152k in Q4 2021
  - 80 Aston Martin Valkyrie programme deliveries during 2022, including 36 in Q4
  - Foreign exchange tailwinds for ASPs due to GBP weakness versus major currencies
- Gross profit increased by 31% year-on-year to £451m (2021: £344m) and gross margin increased to 33% (2021: 31%), reflecting improved pricing and gross margin for core models, partially offset by the impact of lower year-on-year gross margin within Specials. In addition, year-on-year gross margin performance was impacted by approximately £20 million of supply chain recovery costs incurred in the second half of the year
- Adjusted EBITDA increased by 38% year-on-year to £190m, primarily driven by higher revenue and gross profit, partially offset by higher operating expenses including reinvestments into brand, marketing and new product launch activities, as well as inflationary impacts on general costs
- Operating loss of £142m included a £96m year-on-year increase in depreciation and amortisation, primarily driven by higher year-on-year Aston Martin Valkyrie programme deliveries and, to a lesser extent, by accelerated amortisation of capitalised development costs ahead of the next generation of sports car launches
- Loss before tax of £495m was materially impacted by a £156m negative non-cash FX revaluation of US dollar-denominated debt as the GBP weakened significantly against the US dollar during the year
- Net cash inflow from operating activities of £127m. Free cash outflow of £299m included:
  - Capital expenditure of £287m, primarily related to new model development including the next generation of sports cars
  - Net cash interest payments of £139m
- Positive free cash flow in Q4 of £37m, driven by strong profitability and cash inflows from working capital following the impact of supply chain and logistics disruptions, earlier in the year

- Successfully completed \$200m debt tender in October 2022
- Year-end cash of £583m (2021: £419m); Net debt of £766m (2021: £892m), including a negative £156m impact of non-cash FX revaluation of US dollar-denominated debt as the GBP weakened significantly against the US dollar during the year

## Financial Review

### Sales and revenue analysis

Number of vehicles	FY-22	FY-21	% change	Q4-22	Q4-21	% change
Wholesale	6,412	6,178	4%	2,352	1,928	22%
Core (excluding Specials)	6,323	6,080	4%	2,313	1,886	23%
By region:						
UK	1,110	1,109	0%	416	381	9%
Americas	1,980	1,984	0%	828	546	52%
EMEA (ex. UK)	1,508	1,270	19%	723	372	94%
APAC	1,814	1,815	0%	385	629	(39%)
By model:						
Sports	1,833	1,479	24%	614	520	18%
GT	1,271	1,589	(20%)	306	546	(44%)
SUV	3,219	3,001	7%	1,393	815	71%
Other	0	11	n.m.	0	5	n.m.
Specials	89	98	(9%)	39	42	(7%)

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

Despite a challenging and uncertain operating environment, characterised by the war in Ukraine, supply chain and logistics disruptions, inflationary pressures, as well as intermittent COVID-19 lockdowns in China, total wholesales increased by 4% year-on-year, driven by strong demand across the portfolio.

Total wholesales of 6,412 units included 89 Specials in 2022, comprised of 80 Aston Martin Valkyrie programme vehicles and 9 other vehicles. This compared to 6,178 total wholesales, which included 98 Specials, in 2021.

Given significant supply chain and logistics disruptions, most notably in Q2 and Q3, which delayed the Company's ability to meet customer demand, the fourth quarter represented the peak of volumes for the year, as expected.

Total wholesales of 2,352 units in Q4 increased by 70% compared to Q3 and by 22% year-on-year. The year-on-year growth in Q4 wholesales was primarily driven by significantly higher DBX volumes, supported by strong customer demand and strong operational execution, as the Company actively managed the supply chain and logistics disruptions which had restricted its ability to meet demand earlier in the year. This was partially offset by lower year-on-year wholesales in China, following the strong growth achieved in Q4 2021 and, to a lesser extent, by the COVID-19 lockdowns during the quarter.

Aligned with its ultra-luxury strategy, the Company continues to operate a demand-led operating model. However, given the timing of deliveries towards the end of Q4, total wholesale volumes were temporarily ahead of retail volumes at the end of 2022. Many of those vehicles were retailed in early Q1, and the Company expects to see retails outpace wholesales in 2023.

Geographically, wholesale volumes remained well balanced across all regions, reflecting the broad customer appeal of the Company's product portfolio. In addition, supply chain disruptions throughout the year, most notably in Q2 and Q3, impacted our geographic and product mix, as well as our ability to meet strong customer demand.

The Americas and APAC were the largest regions, collectively representing approximately 60% of total volumes. Despite geopolitical challenges, EMEA wholesales increased by 19% year-on-year, driven by strong customer demand for the DBX707 and higher year-on-year Sports volumes.

#### Revenue by category

£m	FY-22	FY-21	% change
Sale of vehicles	1,291.5	1,005.4	28%
Sale of parts	70.8	65.5	8%
Servicing of vehicles	9.3	10.6	(12%)
Brand and motorsport	9.9	13.8	(28%)
<b>Total</b>	<b>1,381.5</b>	<b>1,095.3</b>	<b>26%</b>

Revenues increased by 26% year-on-year to £1.4bn (2021: £1.1bn), primarily due to strong wholesale average selling price (ASP) growth and, to a lesser extent, due to higher wholesale volumes. Total ASP of £201k (2021: £162k) – a record level for Aston Martin – increased by 24% year-on-year, reflecting higher Aston Martin Valkyrie deliveries (80 in 2022, compared to 10 in 2021) and higher core ASPs. Core ASP of £177k (2021: £150k) increased by 18% year-on-year driven by strong pricing and mix dynamics, as well as foreign exchange tailwinds.

Q4 revenues increased by 46% year-on-year to £524m (Q4 2021: £359m), driven by strong ASP growth and higher wholesale volumes, most notably DBX. Total Q4 ASP of £213k (Q4 2021: £175k) increased by 22% year-on-year, reflecting higher Aston Martin Valkyrie deliveries (36 in Q4 2022, compared to 10 in Q4 2021) and higher core ASPs. Core Q4 ASP of £184k (Q4 2021: £152k) increased by 21% year-on-year driven by strong pricing and mix dynamics, as well as foreign exchange tailwinds.

Pricing dynamics were strong throughout 2022, aligned with the Company's ultra-luxury strategy. This included price increases implemented across the range during late 2021 and in the first half of 2022, reflecting the strong pricing power of the Aston Martin brand. ASPs also benefited from favourable mix, as well as lower incentive support.

#### Summary income statement and analysis

£m	FY-22	FY-21	Q4-22	Q4-21
<b>Revenue</b>	<b>1,381.5</b>	<b>1,095.3</b>	<b>524.3</b>	<b>358.9</b>
Cost of sales	(930.8)	(751.6)	(359.8)	(237.1)
<b>Gross profit</b>	<b>450.7</b>	<b>343.7</b>	<b>164.5</b>	<b>121.8</b>
<i>Gross margin %</i>	<i>32.6%</i>	<i>31.4%</i>	<i>31.4%</i>	<i>33.9%</i>
Operating expenses <sup>1</sup>	(568.6)	(418.0)	(154.2)	(131.0)
<i>of which depreciation &amp; amortisation</i>	<i>308.1</i>	<i>212.2</i>	<i>100.1</i>	<i>74.8</i>
<b>Adjusted operating (loss)/profit<sup>2</sup></b>	<b>(117.9)</b>	<b>(74.3)</b>	<b>10.3</b>	<b>(9.2)</b>
Adjusting operating items	(23.9)	(2.2)	(3.7)	0.9
<b>Operating (loss)/profit</b>	<b>(141.8)</b>	<b>(76.5)</b>	<b>6.6</b>	<b>(8.3)</b>
Net financing (expense)/income	(353.2)	(137.3)	9.7	(16.9)
<i>of which adjusting financing items</i>	<i>(20.1)</i>	<i>34.1</i>	<i>(39.1)</i>	<i>21.2</i>
<b>(Loss)/profit before tax</b>	<b>(495.0)</b>	<b>(213.8)</b>	<b>16.3</b>	<b>(25.2)</b>
Taxation	(32.7)	24.5	(26.0)	(7.5)
<b>(Loss)/profit for the period</b>	<b>(527.7)</b>	<b>(189.3)</b>	<b>(9.7)</b>	<b>(32.7)</b>
<b>Adjusted EBITDA<sup>1,2</sup></b>	<b>190.2</b>	<b>137.9</b>	<b>110.4</b>	<b>65.6</b>
<i>Adjusted EBITDA margin</i>	<i>13.8%</i>	<i>12.6%</i>	<i>21.1%</i>	<i>18.3%</i>
<b>Adjusted (loss)/profit before tax<sup>1</sup></b>	<b>(451.0)</b>	<b>(245.7)</b>	<b>59.1</b>	<b>(47.3)</b>
<i>EPS (pence)</i>	<i>(124.5)</i>	<i>(58.6)</i>		
<b>Adjusted EPS (pence)<sup>2</sup></b>	<b>(114.1)</b>	<b>(70.9)</b>		

1. Excludes adjusting items.

2. For definition of alternative performance measures please see Appendix.

In 2022, gross profit of £451m increased by £107m, or 31%, year-on-year. This translated to a gross margin of 33%, a year-on-year expansion of approximately 120 basis points. The gross margin expansion was primarily due to higher year-on-year gross margin within the core range of vehicles, supported by the introduction of new products – most notably the V12 Vantage and DBX707 – as well as foreign exchange tailwinds.

This was partially offset by lower year-on-year gross margin within Specials driven by higher Aston Martin Valkyrie programme deliveries related to Nebula Project AG during 2022. As disclosed on 22 June 2021, the Company has filed for civil legal proceedings against Nebula Project AG and criminal proceedings against its board members, after it became aware that Nebula had taken deposits from its customers and failed to pass them on to the Company. Aston Martin has continued to work with its affected customers to ensure they receive their Aston Martin Valkyrie vehicles despite Nebula's actions.

In addition, year-on-year gross margin was negatively impacted by higher supply chain and logistics costs, including approximately £20m of incremental supply chain recovery costs in the second half of the year.

Q4 gross profit of £165m increased by £43m, or 35%, year-on-year. This translated to a gross margin of 31%, a decline of approximately 250 basis points year-on-year, as lower gross margin within Specials and higher manufacturing and logistics costs were partially offset by higher year-on-year gross margin from the core range of vehicles and, to a lesser extent, from higher overall core volumes.

The Company continues to target a 40%+ gross margin from its future products.

In 2022, adjusted EBITDA of £190m increased by £52m year-on-year, or by 38%. This translated to an adjusted EBITDA margin of 14%, an increase of approximately 120 basis points compared to the prior year and within the revised guidance range of approximately 100-300 basis points of year-on-year margin expansion.

Q4 adjusted EBITDA of £110m increased by £45m year-on-year, or by 68%. This translated to an adjusted EBITDA margin of 21%, an increase of approximately 280 basis points compared to the prior year period, driven by strong operating leverage.

The operating loss of £142m compared to a £77m loss in the prior year. The £65m year-on-year change was primarily driven by:

- A £96m increase in depreciation and amortisation charges, principally related to Aston Martin Valkyrie deliveries and accelerated depreciation ahead of the next generation of sports cars starting in 2023
- Increased investment in brand and product launches such as the DBX707, V12 Vantage and Valhalla, marketing initiatives at events such as the Goodwood Festival of Speed and Pebble Beach

- Higher general costs, including inflationary pressures, to support the Company's future growth

These factors were partially offset by:

- Higher year-on-year gross profit, as described above, which included a £31m benefit to operating profit from exchange rate movements

Adjusting operating items of £24m (2021: £2m) predominantly related to the closure to future accrual of the pension scheme disclosed at the Full Year 2021 results, ERP implementation costs, as well as one-time expenses related to the change of CEO and appointment of other new executives.

Net adjusted financing costs of £333m increased significantly from £171m in the prior year, reflecting the revaluation of the US dollar-denominated Senior Secured Notes giving a non-cash FX charge of £156m (2021 included a £12m FX charge). The £20m adjusting finance charge related to costs associated with the equity capital raise and debt tender, partially offset by the fair value movements of outstanding warrants (2021: £34m adjusting finance credit).

The loss before tax was £495m (2021: £214m loss) and the loss for the period was £528m (2021: £189m loss), both significantly impacted by the revaluation of the US dollar-denominated Senior Secured Notes.

The tax charge on the adjusted loss before tax was £33m. The effective tax rate at (7.3)% differs from the 19% standard UK tax rate mainly due to movements in unprovided deferred tax and derecognition of deferred tax related to losses, accelerated capital allowances and a restriction on the amount of interest that can be deducted for tax purposes. Tax on adjusting items was nil as a result of the unprovided deferred tax.

The total share count at 31 December 2022 was 699 million following the placing of new ordinary shares to PIF, as well as the 4-for-1 rights issue completed in September 2022. The weighted average number of shares in 2022 was 425 million. 28.8 million shares in relation to the warrants remain outstanding and are exercisable until December 2027.

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

## Cash flow and net debt

£m	FY-22	FY-21	Q4-22	Q4-21
Cash generated from operating activities	127.1	178.9	184.0	27.5
Cash used in investing activities (excl. interest)	(286.9)	(185.2)	(73.5)	(49.0)
Net cash interest paid	(139.0)	(116.9)	(73.7)	(62.6)
<b>Free Cash (outflow)/inflow</b>	<b>(298.8)</b>	<b>(123.2)</b>	<b>36.8</b>	<b>(84.1)</b>
Cash inflow/(outflow) from financing activities (excl. interest)	456.2	51.5	(210.5)	7.5
<b>Increase/(decrease) in net cash</b>	<b>157.4</b>	<b>(71.7)</b>	<b>(173.7)</b>	<b>(76.6)</b>
Effect of exchange rates on cash and cash equivalents	7.0	1.2	(14.8)	0.3
<b>Cash balance</b>	<b>583.3</b>	<b>418.9</b>	<b>583.3</b>	<b>418.9</b>

Net cash inflow from operating activities was £127m (2021: £179m). The year-on-year change in cash flow from operating activities was primarily due to adverse movements in working capital. Cash flow from operating activities in 2022 included a £15m outflow related to movements in working capital, compared with a £56m inflow in 2021. The largest movement in 2022 was a £82m increase in trade and other payables, principally associated with higher accruals related to future product rollout plans, which was partially offset by a £78m increase in inventories, which was significantly impacted by supply chain and logistics disruptions, most notably in Q2 and Q3.

Demand for Specials remained strong throughout the year, with deposit intake for Valhalla and the Aston Martin Valkyrie Spider. However, this was offset by higher deliveries of Aston Martin Valkyrie programme vehicles, resulting in a net £18m outflow from deposits during the year.

As expected, the Company generated a significant improvement in cash flow from operating activities in Q4, driven by a combination of strong profitability and cash inflows from working capital. Cash inflow from operating activities was £184m in Q4 (Q4 2021: £28m).

Capital expenditure was £287m in 2022, an increase of £102m year-on-year, with investment focused on the future product pipeline, particularly the next generation of sports cars, as well as development of the Company's electrification programme.

Free cash was a net outflow of £299m, compared to a £123m outflow in 2021. This was primarily due to the year-on-year increase in capital expenditure, as well as the changes in working capital-related cashflows described above.

Cash inflow from financing (excluding interest) of £456m (2021: £52m) included £654m of gross proceeds from the equity capital raise, partially offset by a £187m net cash outflow related to the \$200m debt tender, which was completed in Q4.

Net cash inflow of £157m resulted in a closing cash balance of £583m as at 31 December 2022 (31 December 2021: £419m). Net debt of £766m, a £126m reduction from £892m at the end of 2021, included a £156m negative impact of non-cash FX revaluation of US dollar-denominated debt as the pound weakened against the US dollar during the year.

£m	31 Dec-22	31 Dec-21
Loan Notes <sup>1</sup>	(1,104.0)	(1,074.9)
Inventory financing	(38.2)	(19.7)
Bank loans and overdrafts	(107.1)	(114.3)
Lease liabilities (IFRS 16)	(99.8)	(103.4)
<b>Gross debt</b>	<b>(1,349.1)</b>	<b>(1,312.3)</b>
Cash balance	583.3	418.9
Cash not available for short-term use	0.3	1.8
<b>Net debt</b>	<b>(765.5)</b>	<b>(891.6)</b>

1. US\$ notes of £1.1bn equivalent (First Lien of £935m at 10.5% interest maturing in November 2025; Second Lien of £169m at 15.0% split interest (8.9% cash; 6.1% PIK) with detachable warrants maturing in November 2026). These instruments carry no-call options of two years for the Second Lien and three years for the First Lien.

# RACING. GREEN.



We have set ourselves an ambition to be a world-leading sustainable ultra-luxury automotive business. This ambition is a key pillar of our corporate strategy and the central objective of our sustainability strategy *Racing. Green*. Our strategy is built on five core priority areas that reflect Aston Martin's approach to sustainability,

aligned with the UN's Sustainable Development Goals, and a deeper understanding of the priorities that our customers, employees and other stakeholders care about. These five areas are: tackling climate change; creating a better environment; investing in people and opportunity; exporting success; and delivering the highest standards.

2022 highlights

3.9% 7.5%

fall in CO<sub>2</sub> emissions per car manufactured in 2022 compared to 2021 (tCO<sub>2</sub>e)\*

fall in water consumed per car manufactured between 2021 and 2022 (m<sup>3</sup>)

100% 79%

renewable electricity powering all our UK operations

increase in apprentices completing Aston Martin's industry-leading apprenticeship programme

12.2% £2.75 million

decrease in electricity used

raised for charities including The Prince's Trust

10.2%

increase in proportion of waste recycled

\*Scope 1 CO<sub>2</sub> emissions

# RACING. GREEN.



In 2022, we intensified and accelerated our *Racing. Green.* strategy. Our updated targets now include:

- Carbon Neutral manufacturing facilities;
- 100% use of renewable electricity in our manufacturing facilities;
- a new goal to achieve a 2.5% year-on-year reduction in CO<sub>2</sub> emissions from our manufacturing facilities\*;
- a new goal to reduce CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year-on-year\*;
- zero waste diverted to landfill from our manufacturing facilities;
- enhancing our gender diversity aspiration with a new target of women in 25% of leadership positions by 2025 and in 30% of leadership positions by 2030; and
- a new target to improve biodiversity at our manufacturing facilities.



## Tackling climate change

### Transforming products

- Next generation Plug-In Hybrid Electric Vehicle (PHEV) commencing delivery in 2024
- First Battery Electric Vehicle (BEV) targeted for launch in 2025
- Fully electrified sports and SUV portfolio by 2030

### Transforming production

- Carbon Neutral manufacturing facilities
- Net-Zero manufacturing facilities by 2030
- 100% use of renewable electricity in our manufacturing facilities
- Reduce CO<sub>2</sub> emissions from our manufacturing operations by 2.5% year-on-year\*
- Reduce CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year-on-year\*
- Implement ISO 50001 Energy Management Systems at key manufacturing facilities by 2025
- 30% reduction in supply chain CO<sub>2</sub> emissions by 2030 (compared to 2020)
- Net-zero across our supply chain by 2039

\* Scope 1 CO<sub>2</sub> emissions.

## Creating a better environment

### Minimising impacts

- Zero single-use plastic packaging waste from our manufacturing facilities by 2025
- Zero waste to landfill from our manufacturing operations
- 15% reduction in water consumption at our manufacturing operations by 2025 (compared with 2019)

### Maximising sustainable materials

- Continue to work with supply chain partners to enable the use of more sustainable materials

### Boosting biodiversity

- Improve biodiversity at our manufacturing facilities



# 3

# 4

# 5

## Investing in people and opportunity

### Employee wellbeing

- Target zero accidents
- Continue to deliver industry-leading initiatives to support employee wellbeing

### Advancing diversity and inclusion

- Women in 25% of leadership positions by 2025 and in 30% of leadership positions by 2030
- Work with 'Racing Pride' to promote LGBTQ+ inclusion
- Continue commitment to 'Valuable 500' and the UK Disability Confident scheme

### Growing talent and raising aspirations

- Sustain new apprenticeship recruitment
- Update skills and training to support transition to electric vehicle production
- Continue commitment to promoting Science, Technology, Engineering and Mathematics (STEM)

## Exporting success

### Working with government

- Continue to work with the UK Government to showcase the very best in advanced British engineering and design worldwide
- Maintain engagement with government to support sustainable growth across the UK automotive sector, including expansion of the UK-based supply chain
- Help achieve the UK Government's aim to increase UK exports to £1 trillion per year by 2030

## Delivering the highest standards

### Embracing industry best practice

- Continue commitment to the Science Based Targets initiative
- Continue commitment to the Task Force on Climate-related Financial Disclosures
- Understand and engage in emerging areas of sustainability best practice

### Pioneering leadership

- Understand and engage in emerging areas of best practice such as the Science Based Targets Network for Nature and the Taskforce on Nature-related Financial Disclosures

# Tackling climate change

## UN Sustainable Development Goals



### Overview

During the year, we committed to accelerating action on climate change. We remain on course to deliver our planned portfolio of PHEVs and BEVs.

Several initiatives to reduce CO<sub>2</sub> emissions across our manufacturing facilities and supply chain have

been completed or are underway. Work to install solar photovoltaic (Solar PV) generation at our manufacturing facilities continues.

We are in the process of establishing a pathway to reduce CO<sub>2</sub> emissions towards our net-zero targets.

### Highlights

# 3.9%

fall in CO<sub>2</sub> emissions per car manufactured in 2022 compared to 2021 (tCO<sub>2</sub>e)\*

# 100%

renewable electricity powering all our UK operations

# 12.2%

decrease in electricity used

\* Scope 1 CO<sub>2</sub> emissions.



**A new destination:** We are on a journey towards transforming our products.



↖  
**Energy efficiency:**  
 In 2022, we reduced electricity use by 7.5% at our St Athan site.

**Our goals**

**Transforming products:**

- First PHEV commences delivery in 2024
- First BEV targeted for launch in 2025
- Fully electrified sports and SUV portfolio by 2030

**Transforming production:**

- Carbon Neutral manufacturing facilities
- Net-zero manufacturing facilities by 2030
- 100% use of renewable electricity in our manufacturing facilities
- Reduce CO<sub>2</sub> emissions from our manufacturing operations by 2.5% year-on-year\*
- Reduce CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year-on-year\*
- Implement ISO 50001 Energy Management Systems at key manufacturing facilities by 2025
- A 30% reduction in supply chain CO<sub>2</sub> emissions by 2030 (compared to 2020)
- Net-zero across our supply chain by 2039

\* Scope 1 CO<sub>2</sub> emissions

**Progress in 2022**

**Actions:**

- EV Transformation Programme on track covering all business functions
- Dedicated training facility, Electrification Centre of Excellence, under development and EV Champion network established to support transition to EV production
- 130 colleagues completed 3,344 hours of initial EV-related instructor-led training
- Work to deliver Solar PV on-site electricity generation continues
- On course to deliver ISO 50001 Energy Management Systems at key manufacturing facilities by 2025

**Data :**

- 3.9% fall in CO<sub>2</sub> emissions per car manufactured in 2022 compared to 2021 (tCO<sub>2</sub>e)\*
- 12.2% decrease in electricity consumed
- 100% renewable electricity powering all our UK operations

\* Scope 1 CO<sub>2</sub> emissions.

### We believe businesses have an important role to play in taking decisive action to fight climate change.

Aston Martin is accelerating on its journey to become a world-leading sustainable ultra-luxury automotive business by transforming our products and the way they are manufactured. We recognise that climate change will continue to impact global weather trends and we acknowledge that we have an important role to play in taking decisive action to reduce our impact on the environment. This focus continues to intensify as the need for more urgent action to limit the average rise in global temperatures to 1.5°C by 2100 becomes clear as highlighted by the United Nations Framework Convention on Climate Change. Our key targets are to achieve:

Net-zero manufacturing facilities by

**2030**

Net-zero across our supply chain by

**2039**

Our Task Force on Climate-related Financial Disclosures (TCFD) report has been produced to address the requirements of Listing Rule 9.8.6R(8) and the TCFD Recommendations and Recommended Disclosures set out in *Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures* published in October 2021. The summary compliance table on page 66 provides disclosure of our status of compliance with the 11 Recommended Disclosures as prescribed by the TCFD.

For metrics and targets disclosures (b) and (c) further work is underway to determine appropriate short- and medium-term targets together with the associated plans to achieve them. These plans will ultimately enable us to achieve our stated net-zero targets, and further information on the financial impacts of these plans and associated quantified risk and opportunity sensitivities will be provided as the implementation plans mature. We expect these plans to be

developed over the next 12 months. We have structured our reporting in line with the four TCFD pillars:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

In April 2022 we announced our sustainability strategy, *Racing. Green.*, which makes sustainability part of everything we do and informs our overall business strategy and business plan. Our climate-related risk and opportunity assessments are embedded within our enterprise risk management approach with further disclosure included within the Risk Management section of this Annual Report and the Sustainability Report. We continue to assess the physical and transition risks and opportunities that we face which could affect our strategy and business model under three different warming scenarios, being a 1.5°C, 2°C and 4°C average increase in global temperatures by 2100.

We have already commenced several activities to reduce the Company's impact on the environment including:

- sourcing 100% renewable electricity to power all our UK operations;
- exploring the use of sustainable materials;
- initiatives to reduce single-use plastic waste and water consumption within our operations;
- committing to our journey towards electrification with our first PHEV delivery planned for 2024 and BEV targeted for launch in 2025 with a fully electrified sports and SUV portfolio by 2030;
- establishing a year-on-year 2.5% Scope 1 greenhouse gas ("GHG") emissions reduction target; and
- delivering a 3.9% fall in CO<sub>2</sub> emissions per car manufactured in 2022 compared with 2021 (tCO<sub>2</sub>e).

**Governance**

As a signatory to the UN Global Compact, Aston Martin is committed to doing business in an ethical and transparent manner, overseen by good corporate governance. In 2021 the Board established our Board Sustainability Committee to oversee and monitor the delivery of our *Racing. Green.* strategy. The Committee meets at least twice a year and is chaired by Anne Stevens, Independent Non-executive Director. It provides strategic guidance and scrutiny of management’s assessment and management of climate-related risks and opportunities and environmental matters with

reporting to the Board following each Committee. Significant climate-related risks are also reviewed by the company’s Risk Management Committee and managed using our business-wide enterprise risk management procedures. Climate-related risks are incorporated into the corporate risk register where appropriate. The Sustainability Committee is supported by ten dedicated sustainability working groups focused on areas ranging from energy management to development of a sustainable supply chain.

These groups harness leading talent within the business and specialist expertise to develop and execute credible action plans to achieve clear targets in their respective areas.

The work of the Committee influences Board strategic decisions in areas such as the development of the future product portfolio with the planned transition to electrified powertrains across the portfolio by 2030, identifying areas to reduce energy and water consumption, promoting the use of sustainable materials and sourcing of 100% renewable electricity to power all our UK operations.

Significant climate-related risks are assigned to functional Risk Champions to develop appropriate risk mitigation plans. Each function maintains a risk register which is reviewed twice a year by the Company’s Risk Management Committee. The Audit and Risk Committee then provides oversight of the corporate climate-related and other risks.

To date management remuneration has not been linked to climate-related performance objectives. The Remuneration Report provides further detail as this is being considered for the financial year ending 31 December 2024.



### Climate-related strategy

The automotive industry is having to rapidly respond to address the challenges it faces as a result of climate change. Some of the solutions being implemented include shifting to the production of more fuel-efficient vehicles, use of cleaner fuels and a move towards electrified powertrains. Our scenario analysis assesses the potential impact of climate change on our Company, considering qualitative and quantitative factors in three different warming scenarios through to 2050. The results of our assessment show that in the short to medium term (the next five years) the Company is more exposed to transition risks arising from changing policy and regulations, changing consumer preferences and accelerated technology change as the move to electrification and other non-carbon solutions intensifies. Physical risks become more relevant in the longer term (beyond five years) with the potential impact of more severe and frequent weather events on our supply chain and distribution network. The climate-related elements of our *Racing. Green.* strategy are:

## Tackling climate change

### Transforming products

- First PHEV commences delivery in 2024
- First BEV targeted for launch in 2025
- Fully electrified sports and SUV portfolio by 2030

### Transforming production

- Carbon neutral manufacturing facilities from 2023 onwards
- Net-zero manufacturing facilities by 2030
- 100% use of renewable electricity in our manufacturing facilities (from 2019 onwards)
- Reduce Scope 1 CO<sub>2</sub> emissions from our manufacturing operations by 2.5% year-on-year
- Reduce Scope 1 CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year-on-year
- Implement ISO 50001 Energy Management Systems at key manufacturing facilities by 2025
- A 30% reduction in supply chain CO<sub>2</sub> emissions by 2030 (compared with 2020)
- Net-zero across our supply chain by 2039

## Creating a better environment

### Minimising impacts

- Zero single-use plastic packaging waste from our manufacturing facilities by 2025
- Zero waste to landfill from our manufacturing operations
- 15% reduction in water consumption at our manufacturing operations by 2025 (compared with 2019)

### Maximising sustainable materials

- Continue to work with supply chain partners to enable the use of more sustainable materials

### Boosting biodiversity

- Improve biodiversity at our manufacturing facilities

We are transforming our products and the way they are manufactured to help tackle climate change. In 2024 Aston Martin will commence delivery of Valhalla, our first PHEV, followed by our first BEV targeted for launch in 2025 and a fully electrified sports and SUV portfolio by 2030. Whilst embracing electrification, we also believe our sustainability ambitions must be broader than just producing tailpipe emissions-free vehicles. We want to ensure our manufacturing footprint is sustainable enabling the production of our vehicles with a reduced environmental impact.

Last year we committed to set near and long term Company-wide emissions reduction targets in line with the SBTi. Our strategy also targets the elimination of single-use plastic

waste by 2025, the reduction of water consumption by 15% by the same year and maximising the use of sustainable materials within our vehicles. As part of our ambition we are aiming to achieve net-zero manufacturing facilities by 2030, and across our supply chain by 2039. We will continue to develop a detailed plan to drive further reductions in our GHG emissions through 2023 and beyond, with the SBTi providing an independent assessment to make sure this plan is robust and will achieve our objective.

We engaged a third-party consultancy to build our scenario analysis model which we have used to evaluate the potential impact of both transitional and physical risks and opportunities on Aston Martin, with risks being categorised in accordance with the TCFD Recommendations

in three warming pathways, as depicted in the table below.

Key inputs into the model included the physical geographical footprint of the Company; supply chain and global dealer network; historical and predicted sales volumes by market; Scope 1, 2 and 3 GHG emissions data; and vehicle material content. We used the Representative Concentration Pathways (RCPs) as our framework for modelling different emissions pathways and the associated impact on the climate. To explore the associated market and customer trends underpinning our commercial resilience we also considered different socioeconomic futures, known as the Shared Socioeconomic Pathways (SSPs).

We will actively reduce emissions generated from our manufacturing operations and supply chain whilst at the same time developing an electrified product portfolio which will reduce the emissions arising from the sale of our products to customers.

Since 2019 100% of our electricity used in the UK has been sourced from verified renewable sources and we continue to look for further opportunities to reduce water and energy consumption, reduce waste and enhance biodiversity across our facilities. Further details of these activities can be found in our Sustainability Report.

### Scenario pathways

Scenario	Steady path to sustainability	Middle of the road	Fossil-fuelled global growth
SSP/RCP*	SSP 1/RCP 2.6	SSP 2/RCP 3.4	SSP 5/RCP 8.5
Description	Globally coordinated efforts to reduce emissions to net-zero by 2050 and avert the worst effects of climate change	Imperfect efforts to reduce emissions lead to moderate progress but exacerbate inequalities	Global collaboration focused on protecting the population from a changing climate (as opposed to reducing human-induced climate change)
Societal response	Proactive	Proactive	Reactive
Global dynamics	Open, collaborative, global	Independent, regional	Open, collaborative, global
Temperature rise	1.5°C	2-2.4°C	4°C
Likelihood	Low	High	Medium

\* SSP – Shared Socioeconomic Pathway, RCP – Representative Concentration Pathway

**Risk management**

The Board is ultimately responsible for ensuring that the Company has an effective Enterprise Risk Management Framework and System ("ERMFS") implemented across the business to facilitate delivery of its strategic objectives. For further information on this refer to the Risk and Viability Report on pages 80 to 85 and the Audit and Risk Committee Report on pages 114 to 121, where we outline how risks and opportunities, including those specifically related to climate change, are identified, assessed and managed through the deployment of the Aston Martin ERMFS. Climate change has been identified as a risk factor impacting many of the key risks faced by our business. As part of our business as usual annual risk assessment activity we have considered how the impact of climate change affects our existing corporate risks, as well as identified any new and emerging climate-related risks and opportunities.

We also engage with external risk management networks to develop a broader understanding of the global impact of climate change.

Supply chain	Manufacturing & distribution	Customer
<b>Physical risks</b> – Related to the physical impacts of climate change over time (e.g., increased rainfall, sea level rise, prolonged drought, increased frequency and severity of extreme weather events)		
	Potential impact of extreme weather events on distribution chain (e.g. delayed deliveries due to hurricanes preventing ships docking on time at key periods)	
Supply chain disruption exacerbated by reliance on single-source vendors for certain components		
	Increasing insurance costs due to a hardening Property Damage and Business Interruption market caused by additional climate-related damage claims	
<b>Transition risks</b> – Related to the transition to a lower-carbon economy over time (e.g., policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change)		
	Inability to maintain pace with technological advancement and remain competitive (e.g., transition to electrified powertrains and incorporation of sustainable materials in the product)	
	Brand/reputational damage arising from association with unethical supply chain activities (e.g., precious metal sourcing and continued use of leather) and/or delayed inclusion of sustainable materials in production	
	Lack of a globally coordinated transition to EVs may result in increased market segmentation and the need for a more diverse product portfolio	
	Aston Martin EV portfolio may not be price competitive due to its low volume strategy and inability to drive material/component costs down	
		Not keeping pace with regulations in key markets, in particular potential loss of small volume derogation
	Increasing carbon related taxes/import duties designed to limit the use of high-emissions vehicles, particularly within urban areas	
	Restricted access to affordable capital due to not meeting ESG criteria for potential investors	
	Inability to attract and retain appropriate talent caused by a more competitive and progressive, ESG-orientated local labour market. Insufficient access to EV skills and capabilities	
		Inability to convert traditional ICE customer base to an Aston Martin EV vehicle proposition
Market disruption from technology-orientated corporates/new entrants developing non-ICE alternative powertrain vehicles		
		Changes in social norms towards environmentally friendly buying decisions may reduce demand for current product portfolio faster than expected
		Inability to attract new customers who have an alternative perception of luxury to our historical/traditional customer base
BEV technology partner inability to deliver in line with AML EV timelines		
Inability to create a credible sustainability narrative while continuing to sell ICE vehicles		
<b>Opportunities</b> – Climate change presents opportunities in several areas including resource efficiency, transition to renewable energy sources, new products and services, new markets and customer groups		
		Potential for strategic partnerships with other organisations, e.g., to provide carbon offset schemes at point of customer purchase
		Develop a reputation for building a strong, credible ESG narrative and sustainability focus across the value chain
		Maximise revenue and profit opportunity from the sale of the last generation of core ICE vehicles
Secure operational cost efficiencies through waste reduction, more efficient use of water and more efficient energy consumption		



Potential financial impact	Time horizon	Warming scenarios (● risk/opportunity relevant to this scenario)			TCFD risk classification
		1.5°C	2°C	4°C	
<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Decreased revenue</li> </ul>	Short term	●	●	●	Physical Acute & Chronic
<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Decreased revenue</li> </ul>	Short term	●	●	●	Physical Acute & Chronic
<ul style="list-style-type: none"> <li>Increased operating costs</li> </ul>	Long term		●	●	Physical Acute
<ul style="list-style-type: none"> <li>Increased capex/R&amp;D</li> <li>Asset write-offs/impairment</li> </ul>	Short term	●	●		Technology
<ul style="list-style-type: none"> <li>Decreased revenue</li> <li>Financial Penalties</li> </ul>	Short term	●	●		Reputation
<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Increased capex/R&amp;D</li> <li>Asset write-offs/impairment</li> </ul>	Medium term	●	●	●	Market, Policy & Legal
<ul style="list-style-type: none"> <li>Decreased margins</li> <li>Decreased revenue</li> </ul>	Short term	●	●	●	Market
<ul style="list-style-type: none"> <li>Increased operating costs</li> </ul>	Short term	●	●		Policy & Legal
<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Decreased revenue</li> </ul>	Short term	●	●		Policy & Legal
<ul style="list-style-type: none"> <li>Increased financing costs</li> <li>Decreased capex/R&amp;D</li> </ul>	Short term	●	●		Market
<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Decreased revenue</li> </ul>	Short term	●	●		Market
<ul style="list-style-type: none"> <li>Decreased revenues</li> </ul>	Medium term	●	●		Market
<ul style="list-style-type: none"> <li>Decreased revenues</li> <li>Increased capex/R&amp;D</li> <li>Asset write-offs/impairment</li> </ul>	Medium term	●	●		Market
<ul style="list-style-type: none"> <li>Decreased revenues</li> <li>Increased capex/R&amp;D</li> <li>Asset write-offs/impairment</li> </ul>	Short term	●	●		Market
<ul style="list-style-type: none"> <li>Decreased revenues</li> </ul>	Short term	●	●		Market
<ul style="list-style-type: none"> <li>Decreased revenues</li> </ul>	Medium term	●	●		Technology
<ul style="list-style-type: none"> <li>Decreased revenues</li> </ul>	Short term	●	●		Reputation
<ul style="list-style-type: none"> <li>Decreased operating costs</li> <li>Increased revenues</li> </ul>	Short term	●	●	●	
<ul style="list-style-type: none"> <li>Increased revenues</li> </ul>	Medium term	●	●	●	
<ul style="list-style-type: none"> <li>Increased revenues</li> <li>Increased margins</li> </ul>	Short term	●	●	●	
<ul style="list-style-type: none"> <li>Decreased operating costs</li> </ul>	Short term	●	●	●	

We categorise climate-related risks and opportunities using the TCFD recommended classifications:

- Transition risks – risks arising from economic and regulatory transition toward a low-carbon future, e.g., changing emissions regulations, changing consumer preferences and behaviour:
  - Policy & Legal risk
  - Technology risk
  - Market risk
  - Reputation risk
- Physical risks – risks caused by physical shocks and stressors to infrastructure and natural systems, e.g. extreme temperatures, drought, severe weather events:
  - Acute risk
  - Chronic risk

When considering climate-related risks and opportunities we assess their potential impact over three time horizons, short term (< 2 years), medium term (2-5 years), covering the five year business plan period, and long term (beyond 5 years and up to 2050). All risks included within the corporate risk register are assigned a Risk Owner responsible for performing periodic likelihood and impact risk assessments and developing formal documented risk management plans.

A summary of the key significant risks and opportunities which have been assessed and incorporated within the scenario analysis has been presented on the previous page.

A summary of some of the key mitigating activities that have been taken, or are planned to be taken to manage the significant climate-related risks are disclosed in the adjacent table. This focuses on transition risks as these represent the material risks identified within the short and medium term.

Transition risks	Mitigating actions taken/planned to be taken to address risks
<b>Policy</b> Managing our exposure to changes in legislation	<ul style="list-style-type: none"> <li>• R&amp;D investment to develop lower fleet emissions portfolio</li> <li>• Maintenance of small volume derogation status exemptions where available</li> <li>• Establishment of emissions-pooling agreements with third parties to manage exposure to carbon pricing</li> <li>• Consideration of forward purchasing of carbon offsets to manage exposure to increased pricing and reduced capacity</li> </ul>
<b>Technology</b> Modifying our product offering	<ul style="list-style-type: none"> <li>• R&amp;D investment in EV technology</li> <li>• Improving energy efficiency in our manufacturing plants</li> <li>• Selection of a strategic partner to provide access to EV powertrain technology</li> <li>• Investment in use of alternative sustainable materials within vehicles</li> </ul>
<b>Market</b> Adapt to meet customer needs and desires	<ul style="list-style-type: none"> <li>• Launch of our <i>Racing. Green.</i> sustainability strategy</li> <li>• Continued focus on waste reduction and elimination with zero single-use plastic waste target to be achieved by 2025</li> <li>• Working with our supply chain to reduce global emissions and waste</li> <li>• Development of electrified powertrain options within the product portfolio and increased use of sustainable materials to meet customers' evolving requirements</li> </ul>
<b>Reputation</b> Positioning Aston Martin as an ultra-luxury sustainable brand	<ul style="list-style-type: none"> <li>• Development of our <i>Racing. Green.</i> sustainability strategy to respond proactively to climate change</li> <li>• Transparent disclosure of our GHG emissions through publication of our Sustainability Report</li> <li>• Enhanced communication of actions already taken to address climate change</li> <li>• Development of credible plans to achieve net-zero carbon emissions within our plants by 2030</li> <li>• Deployment of our bold new brand strategy</li> <li>• Clear strategy to electrify our product portfolio and increase use of sustainable materials (including green aluminium)</li> </ul>

## Metrics and Targets

*Racing. Green.* incorporates a number of climate-related targets which demonstrate the Company's commitment to tackling climate change in the short-, medium- and longer-term. We are committed to the SBTi Net-Zero Standard and are in the process of setting near and long term Company-wide emissions reduction targets in line with science-based net-zero with the SBTi. We expect these targets to be validated by the SBTi over the next 24 months.



We listen to our stakeholders and monitor developments from regulatory and governance bodies to provide input into our materiality assessment for climate-related disclosure purposes. The targets and metrics disclosed have been identified by the Sustainability Committee as being those that have a material impact on our business due to their nature, size or complexity. In summary, these include:

## Tackling climate change

2019

# 100%

use of renewable electricity to power our manufacturing operations

2022

# CO<sub>2</sub>

Reduce CO<sub>2</sub> emissions from our manufacturing operations by 2.5% year-on-year\*

Reduce CO<sub>2</sub> emissions intensity and energy consumption per car by 2.5% year-on-year\*

2024

# PHEV

Commence delivery of our first PHEV

2025

# BEV

Target for launch of our first BEV

## Creating a better environment

2025

# Zero

single-use plastic packaging waste

# 15%

reduction in water consumption (from 2019 baseline)

2030

# Fully electrified

sports and SUV portfolio

# Net-zero

manufacturing facilities

# 30%

reduction in supply chain CO<sub>2</sub> emissions (from 2020 baseline)

2039

# Net-zero

across our supply chain

We have determined that there is no difference between our Scope 1, 2 and 3 disclosures for TCFD and SECR reporting purposes and refer you to the metrics disclosed in the Environmental, Social and Governance section of this Annual Report.

In preparing our Scope 3 emissions disclosures we have considered the completeness and robustness of our calculations and recognise that the current disclosure is based on the data we have available at this time. During 2023, we will develop plans to broaden the categories of Scope 3 emissions which we measure and report. For this reason we consider ourselves to not be in full compliance with the TCFD requirements at this stage.

We continue to enhance our data collection methods, working across our value chain, and seek to obtain external assurance to validate a number of our reportable metrics as outlined in our Sustainability Report.

Refer to our Sustainability Report for further details relating to the targets we have set and how we monitor them in relation to climate change.

\* Scope 1 CO<sub>2</sub> emissions.

Disclosure level	<input checked="" type="radio"/> Full	<input type="radio"/> Partial	<input type="radio"/> Omitted
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Pillar	Recommended Disclosures and disclosure level	Response	Disclosure location
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	● The Board is responsible for climate ambition, strategy and risk and has established the Sustainability Committee to oversee delivery of the Group's <i>Racing. Green.</i> strategy.	Page 62, 80 and 82
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	● The Executive Committee members are responsible for managing risks and opportunities within their functions by deploying the ERMFS. They are supported by Functional Risk Champions who attend the Risk Management Committee on a quarterly basis. The Head of Government Affairs and Sustainability holds management responsibility for the Sustainability Committee.	Page 62, 80 and 82
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	● We face multiple climate-related risks, primarily arising from the transition to a low-carbon economy and the need for us to address technological, legal, market and reputational risks. Physical risks pose a lesser threat to our direct operations, whilst we do recognise their potential impact on our supply chain.	Page 62-63
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	● We are investing in electrification of our product portfolio to mitigate the technological and regulatory risks associated with transition to a low carbon economy together with investment in sustainable materials. We are also investing in our manufacturing facilities to drive increased energy efficiency and reduced waste.	Page 62-63, 68-78
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	○ Our business plan takes into account planned investment and capital expenditure to electrify our powertrains, and capital projects to reduce carbon emissions from within our facilities and operations. Disclosures regarding the resilience of our strategy in each of the warming scenarios will be further enhanced in 2023.	Page 58-65
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	● Our ERMFS is used to identify, assess and manage all types of risks across the business. This includes specific consideration of both transitional and physical climate-related risks.	Page 62, 80 and 82
	b) Describe the organisation's processes for managing climate-related risks.	● In 2021 we identified and disclosed a new principal risk relating to climate change and the need for the business to transition its product portfolio to electrified powertrains over the medium term and reduce our carbon footprint. Refer to the Principle Risk summary table within this Annual Report and Accounts.	Page 62 and 80
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	● Climate-related risks are considered and managed within our ERMFS.	Page 62, 80 and 82
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	○ We have identified and disclosed a wide range of climate-related metrics in order to manage our exposure to climate risks and opportunities (refer the Sustainability Report). Additional interim targets will be developed for our longer-term ambitions during 2023.	Page 65 and 67
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	○ We have disclosed our Scope 1 and Scope 2 emissions for our own operations and made partial disclosure in relation to our Scope 3 emissions (covering business travel). We recognise that our current Scope 3 disclosures are not sufficient to fully comply with the TCFD Recommendations and will work to broaden the disclosures through 2023.	Page 67
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	● We are in the process of establishing interim targets, to enable us to track progress towards our stated longer term net-zero targets Current targets are disclosed in the Sustainability section of this Annual Report and Accounts with further detail in the Sustainability Report.	Page 65 and 67

Data						
<p><b>Greenhouse gas emissions</b></p> <p>Our greenhouse gas ('GHG') emissions reported are in accordance with the Greenhouse Gas Protocol Corporate Standard for the year to 31 December 2022. The intensity ratio is measured as tonnes of CO<sub>2</sub> equivalent per car manufactured.</p> <p><b>Methodology</b></p> <p>We calculate our GHG emissions in the following way:</p> <p>Scope 1 – Includes emissions of gas, petrol on site, diesel used for emergency heating and firing pumps, refrigerant refill, LPG and fuel from Company pool cars. Figures are obtained through utility bills, direct from suppliers and through the Company's internal systems.</p> <p>Scope 2 – The Location-based Assessment includes emissions from electricity consumption, sourced direct from utility bills, while the Market-based Assessment includes emissions from electricity consumption based on sources of electricity.</p> <p>Scope 3 – Includes emissions from business air travel, management car miles, personal car mileage, employee commuting, water consumed and supply chain logistics.</p> <p>The UK Government Department for Environment, Food and Rural Affairs ('Defra')-approved International Energy Agency ('IEA') emissions factor for 2022 are used to calculate the Scope 1, 2 and 3 figures, and the IEA emission factors were used to calculate emissions from scope 2 for rest of the world.</p> <p>The 3.9% fall in Scope 1 CO<sub>2</sub> emissions per car manufactured in 2022 compared with 2021 (tCO<sub>2</sub>e) was mainly driven by increased energy use efficiencies including those arising from the consolidation of our paintshop activities in St Athan.</p>	<b>Total greenhouse gas emissions</b>					
		2019	2020 <sup>^</sup>	2021 <sup>^</sup>	2022 <sup>^^</sup>	
	GHG Emissions Under Scope 1 (tCO <sub>2</sub> e)	8,981.40	9,200.67	8,705.35	9,272.50	
	GHG Emissions Under Scope 2 (tCO <sub>2</sub> e) – Location based	8,683.50	7,545.86	7,366.72	5,923.26	
	GHG Emissions Under Scope 2 (tCO <sub>2</sub> e) – Market based	3,484.61	687.28	192.38	118.16	
	GHG Emissions Under Scope 3 (tCO <sub>2</sub> e)	8,806.94	6,620.37	6,446.74	11,187.29	
	UK Total Gross Scope (Scope 1 & Scope 2 – Location based)	17,664.90	16,642.17	15,984.15	15,014.02	
	Rest of World Total Gross Scope (Scope 1 & Scope 2 – Location based)	–	104.36	101.82	181.74	
	Total Gross Scope (Scope 1 & Scope 2 – Location based)	17,664.90	16,746.53	16,085.97	15,195.76	
		<sup>^</sup> Values previously assured by ERM CVS. <sup>^^</sup> Values assured by ERM CVS.				
	<b>Greenhouse gas emissions per unit</b>					
		2019	2020 <sup>^</sup>	2021 <sup>^</sup>	2022 <sup>^^</sup>	
	Manufactured Volume (units)	6,176	3,343	5,778	6,404	
	Total Scope 1 Emissions per unit	1.45	2.75	1.51	1.45	
	Total Scope 2 Emissions per unit	1.41	2.26	1.27	0.92	
		<sup>^</sup> Values previously assured by ERM CVS. <sup>^^</sup> Values assured by ERM CVS.				
		<b>Total energy consumption within organisation</b>				
			2019	2020 <sup>^</sup>	2021 <sup>^</sup>	2022 <sup>^^</sup>
		Electricity (MWh)	33,973.01	32,144.15	34,506.66	30,308.19
		Gas (MWh)	43,574.51	44,796.00	43,923.02	41,904.94
Diesel (MWh)		14.92	4.34	72.93	77.66*	
Gasoline (MWh)		2,712.98	1,779.25	2,450.28	3,029.99*	
LPG (MWh)		563.60	43.52	Nil	384.02	
UK Total Consumption (MWh)		80,839.02	78,573.14	80,952.90	75,114.65	
Rest of World Total Consumption (MWh)		–	194.11	230.96	590.15	
Total (MWh)		80,839.02	78,767.26	81,183.86	75,704.80	
	<sup>^</sup> Values previously assured by ERM CVS. <sup>^^</sup> Values assured by ERM CVS.		* Does not include consumption of diesel and gasoline ('petrol') by pool cars.			

# Creating a better environment

## UN Sustainable Development Goals



### Overview

Protecting and enhancing the natural environment is central to our efforts to be a responsible business. During 2022, we appointed Environmental Champions to promote environmental awareness across the Company.

In 2022, key initiatives included:

- further measures to reduce water consumption to save around 1 million litres of water every year, from 2023;
- a project to remove surplus on-site waste; and
- a new biodiversity survey and management plan for Gaydon.



### Highlights

Up to  
**80,000**

bees take up residence in new beehives at Gaydon

**7.5%**

fall in water consumed per car manufactured between 2021 and 2022 (m<sup>3</sup>)

**10.2%**

increase in proportion of waste recycled (tonnes)

**Biodiversity:** A colleague works under the guidance of our Head Beekeeper, Alan Rodricks, who is also our Head of High Voltage. Our beehives at Gaydon are home to up to 80,000 bees, which are an important part of the UK's ecosystem and are perfectly adapted to pollinate, helping plants to grow.

## Our goals

### Minimising impacts

- Zero single-use plastic packing waste from our manufacturing facilities by 2025
- Zero waste to landfill from our manufacturing operations
- 15% reduction in water consumption by 2025 (compared to 2019)

### Maximising sustainable materials

- Continue to work with supply chain partners to enable the use of more sustainable materials

### Boosting biodiversity

- Improve biodiversity at our manufacturing facilities

## Data

### Waste

	2019	2020	2021	2022 <sup>^</sup>
Total waste (tonnes)				2,830.99
Total waste (tonnes)*	1,566.02	394.39	858.62	2,366.23
Reused (tonnes)	40.21	8.72	6.40	-**
Recycled (tonnes)	987.81	243.82	380.60	1,383.19
Recovered (Waste to Energy) (tonnes)	538.01	141.85	471.62	979.69
Incineration (not recovered) (tonnes)	-	-	-	3.35

<sup>^</sup> Values ERM CVS assured.

\* Data excludes Newport Pagnell. See Sustainability Report for further information.

\*\* No data available due to transition to new waste contractor.

The increase in the total volume of waste compared with 2021 is due to the successful completion of a legacy waste recovery project and an enhanced waste tracking methodology. The increase in the volume of waste recycled, resulting in a 10.2% rise in the Company's recycling rate is due to the implementation of new recycling streams facilitated by a new waste contractor. In 2022, due to a process error some contractor and construction waste resulting from facilities and maintenance activities was discharged to landfill. This process error has now been corrected. Waste accounting does not include contractor and construction-related waste streams from maintenance and facilities.

### Water

	2019	2020	2021	2022 <sup>^</sup>
Water consumption (m <sup>3</sup> )	59,233.78	34,477.65	64,681.40	66,279.99

<sup>^</sup> Values ERM CVS assured.

Enhancements to manufacturing processes enabled the Company to achieve a 7.5% decrease in water consumed per car manufactured between 2021 and 2022.

## Progress in 2022

### Actions:

- 36 employees appointed Environmental Champions to drive improvements in environmental performance across the Company
- New pilot recycling centre delivered at Wellesbourne logistics facility
- Further steps towards achieving zero plastic packaging waste by 2025 underway
- Investment in water-saving technologies to save 1 million litres of water every year from 2023

- Ecological Biodiversity Assessment surveys completed at Gaydon and St Athan with new quantitative metrics established to drive biodiversity improvements over time
- New Biodiversity Management Plan completed for Gaydon
- Six beehives installed at Gaydon for up to 80,000 bees

### Data:

- 95% of suppliers compliant with ISO 14001: 2015 environmental management standard.
- Responsible Procurement Policy signed by 73% of main suppliers
- 7.5% reduction in water consumed per car manufactured compared to 2021 (m<sup>3</sup>)
- 2.5% increase in water consumed compared to 2021 (m<sup>3</sup>)

## Investing in people and opportunity

### UN Sustainable Development Goals



#### Overview

2022 saw the Company continue to focus on targeting zero accidents, launching a new safety training programme and campaign, *Zero Harm*.

*Zero Tolerance*. We have also delivered further improvements to our safety management systems, enhancing incident monitoring and reporting across all our sites and facilities.

We continue to act on mental health, including delivering training around mental health awareness and stress management.

In 2022, we established a new Employee Inclusion Network to champion all areas of inclusion and, with the support of our Executive Committee, put in place a new Company-wide

Equity, Diversity and Inclusion ('EDI') Strategy. Working with Racing Pride, an innovative movement developed to positively promote LGBTQ+ inclusivity within the motorsport industry and among its technological and commercial partners, we have completed a review of our People policies to make sure they are inclusive and support people transitioning at work; we also delivered LGBTQ+ awareness sessions during Pride Month, and educational communications around other key landmarks such as International Non-Binary People's Day.

In 2022, the Company recruited 20 apprentices, 23 graduates and welcomed 13 industrial placements as part of our commitment to nurturing talent that is key to our future success. We also expanded training, with a particular focus on the transition to EV production. As we emerge from the COVID-19 pandemic, we have been able to restart our work on promoting STEM in schools and colleges, as well as boost our wider contribution to communities. In September, a replica stunt car donated by Aston Martin raised £2.75 million at the Sixty Years of James Bond auction at Christie's in London, benefiting The Prince's Trust, The Prince of Wales's Charitable Fund, and charities supporting serving and former members of the UK Special Forces.

#### Highlights

# 79%

increase in apprentices completing industry-leading training programme in 2022 compared to 2021

# 19,646

hours of training delivered to employees in 2022

# £2.75million

raised for charities including The Prince's Trust





**Early Careers intake:** In September, our Early Careers intake of 56 new employees took part in a two-week training course at Ashorne Management College near Gaydon.

## Goals

### Employee wellbeing

- Target zero accidents
- Continue to deliver industry-leading initiatives to support employee wellbeing

### Equity, diversity and inclusion

- Women in 25% of leadership positions by 2025 and in 30% of leadership positions by 2030\*
- Increase the culture of inclusion by leveraging the Aston Martin values
- Improve workplace engagement and culture, and secure accreditation as a Great Place to Work® by 2025

### Growing talent and inspiring future generations

- Sustain new apprenticeship recruitment
- Update skills and training to support transition to EV production
- Continue commitment to promoting Science, Technology, Engineering and Mathematics (STEM)

\* Leadership includes Senior management team, senior leadership team and other management grades.

## Progress in 2022

### Actions:

- New safety training and campaign, *Zero Harm. Zero Tolerance*
- Mandatory safety leadership training for all senior staff underway
- Transition to new independent safety audit provider, UTAC, with new focus on electric vehicle production
- 130 colleagues completed 3,344 hours of initial EV-related instructor-led training
- Significant apprentice and graduate recruitment
- Increased training for Aston Martin dealer network

- New EDI Strategy signed off by the Board
- Employee Inclusion Network launched. Diversity and Inclusion training underway across the organisation
- Working with Racing Pride to promote LGBTQ+ awareness and update People policies.
- £2.75 million raised for charities, including £1.375 million for The Prince's Trust, from auction of a DB5 James Bond stunt car

### Data:

- Accident Frequency Rate (AFR<sup>1</sup>) of 0.53 accidents per 100 workers (1.01 in 2021)\*
- 9 Lost Time Accidents ('LTAs') resulting in 185 days lost (5 LTAs with a total of 163 days lost in 2021)
- 9 RIDDOR\*\* incidents (6 RIDDOR incidents in 2021)
- 43 apprentices completed our apprenticeship programme, a 79% increase compared to 2021
- 20 new apprentices recruited
- 23 graduates recruited
- 13 industrial placements
- 19,646 hours of training delivered to Aston Martin employees in 2022

- 253 commercial and technical courses scheduled/ offered to dealer employees (214 in 2021)
- Mean Gender Pay Gap favouring men by 9.9% (6.9% in 2021) and a median pay gap favouring men by 4.9% (2.0% in 2021)

\* In 2022, we strengthened the scope of our safety data, capturing a wider range of functions and sites in addition to production operations. This figure is calculated on that basis and represents a change in methodology compared to 2021. The AFR now reflects recordable incidents and not just reportables.

\*\* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

**Equity, Diversity and Inclusion Pledge**

To reinforce our EDI Policy, we have developed our EDI Pledge:

**At Aston Martin,  
we believe in  
each other and  
our unique  
abilities, and  
understand we  
are stronger  
together.**

**We support  
everyone to  
be heard, and  
cherish diverse  
perspectives  
that help us  
collaboratively  
thrive.**

**No one  
builds an  
Aston Martin  
on their own.**

**I AM Inclusive;  
I AM, because we  
are Aston Martin.**

<b>Data</b>			
<b>Employees by gender (as at 31 December 2022)^</b>			
	Male	Female	% Female
Senior management team	8	0	0.0%
Senior leadership team	68	12	15.0%
Other leadership	251	51	16.9%
Other employees	2,018	367	15.4%
<b>Total</b>	<b>2,094</b>	<b>379</b>	<b>15.3%</b>
<b>Employees by region (as at 31 December 2022)^</b>			
	Male	Female	% Female
Asia Pacific	22	17	43.6%
EMEA	59	9	13.2%
UK	1,986	345	14.8%
Americas	27	8	22.9%
<b>Total</b>	<b>2,094</b>	<b>379</b>	<b>15.3%</b>
Note: Data by gender and region is shown for 2,473 permanent Company employees only.			
^ Values assured by ERM CVS.			
<b>Apprentices</b>	<ul style="list-style-type: none"> <li>• 187 commercial courses scheduled/offered (142 in 2021)</li> <li>• 66 technical courses scheduled/offered (72 in 2021)</li> </ul>		
<ul style="list-style-type: none"> <li>• 43 apprentices completed apprenticeship programme</li> <li>• 20 new apprentices recruited</li> </ul>	<ul style="list-style-type: none"> <li>• 1,689 dealer employees trained in classroom courses (2,089 in 2021)</li> <li>• Six new e-learning modules developed and published</li> <li>• Two new technical training courses developed and introduced</li> </ul>		
<b>Graduates</b>	<b>STEM</b>		
<ul style="list-style-type: none"> <li>• 23 new graduate trainees recruited</li> <li>• 13 students joined on industrial placements</li> </ul>	<ul style="list-style-type: none"> <li>• 20 events, including career days, school and factory visits</li> </ul>		
<b>Training – Aston Martin employees</b>	<b>Charity</b>		
<ul style="list-style-type: none"> <li>• 19,646 hours of training delivered</li> <li>• 3,344 hours of initial EV-related instructor-led training delivered</li> </ul>	<ul style="list-style-type: none"> <li>• £2.75 million raised for charities, including The Prince's Trust and The Prince of Wales's Charitable Fund</li> </ul>		
<b>Training – Aston Martin dealerships</b>			
<ul style="list-style-type: none"> <li>• 2,477 registered Dealer Training Academy users (2,193 in 2021)</li> </ul>			

### Gender pay gap

The difference between men and women's average pay (expressed as a percentage of the men's pay) was a mean pay gap of 9.9% and a median pay gap of 4.9% in 2022, favouring men. These have increased compared to 2021 (mean pay gap of 6.9% and median pay gap of 2.0%, also favouring men. Our mean pay gap is largely due to the make-up of the senior team (which includes significantly more men) and working patterns, particularly in Production roles, where shifts (that more men than women choose to work) command shift premium and overtime payments.

The year-on-year increase reflects growth in the senior management and leadership teams, particularly within the engineering area of the business. Our median pay gap has increased due to the roles held by our median man and median woman in 2022, which are (respectively) a Lead Technician in production and a Senior Analyst in Finance. Although the woman has a higher annual salary, the man has also received overtime and shift premium payments due to the requirements of his role. We are working to improve gender equality which will contribute to narrowing the gap, with the ultimate aim to close it completely.

### Our values

In 2022, we updated our Company values. At the core of our values is one single guiding tenet: No one builds an Aston Martin on their own.

Our values are: Unity, Openness, Trust, Ownership and Courage. These values set the tone for how we do things and the culture we want to establish.

## Exporting success

### UN Sustainable Development Goals



#### Overview

We continue to serve as a flag bearer for British industry and British exporters in particular, selling our world-class products in more than 50 countries worldwide and representing the very best of British advanced engineering and design.

In 2022, we were pleased to welcome numerous politicians to our facilities in both Wales and England, including those representing areas in which our facilities are located. These visits allowed us to engage on a range of matters, including new opportunities for trade and growth, industry challenges, and Aston Martin's essential contribution to local economies and communities.



#### Highlights

**4.4%**

increase in cars exported compared with 2021

**17.7%**

increase in cars exported to EMEA (excluding the UK)

**83%**

of total wholesale cars exported



**Platinum Jubilee:** Aston Martin was delighted to celebrate Queen Elizabeth II's Platinum Jubilee in 2022. Our commemorations included a parade of iconic Aston Martin models through Central London, led by a Coronation-era DB2 with images celebrating this important national celebration across Aston Martin's global social media platforms.



↖  
**Selling worldwide:**  
 Our global network of dealerships includes Sao Paulo in Brazil.

### Our goals

#### Working with government

- Continue to work with the UK Government to showcase the very best in advanced British engineering and design worldwide
- Maintain engagement with the UK Government and Welsh Parliament to support sustainable growth across the UK automotive sector, including expansion of the UK-based supply chain
- Help to achieve the UK Government's aim to increase UK exports to £1 trillion per year by 2030

### Progress in 2022

#### Actions:

- Successful global launches of new models, including the ground-breaking DBX707 – the world's fastest and most powerful luxury SUV
- Visits to our world-class manufacturing facilities by the Rt Hon Simon Hart MP, the Secretary of State for Wales, and Trudy Harrison MP, transport minister
- Visit by Tony Danker, the Director General of the Confederation of British Industry (CBI), to our Gaydon headquarters, reinforcing collaboration to foster a positive environment for business and export growth
- Showcasing UK engineering and design excellence by featuring Aston Martin vehicles at the Commonwealth Games and HM Queen's Jubilee Parade

#### Data:

- 4.4% increase in cars exported
- 17.7% increase in cars exported to EMEA
- 83% of total wholesale cars exported

# Delivering the highest standards

## UN Sustainable Development Goals



### Overview

A commitment to delivering the highest standards forms the bedrock of our business. We operate in a heavily regulated sector and work hard towards ensuring compliance with legal and regulatory obligations in areas ranging from anti-slavery to vehicle safety.

We are striving to meet international best-practice standards in areas such as occupational health and safety (ISO 45001), environmental management systems (ISO 14001:2015) and energy management systems (ISO 50001).

In 2021, we established a dedicated Sustainability Committee to oversee our sustainability programme, *Racing. Green.* The Committee meets every quarter to provide direction and oversight of the Company's sustainability strategy, targets and performance.

Our ten sustainability working groups drive the implementation of our sustainability strategy.

### Highlights

More than

**30**

sustainability working group meetings

**95%**

of suppliers compliant with ISO 14001: 2015 environmental management standard.

**194**

employees received Modern Slavery training in 2022



**Leadership:** Our leadership meets regularly to drive the Company forward.

**Delivering the highest standards defines everything we do. That includes strong governance and a rigorous approach to compliance.**

**Our goals**

**Embracing industry best practice**

- Continue commitment to the Science Based Targets initiative
- Continue commitment to the Task Force on Climate-related Financial Disclosures

**Pioneering leadership**

- Understand and engage in emerging areas of best practice such as the Science Based Targets Network for Nature and the Taskforce on Nature-related Financial Disclosures

**Progress in 2022**

**Actions:**

- Campaign to promote awareness of the 'Speak Up': confidential reporting system
- Review and update of People policies
- Updated Cyber Security Policy
- ESG data audit
- New governance model to support delivery of EDI objectives

**Data**

- Four Sustainability Committee meetings
- Over 30 sustainability working group meetings
- Responsible Procurement Policy signed by 73% of main suppliers
- 95% of suppliers compliant with ISO 14001: 2015 environmental management standard
- 12 whistleblowing reports (four in 2021)
- Modern Slavery training delivered to 194 employees in targeted areas of the business

**Strategic Report**

Corporate Governance

Financial Statements

Further Information

**4 Environmental, social and governance continued**

86

164

230



[↗](#)  
**Our people:** Aston Martin's success is thanks to the skill and commitment of its people, dedicated to becoming the world's most desirable ultra-luxury British performance brand. In 2022 we celebrated their invaluable contribution by unveiling a new feature at main locations, listing each individual who has worked for and contributed to Aston Martin's success since 1913.



# Non financial information statement

This section of the Strategic Report constitutes the Non-Financial Information Statement of the Company, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The information listed in the table below is incorporated by cross

references to other areas of the Annual Report, Sustainability Report and the Company website where further information can be found. The majority of policies can be found on our website: [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

The policies mentioned below form part of the Company's Group policies, which act as the strategic link between our Purpose and Values and how we manage our day-to-day business.

Reporting requirements	Policies and standards which govern our approach	Where material information can be found
Environmental Matters	<ul style="list-style-type: none"> <li>Environmental Policy</li> </ul>	<ul style="list-style-type: none"> <li>ESG disclosures, pages 52-78</li> <li>Sustainability Report <a href="http://www.astonmartinlagonda.com">www.astonmartinlagonda.com</a></li> <li>Stakeholder engagement, pages 22-25</li> <li>TCFD report pages 58-67</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Diversity and Inclusion Policy</li> <li>Group Health and Safety Policy</li> <li>Confidential Reporting and Whistleblowing Policy</li> <li>Gender Pay Gap Report</li> </ul>	<ul style="list-style-type: none"> <li>Caring for our people and stakeholder engagement, pages 70-73</li> <li>Governance Report, pages 86-145</li> <li>Audit and Risk Committee Report, pages 114-121</li> <li>Remuneration Report, pages 124-145</li> <li>Gender Pay Gap Report, page 73 and <a href="http://www.astonmartinlagonda.com">www.astonmartinlagonda.com</a></li> </ul>
Anti-Bribery and Corruption	<ul style="list-style-type: none"> <li>Anti-Bribery and Corruption Policy</li> <li>Group Conflicts of Interest Policy</li> <li>Hospitality and Gifts Policy</li> <li>Anti-Money Laundering Policy</li> </ul>	<ul style="list-style-type: none"> <li>ESG disclosures, page 52-78</li> <li>Governance Report, pages 86-145</li> <li>Audit and Risk Committee Report, pages 114-121</li> </ul>
Human Rights	<ul style="list-style-type: none"> <li>Anti-Slavery and Human Trafficking Policy</li> <li>Modern Slavery Statement</li> </ul>	<ul style="list-style-type: none"> <li>Modern Slavery Statement, <a href="http://www.astonmartinlagonda.com">www.astonmartinlagonda.com</a></li> </ul>
Stakeholder	<ul style="list-style-type: none"> <li>Responsible Procurement Policy</li> <li>Data Protection Policy</li> </ul>	<ul style="list-style-type: none"> <li>ESG disclosures, pages 52-78</li> <li>Stakeholder engagement, pages 22-25</li> <li>s.172 Statement, pages 106-107</li> <li>Board activities, pages 100-101</li> </ul>
Social	<ul style="list-style-type: none"> <li>Environmental Policy</li> </ul>	<ul style="list-style-type: none"> <li>ESG disclosures, pages 52-78</li> <li>Stakeholder engagement, pages 22-25</li> </ul>
Non-Financial Key Performance Indicators		<ul style="list-style-type: none"> <li>Key performance indicators, pages 44-45</li> <li>Strategic Report, pages 4-85</li> </ul>
Principal Risks		<ul style="list-style-type: none"> <li>Our approach to risk, pages 80-85</li> <li>Principal and emerging risks, pages 80-85</li> <li>Business model, pages 26-27</li> </ul>
Business Model		<ul style="list-style-type: none"> <li>Business model, pages 26-27</li> </ul>

### Risk governance

We manage risks in the pursuit of our strategic objectives using our ERMFS which provides the Board, the Audit and Risk Committee and the Executive Committee with a robust assessment of our principal and emerging risks. The Board is ultimately responsible for oversight of our risk management and internal control systems and determines our risk appetite.

The Board has delegated its responsibility for monitoring the effectiveness of the Group's risk management and internal control systems to the Audit and Risk Committee. The Committee fulfils this responsibility by directing and reviewing the work of executive management and the key governance functions within the Group, including the Internal Audit & Risk Management team and the Risk Management Committee. The Chair of the Audit and Risk Committee updates the Board on the Committee's activities in this regard as appropriate.

### How we manage risk

Our Internal Audit & Risk Management team maintains the ERMFS and coordinates risk management activities across the Group, leveraging a network of functional Risk Champions embedded within management (our first line of defence). Each principal risk has a risk mitigation plan incorporating management's assessment of gross, net and target risk together with an assessment of the effectiveness of mitigating controls and activities. These plans are updated routinely throughout the year with any changes being incorporated into the corporate risk register.

### The key elements and activities supporting our ERMFS include:

- annual review and approval of the ERMFS and Risk Management Policy;
- bi-annual review of principal risks to assess the gross, net and target risks for potential impact and likelihood;
- maintenance of corporate and functional risk registers;
- undertaking top-down/bottom-up risk assessments including horizon scanning to identify emerging risks;
- creating formal risk mitigation plans for all principal risks; and
- provision of independent and objective assurance by the Internal Audit team over the effectiveness of principal risk mitigation plans to the Audit and Risk Committee.

### Changes to Aston Martin's risk profile

The most significant changes to the Group's principal and emerging risks in the year were:

- **supply chain disruption** – risk increasing as the Group has been subject to ongoing supply chain issues through the second half of the year which has disrupted production;
- **brand/reputational damage** – risk reducing reflecting the positive impact of successful rebranding and fixed marketing investment which has enhanced the brand proposition;
- **cyber security and IT resilience** – risk reducing reflecting further enhancement in the cyber-security prevention and detection capabilities; and
- **climate change** – risk reducing as the control and governance framework matures to deliver on our *Racing. Green.* strategy, with actions taken to date and plans being developed to deliver on our net-zero ambition.

### Risk appetite

The Board determines the amount of risk the Group is willing to accept in pursuit of the Group's strategic objectives. This varies dependent on the type of risk and may change over time. In exploring risks and opportunities, we prioritise the interests and safety of our customers and employees and seek to protect the long term value and reputation of the brand, while maximising commercial benefits to support responsible and sustained growth.

Risk category	Risk appetite
Compliance	Zero tolerance
Financial	Low tolerance
Climate change	Low tolerance
Strategic	Moderate tolerance
Operational	Moderate tolerance

### Our principal risks

Our risk management system is designed to identify a broad range of risks and uncertainties which could adversely impact the profitability or prospects of the Group. Our principal and emerging risks are those which could have the most significant effect on the achievement of our strategic objectives, our financial performance and our long term sustainability.

The following pages set out the Group's principal and emerging risks, how they align to our strategy, example risk factors and the primary mitigating actions implemented for each risk during the year ended 31 December 2022. Principal risks change over time as some risks assume greater importance and others may become less significant.

We categorise principal risks within one of the following categories: Strategic, Operational, Compliance, Climate Change and Financial, and link each risk to one or more of the key strategies that underpin our business plan.

### Internal Audit & Risk Management

- Coordinates deployment of the ERMFS
- Maintains the corporate risk register
- Presents Board, Audit and Risk Committee and Executive Committee risk status updates
- Provides resources and training to support risk management activities
- Evaluates the design and operating effectiveness of principal risk mitigation plans

### Functional risk champions and risk owners

- Responsible for risk management at a functional level
- Maintain functional (bottom-up) risk registers and manage and develop risk mitigation plans
- Champion adherence to ERMFS principles and guidance within their functions
- Consider emerging risks and escalate to the Risk Management Committee as appropriate

### Risk Management Committee

- Identifies and assesses new and emerging risks
- Performs deep-dive reviews of risk mitigation plans
- Meets quarterly and reports to the Audit and Risk Committee and Executive Committee
- Representation from all functions across the business
- Ensures risks are managed in accordance with the Board's defined risk appetite
- Champions effective risk management and control across the business

### Board and Audit and Risk Committee

- The Board has delegated oversight of the ERMFS to the Audit and Risk Committee
- The Board has ultimate responsibility for establishing a framework of prudent and effective controls which enable risk to be assessed and managed
- Determine risk appetite
- Review effectiveness of risk mitigation plans and assurance activity
- Monitor status of risk management activity and reporting
- Review outputs of principal risk mitigation plan reviews

## Strategic risks

### Macroeconomic and political instability

Exposure to multiple political and economic factors could impact customer demand or affect the markets in which we operate.

**Risk movement**  
●

**Risk appetite**  
MODERATE

#### Link to strategy



#### Potential impact on business

- Global economic slowdown reducing demand for vehicles
- Unfavourable movement in exchange rates
- Adverse economic global conditions could adversely impact our dealer network or supply chain
- Commodity price increases and other inflationary pressure
- Increasing interest rates impacting the affordability of finance for customers

#### Risk mitigation

- Regular operational and financial reviews of the business
- Capital raise completed in 2022 to provide additional liquidity
- Business plan developed taking account of current macroeconomic environment
- Monitoring global market trends to target areas for future growth
- Routine monitoring of dealer stock levels to support build-to-order strategy

### Brand/reputational damage

Our brand and reputation are critical in securing demand for our vehicles and in developing additional revenue streams.

**Risk movement**  
▼

**Risk appetite**  
LOW

#### Link to strategy



#### Potential impact on business

- Product recall or quality issues could impact customer confidence and result in reduced demand
- Late delivery of new models/variants could impact customer confidence and loyalty and delay sales
- Failure to adhere to Dealer Operating Standards may result in the dealer network being ineffective in promoting and maintaining brand awareness and interest
- Inadequate dealer training in new products and technologies could impair the customer experience
- Activist action could result in damaged brand perception

#### Risk mitigation

- Standardised embedded quality procedures (e.g., 300 Call Procedure, Customer Perception Audit, Parts Approval Process) to maintain focus on vehicle quality
- Expanded dealer network and improved training to ensure delivery of a luxury customer experience
- Regional marketing plans developed quarterly to drive sales pipeline
- Fixed marketing investment programme to drive increased brand awareness and salience, including sponsorship of the Aston Martin Aramco Cognizant Formula One™ Team
- Quality-led production ramp up for the Aston Martin Valkyrie programme

### Technological advancement

It is essential to maintain pace with technological development to meet evolving customer expectations, remain competitive and stay ahead of regulatory requirements.

**Risk movement**  
●

**Risk appetite**  
LOW

#### Link to strategy



#### Potential impact on business

- The Group is reliant on strategic partnerships with third parties to support development of new and emerging technologies
- Competitors may have better access to funding to develop new technology faster and be first to market
- Changing and more stringent regulations may make current technology obsolete and increase the risk of future non-compliance
- Failure to incorporate new technology into vehicles may affect our ability to remain competitive

#### Risk mitigation

- Strategic arrangements with key partners, including the Strategic Cooperation Agreement with Mercedes-Benz AG, to provide powertrain and electrical architecture
- Development of commodity strategy plans
- Investment in Electrical Engineering team
- Development of new interiors for new sports cars
- Establishment of Connected Car team to develop stronger customer proposition for in-car technology
- Creation of an Innovation and Advanced Technology group with dedicated budget and process to advance innovative technology in advance of programme requirements

## Climate change risks

### Climate change

The impact of climate change could significantly impact demand for our vehicles, our ability to sell within certain markets or have financial consequences through increased carbon pricing, taxes and other regulatory restrictions on ICE vehicles.

**Risk movement**  
▼

**Risk appetite**  
LOW

#### Link to strategy



#### Potential impact on business

##### Transition risks

- Policy – new tailpipe emissions reduction targets or loss of small volume derogation status could lead to increased carbon taxes and import tariffs
- Market – customer preferences may move towards non-ICE powertrain options faster than anticipated
- Technology – disruption from new technologies or new market entrants together with increased demand for sustainable products
- Reputation – inability to create a credible sustainability proposition as we manage the transition from ICE to EV powertrains, or brand damage caused by activist activity

##### Physical risks

- Increased frequency/severity of extreme weather events causing supply chain disruption
- Potential increased insurance costs as more claims are made due to climate-related physical damage/business disruption

#### Risk mitigation

- *Racing. Green.* strategy launched and the establishment of the Sustainability Committee to oversee its implementation
- Strategic partnerships to develop PHEV and EV powertrains
- Investment in R&D to develop PHEV/BEV powertrain capabilities to enable first delivery of PHEV in 2024 and targeting our first BEV launch in 2025
- Investment in R&D to reduce average fleet GHG emissions
- Forward purchase/pooling of carbon credits to reduce exposure to carbon-related financial penalties and taxes and carbon offsetting
- Sourcing of 100% renewable electricity to power UK operations
- Committing to the SBTi to establish and track GHG reduction targets to establish a credible roadmap to net-zero in our manufacturing facilities by 2030 and our supply chain by 2039
- Setting target to increase biodiversity at our operations.
- Setting annual 2.5% reduction in Scope 1 emissions targets and plans

## Legend



Brand



Product innovation



Sustainability



Team

## Financial risks

### Liquidity

The Group may not be able to generate sufficient cash to fund its capital expenditure, service its debt or sustain its operations.

**Risk movement**  
●

**Risk appetite**  
LOW

#### Link to strategy



#### Potential impact on business

- Significant leverage levels may inhibit our ability to raise additional capital
- Significant debt servicing requirements reduce cash available to support other operational needs
- Liquidity restrictions could impact planned R&D investment
- Delays in payment to suppliers to manage short term cash requirements could result in supply chain disruption

#### Risk mitigation

- £654m equity capital raise completed in July 2022
- Renewed wholesale financing facilities implemented to facilitate faster cash collection
- Successful completion of \$200m debt tender in October 2022
- New products targeting minimum contribution levels of 40% to drive profit and cash generation
- Regular management review of cash and working capital balances
- Regular expenditure reviews held with the CEO and CFO and regular liquidity-focused Board reviews
- Monthly Treasury Committee
- Ongoing transformation activity to deliver targeted cost savings and efficiencies
- Cash pooling and repatriation of cash to ensure funds are available for Group priorities

### Impairment of capitalised development costs

The value of capitalised development costs continues to grow as we invest in and expand our product portfolio.

**Risk movement**  
●

**Risk appetite**  
LOW

#### Link to strategy



#### Potential impact on business

- Vehicle sales volumes fall below lifecycle plans and targets as a result of the impact of macroeconomic factors such as the current cost of living crisis and continuing global economic uncertainty and inflationary pressure or rising interest costs
- Vehicle pricing and contribution reduce to levels which no longer support the carrying value of the attributable capitalised costs
- Uncertainty of 'Carry Over – Carry Across' utilisation on future vehicle models and derivatives

#### Risk mitigation

- Capitalisation policy and procedures reviewed annually
- Impairment reviews performed where triggering events have been identified
- Regular vehicle line reviews undertaken to monitor sales volume and contribution performance for all car lines with any concerns communicated to Finance for consideration of potential impairment
- New product set entry level investment targets of 40% minimum contribution levels

## Compliance risks

### Compliance with laws and regulations

Non-compliance with local laws or regulations could damage our corporate reputation and subject the Group to significant financial penalties and/or trading sanctions/restrictions.

**Risk movement**  
●

**Risk appetite**  
ZERO

#### Link to strategy



#### Potential impact on business

- Non-compliance with product regulations (including emissions, noise, connected car security etc.) could inhibit the Group's ability to sell in certain markets
- Non-compliance with corporate conduct laws and regulations (including labour laws, human rights laws etc.) could result in financial penalties and/or brand/reputational damage
- Failure to keep pace with increasing stakeholder expectations to go beyond evolving ESG reporting requirements could result in brand/reputational damage which could ultimately affect our sales pipeline and planned growth

#### Risk mitigation

- Procedures are in place to obtain Vehicle Type Approval and homologation for all new production vehicles from the appropriate vehicle certification agencies to ensure that vehicles meet the required performance standards for the markets they are sold in
- Processes in place to track and monitor compliance with emissions reduction targets and other regulatory standards
- Corporate policies define our standards of behaviour in relation to key compliance areas (including anti-bribery and corruption, responsible procurement, health and safety, anti-slavery and human trafficking, environmental). We have a confidential reporting system, overseen by the Audit and Risk Committee, which enables the reporting of any suspected breach of policy or misconduct.
- Sustainability Committee provides oversight of the implementation of the Group's *Racing. Green.* strategy, supported by ten working groups.

## Operational risks

### Talent acquisition and retention

We may fail to retain, engage and develop a productive workforce and to develop key talent.

**Risk movement**  
●

**Risk appetite**  
MODERATE

#### Link to strategy



#### Potential impact on business

- Failure to build the right capabilities and behaviours in our leadership team
- Failure to engage or equip our teams to deliver our strategy or address key capability gaps
- Inability to fill key open positions may inhibit our ability to electrify our product portfolio in line with published timeframes

#### Risk mitigation

- Remuneration Committee oversight of senior leadership remuneration to ensure it is aligned to the strategy and appropriate for staff retention
- Regular review of talent and resource risks leveraging succession plans and employee engagement survey results
- Benchmarking of bonus and remuneration packages to drive employee performance and behaviours and remain attractive to external candidates in a buoyant UK job market
- Launch of Company values; Unity, Openness, Trust, Ownership and Courage, based around the concept that 'no-one builds an Aston Martin on their own'
- Talent review exercise undertaken for senior management and above population
- Company-wide performance bonus scheme to drive performance, embedding key finance and quality measures and targets

## Operational risks

### Programme delivery

Failure to implement major programmes on time, within budget and to the right technical specification could jeopardise delivery of our strategy and have significant adverse financial and reputational consequences.

**Risk movement** ● **Risk appetite** MODERATE

#### Link to strategy



#### Potential impact on business

- Insufficient funds to support current programme investment requirements
- Inability to manage third-party delivery in line with programme timelines and milestones
- Failure to adhere to the 'Mission' programme delivery governance framework could result in delayed launch of vehicles or unforeseen quality issues
- Delays in new Enterprise Resource Planning ("ERP") system go-live dates could expose the Group to increased risk of IT failure and resultant disruption to production and engineering activities

#### Risk mitigation

- Deployment of an established programme delivery methodology and regular Product Committee status reporting and oversight
- Restructure of business to Project Team focus with a Team Leader responsible for financials / quality / timing
- Enhanced focus on R&D financial forecasting for all capital expenditure
- Addition of innovation team to create new technologies to an appropriate Technology / Manufacturing Readiness Level
- New model pilot production line established in Gaydon to facilitate new product development
- Establishment of New Model Quality and Quality Business Planning teams to improve quality management activity

### Achieving financial and cost-reduction targets

The Group's size and low-volume demand-led strategy may inhibit its ability to deliver targeted cost reductions or work within budget constraints while delivering the planned vehicle programme.

**Risk movement** ● **Risk appetite** LOW

#### Link to strategy



#### Potential impact on business

- High levels of complexity across car lines can drive increased engineering requirements with associated increased resource and cash requirements
- Inflationary pressure on key input costs (e.g., raw materials, commodities, energy, labour) makes achievement of targeted reductions more challenging
- Instability in the supply base due to economic volatility may reduce opportunities to identify cost savings
- Ultra-luxury positioning demands the necessary marketing spend to generate brand and product awareness to build desirability and create future demand

#### Risk mitigation

- Cross functional team transformation activity with agreed cost target process and regular CEO-led cost reviews
- Development of commodity strategy with strategic suppliers to drive resilience and cost efficiency
- Synergies from leveraging common commodity strategies across platforms
- Increased focus on supply chain risk analysis
- Targeted marketing activity with support from key external agencies to ensure the necessary return on investment is obtained from marketing spend
- Budget and business planning activity reassessed in consideration of current inflationary headwinds

### Cyber security and IT resilience

Breach of cyber security could result in a system outage, impacting core operations and/or result in a major data loss leading to reputational damage and financial loss.

**Risk movement** ▼ **Risk appetite** LOW

#### Link to strategy



#### Potential impact on business

- Cyber attack resulting in disruption to operational services, possible data loss and related business outages
- Legacy systems reaching end of life may no longer be supported and become more susceptible to breach
- Insufficient investment in systems and resource leads to limited protection with critical vulnerabilities not being addressed in a timely manner

#### Risk mitigation

- Project continuing to deliver a new ERP system through 2023 to transition away from end-of-life legacy systems and drive efficiency within the IT infrastructure
- Enhanced IT general controls for access management, network access controls, remote access (e.g., multi-factor authentication) and password management
- 24/7 vulnerability monitoring using security tools including Darktrace, SentinelOne and cyber incident response procedures
- Significant investment in in-house Information Security team to mature cyber security control framework
- Benchmarking of cyber security controls against the National Institute of Standards & Technology ("NIST") governance framework

### Supply chain disruption

Supply chain disruption could result in production stoppages, delays, quality issues and increased costs.

**Risk movement** ▲ **Risk appetite** LOW

#### Link to strategy



#### Potential impact on business

- Suppliers may be unable to meet delivery schedules due to being in financial distress
- Unforeseen supplier failures, or disruption, can lead to production stoppages caused by delays in sourcing parts
- Raw material shortages (including semi-conductors) due to increased demand and global supply chain issues could impact Aston Martin's ability to meet planned production volumes

#### Risk mitigation

- Cross functional weekly risk reviews with key departments to identify current supply issues and actions to resolve
- Supplier scorecards and performance metrics developed to drive improvement and encourage best practice
- Internal Customs team established to manage and mitigate procedural/policy changes post Brexit
- Periodic due diligence performed on key suppliers including Dun & Bradstreet financial health checks
- Supplier strategy implemented to develop strategic and sustainable partnerships to improve supply chain resilience
- Supply chain and logistics transformation project commenced

## Legend



## Risk management activities in 2022 and plans for 2023

### Identification of risks

We identify and manage risk using a top-down bottom-up approach.

- Top-down – Identification, assessment, prioritisation, mitigation, monitoring and reporting of risk at a corporate level. Overseen by the Audit and Risk Committee and the Risk Management Committee.
- Bottom-up – Identification, assessment, prioritisation, mitigation and monitoring of risk across all operational and functional areas.

The corporate and functional risk registers have been maintained and updated to reflect changes in the business and the external environment. These continue to be periodically reviewed by the Risk Management Committee. The updated corporate risk register is reviewed and

formally re-evaluated at the half and full year to identify any changes required to the disclosed principal risks. These changes and the summary of principal and emerging risks are then presented to the Audit and Risk Committee for review and approval.

### Risk management system

The Aston Martin ERMFS continues to be deployed across the Group. This was subject to an annual review and approved by the Executive Committee and the Audit and Risk Committee in July 2022. The Risk Management Committee met three times during 2022.

### Management actions and deep dives

The Internal Audit & Risk Management team incorporates independent validation reviews of the principal risk mitigation plans within its annual Audit Plan, the purpose being to provide

independent assurance to management, the Audit and Risk Committee and the Board on the effectiveness of management actions to mitigate risks.

The team works with functional Risk Champions to maintain formal risk mitigation plans to articulate clearly the nature and extent of the principal risks and their associated mitigating actions. These are used to provide the Board and Audit and Risk Committee with management self-assessments on the effectiveness of risk mitigation plans and activities.

During 2022 the following key risk management activities have been undertaken:

- Three Risk Management Committee meetings with deep-dive risk reviews covering:
  - political instability and supply chain risks associated with the war in Ukraine

- climate change transitional and physical risks; and
- fraud risk assessment.

- Workshops held to formalise Group response to climate-related transition risks.
- Independent cyber security risk and control maturity assessment and benchmarking against the NIST global framework.
- Twice-yearly formal validation and approval of corporate and functional risk registers.
- Executive Committee review and agreement of the Group's principal and emerging risks.
- Annual review of ERMFS and Risk Management Policy.

The following principal risk mitigation plan reviews have been included within the 2023 Internal Audit plan:

- Programme delivery
- Ability to recruit and retain required talent.

## Viability Statement

The Directors have carried out a robust review of the principal risks of the Group, which are set out on pages 82-84, identifying the nature and potential impact of those risks on the viability of the Group, together with the likelihood of them materialising.

This analysis has then been used to carry out an assessment of the ability of the Group to continue in operation and meet its obligations. The assessment covers the five-year period from January 2022 to December 2027. This was considered appropriate by the Directors because it aligns with the business plan and the Group's normal planning horizon and is indicative of the investment and development cycle of new products in the luxury car market. The assessment includes the costs anticipated in relation to our strategy and our views of the impact of climate change (see note 1 to the Financial

Statements). Inevitably, the degree of certainty decreases over this period.

The assessment process consisted of stress testing the base case in the business plan for scenarios designed to reflect the potential impact of the principal risks materialising in a compound scenario, including the following:

- A severe but plausible reduction in sales volumes as a result of factors such as a material reduction in the size of the luxury market due to external factors (such as a decrease in demand from High Net Worth Individuals, increased direct and indirect taxation and changes in consumer habits away from luxury vehicles)
- Incremental fixed and variable costs
- Incremental working capital requirements such as reduced deposit inflows or increased deposit outflows

- The impact of strengthening sterling:dollar exchange rates

In the event of one or more risks occurring which has a particularly severe effect on the Group, the assessment assumed that all appropriate actions would be taken in a timely manner by management to mitigate as far as possible the impact of the risks. Potential mitigating actions include constraining capital spending, seeking additional funding and/or a number of other adjustments to operations in the normal course of business.

In all scenarios it is assumed that any borrowings that mature in the review period will be renewed or replaced with facilities of similar size. The projections show that, even in stressed conditions, the Group should be able to refinance these facilities on commercially acceptable terms, assuming that debt markets continue to operate as currently.

In addition, we have assumed that no additional legislative action will be taken that impacts the sale of our products within the Viability Statement timeframe.

The Directors have assessed the viability of the Group over the five-year period to 31 December 2027 and, based on this assessment and the assumptions stated above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027.

The Strategic Report was approved by the Board and signed on its behalf by:

**Amedeo Felisa**  
Chief Executive Officer  
28 February 2023

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# Corporate Governance





“Strong leadership and governance provide us with the foundations for our long-term growth.”

ANNUAL GENERAL MEETING

23 MAY 2022



ASTON MARTIN LAGONDA



**Governance is essential to building a successful business that is sustainable for the longer term. Aston Martin is committed to ensuring and maintaining high standards of corporate governance to enhance performance and strengthen stakeholder confidence.**

**Board nationality statistics**

- British 5
- American 5
- Canadian 1
- Italian 3
- Saudi Arabian 1



Natalie Massenet has dual British and American nationality and Antony Sheriff has dual Italian and American nationality

**Our Board composition**

- Shareholder Representative Directors (including the Executive Chairman) 5
- Executive Directors 2
- Independent Non-executive Directors 6



**Board sector experience**

- Engineering 3
- Automotive 3
- Luxury brand 4
- Finance/banking 4
- Marketing/commercial 3
- Legal 1



Some members of the Board have sector experience in more than one category

**Board gender statistics**

**38%**

of Board positions which are not shareholder nominated are held by women

**50%**

of our Independent Non-executive Directors are women

**Our major shareholders**

- Yew Tree Consortium\* 28.4%
- Public Investment Fund\* 18.7%
- Invesco 10.2%
- Mercedes\* 9.8%
- Geely 7.6%



\* Denotes a major shareholder with Board representation in accordance with the respective Relationship Agreement entered into between the Company and that shareholder.

## Executive Chairman's introduction to governance



### Dear shareholder

I am pleased to introduce the Governance section of this year's Annual Report. In this section we provide detail on our corporate governance at Aston Martin, how we make decisions and how we comply with the UK Corporate Governance Code. Effective governance, together with the strength of leadership of our Board, provides us with the foundations to execute and deliver our strategic objectives.

Good governance also provides a platform for us to achieve cultural change. It creates an environment of accountability and empowerment, in line with our values.

The Board has closely monitored culture within the business throughout the year as we continue to navigate times of macro uncertainty and challenges specific to our business. The Board is confident that we have the right leadership and talent throughout the business to *Accelerate. Forward.*

### Board changes

The composition of the Board has continued to evolve this year. Amedeo Felisa became our Chief Executive Officer in May, having been a Non-executive Director of the Company since July 2021. Amedeo is one of the most highly regarded leaders and engineering professionals in the high-performance luxury sports car sector having spent his entire career in automotive and engineering with over 26 years in leadership roles at Ferrari, including eight as Chief Executive Officer. We are very fortunate to benefit from his engineering and product development expertise as we work towards our roadmap to electrification.

Also in May, Doug Lafferty became Chief Financial Officer. Doug's experience as a FTSE 250 Chief Financial Officer and his work for the Williams racing team is incredibly valuable to the Board as we continue to focus on delivering our strategic objectives and financial targets.

In October we announced the appointment of Sir Nigel Boardman as an Independent Non-executive Director. Sir Nigel has also been appointed to the Audit and Risk Committee and the Nomination Committee. Sir Nigel was a partner at the law firm Slaughter and May from 1992–2019 and his extensive corporate experience makes him a great addition to our independent Non-executive Directors.

Following the completion of our capital raise, in November we announced the appointment of the two Shareholder Representative Directors for the Public Investment Fund, Ahmed Al-Subaey and Scott Robertson. Their appointments to the Board are an important part of our relationship with the Public Investment Fund, our second largest shareholder.

### Board diversity

We have amended our Board Diversity Policy to reflect the spirit of the FTSE Women Leaders Review and the Financial Conduct Authority's new diversity targets, so that the Board seeks to achieve and maintain 40% of Board positions which are not subject to shareholder appointments to be held by women. That percentage is currently 38%. The Board is committed to achieving and maintaining diversity at Board level and throughout the business in line with the FTSE Women Leaders Review and the Financial Conduct Authority's new diversity targets and will continue to monitor the progress being made.

The Board has already met one of the Financial Conduct Authority's new targets, which will be effective for financial accounting periods commencing 1 April 2022

onwards, that at least one Director on the Board is from an ethnic minority background.

### Listening to our employees

Success is through our people and our culture is as important as strategy. As a Board we need to understand the culture at Aston Martin, how it is changing and how it impacts the delivery of our strategy. Anne Stevens and Marigay McKee both took the opportunity to spend time with members of the workforce during the year, sharing their experience and listening to employee feedback. You can read more about this on pages 102-103.

### Board evaluation

Due to the Board composition significantly changing again this year, rather than an external Board evaluation, we decided to undertake an internal evaluation but with the assistance of a third-party provider which assisted with the questionnaires and the analysis of the results and provided external benchmark data. More information on our Board evaluation is set out on pages 108-109.

I would like to thank all the members of the Board for their significant efforts and valuable contributions during the year. I would also like to take this opportunity to thank our employees, our customers, our shareholders and all our other stakeholders for your continued support.

Yours sincerely,

**Lawrence Stroll**  
Executive Chairman

- Key**
- Chair
  - Observer
  - A Audit and Risk Committee
  - N Nomination Committee
  - R Remuneration Committee
  - S Sustainability Committee
  - W Warrant Share Committee

**Executive Directors**



**Lawrence Stroll** N R W  
 Executive Chairman  
🇨🇦 20.04.20

**Skills and relevant experience**  
 Lawrence joined the Company as Executive Chairman after leading the Yew Tree Consortium investment in the Company in April 2020. Lawrence has a long career of acquiring and building luxury brands including Polo Ralph Lauren, Tommy Hilfiger and Michael Kors and brings his wealth of leadership and executive experience to the Board. He has also been an active investor in the automotive and motorsport sectors, leading a consortium to acquire the Force One India racing F1® team in 2018, which was subsequently rebranded as the Aston Martin Aramco Cognizant F1® team in 2021.

**External appointments**  
 Member of Yew Tree Consortium  
 Co-owner Aston Martin Aramco Cognizant F1™ team  
 AMR GP Services Limited  
 AMR GP Limited



**Amedeo Felisa** W  
 Chief Executive Officer  
 since May 2022 🇮🇹 04.05.22

**Skills and relevant experience**  
 Amedeo was appointed Chief Executive Officer in May 2022 having previously served on the Board as a Non-executive Director since July 2021. Amedeo brings to the Board his extensive automotive industry and technical and commercial experience. Amedeo spent 26 years of his career with Ferrari S.p.A in senior management roles, the last eight years of which as the Chief Executive Officer.

Prior to joining Ferrari, Amedeo was a product development team leader at Alfa Romeo S.p.A. Amedeo was awarded a degree in mechanical engineering from the Milan Polytechnic University.

**External appointments**  
 Atop S.p.A (Chairman)  
 IMA Group (Senior Advisor to the Chairman)



**Doug Lafferty** W  
 Chief Financial Officer  
 since May 2022 🇬🇧 01.05.22

**Skills and relevant experience**  
 Doug Lafferty was appointed Chief Financial Officer in May 2022. Prior to joining Aston Martin, Doug was the Chief Financial Officer of FTSE 250-listed fuel retailer Vivo Energy plc. He previously spent three years as Chief Financial Officer for Williams Grand Prix Holdings plc and 16 years in a wide range of senior finance and leadership roles at British American Tobacco.

Doug is a member of CIMA and holds a BSc Hons in Management Studies from Royal Holloway, University of London

**External appointments**  
 None

**Other Directors serving during the year**

**Tobias Moers**  
 Stepped down as Chief Executive Officer on 4 May 2022.

**Kenneth Gregor**  
 Stepped down as Chief Financial Officer on 1 May 2022.

## Independent Non-executive Directors



**Antony Sheriff** A N R S  
Senior Independent Non-executive  
Director 🇺🇸 🇮🇹 01.02.21

### Skills and relevant experience

Antony is an experienced automotive and luxury sector executive whose experience and skillset span product development, marketing and business strategy. Antony is currently the Executive Chairman and Chief Executive Officer of Princess Yachts Limited. Antony started his career at McKinsey & Company in 1988 and then held a number of executive positions at Fiat Auto S.p.A. from 1995 to 2003. From 2003 to 2013 Antony was the Chief Executive Officer and Managing Director of McLaren Automotive Ltd, where he created and built the sports car business. Since 2014, Antony has also held several Non-executive and advisory positions with innovative start-ups in the automotive and aerospace businesses.

Antony holds a BS Engineering and BA Economics from Swarthmore College and a MS Management from the Massachusetts Institute of Technology, Sloan School of Management.

### External appointments

Princess Yachts Limited  
(Chief Executive Officer)  
Pinfarina S.p.A.  
(Independent Non-executive Director)  
Bugatti Rimac d.o.o.  
(Independent Non-executive Director)



**Robin Freestone** A N R  
Independent Non-executive  
Director 🇬🇧 01.02.21

### Skills and relevant experience

Robin is a qualified chartered accountant, with significant financial, management, business transformation and diversification experience within leading UK-listed global businesses. Previously, Robin held a number of senior executive finance roles in the industrial sector (1985-2004) with ICI plc, Amersham International plc and Henkel Ltd where he was the Chief Financial Officer. He subsequently joined the publishing company Pearson plc in 2004, the last nine years of which he served as its Chief Financial Officer.

Robin has wide Non-executive Director experience and was previously a Non-executive Director at eChem Limited, Chair of the 100 Group and Senior Independent Director and Chair of the Audit Committee of Cable & Wireless Communications plc.

Robin holds a BA in Economics from Manchester University.

### External appointments

Moneysupermarket.com  
(Chair and Nomination  
Committee Chair)  
Capri Holdings Ltd (Lead Director)



**Dame Natalie Massenet, DBE** R  
Independent Non-executive  
Director 🇬🇧 🇺🇸 08.07.21

### Skills and relevant experience

Natalie brings her wealth of luxury retail sales, marketing and commercial experience to the Board. Natalie is the co-founder and managing partner of Imaginary Ventures, a capital firm focusing on innovations at the intersection of retail and technology. Previously, Natalie revolutionised luxury retail when she founded Net-a-Porter in 1999, and subsequently, the Outnet and Mr Porter growing the group of brands into one of the world's most influential fashion businesses. Natalie has also held several non-executive and advisory positions as a Director of NuOrder Inc (2021), a Director and Co-Chairman of Farfetch Inc (2017-2020) and the Chairman of British Fashion Council (2012-2017).

In 2016 Natalie was made Dame Commander of the British Empire in recognition of her contributions to the UK fashion and retail industry.

### External appointments

Imaginary Ventures  
(Managing Partner)  
Everlane Inc (Director)



**Marigay McKee MBE** S  
Independent Non-executive  
Director 🇬🇧 08.07.21

### Skills and relevant experience

Marigay has extensive retail sales, marketing and luxury brand experience. In 2018, Marigay co-founded Fernbrook Capital LLC, a venture fund based in New York and Los Angeles, specialising in consumer tech. Marigay started her career at Estée Lauder in Europe, and then joined Harrods in 1999 as Head of its beauty department. In her 14 years at Harrods, she spent the last six years as Chief Merchant Officer where she developed and executed a strategic vision to make Harrods the gold standard for the exclusive launch of luxury and premium brands. In 2013, Marigay joined Saks Fifth Avenue in New York as its President rebuilding Saks' luxury launch platform for new and emerging and international brands.

In the 2022 Queen's New Year Honours List, Marigay was awarded an MBE in recognition of her services to British retail overseas.

### External appointments

Fernbrook Capital LLC (Director)  
EShopWorld  
(Advisory Council Member)  
The Webster (Board Member)  
The Shed (Board Member)

- Key**
- Chair
  - Observer
  - A Audit and Risk Committee
  - N Nomination Committee
  - R Remuneration Committee
  - S Sustainability Committee
  - W Warrant Share Committee

### Independent Non-executive Directors continued



**Dr. Anne Stevens** A N R S  
 Independent Non-executive  
 Director 01.02.21  
**Workforce engagement Director**

**Skills and relevant experience**  
 Anne brings to the Board significant operational, commercial and transformational experience in global businesses. Anne is an engineer and started her career in the chemical industry with Exxon Corporation before moving to automotive with the Ford Motor Company (1990-2006). During her 16-year tenure at Ford, Anne held a number of senior positions, culminating in her being the Chief Operating Officer for the Americas. On retiring from Ford, Anne joined Carpenter Technology Corporation (2006-2009) as its Chairman, President and Chief Executive Officer. Anne has extensive Non-executive Director experience and has previously served as Chairman, CEO and Principal of SA IT (2011-2014), as a Non-executive Director on the board of XL Group and Lockheed Martin before joining GKN plc as a Non-executive Director where she was briefly CEO during the hostile takeover by Melrose plc in 2018. Anne received a BS in Materials and Mechanical Engineering from Drexel University in 1980 and was elected to the National Academy of Engineering in 2004.

**External appointments**  
 Harbour Energy plc  
 (Non-executive Director and  
 Remuneration Committee Chair)



**Sir Nigel Boardman** A N  
 Independent Non-executive  
 Director 01.10.22

**Skills and relevant experience**  
 Sir Nigel joined the Board in October 2022. He was partner at the law firm Slaughter and May from 1982 until 2019 specialising in mergers and acquisitions and corporate advisory and remained a consultant at the firm until early 2022. Sir Nigel was awarded a Knighthood in the Queen's Birthday Honours List in June 2022 for services to the legal profession. Sir Nigel is Chair of Help for Heroes, a military veterans charity, is Trustee and Chair designate of The Medical College of Saint Bartholomew's Hospital Trust, a charity funding medical research and is Trustee Emeritus and member of the audit committee for the British Museum. He was previously a Non-executive board member of the Department for Business, Energy & Industrial Strategy and chaired its audit committee.

**External appointments**  
 Arbuthnot Latham (Chair)  
 Arbuthnot Banking Group  
 (Non-executive Director)  
 Mile Group Unlimited (Chair)  
 Glyde Group Unlimited (Chair)

### Shareholder representative Directors

**Lawrence Stroll** Executive  
 Chairman, Representative of the Yew  
 Tree Consortium (see page 90)



**Michael de Picciotto** A W  
 Non-executive Director,  
 Representative of the  
 Yew Tree Consortium 24.04.20

**Skills and relevant experience**  
 Michael is a prominent investor and businessman who has extensive experience in asset management, private banking and trading.

Michael started his career at RBC Dominion Securities, a global Canadian investment bank before joining Union Bancaire Privée (UBP), a family-owned Swiss private bank in London and Geneva where he worked for 27 years until 2015. During his tenure at UBP, Michael held a number of senior leadership positions including responsibility for UBP's global financial activities. He also served as a long-standing member of the Executive Board of UBP From March 2016 to September 2021. Michael was the Vice-Chairman of the Supervisory Board of Engel & Völkers AG, a Hamburg-based real estate group founded in 1977, which was sold in August 2021 to the investment fund Permira.

Michael studied at the Ecole des Hautes Etudes Commerciales at the University of Lausanne.

**External appointments**  
 Member of the Yew Tree  
 Consortium

## Shareholder representative Directors



**Franz Reiner** A N R  
 Non-executive Director,  
 Representative of  
 Mercedes-Benz AG 08.07.21

### Skills and relevant experience

Franz is an industrial engineer who holds a wealth of executive experience and a deep understanding of the global automotive industry. He joined the Mercedes-Benz Group in 1992 and in his 29 years with Mercedes-Benz he has held various senior and management board positions within sales, product management, banking and financial services. In his current role as Chairman and CEO of Mercedes-Benz Mobility AG, he promotes Mercedes-Benz's transformation into an integrated, digitised financial services provider through strategic partnerships and investments in start-ups by providing financial, mobility and transport services as well as developing mobility and transport service concepts.

### External appointments

Mercedes-Benz Mobility AG (CEO and Chairman of the Board)  
 VfB Stuttgart 1983 AG (Supervisory Board Member)  
 Mercedes-Benz Leasing Deutschland GmbH (Supervisory Board member)  
 Allianz Global Corporate and Speciality SE (Advisory Council)



**Ahmed Al-Subaey**  
 Non-executive Director  
 Representative of the Public  
 Investment Fund 01.11.22

### Skills and relevant experience

Ahmed Al-Subaey joined the Board as Representative Non-executive Director of the Public Investment Fund in November 2022.

Ahmed is Chief Executive Officer of Bahri, the National Shipping Company of Saudi Arabia, which is listed on the Saudi Stock Exchange. He was previously the CEO of S-Oil in South Korea and has held various leading roles in Saudi Aramco, most recently Vice President for Marketing, Sales and Supply Planning. Ahmed holds a BSC and Masters degree in electrical engineering from the University of Arizona and an executive MBA from Stanford University.

### External appointments

Bahri (CEO)



**Scott Robertson** A N R  
 Non-executive Director:  
 Representative of the Public  
 Investment Fund 01.11.22

### Skills and relevant experience

Scott Robertson joined the Board as Representative Non-executive Director of the Public Investment Fund in November 2022.

He is a Senior Director and the Head of Public Investments in the International Investments Division at the Public Investment Fund (PIF) of the Kingdom of Saudi Arabia.

Prior to joining the Public Investment Fund in 2018, Scott worked in various investment positions at Soros Fund Management, Paulson & Co. and Stonepeak Partners. Scott holds a Bachelor of Arts in Economics from Cornell University, where he graduated Phi Beta Kappa.

### External appointments

Public Investment Fund (Senior Director)

## Company Secretary



**Liz Miles**  
 Company Secretary  
 20.06.22

### Skills and relevant experience

Liz joined Aston Martin as Company Secretary in June 2022. Liz is a solicitor and company secretary with significant experience of listed company governance and compliance.

Prior to joining Aston Martin, Liz was Company Secretary at Landsec, a FTSE 100 property investment and development company, having previously worked at Vodafone Group Plc in a variety of legal and company secretariat roles and prior to that in private practice at Linklaters. Liz is a Fellow of the Chartered Governance Institute.

The Company Secretary provides advice and support to the Board, its Committees and the Chairman, and is responsible for corporate governance across the Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

**Our Executive Committee is made up of our Executive Chairman, Chief Executive Officer, Chief Financial Officer (details of whom are set out on page 90) and the Chief roles set out below.**



**Michael Straughan**  
Chief Operating Officer  
🇬🇧 07.12.20

Michael joined the business in December 2020 and is the Chief Operating Officer of Aston Martin Lagonda, responsible for all manufacturing operations for the Company.

Michael has over 30 years of automotive experience, holding senior positions in Nissan, Volvo Cars, LDV and Jaguar Land Rover, then joining the Board of Bentley Motors before becoming the Chief Operating Officer of luxury yacht manufacturer Sunseeker in 2017.

Michael has a proven track record of delivery, turnaround and restructuring, creating shareholder value.



**Marek Reichman**  
Chief Creative Officer  
🇬🇧 01.05.05

Marek joined Aston Martin Lagonda in 2005 and is the Chief Creative Officer responsible for all design developments for the Company. During his professional career he has held design roles at Ford, BMW, Land Rover, Rover Cars and Nissan and Chief Designer for the reinvention of Rolls-Royce Motor Cars. Prior to joining Aston Martin Lagonda, he was Design Director at Ford North America.

Marek holds a BA in Industrial Design from Teesside University and an MDes in Vehicle Design from the Royal College of Art, London. In 2011, Marek received an honorary doctorate from Teesside University.



**Marco Mattiacci**  
Chief Global Brand and Commercial Officer 🇮🇹 01.10.21

Marco joined the business in October 2021 and is the Chief Global Brand and Commercial Officer of Aston Martin Lagonda, responsible for all sales and marketing and communications for the Company.

Marco has over 30 years of automotive experience gained all over the world. Marco spent the first ten years of his career at Jaguar Cars in the UK and then moved to Ferrari, where he spent over 15 years in the roles of CEO of Ferrari North America, CEO of Ferrari Asia Pacific and Managing Director and Team Principal of the Scuderia Ferrari Formula One™ racing team. In 2016, Marco joined Faraday Future in the USA, as its Global Chief Brand Officer and Chief Commercial Officer. Upon leaving Faraday in 2017, Marco advised automotive clients with McKinsey & Company.





**Roberto Fedeli**  
Group Chief Technology Officer  
🇮🇹 01.06.22

Roberto is Group Chief Technology Officer at Aston Martin Lagonda, leading the engineering team, having joined the Company in June 2022.

Roberto is a proven leader in the luxury high-performance sports cars sector. He is considered the creator of Ferrari LaFerrari, the Italian company's first hybrid supercar as well as some of its most iconic models during his 26 year tenure.

Roberto brings his extensive knowledge, passion for innovation and his most recent experiences in the implementation of electrification technologies during his time at BMW.

Roberto holds a Master's degree in Aerospace.



**Giorgio Lasagni**  
Chief Procurement Officer  
🇮🇹 01.01.23

Giorgio joined Aston Martin in January 2023 to lead the procurement function. Giorgio has extensive experience of procurement and supply chain management and strategy.

Giorgio joined Aston Martin from Zoppas Industries S.p.A, an Italian heating element company where he was Global Purchasing and Supplier Development Director and redesigned the purchasing and supplier development functions. Prior to that Giorgio was at Robur S.p.A, and Candy Hoover Group S.p.A, holding a number of Business Unit Director and procurement positions.

Giorgio spent just under eight years of his career at Ferrari S.p.A, holding a variety of roles including Purchasing and Supplier Development Director and Ferrari & Maserati Engine Manufacturing Director.

Giorgio holds a Master's degree in Architecture from the Politecnico of Milan.



**Michael Marecki**  
General Counsel  
🇺🇸 02.07.07

Michael joined Aston Martin Lagonda in July 2007 and is the General Counsel. Michael is responsible for all legal and regulatory matters for the Company.

Prior to his current position, Michael worked for the Ford Motor Company Inc (1988-2007), latterly as the Assistant General Counsel, Environment and Safety.

Michael holds a Juris Doctor from Georgetown University Law Center and a Bachelor of Arts from Fordham University.



**Simon Smith**  
Chief People officer  
🇬🇧 11.04.22

Simon joined Aston Martin Lagonda in April 2022 as Chief People Officer.

Simon has extensive HR experience across the engineering and manufacturing sector, starting his career with Peugeot and spending a significant part of his career at both Alstom and Rolls-Royce. More recently Simon has held transformation and strategy leading HR roles at Johnson Matthey and Legal and General Modular Homes.

Simon is a fellow of the CIPD, is a qualified Executive Coach and holds a BA Hons in Politics and International Relations from Lancaster University.

## Overview

This Report sets out the Board's corporate governance structures and work from 1 January 2022 to 31 December 2022. Together with the Directors' Remuneration Report on pages 125-145, it includes details of how the Company has applied and complied with the principles and provisions of the 2018 UK Corporate Governance Code (the "Code"). The Code is published by the Financial Reporting Council ("FRC") and further information can be found on its website ([www.frc.org.uk](http://www.frc.org.uk)). The Code is supported by the FRC's Guidance on Board Effectiveness, which the Board uses to support its approach to governance and decision-making.

## Compliance with the UK Corporate Governance Code

The Code requires companies to describe in their annual report how they have applied the main principles of the Code and also any areas where companies do not comply with the Code provisions. The Directors consider that the Company has been compliant with the Code provisions as applied during the year ended 31 December 2022, other than the exceptions as set out below. It is noted that the composition of the Board is impacted by the rights of the significant shareholders under their respective Relationship Agreements (see the Directors' Report, page 149).

*Code provision 9 recommends that the chair should be independent on appointment.*

Lawrence Stroll assumed the position of Executive Chairman on 20 April 2020 and was not independent on appointment as he is a member of the Yew Tree Consortium, a major shareholder. As disclosed in February 2020, his appointment was a condition of the Yew Tree Consortium's investment in the Company and was in accordance with the Relationship Agreement entered into between the Company and the Yew Tree Consortium. The Nomination Committee and the Board consider that Lawrence Stroll has demonstrated objective judgement throughout his tenure and him continuing in the role of Executive Chairman for the foreseeable future is in the best interests of the Group and its stakeholders in order to utilise his proven leadership qualities and his significant experience in building luxury brands. He has offered himself for re-election every year since his appointment and shareholders have overwhelmingly voted in favour of his re-election. In the Board's opinion, the Company's governance checks and balances are strong and effective:

- the Executive Chairman is subject to challenge from the Company's Senior Independent Director, the Executive Directors and the Independent Non-executive Directors;
- the Independent Non-executive Directors make up 50% of the Board (excluding the Executive Chair) and play an important role in ensuring that no individual or group dominates the Board's decision-making process; and
- there is a clear division between the responsibilities of the Executive Chairman, the Senior Independent Director, the Executive Directors and the Independent Non-executive Directors, which ensures accountability and oversight.

Code provision 21 states that the chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The Board evaluation was due to be externally facilitated in 2021 but with the extensive number of Board changes in the year it was considered that there would be little benefit from such an evaluation and a decision was taken to postpone the external evaluation. Due to the continuing Board changes in 2022, with a new Chief Executive Officer, a new Chief Financial Officer, a new Independent Non-executive Director and two new Shareholder Representative Directors joining the Board, the Board concluded that once again there would be little value in an externally facilitated evaluation. Therefore it was agreed that a more rigorous internal evaluation would be carried out for 2022, with the assistance of a third-party survey which provided a platform for more meaningful analysis of results. Further details can be found on pages 108-109.

## Effective Board and its role

The Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to the Board. The Directors and their biographies and skills and experience are set out on pages 90-93. Details of the changes to the Board during 2022 are set out on page 89. At the date of this Report the Board comprised 13 members: the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and ten Non-executive Directors, of whom six are considered independent for the purposes of the Code.

The Directors are appointed by the Board and are subject to annual re-election by shareholders. The Company's significant shareholder groups, in line with the respective Relationship Agreements, have nominated Directors who have been appointed to the Board; further details of these arrangements are set out on page 149 of the Directors' Report. The Board is satisfied that there is a sufficient balance between Executive and Non-executive Directors on the Board to ensure that no one individual has unfettered decision-making powers and that Directors are able to discharge their duties and responsibilities.

## Governance framework

The Company has a clear corporate governance framework which was established to provide clear lines of accountability and responsibility. The governance framework is set out on pages 98-99 and provides an overview of the roles of the Board, its Committees and members of the Executive Committee.

The Board has established terms of reference that set out the matters that it must approve and the specific responsibilities that it has delegated to its principal Committees: the Audit and Risk Committee, Remuneration Committee, Nomination Committee and Sustainability Committee. Each of the Committees' roles and responsibilities are set out in formal terms of reference, which are determined by the Board. The term of reference are available for review on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). Reports from each of these Committees are provided on the following pages.

A total of 14 Board meetings were held during the year: seven scheduled and seven unscheduled. Attendance is set out below.

Lawrence Stroll	14/14
Amedeo Felisa	14/14
Doug Lafferty <sup>1</sup>	9/9
Antony Sheriff	14/14
Robin Freestone <sup>2</sup>	11/14
Natalie Massenet <sup>3</sup>	12/14
Marigay McKee <sup>4</sup>	13/14
Anne Stevens	14/14
Michael de Picciotto	14/14
Franz Reiner <sup>5</sup>	12/14

#### New Directors

Sir Nigel Boardman <sup>6</sup>	2/2
Ahmed Al-Subaey <sup>7</sup>	1/1
Scott Robertson <sup>8</sup>	1/1

#### Former Directors

Tobias Moers <sup>9</sup>	5/6
Ken Gregor <sup>10</sup>	5/6

- 1 Doug Lafferty joined the Board on 1 May 2022.
- 2 Robin Freestone missed three unscheduled Board meetings due to the meetings being called at very short notice.
- 3 Natalie Massenet missed three unscheduled Board meetings due to the meetings being called at very short notice.
- 4 Marigay McKee missed one unscheduled Board meeting due to the meeting being called at very short notice.
- 5 Franz Reiner missed a scheduled Board meeting in September due to unavoidable business commitments.
- 6 Sir Nigel Boardman joined the Board on 1 October 2022.
- 7 Ahmed Al-Subaey joined the Board on 1 November 2022.
- 8 Scott Robertson joined the Board on 1 November 2022.
- 9 Tobias Moers stepped down from the Board on 4 May 2022.
- 10 Ken Gregor stepped down from the Board on 1 May 2022.

In instances where unscheduled Board meetings were called upon very short notice and certain Board members were unable to attend, the Company Secretary updated the Board members following the meeting and the Directors were invited to provide any comments or observations to the Executive Chairman.

An agenda and accompanying pack of detailed papers are circulated to the Board in advance of each Board meeting. Currently these include reports from the Executive Directors, other members of senior management and external advisors. Members of senior management may be invited to present relevant matters to the Board. All Directors are able to request additional information on any of the items to be discussed. Additionally, Directors have access to the advice and services

The Board's terms of reference state that it must consider and approve the following:

The Group's strategic aims, objectives and commercial strategy	Review of performance relative to the Group's business plans and budgets
Major changes to the Group's corporate structure, including acquisitions and disposals	The system of internal controls and Risk Management Policy
Major changes to the capital structure including tax and treasury management	Major changes to accounting policies or practices
Financial statements and the Group dividend policy including any recommendation of a final dividend	The Group's corporate governance and compliance arrangements
	The Group's risk appetite

of the Company Secretary and independent and professional advice at the Company's expense should they determine that this is necessary to discharge their duties.

All Board and Committee meetings are minuted and formally approved at the next meeting. Board minutes contain details of the Directors' decision-making processes and any follow-up actions or concerns raised by the Directors. The Executive Chairman works closely with the Company Secretary to plan and schedule Board and Committee meetings and to make quality information available in a timely fashion.

#### Disclosure Committee

The Board delegates responsibility for the final approval of its financial results disclosures and Annual Report to the Disclosure Committee. The Disclosure Committee is also responsible for the identification and disclosure of inside information. The Disclosure Committee is chaired by the Chief Financial Officer with the Chief Executive Officer, General Counsel, Company Secretary, Director of Investor Relations, Director of Internal Audit & Risk, Director of Accounting, Banking & Tax and the Director of Finance, Financial Planning & Analysis as members of the Committee.

#### Product Strategy Committee

Between January and April 2022, the Product Strategy Committee operated as a Committee of the Board to provide a clear focus and support to the Company's product strategy and product planning activities, in particular in relation to its technology and engineering activities. The members of the Committee were Antony Sheriff and Amedeo Felisa as Independent Non-Executive Directors, the Executive Chairman, Chief Executive Officer, Chief Creative Officer and Global Chief Brand and Commercial Officer. This Committee was disbanded as a Board Committee in May 2022 upon the new Executive Committee team being established and continues to now operate as a management committee.

### The Board

The role of the Board is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society by providing effective leadership and direction to the business as a whole. It sets the Group's strategy and ESG strategy, having regard to stakeholders, while maintaining a balanced approach to risk within a framework of effective controls. It has also established the Company's purpose and values and monitors culture to ensure alignment. It sets the tone and approach to corporate governance and is responsible for the overall financial performance of the Group.

### Board Committees

**Nomination Committee**  
 Reviews Board composition and diversity, proposes new Board appointments and reviews succession planning and talent development.

**Audit and Risk Committee**  
 Oversees the Group's financial reporting and reviews the integrity of the Group's Financial Statements, the adequacy and effectiveness of the Group's systems of internal control and risk management, and maintains the relationship with the External Auditor.

**Warrant Share Committee**  
 Responsible for approval of the allotment and the issue of Warrant Shares in accordance with the terms of the Warrant Instrument.

**Remuneration Committee**  
 Determines the Directors' Remuneration Policy and sets remuneration for the Executive Chairman, Executive Directors and Group Executive Committee taking into account wider Group remuneration policies. Approves performance-linked pay schemes and share incentive plans.

**Sustainability Committee**  
 Oversees the Company's ESG strategy and broader stakeholder engagement on behalf of the Board.

### Executive Committee

The Board delegate the execution of the Company strategy and the day-to-day running of the business to the Executive Committee.

The Executive Committee meets twice a month. One meeting is focused on operations and the other meeting is focused on performance.

### Independence of the Board

The Board has identified which Directors are considered to be independent on page 112. As at 31 December 2022, 50% of the Board (excluding the Chair) are Independent Non-executive Directors. The Independent Non-executive Directors play an important role in ensuring that no individual or group dominates the Board's decision-making and therefore it is of paramount importance that their independence is maintained. The Board has reconfirmed that the Independent Non-executive Directors remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgement. For further information on independence of the Board please refer to pages 110-113 in the Nomination Committee Report.

### Relationship Agreements

At the start of the financial year, the Company had two groups of significant shareholders, namely, the Yew Tree Consortium and Mercedes-Benz AG ("MBAG"). Following the capital raise in 2022, at the end of the year, the Company had three groups of significant shareholders namely the Yew Tree Consortium, MBAG and PIF.

The relationships between the Company and each of these significant shareholder groups are governed by separate Relationship Agreements. The purpose of these Relationship Agreements is to ensure that the Company can carry on its business independently and for the benefit of shareholders as a whole.

Each of the Relationship Agreements provides that each significant shareholder group is entitled to nominate Director(s) to the Board and the Nomination Committee and an observer to each of the Remuneration and Audit and Risk Committees subject to the size of its interest in the voting rights of the Company. The Relationship Agreements also provide that the Company will not take any action in relation to certain significant matters without the prior approval of at least two-thirds of members of the Board present and entitled to vote. Further information on the Relationship Agreements is set out in the Directors' Report on page 149.

### Division of responsibilities

There is clear division between Executive and Non-executive responsibilities which ensures accountability and oversight. The roles of Chairmen and Chief Executive Officer are separately held and their responsibilities are well defined, set out in writing and regularly reviewed by the Board.

### Executive Chairman

The Executive Chairman, Lawrence Stroll, is responsible for leading and managing the business of the Board primarily focused on strategy, performance, value creation and accountability, setting and sustaining the culture and purpose of the Company and ensuring the Board's overall effectiveness, governance and Director succession planning. He also ensures the effective communication between the Board, management, shareholders and the Company's wider stakeholders. The Executive Chairman works collaboratively with the Chief Executive Officer, Amedeo Felisa, in constructively challenging and helping to develop proposals on strategy, setting the Board agenda and ensuring that any actions agreed by the Board are effectively implemented.

### Chief Executive Officer

The Chief Executive Officer, Amedeo Felisa, is responsible for developing, implementing and delivering the agreed strategy and for the operational and strategic management of the Company. He is also responsible for supporting Directors' induction into the business by providing the necessary resources for developing and updating their knowledge and capabilities concerning the Company, including access to Company operations and members of the workforce.

### Chief Financial Officer

The Chief Financial Officer, Doug Lafferty, is a member of the Executive Committee team reports to the Chief Executive Officer. His role is to lead the financial management, risk, investor relations and internal control teams and to oversee the Company's relationship with the investment community.

### Senior Independent Director

The Senior Independent Director, Antony Sheriff, supports the Executive Chairman in his role and leads the Non-executive Directors. The Senior Independent Director is also available as an additional point of contact for shareholders.

### Workforce Non-Executive Director

The designated Non-executive Director gathering the views of the workforce is Anne Stevens. Views are gathered by attendance at key employee and business events, reviewing the outcome of employee surveys and monitoring the effectiveness of employee engagement programmes.

### Company Secretary

The Company Secretary, Liz Miles, acts as secretary to the Board and each of the Committees. She is responsible for supporting the Executive Chairman and the Board in delivering the Company's corporate governance agenda.

The Board met during the year for seven scheduled Board meetings, a Board Strategy Day and an additional seven unscheduled meetings. Of the seven unscheduled Board meetings, four were convened to discuss the placing to PIF and rights issue to raise £654m and the other three were in relation to Chief Executive Officer and Chief Financial Officer changes, the January trading update and the closure of the Defined Benefit Pension scheme.

Board attendance for the scheduled Board meetings during 2022 is set out on page 97. The Board's key activities during the year are set out over the next two pages.

### Strategy

- Received reports from the Chief Executive Officer at each Board meeting covering organisational and process improvements focused on supplier strategy, cost optimisation and ways of working
- Reviewed, discussed and adopted revisions to the Group's ESG strategy
- Discussed electrification strategy and BEV technology selection
- Approved the £654m Capital Raise
- Discussed product development and project strategy

### Operations

- Received reports from the Chief Operating Officer on production at St Athan and Gaydon
- Discussed supply chain challenges and the actions being taken to resolve them
- Discussed new model activity and preparing for production in the year ahead

### Financial performance

- Received reports from the Chief Financial Officer at each Board meeting covering Group performance for each period, market data, budgets, outlook, cash flow and liquidity
- Considered and approved the Company's quarterly trading updates, half year and full year results and market announcements, including the going concern and viability statements
- Approved the Annual Report and Accounts for the financial year ended 31 December 2021
- Reviewed and approved the Group's financing strategy and budget for 2022
- Approved the Group's annual insurance renewal

### Commercial

- Reviewed and discussed the current and future products range
- Received a deep dive into the Aston Martin customer, how the demographics are shifting, the variances between markets and how the Company is responding
- Reviewed market data
- Reviewed the new brand launch
- Discussed the Net Promoter Score, how it is calculated and how the data is used
- Reviewed actual sales volumes versus forecasts, wholesale and retail

### Internal controls and risk management

- Reviewed and approved the Risk Management Policy
- Approved the principal risk assessment for interim and year-end reporting purposes
- Received updates on Information Technology strategy and cyber security including the progress on implementing the new enterprise resource planning (ERP) system
- Received information on the Internal Controls Assurance Programme ahead of any proposed new financial reporting regime (UK SOX)

### People and culture

- On the recommendation of the Nomination Committee, approved the appointment of Sir Nigel Boardman as a new Independent Non-executive Director
- Received regular updates provided on people and wellbeing covering diversity data, attrition rates, employee tenure, outputs of Town Halls and outputs of listening groups
- Received a report of the output of the leadership conference held in October 2022 for over 70 director level employees to review the strategy and launch the new Aston Martin values
- Reports received from the Chair of the Nomination Committee on its activities concerning Board appointments and succession

### Governance, compliance and regulatory

- Reviewed and approved revised Share Dealing Policy
- Reviewed and approved Modern Slavery Statement
- Reviewed and approved updated Board Diversity Policy
- Reviewed and adopted revised Committee Terms of Reference and Matters Reserved for the Board
- Conducted the annual Board evaluation in respect of the effectiveness of the Board and its Committees and discussed the output of the review
- Approved the resolutions to be put to shareholders at the 2022 AGM
- Received updates and discussed material litigation

### Capital raise

In July 2022, the Board approved the capital raise. The Board held four unscheduled meetings to discuss the capital raise. Once the Board provided its approval to proceed, it delegated authority to a Transaction Committee of the Board comprising the Executive Chairman, the Chief Financial Officer, the Senior Independent Director and Michael de Picciotto, to approve the implementation of the capital raise and all incidental matters. The Transaction Committee met four times throughout the capital raise process.

### Board Strategy Day

The Board spent a day together in Gaydon focusing on strategy. There were deep dives throughout the day on the following aspects of the business:

- Commercial: sales, marketing, product and aftersales
- Engineering and the electrification strategy
- Operations: manufacturing, supplier management and strategy
- Design: (including a visit to the Design Studio and briefing from Marek Reichman, Chief Creative Officer)
- People and culture

### The Board and culture

Driving cultural change is a key focus for the Board and the Board will continue to monitor progress on this during the year ahead. Culture is strongly linked to governance. An appropriate governance framework for decision-making, together with promoting an environment of trust, respect and accountability, are all fundamental to our culture.

The Board plays an important role in monitoring and assessing our culture, particularly as the Company's culture continues to evolve throughout times of significant change.

People and culture is a standing agenda item as part of the Chief Executive Officer's Report to the Board and the Board's discussions with the Chief People Officer has particularly focused on specific culture drivers including promotion of talent and development within the business, and diversity and inclusion. The Board has requested attrition data to be broken down into gender and reported at each Board meeting to help identify any trends that might emerge on the challenges of retaining a diverse workforce.

The Board has also benefited from first-hand insight into culture reported by Marigay McKee and Anne Stevens from their workforce engagement activities. See pages 102 and 103.

“There is clearly a lot of female talent at Aston Martin and a huge desire to build something wonderful together. Supporting each other and creating a great work environment where your voice is heard is truly a great start!”

Marigay McKee







**Marigay Mckee and female leaders**

In November, Marigay, one of our Independent Non-executive Directors spent a day in Gaydon meeting with small groups of female employees within the business, hearing about their experience of working for Aston Martin.

Marigay also spent time with a cohort of women who had just completed the Empowering Women in Leadership course. These women were all Manager or Senior Manger grade and the course was designed to enable and empower their continued success at Aston Martin and to go back into the business with strong leadership skills to model for others.

Marigay enjoyed a tour of the Design Studio, meeting with female members of the design team and shared the input she had received from female customers on design features of our cars.

The day was a huge success with attendees feeling they were being listened to and inspired by Marigay sharing her own experiences and challenges. It was also a great insight into culture at Aston Martin for Marigay and first-hand insight into the Company's diversity and inclusion journey. Marigay reported back the outcome of her day to the Board and the key outputs are being addressed as part of the wider listening opportunities sessions that are being held throughout the business with different groups of employees.

For further information on workforce engagement see page 24.



**↑ Anne Stevens' visit on International Women's Day**

Anne Stevens, Independent Non-executive Director came to Gaydon in March 2022 to address Aston Martin employees on International Women's Day. Anne shared with employees her inspirational story and long association with the automotive industry and the ongoing drive for better female representation. Employees had the opportunity to ask Anne questions about her career, the challenges she has overcome and her views on the business. By engaging directly with employees, Anne was also able to gauge a sense of what employees cared about, levels of morale and what the culture is like at Aston Martin.

Anne Stevens is the dedicated Independent Non-executive Director gathering the views of the workforce and reporting them back to the Board.

### Shareholder engagement

The Board is committed to maintaining good communications with existing and potential shareholders. Shareholders play a valuable role in safeguarding the Group's governance through, for example, the annual re-election of Directors, monitoring and rewarding their performance and engagement and constructive dialogue with the Board. The Group aims to be as transparent as possible with the information it provides to investors and welcomes face-to-face interaction, as well as virtual meetings and conferences.

The Board's primary contact with existing and prospective institutional shareholders is through the Director of Investor Relations who is responsible

for all primary contact with shareholders, potential investors and equity research professionals. The Executive Chairman, Chief Executive Officer and Chief Financial Officer provide regular engagement support together with other executive management team members. Details of shareholder engagement activities in 2022 are set out in the table opposite.

There is a regular programme of meetings with major institutional shareholders to consider the Group's performance and prospects. The Group's investor reach is global, and the Company has liaised with investors in the UK, USA, Canada, France, Italy, Germany, Switzerland, Ireland, the Netherlands, Norway, Hong Kong, Singapore, Malaysia, South Africa and Australia during the last financial year.

### Geographic dispersion

	%
● UK	9.2
● Europe (ex UK)	16.7
● North America	45.5
● Asia	8.7
● Rest of World	19.9
● Unknown	0.1



### Shareholder types

	%
● Corporate stakeholders	46.9
● Foreign institutions	34.5
● Private stakeholders/ investors	5.8
● Domestic institutions	5.8
● Hedge funds	3.2
● Domestic brokers	2.1
● Foreign brokers	1.5
● Employees etc	0.1
● Unknown	0.1



### Main methods of engagement with shareholders in 2022

#### Shareholder consultation

The Executive Chairman, Chief Executive Officer and Chief Financial Officer met a large number of shareholders after each financial results announcement. The Executive Chairman has also engaged with institutional shareholders to discuss the Company's performance and Board governance matters and communicated their views to the Board. The Company will always seek to engage with shareholders when considering material changes to either our Board, strategy or remuneration policies. In 2022 the Remuneration Committee Chair consulted with the largest shareholders on our revised Remuneration Policy, a summary of which can be found in our 2021 Annual Report which is available on our website [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com)

#### Investor meetings

The Company held almost 400 investor meetings with 230 individual existing and potential investors and analysts. These were a blend of physical and virtual meetings. The meetings were attended by a combination of the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Investor Relations team and some members of the Executive Committee. The Director of Investor Relations was a regular Board attendee to provide feedback from these meetings and updates on other market matters. In September a number of investors and analysts met the management team and were given a tour of the manufacturing plant at Gaydon, to see at first hand the Company's progress towards its medium-term targets. For further information about this investor visit, please see page 105.

#### Investor presentations

The Group hosted virtual webcasts for all reported results and market updates and took questions from investors and analysts ensuring an open dialogue with the market. In addition, investor roadshows were held following the full year and half year results. An additional roadshow was held for current and prospective shareholders in the context of the capital raise.

#### Investor conferences

The Investor Relations team presented to investors at five conferences during 2022, with the Chief Financial Officer presenting at two of these conferences.

#### General meetings

The AGM provides an opportunity for private shareholders in particular to question the Directors and the Chairs of each of the Board Committees. Information on the 2023 AGM is on page 232. The Notice of AGM is issued at least 20 working days in advance of the AGM date, to provide shareholders with the appropriate time to consider matters, as set out in the FRC's Guidance on Board Effectiveness.

A further General Meeting was held in September 2022 in relation to the Company's capital raise.

#### Annual Report

The Company's Annual Report is available to all shareholders. Through our electronic communication initiatives, we look to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post or PDF copies via email or from our website.

#### Corporate website

The corporate website, [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com), has a dedicated Investors section which includes our Annual Reports, results presentations (which are made to analysts and investors at the time of the interim and full year results) along with all results and other regulatory announcements as well as further information for investors including our financial calendar for the upcoming year.

#### Senior Independent Director

If shareholders have any concerns, which the normal channels of communication to the Chief Executive Officer, Chief Financial Officer or Executive Chairman have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director is available to address them.



**“The employees I met were excellent advocates for the quality of the Aston Martin product and the passion they all have in working for the company and brand.”**

**Investor Day attendee**

#### **Investor Day in Gaydon, September 2022**

In September 2022 the Company arranged a visit to the Gaydon headquarters for key shareholders and equity analysts. The day began with presentations from the Executive Chairman, Chief Executive Officer, Chief Financial Officer, Group Chief Technology Officer, Chief Creative Officer and Global Chief Brand & Commercial Officer. These presentations

covered strategic progress and priorities, our approach to the use of technology, Aston Martin’s design process, current and future product line-up, the H1 2022 financials and the evolution of our ultra-luxury brand.

Participants were taken on a tour of the production facility in small groups, to see at first hand each step in the manufacture of an Aston Martin vehicle. Specialists from the

shop floor used explanatory teaching boards to give a detailed overview of the manufacturing process and investors were able to ask questions of the employees. The investors gained an understanding of the flexible production line, which produces all six GT/Sports car variants, in addition to Limited Editions such as the V12 Vantage. The tour included a visit to the Specials room, to witness the unique Aston Martin

Valkyrie being produced and tested. Various models from Aston Martin’s current and former product line-up were on display in the Atrium and outside the facility, including some famous James Bond cars and the first example of the DBR22. The investors were also able to participate in a driving experience, taking current production cars such as DB11 and DBX707 for a spin on public roads near to the facility.

The Board is pleased to provide a statement that supports Section 172(1) of the Companies Act 2006. This requires that Directors promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision-making. A description of the Company's key stakeholders, what matters to them and how the Group, including the Board, engages with them is set out on pages 22-25.

Some of the key decisions that the Board has made throughout the year and how it took stakeholder factors into account in making those decisions are set out below. All decisions made by the Board are in line with the Company's values. This is essential to the Company's reputation for high standards of business conduct and for long-term success and sets the tone for everyone at all levels of the business to act at all times in line with our Company values.

### Capital raise

In July 2022, the Board approved the £654m capital raise. In order to conclude that the capital raise was likely to promote the success of the Company for the benefit of the members as a whole, it took into consideration the impact on its key stakeholders.

#### Section 172 matters and stakeholders

#### Impact of the capital raise

##### Customers

The equity proceeds are being used to accelerate capital expenditure which will therefore benefit future customers in terms of new product offering.

##### Investors

The capital raise provided a substantial liquidity cushion in an uncertain global operating environment and enhance the Company's prospects of becoming free cash flow positive and ultimately increasing investor returns.

##### Employees

Communication of the rationale for the capital raise was key to ensure that it was not incorrectly perceived by employees/employee shareholders or the wider stakeholder community.

##### Defined Benefit Pension Scheme

The Board concluded that the capital raise was expected to have a positive impact on the employer covenant supporting the Pension Scheme because the Company would use up to half of the equity proceeds of the capital raise to repay debt which would significantly reduce the annual cash interest costs and improve cash flow generation and financial flexibility of the business.

##### Acting fairly between members of the Company

In consideration of acting fairly between members of the Company, the Board considered the impact of the capital raise on warrant holders. As a result, an adjustment was made to the Warrant Instrument to put the warrant holders into the same position they would have been in had the capital raise not taken place.

### Leadership changes

The Board approved a number of significant leadership changes throughout the year, including the appointment of a new Chief Executive Officer, Chief Financial Officer, Chief People Officer, Group Chief Technology Officer and Chief Procurement Officer.

### Revisions to ESG strategy

During the year, the Board oversaw the rollout of the new ESG strategy, *Racing Green*. At the end of the year, upon the recommendation of the Sustainability Committee, it approved refinements to the targets and metrics set. This included elevating existing targets to give them prominence within our overall sustainability strategy, enhancing gender diversity targets and setting some new targets to align with competitors and ESG ratings.

#### Section 172 matters and stakeholders

##### Impact of the leadership changes

#### Employees

Leadership changes bring uncertainty for employees in terms of culture, ways of working and strategic direction. The Board appreciates the impact leadership changes have on employees, particularly the amount of change within a short timeframe and ensured that the impact on employees and culture was taken into account in the initial decision on those appointments but most importantly that the Board monitors the resulting impact going forward as new leadership embeds into the business. At times of leadership change, Board/workforce engagement and the monitoring of culture are more important than ever and will continue to be a focus in the year ahead.

#### Investors

Changes at Board and Executive Committee level also bring uncertainty for investors and therefore the Board needed to ensure that the decisions for the changes were well founded, based on the long-term growth and success of the business and communicated effectively, addressing any concerns about lack of leadership consistency and continuity.

#### Section 172 matters and stakeholders

##### Revisions to ESG strategy

#### Employees

The Board challenged whether there was sufficient resource within the business to implement the changes to the strategy and whether the correct skillset was in place.

#### Investors

Consideration was taken as to what would be communicated externally to ensure that there was clarity and no confusion as to how the Company's targets and strategy had changed.

#### Environment

The Board concluded that there was substantial value available to the Company through implementing actions across a range of different sustainability actions such as using energy more efficiently, reducing water use and CO<sub>2</sub> emissions.

#### Governments and regulators

The Board requested more oversight through reporting from management to the Sustainability Committee of the engagement that the Company has with government and regulators, to enable it to make effective decisions relating to ESG going forward.

## Board and Committee evaluation and effectiveness

There is an annual requirement for an evaluation of the Board and its Committees to monitor their performance, the effectiveness of their activities and the quality of their decisions. At least once in every three years, in line with the Code, this evaluation should be externally facilitated.

In 2019 and 2020 the evaluations were internally facilitated. The 2021 evaluation process should have been externally facilitated in line with the recommendations of the Code. However, the Board concluded, given the appointment of all the Independent Non-executive Directors to the Board since the beginning of that year, that an externally facilitated evaluation was unlikely to yield significant benefits and that an external evaluation should be postponed until 2022.

Given the further significant changes to Board composition during 2022, including a new Chief Executive Officer, Chief Financial Officer, two Shareholder Representative Directors and one Independent Non-executive Director, the Board took the decision that an external evaluation for 2022 would again not be of value. Therefore, the Board agreed to carry out a more rigorous internal evaluation, using BoardClic, a third-party (with no connection to the Company or the individual Directors) platform to assist with the provision of the questionnaire and analysis of results. The benefit of using this third-party platform was that it enabled the data to be broken down between Executive Directors, Independent Non-executive Directors and Shareholder Representative Directors so that alignment between the three groups of directors could be assessed. It also enabled the results to be benchmarked against the results of other FTSE companies.

The conclusions of the evaluation were very positive, concluding that the Board is highly effective and there is general alignment between the views of the Shareholder Representative Directors, Independent Directors and Executive Directors. The Company's results meet or exceed the benchmark in all areas (except timing of distribution of Board papers which was previously acknowledged as an area for improvement).

Overall, it was the collective view of the Directors that the Board is effective in discharging its responsibilities, operating with an open culture that allows challenge and debate.

**“The Chair is very open, transparent and supportive of the Board and asks questions and opinions frequently. He listens to others and solicits feedback. When we give feedback he always tries to incorporate it into policy and format.”**

### Non-executive Director

#### Suggestions identified from the evaluation which could enhance the Board's effectiveness in 2023

##### Strategy

More time for focused discussion by the Board on strategy would enhance effectiveness of the Board to help drive the strategy forward

##### Risk

More discussion on risk management would be beneficial

##### Succession planning

More focus on succession planning for key roles in the management team

##### Culture

- Continue to monitor progression of cultural change and talent development
- Board papers to be sent out with five clear days for reading

These suggestions will be addressed in the year ahead. The Board intends to carry out an external evaluation in 2023.

**Outputs of the 2021 Board evaluation and progress made**

The output of last year’s internal evaluation are set out below. In a year of further leadership changes and a significant capital raise, the Board nonetheless made progress on the topics highlighted and will continue to do so in the year ahead.

**“The focus on sustainability and on risk is palpable and evident. There is clear evolution of the sustainability journey and the pipeline of activations to become more sustainable every year. We discuss risk at every Board meeting and weigh the risks and opportunities against each other carefully.”**

Board evaluation output 2021			
Additional focus on culture, diversity and inclusion and internal talent and succession planning	Building on the existing understanding of the views and expectations of stakeholder population	Arranging deep dives and discussion time for certain topics relevant to the Board	Building on its existing understanding of the processes for assessing and ensuring alignment of the Company’s corporate culture and operational practices with its purpose, strategy and values
Progress made during 2022			
<p>With the arrival of the new Chief People Officer, Head of Culture and Talent and Diversity and Inclusion Lead, the Board is pleased to have the support of this management team and looks forward to monitoring the progress made on diversity, cultural change and promotion of talent over the next year.</p> <p>Succession planning has been highlighted in the 2022 Board evaluation as an area of focus for the Board in 2023.</p>	<p>This is being addressed in the course of all Board discussions. Particular attention has been given to relationships with suppliers and employees and culture. The Sustainability Committee has particular focus on the Company’s key stakeholder groups and reports back to the Board.</p>	<p>The Board received a deep dive and discussion on a number of topics including the Company’s electrification strategy, how the customer demographic is evolving, Net Promoter Score and supplier strategy.</p>	<p>As stated above, with the appointment of the new Chief People Officer and Head of Culture and Talent and Diversity and Inclusion Lead, the right management team is now established for this to be taken forward. New corporate values were launched at the beginning of 2023 and will be reported on in the 2023 Annual Report.</p>

## Nomination Committee Report



“It’s our ambition that by 2025 at least 25% of the leadership positions in the Company will be occupied by women.”

### Dear shareholder

On behalf of the Nomination Committee I am pleased to present the Committee’s Report for the year ended 31 December 2022. The Report details the role of the Committee and describes how the Committee has carried out its responsibilities during the year.

### Board appointments

During the year, the Committee oversaw the process for the appointment of Amedeo Felisa as Chief Executive Officer, Doug Lafferty as the new Chief Financial Officer and Sir Nigel Boardman as an Independent Non-executive Director. The Committee has carefully monitored the composition of the Board and ensured that as a whole, the Board continues to meet the independence requirements of the UK Corporate Governance Code.

### Diversity

The Board remains committed to increasing and maintaining diversity in the broadest sense, not just gender and ethnicity but also experience, skills and professional background. Diversity at Board level sets the tone for diversity throughout the business. Diversity brings new ideas and fresh perspectives and will position us to achieve our strategy and long-term growth.

Importantly, our Board Diversity Policy reflects the unique composition of our Board, with five Shareholder Representative Directors of the Board and sets the Company’s target to achieve and maintain at least 40% of non-shareholder representatives of the Board as female. Currently 38% of our Board, excluding Shareholder Representatives, are female which is just short of our proposed target. 23% of the whole Board (Executive Directors, Shareholder Representative Directors and Independent Directors) are female.

The Board recognises that the gender balance across the leadership positions in the Company remains an area for further improvement, and the Company has set itself a target that at least 25% of leadership positions will be occupied by women by 2025.

The Board has already met one of the FCA diversity targets which will be effective for financial accounting periods commencing 1 April 2022 onward of at least one Director on the Board being from an ethnic minority background.

### Looking ahead

In 2023, the Committee will continue to consider succession planning for the executive and senior management positions together with the improvement of diversity for the senior management in the Company and the Board, in an effort to meet all of the FCA’s targets. I look forward to reporting on our further progress in 2023.

### Lawrence Stroll

Chair, Nomination Committee  
28 February 2023



### Role and responsibilities of the Committee

The Committee's role is to provide oversight of the leadership needs of the business, both Executive and Non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace, to implement the strategy and achieve the Company's objectives. The Committee takes into account the challenges and opportunities facing the Company and the skills, experience and knowledge required for the future.

#### Key responsibilities

- Reviewing the structure, size and composition of the Board to ensure it has the proper balance of skills, experience, independence, and diversity, and of its Committees and making recommendations to the Board on any changes required to meet current and future needs
- Succession planning for Directors and senior executives and ensuring that plans and processes are in place for the orderly succession of Directors, Executive Committee and other key members of the senior management team
- Overseeing the development of a diverse talent pipeline for succession, considering the challenges and opportunities facing the Company and the skills, experience and knowledge required of the Board in the future
- Identifying and nominating candidates to fill Board vacancies for approval by the Board and ensuring that the procedure for appointing Directors is formal, rigorous, transparent, objective, merit-based and has regard for diversity
- Reviewing the Non-executive Directors' time commitment, independence and external appointments, and the annual performance evaluation results relating to the composition of the Board
- Keeping under review potential conflicts of interests of Directors disclosed to the Company and reviewing annually any conflict declarations by the Directors and any conflict authorisations granted by the Board
- Making recommendations for the re-election by shareholders of each Director having due regard to their performance, ability and contribution to the Board in the light of their skills, experience and knowledge

### Committee membership and Committee meetings

The Committee currently consists of the Executive Chairman Lawrence Stroll who is Chair of the Committee and four Independent Non-executive Directors: Robin Freestone, Antony Sheriff, Anne Stevens and Sir Nigel Boardman (who was appointed to the Committee in October of this year). In addition, the Relationship Agreements with the significant shareholder groups (see page 149) provide that each may appoint a Director to the Committee. Franz Reiner represents MBAG and Scott Robertson was appointed to the Committee as the Representative Director for the Public Investment Fund on 1 November 2022. The Executive Chairman represents the Yew Tree Consortium. Attendance at each meeting comprises the Committee members, the Company Secretary who is secretary

to the Committee and, at the request of the Committee, the Chief Executive Officer, General Counsel, Chief People Officer, Director of Reward, and other members of the senior management team and external advisors who may be invited to attend all or part of any meeting, as and when appropriate. The Committee meets at least twice a year and has formal terms of reference which can be viewed on the Company's website, [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

The Committee met five times during 2022. The Committee members' attendance for the period is set out in the table below. Committee meetings usually take place prior to a Board meeting. The activities of the Committee and any matters of particular relevance were reported by the Committee Chair to the subsequent Board meeting.

Committee members	Meeting attendance
Lawrence Stroll (Chair)	5/5
Sir Nigel Boardman <sup>1</sup>	1/1
Robin Freestone <sup>2</sup>	4/5
Antony Sheriff	5/5
Anne Stevens	5/5
Franz Reiner	5/5
Scott Robertson <sup>3</sup>	1/1

1 Sir Nigel Boardman joined the Committee in October 2022.

2 Robin Freestone missed one unscheduled meeting due to the meeting being called at very short notice.

3 Scott Robinson joined the Committee in November 2022.

#### Key activities of the Committee during the year

- Considered candidates for the role of Chief Financial Officer and made a recommendation to the Board for approval
- Recommended to the Board for approval the appointment of Amedeo Felisa as Chief Executive Officer
- Recommended to the Board for approval the appointment of Sir Nigel Boardman as an Independent Non-executive Director
- Agreed the composition of the Sustainability Committee upon establishment and the addition of Marigay McKee to the Committee midway through the year
- Reviewed the size, structure and composition of the Board and the Executive Committee with respect to the needs of the business
- Reviewed the Board Diversity Policy and increased its diversity target to 40% in line with the FTSE Women Leaders target
- Reviewed the independence of Sir Nigel Boardman (see page 112)

The Committee engaged Odgers Berndtson to undertake the search process to identify suitable Chief Financial Officer candidates. Odgers Berndtson has no connection with the Company or any of the Directors.

### Board independence and conflicts of interest

The independence, effectiveness and commitment of each of the Non-executive Directors has been reviewed by the Committee. The Committee is satisfied with the contributions and time commitment of all the Non-executive Directors during the year. The Committee will always discuss the additional commitments of all Directors (including the Chairman) before recommending their approval to the Board. It considers potential conflict issues as part of that assessment. This process is supported by an annual conflicts review by the Committee whereby the Committee reviews the Directors' conflicts of interest register and seeks confirmation from each Director of any changes or updates to their position. No new conflicts were declared during the year.

The Committee is confident that each of the Non-executive Directors remains independent and will be in a position to discharge their duties and responsibilities in the coming year. From a governance perspective, the Board as a whole is independent.

The Nomination Committee notes that under the UK Corporate Governance Code, receiving additional remuneration from the Company separate from a Director's fee could appear to impair a Non-executive Director's independence. Following Sir Nigel's appointment to the Board in October 2022 as an Independent Non-executive Director, the Committee was asked to consider the proposal that Sir Nigel advises the Company and Executive Chairman from a strategic perspective in relation to the two significant legal claims that the Company is currently party to. The intended scope of Sir Nigel's work would be oversight only, to offer an alternative strategic perspective over and above the operational advice which would continue to be provided by the Company's external lawyers and internal counsel. The work would be carried out in exchange for a fee under a separate consultancy agreement and would not be related to the services Sir Nigel would provide as an Independent Non-executive Director, and it is anticipated that this legal advice would be provided for a period of up to 12 months.

Following discussion, the Committee agreed to recommend the proposal for approval to the Board on the basis that the Board could continue to deem Sir Nigel as independent given that the fee Sir Nigel would receive for these services was not personally material to Sir Nigel, and that it would be of a short-term nature for the duration of these complex legal disputes. The Board agreed with the Committee's recommendation.

### Overboarding

The Board follows the Institutional Shareholder Services (ISS) proxy voting guidelines on overboarding and accordingly deems all its Non-executive Directors to be within these guidelines. The Board appreciates that other proxy bodies and institutional investors impose more stringent guidelines than ISS and that each individual's portfolio of appointments must be considered on a case-by-case basis, which the Board duly does before approving any appointments and then, on an annual basis, to assess whether each member of the Board is able to continue contributing effectively. The Board was not asked to approve any additional external appointments for any of our Directors during the year.

### Election and re-election of Directors

The election, in accordance with the Company's Articles of Association, of Sir Nigel Boardman, Ahmed Al-Subaey and Scott Robinson will be proposed for shareholder approval at the AGM in May 2023. All the other Directors will stand for re-election at the AGM in May 2023 with the support of the Board. The Board considers all Directors to be effective and committed to their roles and to have sufficient time to perform their duties.

### Director induction and training

Following appointment, all Directors receive a comprehensive and tailored induction programme which is designed through discussion with the Chair and the Company Secretary having regard to existing expertise and any prospective Board Committee roles. The induction includes but is not limited to face-to-face meetings with Board members and the Executive team as appropriate, briefings on the Company's strategy, investor relations, Board and Company policies, processes and procedures and training on the role of a director of a listed company.

All new Directors are also provided with access to the Company electronic Board paper system which provides easy and immediate access to all key governance documents, including Board and Committee papers, and terms of reference.

Where appropriate, new Directors also meet with institutional investors, the Company's External and Internal Auditors and remuneration consultants. Continuing training and education opportunities are available to all Directors to support the fulfilment of their individual duties or collective Board role and to develop their understanding of the business. The arrangements are overseen by the Company Secretary and can be internally or externally facilitated. Directors are also encouraged to participate in seminars and events hosted by external organisations in different sectors to keep abreast of broader societal trends, expectations and issues with a view to developing broader perspectives and insights and developing wider debate within Board discussions.

In connection with the capital raise, Freshfields gave a presentation to the Directors on their responsibilities, liabilities and obligations

### Succession planning

The Board has a duty to ensure the long-term success of the Company, which includes ensuring that it has a steady supply of talent for executive positions and established succession plans for Board positions. Throughout the year the Committee has reviewed and assessed the composition of the Board and its aggregate skills, experience and knowledge and the current and future needs of the Board as new appointments to the Board have been made.

The Committee will continue to consider the Group's succession planning on a regular basis to ensure that any further changes to the Board are proactively planned and coordinated. The Committee monitors the development of the Executive Committee's direct reports team to ensure that there is a diverse supply of senior executives in the talent pipeline. The Committee intends to focus on Executive Committee succession planning in the year ahead.

During the year, the Executive Committee was strengthened by the appointment of Roberto Fedeli as Group Chief Technology Officer and Simon Smith as Chief People Officer. Their biographies and those of the other members of the Executive Committee can be found on pages 90-95. At the beginning of 2023, Giorgio Lasagni joined the Executive Committee as Chief Procurement Officer.

As at 1 January 2023, the Executive Committee consists of the three Executive Directors and seven other Chief roles. Further information on the role of the Executive Committee is on page 98.

### Diversity and inclusion

The Board acknowledges that the Board's perspective and approach can be greatly enhanced through diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, tenure and relevant experience. There is also a recognition that to deliver the Company's strategy it is important to promote a high-performing culture, characterised by a diverse and inclusive workforce. Diversity and inclusion bring new ideas and fresh perspectives which fuel innovation and creativity. The Committee considers diversity, in its widest sense (and not limited to gender), during Board composition reviews and the development of recruitment specifications in connection with appointment of new Board members.

In formulating the Board Diversity Policy the Committee acknowledges the FTSE Women Leader Review target for women to represent at least 40% of boards by 2025, while also being cognisant of the Company's Relationship Agreements with its significant shareholder groups with rights to nominate Representative Directors to the Board (see page 149). Accordingly, the Board's Diversity Policy reflects the Board's target to maintain a balance so that, as a minimum, 40% of Board members not subject to significant shareholder appointments are women, provided this is consistent with the prevailing skills and diversity requirements of the Company as and when seeking to appoint a new Director. Consequently, under the Board Diversity Policy, as at the date of this Report, there are three women out of eight relevant Board members (being the two Executive Directors and six Independent

Non-executive Directors), thereby comprising 38% of the Board. 50% of our Independent Non-executive Directors are female.

In April 2022, the Financial Conduct Authority announced additional diversity targets for FTSE listed companies, the reporting of which will be effective for financial accounting periods commencing 1 April 2022 onward. The targets are: (i) at least 40 per cent of the board should be women; (ii) at least one of the senior board positions (the Chair, Chief Executive Officer, Senior Independent Director and/or Chief Financial Officer) should be a woman; and (iii) at least one member of the board should be from a minority ethnic background.

Whilst we currently already meet one of the three additional diversity targets, that at least one Director should be from a minority ethnic background, the Company will continue to monitor the Board's diversity when recruiting new directors.

Diversity at Board level sets the tone for diversity throughout the business and the Board will continue to promote diversity at Board and Executive Committee level and throughout the business. The Company acknowledges that it needs to improve diversity at leadership level and this will be a continued focus for the Committee. For gender balance of senior management and their direct reports, please see page 73. The Committee monitors the talent pipeline to ensure we have a diverse succession pool of talent being developed and importantly maintained at all levels of the business. Maintaining a diverse workforce is as important as diverse recruitment and the Committee will focus on overseeing the work being carried out by the business to achieve this.

### Committee performance evaluation

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 108-109). The Committee also reviewed its own performance and was satisfied that it continued to perform effectively and was rated highly by the members and other respondents to the evaluation survey. A key focus for the Committee for the year ahead is succession planning at Executive Committee level.

### Board gender diversity

38%

of Board positions which are not shareholder nominated are held by women

50%

of our Independent Non-executive Directors are women

### Board composition

- Shareholder Representative Directors (including the Executive Chairman) 5
- Executive Directors 2
- Independent Non-executive Directors 6



## Audit and Risk Committee Report



### Dear shareholder

On behalf of the Audit and Risk Committee, I am pleased to present the Committee's Report for the year ended 31 December 2022. This Report details the role of the Committee and describes how the Committee has carried out its responsibilities during the year and provided assurance on the integrity of the 2022 Annual Report and Accounts.

### Financial reporting

The Committee monitors the integrity of the Company's reporting processes and financial management, reviewing and discussing in detail the half year and full year financial results and the conclusions of the External Auditor. The Committee has continued to focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the year ended 31 December 2022. The going concern assessment is set out on pages 169-170.

### Risk management

On behalf of the Board, the Committee manages the process by which risks are identified, assessed and managed. The Committee considered the principal risks contained in the Group's corporate risk register as the basis for its activity during the year and used the three lines of defence model and assurance mapping to monitor how the Company manages and obtains assurance over its principal risks. The Committee discussed and agreed changes to our risk profile which is disclosed on pages 80-85.

**“Ensuring the integrity of financial reporting, effective management of risk and a robust system of internal controls are critical to the Company's long-term success.”**

### TCFD

For the second year, we present our Task Force on Climate-Related Financial Disclosures (“TCFD”) report which is largely consistent with the recommendations of the TCFD. Our TCFD report can be found on pages 58-67 and the statement of compliance is on page 66.

### Internal Audit

This year, the Internal Audit plan incorporated a number of audits including supply chain risk management, warehouse inventory management, Aston Martin The Americas key financial controls and dealer network management. The Internal Audit team also provided data validation assurance over the capital raise documentation. The Committee discusses the outcomes of internal audits and monitors any remediation actions that are identified.

### Audit and financial reporting reform

The Committee awaits the implementation of the UK Corporate Governance reforms and continues to monitor the potential impact for the Company and for the Committee. The Committee has also received updates at every meeting on the Company's progress to design, implement, embed and test enhanced SOX style controls across finance and IT operations in preparation for the new financial reporting regime.

### Committee membership

I was delighted to welcome Sir Nigel Boardman as a member of the Audit and Risk Committee during the year and also Scott Robertson who has joined the Committee as an observer. Both Sir Nigel and Scott are valuable additions to the Committee and I look forward to working with them both and the contributions and perspectives that they will provide.

Finally, I would like to thank the members of the Committee, the management team, Internal Audit and Ernst & Young for their continued commitment throughout the year, for the open discussions that take place in our meetings and for the contribution they all provide in support of the Committee's work.

### Robin Freestone

Chair, Audit and Risk Committee  
28 February 2023

### Committee membership and Committee meetings

The Committee currently comprises four Independent Non-executive Directors: Robin Freestone who is Chair of the Committee, Antony Sheriff, Anne Stevens and Sir Nigel Boardman. The Committee therefore meets the independence requirements of the Code.

In accordance with the Relationship Agreements with the significant shareholder groups (see page 149), each may appoint an observer of the Committee with no voting rights. Michael de Picciotto, Franz Reiner and Scott Robertson currently serve as observers.

The Committee meets at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committee has formal terms of reference which can be viewed on the Company's website, [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). This year the Committee met six times. The Committee members' attendance for the period is set out in the table below. The activities of the Committee and any matters of particular relevance were reported by the Committee Chair to the subsequent Board meeting. There is time available at the end of each meeting for the Committee to discuss matters with the External Auditor and the Director of Internal Audit & Risk without members of management being present.

### Audit and Risk Committee membership

Committee members	Meeting attendance
Robin Freestone (Chair)	6/6
Amedeo Felisa <sup>1</sup>	3/3
Sir Nigel Boardman <sup>2</sup>	1/1
Antony Sheriff	6/6
Anne Stevens	6/6

1 Amedeo Felisa was a member of the Committee until the beginning of May when he became an Executive Director.

2 Sir Nigel Boardman joined the Committee on 1 October 2022.

Attendees at each meeting comprise the Committee members, the observers and the Company Secretary who is secretary to the Committee. The Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Director of Internal Audit & Risk, the External Auditor, Ernst & Young LLP ("EY"), and other senior members of the finance team also routinely attend meetings upon invitation by the Chairman.

The Code stipulates that the Committee, as a whole, shall have competence relevant to the sector in which the Company operates. All Committee members have past employment experience of financial reporting and/or international business, engineering or ultra-luxury and collectively have a broad range of expertise that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly. As such the Board is satisfied that the Committee, as a whole, has the competence relevant to the business sector. At least one Committee member should have recent and relevant financial experience and Robin Freestone meets this requirement as he was previously Chief Financial Officer of Pearson plc and is a qualified chartered accountant. Details of the Committee members' experience can be found in their biographies on pages 90-93.

### Key responsibilities of the Committee

- Reviewing and assessing the integrity of the Group's financial and narrative statements, formal announcements of the Group's performance and significant financial reporting issues and judgements which they may contain and recommending these for approval by the Board
- Advising the Board on whether the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy
- Ensuring compliance with accounting standards and policies, and reviewing and challenging the application of such standards and policies and, if unsatisfied, reporting its views to the Board
- Reviewing for approval by the Board the Company's going concern and viability statements and providing advice to the Board on how the Company's prospects have been assessed, taking into account the Company's position and principal risks
- Receiving and reviewing reports from the Company's External Auditor, monitoring its effectiveness and independence and making recommendations to the Board in respect of its remuneration and appointment
- Overseeing policies on the engagement of the External Auditor for the supply of non-audit services and assessing whether non-audit services have a direct or a material effect on the audited financial statements
- Reviewing the Group's internal financial, operational and compliance controls and Enterprise Risk Management Framework and system and considering Group policies for identifying and assessing risks and arrangements for employees to raise concerns (in confidence) about possible improprieties while ensuring appropriate safeguards are in place
- Reviewing and approving the annual Internal Audit programme and discussing the findings of any internal investigations and management's response

### Key activities of the Committee during the year

#### Financial reporting

- Considered and reviewed the UK Corporate Governance Code requirements relating to year-end matters including, among others, the review of the Group's accounting policies, key accounting estimates, significant financial reporting matters, principal risks, going concern and viability, the effectiveness of the Group's risk management and internal control systems and "fair, balanced and understandable" reporting in the 2021 Annual Report
- Reviewed the half year accounts, including the material judgements and estimates
- Received and considered reports from the External Auditor on the full year and half year audits
- Reviewed the Financial Statements, announcements and other financial reporting matters including the approval of the interim results announcement, trading updates and the review of the 2021 Annual Report
- Reviewed and responded to a letter from the Financial Reporting Council in relation to its thematic review of the Groups' disclosures relating to deferred tax assets

#### External audit

- Assessed the External Auditor's independence, objectivity and effectiveness
- Considered and recommended to the Board the reappointment of the External Auditor
- Considered External Auditor fees and terms of engagement
- Reviewed the Non-Audit Services Policy
- Reviewed the External Auditor non-audit services and fees

#### Risk management and internal controls

- Monitored the Company's corporate risk register, including the identification and assessment of the Group's principal and emerging risks and movement in such exposures
- Reviewed the effectiveness of the Group's Enterprise Risk Management Framework and System and internal control systems
- Considered responses, and their timeliness, to audit findings and recommendations for control improvements
- Reviewed the risk management and internal controls disclosures in the half year accounts and Annual Report
- Considered Confidential Reporting and Whistleblowing Policy and Procedures including an analysis of investigations undertaken during the year
- Received regular reports related to the implementation of the new ERP system and reviewed the key challenges and risks of the project
- Received regular reports on the Internal Controls Assurance Programme ahead of any proposed new financial reporting regime (UK SOX)
- Reviewed fraud prevention and detection control activities
- Received updates on material litigation

#### Internal Audit

- Approved the annual Internal Audit plan and approach for 2023, including its alignment to the principal risks, emerging areas of risk, coverage across the Group and continuing review of the Group's processes and controls
- Monitored and reviewed the effectiveness and independence of the Internal Audit function including consideration of key Internal Audit reports, and the implementation of Internal Audit recommendations
- Provided oversight of delivery of the 2022 Internal Audit plan, reviewing Internal Audit reports and findings issued during the year and the status of implementation of recommended corrective actions

#### Other areas

- Reviewed and recommended to the Board approval of the revised Committee terms of reference
- Reviewed the results of the evaluation of the effectiveness of the Committee
- Approved TCFD disclosures for the Annual Report
- Received an update on tax matters for the Group and reviewed and recommended to the Board approval of the Group's annual tax strategy and publication on the Company website
- Received a treasury update
- Approved the renewal of the Group's insurance programme

## Financial reporting and significant financial judgements and estimates

One of the Committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Group's Financial Statements, including the Annual Report and the Interim Results Statement. The Annual Report seeks to provide the information necessary to enable an assessment of the Company's position and performance, business model and strategy. The Committee assists the Board with the effective discharge of its responsibilities for financial reporting, and for ensuring that appropriate accounting policies have been adopted and that management has made appropriate estimates and judgements. In preparing the Financial Statements for the period, there were a number of areas requiring the exercise of a high degree of estimation. These areas have been discussed with the External Auditor to ensure the Group reaches appropriate conclusions and provides the required level of disclosure. The significant issues considered by the Committee in respect of the Annual Report are set out below.

Management are responsible for establishing and maintaining adequate internal controls over financial reporting. These are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes. The financial reporting internal control system covers the financial reporting process and the Group's process for preparing consolidated accounts. It includes policies and procedures which require the following:

- The maintenance of records that, in reasonable detail, accurately and fairly reflect transactions including the acquisition and disposal of assets
- Reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with International Financial Reporting Standards
- Reasonable assurance regarding the prevention or timely detection of unauthorised use of the Group's assets

There are also specific disclosure controls and procedures around the approval of the Group's Financial Statements.

Significant matters for the year ended 31 December 2022 and how the Committee addressed these matters

### Impairment assessment of goodwill and other intangible assets

- The Committee considered the Group's process in determining whether the carrying value of any asset, covered within the scope of IAS 36 Impairment of Assets, requires impairment. The Committee considered whether there were any indicators of impairment of assets with a finite life and concluded that the assumptions made, conclusions reached and disclosures given were appropriate.

### Accounting for defined benefit pension obligations

- The Committee considered the financial statement disclosures in respect of the Defined Benefit Pension scheme including the judgements made and the sensitivity analysis in relation to actuarial assumptions including discount rates, inflation and longevity as set out in note 2 to the Financial Statements. The Committee noted that the judgements, including the impact of future committed pension contributions, made on the pension scheme were all based on advice from the Group's pension advisor. The final calculations in respect of the Group's Defined Benefit Pension Scheme liability were performed by the pension scheme actuary. The Committee discussed with the External Auditor the assumptions applied, in particular the findings of the External Auditor's own pension specialist. The Committee also considered the pension scheme closure costs and related disclosures set out in notes 5 and 25 and concluded that the assumptions made, closure costs recognised and disclosures given were appropriate.

### Recognition and measurement of deferred tax assets

The Group has considered the forecasts presented by management that indicated the capability of the Group to generate future taxable profits to recover the deferred tax asset of £133.7m. The Committee concluded that the recognition of the deferred tax asset and the disclosures given were appropriate.

### Going concern and viability statement reporting

- The Committee discussed the Group's considerations in assessing the appropriateness of adopting the going concern basis of accounting and considered the financial statement disclosures in respect of adopting the going concern basis in preparing the financial information. The Committee concluded that adopting the going concern basis and the disclosures given were appropriate.
- The Committee discussed the key assumptions used in evaluating the long term viability of the Group, the time period for the Viability Statement and the stress testing used as a basis for conducting the overall assessment. The Committee concluded that the assumptions made and the wording included in the Viability Statement were appropriate.

### Other matters

- At the December 2022 and February 2023 meetings, the Committee also considered management's papers on the following subjects and concluded that the assumptions made and the approaches adopted were appropriate:
  - Capitalisation and amortisation of development costs;
  - The Group's revenue recognition policies;
  - Recognition and measurement of the Group's warranty provision;
  - Recognition and measurement of adjusting items; and
  - Accounting for the financing and capital arrangements.

### Fair, balanced and understandable

The Board recognises its duty to ensure that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. To enable the Board to have confidence in making this statement, it requested that the Committee undertake a review and report to the Board on its assessment. The key elements of the assurance framework for the assessment by the Committee were:

- the process by which the Annual Report and Accounts were prepared, including detailed project planning and a comprehensive review process;
- review of the drafting and verification processes for the Annual Report and Accounts by the Disclosure Committee;
- comprehensive reviews undertaken by the Executive Directors, members of the Executive Committee and other members of senior management comprising the Annual Report and Accounts drafting team to consider content accuracy, regulatory compliance, messaging and balance;
- the review of the Annual Report and Accounts by the Audit and Risk Committee placing reliance on the experience of the Committee members;
- reports prepared by senior management regarding critical accounting judgements, estimates and key financial areas; and
- discussions with, and reports prepared by, the External Auditor.

The Committee received confirmation from management that the assurance framework had been adhered to for the preparation of the 2022 Annual Report and Accounts. The Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors. The Board's confirmation is set out on page 152.

### Financial Reporting Council (FRC)

In October 2022 the Group received a letter from the FRC in relation to its thematic review of groups' disclosures relating to deferred tax assets. The letter asked for additional information and explanations to help the FRC better understand how the Group satisfied the requirements of IAS 12 'Income Taxes' in relation to deferred tax asset accounting and disclosure in its December 2021 Annual Report and Accounts. A response was submitted to the FRC within the requested timeframe and this closed out the majority of its queries. The FRC sent further letters to the Group in November 2022 and January 2023 requesting additional information in relation to the accounting and disclosures of the Group's research and development expenditure credits (RDEC) which was submitted. The Group's accounting policy in relation to government grants has been expanded to specifically set out the policy applied to the Group's RDEC claims.

The Group acknowledges that the FRC's review provided no assurance that its annual report is correct in all material respects and the FRC's role is not to verify information provided but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on its letters by the Group or any third party, including but not limited to investors.

The Company also received a letter from the FRC in November 2022 which related to its thematic review of the Group's disclosures relating to provisions, contingent liabilities, and contingent assets under IAS 37. Based on its review, there were no questions or queries that the FCA wished to raise with the Company, other than to notify the Company that the FRC intended to include some of the disclosures from the Company's 2021 Annual Report as an example of better practice in its "What makes a Good Annual Report and Accounts" publication.

### Committee's oversight of external audit

The Committee oversees the work undertaken by EY. EY was appointed as External Auditor with effect from 24 April 2019, following an audit tender process. Shareholders approved EY's re-appointment at the Company's AGM on 25 May 2022. The Committee's responsibilities include making a recommendation on the appointment, re-appointment and removal and remuneration of the External Auditor. The Committee assesses the qualifications, expertise, resources and independence of the External Auditor and the effectiveness of the audit process. The Committee Chair also has regular contact with the external audit partner outside of Committee meetings without the presence of management.

During the period the Committee approved the External Audit plan, the proposed audit fee and terms of engagement of EY for FY 2023. It has reviewed the audit process and the quality of the audit delivery and the quality and experience of the audit partner engaged in the audit and has also considered the extent and nature of challenge demonstrated by the External Auditor in its work and interactions with management. The Committee has considered the objectivity of the External Auditor including the nature of other work undertaken for the Group as set out below.

### Independence and re-appointment of the External Auditor

The Committee reviewed the independence and objectivity of the External Auditor during the year and confirmed that it considers EY to remain independent. The Committee also considers that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

The External Auditor is required to rotate the audit engagement partner every five years. The current engagement partner, Simon O'Neill, began his appointment at the commencement of the 2019 financial year. Based on the Committee's recommendation, the Board is proposing that EY be re-appointed to office at the AGM on 17 May 2023.



### Non-audit services

The Committee recognises that the independence of the External Auditor is an essential part of the audit framework and the assurance that it provides. The Committee adopted a policy which sets out a framework for determining whether it is appropriate to engage the Group's auditors for permissible non-audit services and for pre-approving non-audit fees. The overall objective of the policy is to ensure that the provision of non-audit services does not impair the External Auditor's independence or objectivity. This includes, but is not limited to, assessing:

- any threats to independence and objectivity resulting from the provision of such services;
- any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the Auditor's independence and objectivity;
- the nature of the non-audit services; and
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service.

The total value of non-audit services that can be billed by the External Auditor is restricted by a cap set at 70% of the average audit fees for the preceding three years. This cap became effective for the first time in the 2022 financial year, being EY's fourth year of tenure as the Company's External Auditor. The cap is set at £400,000.

The approval of the Committee must be obtained before the External Auditor is engaged to provide any permitted non-audit services. For permitted non-audit services that are clearly trivial, the Committee has pre-approved the use of the External Auditor for cumulative amounts totalling less than £200,000 on the approval of the Chief Financial Officer and Chair of the Committee.

During FY 2022 the following permitted services have been approved in accordance with this policy:

Permitted audit-related services:

- Review of the Company's Interim Financial Statements for the period ended 31 March 2022 (£72,500)
- Review of the Company's Interim Financial Statements for the period ended 30 June 2022 (£55,000)

Permitted non-audit services:

- Reporting accountant services in connection with the capital raise (£175,000)

In granting approval for these services, the Chief Financial Officer and Chair of the Committee considered the nature and level of non-audit services provided by the External Auditor and was satisfied that the objectivity and independence of the External Auditor was not compromised by the non-audit work undertaken during the year. Details of the fees paid to the External Auditor during the financial year can be found in note 4 to the Financial Statements.

### Internal controls and risk management

The Board is ultimately responsible for the Group's system of internal controls and risk management and it discharges its duties in this area by determining the nature and extent of the principal risks it is willing to accept in achieving the Group's strategic objectives (the Board's risk appetite); and challenging management's implementation of effective systems of risk identification, assessment and mitigation. The Committee is responsible for reviewing the effectiveness of the Group's internal control framework and risk management arrangements. The system of internal controls is designed to manage rather than eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. This process complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. It also accords with the provisions of the Code. Details of the Group's risk management process and the management and mitigation of principal risks together with the Group's Viability Statement can be found in the Risk and Viability Report on page 85.

The Board, through the Committee, has carried out a robust assessment of the principal risks facing the Group and agreed the nature and extent of the principal risks it is willing to accept in delivering the Group's strategy (the Board's risk appetite). It has considered the effectiveness of the system of internal controls in operation across the Group for the period covered by the Annual Report and up to the date of its approval by the Board. This review covered the material controls, including financial, operational and compliance controls and risk management arrangements.

## The Group continues to strengthen the control environment by embedding the Enterprise Risk Management Framework and System which is supported by Risk Champions within each function.

### Control environment – internal control framework

The internal control framework is built upon established entity-level controls which include mandatory training in relation to the Group's Code of Conduct (which consists of 14 Standards of Corporate Conduct). The Group defines its processes and ways of working through documented standards and procedures which guide the way the Group operates.

The key corporate policies include the following areas:

- Confidential Reporting and Whistleblowing
- Conflicts of Interest
- Responsible Procurement Policy
- Anti-Slavery and Human Trafficking Policy
- Anti-Bribery and Corruption
- Gifts and Hospitality
- Anti-Money Laundering
- Diversity and Inclusion

The Group's Code of Conduct will be reviewed and updated during 2023.

There are established procedures for the delegation of authority to ensure that decisions are made at an appropriate level within the business dependent on either the magnitude or nature of the decision. In particular, access to the Company IT systems and applications is provided subject to formal access provisioning processes with the objective being to limit access, as appropriate, to enable an individual to perform their role and to enforce appropriate segregation of duties within business processes.

In 2022 the Company was re-awarded ISO 9001 accreditation for its quality management system which ensures that policies, standards and procedures are appropriate for the business, that they are reviewed on a regular basis and made available to applicable employees and contractors through the Group intranet. On joining the Group all employees are provided with the Standards of Corporate Conduct and are asked to confirm that they have read and understood them. Existing employees are required to annually re-certify that they have read and understood these policies.

### Enterprise Risk Management Framework and System

The Group continues to strengthen the control environment by embedding the Enterprise Risk Management Framework and System which is supported by Risk Champions within each function. A summary of the key risk management activities undertaken by the Group is included within the Risk and Viability Report on page 85. The Internal Audit & Risk Management function is responsible for administering the Enterprise Risk Management Framework and System and for providing independent assurance to the Board, the Committee and senior management.

The Group has developed its three lines of defence assurance model with the objective of embedding effective risk management and control throughout the business and providing assurance to the Board and the Committee of the effectiveness of internal controls and risk management across the organisation. This comprises the following:

**FIRST LINE OF DEFENCE** – Functional management who are responsible for embedding risk management and internal control systems into their business processes.



**SECOND LINE OF DEFENCE** – Functions which oversee or specialise in risk management and compliance-related activity. They monitor and facilitate the implementation of effective risk management and control activities by the first line. These functions include Financial Internal Control, Quality Audit, Security, IT, Health and Safety, Legal and the risk management activities performed by the Internal Audit & Risk Management team.



**THIRD LINE OF DEFENCE** – Functions which provide independent objective assurance to the Board, Audit and Risk Committee and senior management regarding the effectiveness of the first and second lines of defence. This includes Internal Audit & Risk Management and the External Auditor and other external providers of assurance including those which provide assurance over dealer adherence to operating standards and assurance over data within our Sustainability Report.

## The Group has established procedures to ensure there is an appropriate mechanism for employees and other stakeholders to report any concerns regarding suspected wrongdoing or misconduct.

### Internal Audit

The Internal Audit & Risk Management function provides independent, objective assurance and advice to the Board, the Committee and senior management on whether the existing control and governance frameworks are operating effectively to meet the Group's strategic objectives and to help the Company identify and mitigate any potential control weaknesses and identify any emerging risks. The Director of Internal Audit & Risk reports to the Chief Financial Officer with an independent reporting line to the Committee Chair. The Director provides regular reports to the Committee on the function's activities, which detail significant audit findings, progress of and any changes to the Internal Audit plan and updates on agreed management actions to rectify control weaknesses. Where appropriate, the Director will provide a deep dive into an issue where either the Committee has requested more information or the Director considers it pertinent.

The Committee assesses the effectiveness of the Internal Audit & Risk Management function on an annual basis. To ensure that it is meeting its objectives, the Internal Audit & Risk Management function has an annual work plan comprising risk-based cyclical audits, reviews of risk mitigation plans and assessments of emerging risks and business change activity, together with work mandated for compliance purposes. Prior to the start of the new financial year, the Internal Audit plan for 2023 was approved by the Committee and the Committee will monitor progress against the plan in the coming year, as well as whether the plan remains focused on the evolving key risks facing the business. Such reviews will consider any changes to risk registers, current hot topics and emerging risks in the industry as well as changes based on engagement with the business.

During the year, 11 internal audits were carried out including business continuity and disaster recovery, the Capital Raise verification process, cyber security, supply chain risk management, inventory management and an audit of Aston Martin The Americas. The conclusions of the audits were discussed by the Committee and remediation actions were agreed where required.

### Confidential reporting and whistleblowing

The Group has established procedures to ensure there is an appropriate mechanism for employees and other stakeholders to report any concerns regarding suspected wrongdoing or misconduct. The Confidential Reporting and Whistleblowing Policy sets out the procedures for raising concerns in strict confidence. This policy is made available to all employees and contractors on joining the business and is included within the employee handbook and published on the Group intranet and employee noticeboards. There is also annual mandatory training on this policy. Any concerns raised are managed by the Director of Internal Audit & Risk Management and investigated with support from Human Resources and/or Legal teams depending on the nature of the concern. The workforce can raise concerns through their line manager, senior management and through a third-party managed global hotline, an online confidential reporting tool and a mobile telephone application to facilitate reporting of concerns. This hotline provides for global confidential reporting, where required. The investigation reports are received and reviewed by the Chief Executive Officer, the General Counsel, the Director of HR and the Chair of the Committee. The investigation outcomes, significant findings and status are reported to the Committee on a regular basis, with all significant whistleblowing matters being reported directly to the Board. During the year, 12 new reports were submitted via the confidential reporting and whistleblowing facility. The Committee monitored and assessed the outcome of the resulting investigations.

### Committee performance evaluation

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 108-109). The Committee also reviewed its own performance and concluded that it continued to perform effectively and was rated highly by all the members. There were no areas flagged for improvement, but it was suggested that more time could be spent discussing risk mitigation actions and gaining a deeper understanding of challenges faced could make the functioning of the Committee even more effective. This will be a focus in the year ahead.

## Sustainability Committee Report



**“Backed by a clear strategy, a committed team and an uncompromising focus on delivery, sustainability will continue to shape the Company’s future.”**

**Dear shareholder,**

On behalf of the Sustainability Committee, I am pleased to present the Committee’s Report for the year ended 31 December 2022. The Committee was newly established in March 2022 and I am delighted to have overseen the progress being made in embedding sustainability throughout the business during the course of this year.

Our sustainability strategy sets out goals that will continue to guide our journey towards becoming a world-leading sustainable ultra-luxury automotive business. As an independent small volume manufacturer, delivering these goals demands significant effort from everyone across the Company and it has been fantastic to see that effort continue to gain momentum.

The scale of change demanded by the transition to EV production cannot be underestimated. I am pleased that the business is rising to the challenge with initiatives such as the EV Transformation Programme. Work on projects targeting net-zero manufacturing facilities by 2030, a net-zero supply chain by 2039 and many other key environmental, social and governance (“ESG”) goals continues through ten dedicated sustainability working groups which provide updates to the Sustainability Committee at each meeting.

Where appropriate, we have also strengthened our sustainability goals to better align with our ambition. For example, we have brought forward our target to have 25% of women in leadership positions by setting a deadline of 2025, whilst adding an extra commitment to reach 30% by 2030.

Importantly, we are seeking to embed sustainability in every part of Aston Martin’s business. Backed by a clear strategy, a committed team and an uncompromising focus on delivery, sustainability will continue to shape the Company’s future.

I would like to thank all members of the sustainability working groups for all their efforts in making progress towards all our goals and helping to put sustainability at the forefront of everything we do.

**Dr Anne Stevens**  
Chair, Sustainability Committee  
28 February 2023

### Committee membership and Committee meetings

The Committee currently comprises three Independent Non-executive Directors: Anne Stevens who is Chair of the Committee, Antony Sheriff and Marigay McKee. Upon establishment of the Committee, Tobias Moers, the previous Chief Executive Officer was a member of the Committee and attended the first meeting before he left the business in May. Marigay McKee joined the Committee in July.

The Chief Financial Officer and Chief Executive Officer attend the Committee meetings along with the Head of Government Affairs and Sustainability and the leads of the sustainability working groups.

The Committee meets at least twice a year and has formal terms of reference which can be viewed on the Company's website, [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). This year the Committee met four times. The Committee members' attendance for the period is set out in the table below. The activities of the Committee and any matters of particular relevance were reported by the Committee Chair to the subsequent Board meeting.

Committee members	Meeting attendance
Anne Stevens (Chair)	4/4
Antony Sheriff	4/4
Marigay McKee <sup>1</sup>	2/2
Tobias Moers <sup>2</sup>	1/1

1 Marigay McKee joined the Committee on 25 July 2022.

2 Tobias Moers stepped down from the Board on 4 May 2022.

### Key responsibilities of the Committee

The role of the Committee is to oversee, on behalf of the Board, the Company's sustainability strategy, which focuses on five strategic pillars:

- Tackling climate change
- Creating a better environment
- Investing in people and opportunity
- Exporting success
- Delivering the highest standards

The Sustainability Committee is supported by ten dedicated working groups focused on areas ranging from energy management to development of a sustainable supply chain. For further information, see pages 59.

### Committee performance evaluation

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 108-109). The report is very positive highlighting that the Committee is highly effective, despite its recent conception and has outstanding leadership.

### Key responsibilities of the Committee

- Reviewing and making a recommendation to the Board to approve the Sustainability Report, the TCFD Report and the Modern Slavery Statement
- Reviewing periodically the sustainability strategy and considering whether there should be any changes, including to the targets detailed in the sustainability strategy and making a recommendation to the Board for approval
- Monitoring the progress of the sustainability strategy
- Reviewing the annual Sustainability Materiality Assessment and provide comments and guidance
- Considering and making a recommendation to the Board to approve the Company's Sustainability Report and where relevant recommend to the Board any other public documents to be approved for disclosure concerning sustainability-related matters
- Receiving regular updates from the various ESG working groups which are executing the sustainability strategy
- Receiving updates on and reviewing (on an ongoing basis) the Company's external sustainability ratings and accreditations
- Receiving updates on (and reviewing on an ongoing basis) sustainability reporting requirements and changes to government strategy, policies and laws impacting sustainability
- Monitoring external trends, developments and emerging best practices that may affect the Company's reputation or sustainability and ESG strategy, objectives and targets
- Monitoring the level of resource, competence and commitment applied to the management of sustainability and ESG issues
- Receiving relevant sustainability audit findings and details of sustainability-related assurance activity

### Key activities of the Committee during the year

- Reviewed and approved 2021 Sustainability Report
- Approved the enhancements to the Company's sustainability strategy, *Racing. Green.*
- Reviewed reports from the Company's sustainability working groups, including progress in reducing CO<sub>2</sub> emissions and the Company's electrification strategy
- Considered the findings of the Company's ESG data audit
- Recommended to advance quarterly ESG reporting and updates, including information on the use of sustainable materials and ESG metrics
- Assessed the impact of new ESG-related legislation
- Carried out a deep dive on the Company's new diversity and inclusion strategy

The Committee agreed that it would keep the composition of the Committee under review and consider adding more members in the future. The Committee further included the importance of ensuring that there is sufficient agenda time to facilitate effective discussion at Committee meetings going forward.

Further information on sustainability can be found on page 59 and also in the Company's 2022 Sustainability Report.

## Directors' Remuneration Report



“Passionate, motivated and professional people are critical to the success of Aston Martin and, to attract and retain the best talent, our employee offering must be competitive.”

### Dear shareholder

I am pleased to present the Directors' Remuneration Report ("DRR") for the year ended 31 December 2022, which has been approved by both the Remuneration Committee (the "Committee") and the Board.

As set out by both the Executive Chairman and CEO in their statements, against an external backdrop of global macroeconomic, geopolitical and health challenges, the efforts of Aston Martin's people have ensured 2022 has been a year of positive transformational importance for our business and brand. The team has worked incredibly hard on our journey to strengthen Aston Martin's position as an ultra-luxury brand and the financial resilience of the business. Key 2022 achievements include the successful launches of the DBX707 and V12 Vantage, updated Aston Martin wings and brand positioning and completion of the £654m equity capital raise.

Our technical teams are focused on developing our future pipeline of compelling products and have overcome significant industry-wide supply chain challenges during 2022 to meet customer demand and the high standards expected of Aston Martin.

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### Senior leadership Board-level changes

As set out by the Executive Chairman, the composition of the Board continued to evolve this year, with Amedeo Felisa becoming our CEO and Doug Lafferty appointed to our CFO role in early May. Both Amedeo and Doug have considerable industry-leading experience that has already proved invaluable to the continued delivery of our strategy and directing the next stage of AML's transformation, as we focus on leading the brand through a new phase of growth and development.

Full details of Amedeo and Doug's remuneration are set out on pages 139 and 140, and while all elements are in line with our Remuneration Policy, I would highlight the following areas:

#### CEO

- Base salary of £875,000
- An annual cash allowance of £50,000 for a period of 5 years as relocation assistance
- Pension allowance of 12% of salary with a deduction for an amount equal to the employer's NI and other non-cash benefits in accordance with the Remuneration Policy
- Annual performance-based bonus opportunity of up to 200% of salary, pro rata for period of employment in 2022
- A tailored 2022 LTIP one-off award to recognise the importance of alignment with the share price of the Company (and so directly with shareholder interests) and incentivising successful execution of the near-term strategy:
  - An LTIP award of 300% of salary which is in line with our usual Policy to recognise and incentivise the size of the task and effort required from Amedeo to lead the business over the critical next phase of the business turnaround
  - Vesting of this award is subject to the average absolute share price of Aston Martin Lagonda Global Holdings plc over the 2-year period from grant date (13 June 2022 to 12 June 2024), and so the CEO is directly aligned to shareholder interests and will only receive value from the award for significant share price growth during the period
  - The targets represent significant stretch with threshold vesting starting at £10 and maximum vesting at £18. Consistent with the principle of shareholder alignment, these share price targets were not adjusted for the rights issue completed in September 2022
  - No 2-year post vesting holding period applies to the award, but rather an open-ended requirement to hold at least 75% of any LTIP shares that vest (net of tax) will apply (in line with the CEO's shareholding guidelines)
  - Full details of the tailored 2022 LTIP one-off award are set out on page 133
  - The Committee is cognisant that this award is not in line with the standard approach either in the UK listed environment or that usually taken at Aston Martin. The Committee, in agreement with the Executive Chairman, was mindful of the need to drive exceptional and sustainable growth over the near-term and agreed that such a structure was necessary for the CEO on taking up this role on an exceptional basis
  - To recognise that this is not a standard approach, no LTIP award will be made to the CEO in 2023

#### CFO

- Base salary of £450,000
- A pension allowance of 12% of salary (with a deduction for an amount equal to the employer's NI) and other non-cash benefits in accordance with the Remuneration Policy
- Annual performance-based bonus opportunity of up to 150% of salary, pro rata for period of employment in 2022
- Annual award under the LTIP of up to 200% of salary
- He also received buyout awards to compensate him for awards forfeited at his previous employer. The buyout awards were structured to mirror the value and timing of the awards forfeited

As previously disclosed, Tobias Moers and Ken Gregor left the Company on 31 July and 30 June respectively and details of the final payments to both Tobias and Ken are set out on pages 140 and 141.

#### FY 2022 annual bonus approach and outcome

The Committee decided to operate the annual bonus in 2022 in line with the Company-wide approach introduced in 2021, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. The Group scorecard was cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus. For 2022, the scorecard was weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow ("FCF") and 15% on volumes) and 15% on Quality performance for all.

For 2022, all elements of the bonus operated independently, and so although the FY 2022 Adjusted EBITDA outcome of £190m was below the threshold of £200m, a payment of 5.05% of bonus (10.1% of target) will be paid based on wholesale volumes and quality metrics achieved (and no payment with respect to the FCF or retail volumes measures). As both the CEO and CFO are new to the business, their bonus payments will be pro rata for their period of 2022 service and 50% of the net 2022 bonus payment will be delivered in shares, deferred for three years (as they are yet to meet their shareholding guideline).

#### FY 2023 remuneration approach

The Committee reviewed the CEO and CFO's salaries for 2023 and decided to apply increases of 2.9% and 4.4% respectively, taking their salaries to £900,000 and £470,000 (from 1 January 2023). This level of increase is lower than the 2023 pay increases that applied to employees across the workforce.

The Committee has decided to operate the annual bonus in 2023 in line with the Company-wide approach operated in both 2021 and 2022, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. This Group scorecard will once again be cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus. For 2023, the scorecard will be weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 15% on volumes) and 15% on Quality performance for all. The Committee

believes these are the right measures to continue to make annual progress during 2023 towards delivering our long-term strategy. There is no change to the bonus opportunity for the Executive Directors. Full details of the 2023 annual bonus approach are set out on page 132.

The Committee has decided to operate the 2023 LTIP on the same basis as in 2022, albeit with updated Adjusted EBITDA targets which reflect the new three-year period (1 January 2023 to 31 December 2025) of the business plan. There is no change to the LTIP opportunity for the Executive Directors, and 2023 LTIP awards for Executive Directors will be subject to a 2-year post vesting holding period, in line with our 2022 Remuneration Policy. Full details of the 2023 LTIP approach are set out on page 135.

### Broader workforce reward

Passionate, motivated and professional people are critical to the success of Aston Martin and, to attract and retain the best talent, our employee offering (including pay and benefits) must be competitive. When considering the remuneration of the Executive Directors and Executive Committee, the Committee considers remuneration across the whole Company. The Committee was kept fully informed of the key areas of focus around Aston Martin's people during 2022. With the appointment of a Chief People Officer in April, the leadership team made a renewed commitment to making Aston Martin a great place to work, with significant investment begun into our facilities, culture and organisation, to help to drive forward our people and progress in 2023.

On workforce reward more specifically, during the year the Committee considered information on the policies and practices which are in place throughout the Company. In particular, it considered the closure of the Aston Martin Lagonda Limited Pension Scheme (the "Defined Benefit Scheme") to future accrual which was concluded on 31 January 2022, with all employees who were active Defined Benefit Scheme members immediately before the closure becoming deferred members and automatically joining the company's Defined Contribution plan

(of which the majority of employees were already members). The Committee considered and approved Aston Martin's first ever all employee share award, with the particular objective of giving everyone the chance to share in the future success of the Company. Starting in 2023, an annual award of free shares will be made to all employees, which we believe will build engagement across the workforce and a culture where our employees feel and behave like owners.

In respect of 2022 bonus, the Committee noted that the Group KPI scorecard applied to 2022 bonus for all employees and while the outcome based on this alone was low at 5.05% of maximum bonus, a higher level of bonus was generally paid to the wider workforce, which the Committee considered important to recognise how hard the team had worked and the significant progress made on both the business plan and turnaround programme during 2022.

We also discussed our approach to, and results of, Aston Martin's Gender Pay Gap ("GPG") reporting. Our aim is to foster a culture where everybody feels valued, motivated and rewarded to achieve their best work – detailed information on our people, including our Gender Pay Gap figures, can be found on pages 70 to 73. There is also information on the Board's engagement with our workforce in the People section and with our other stakeholders on pages 22 to 25.

I would like to thank shareholders for the feedback and views shared with the Committee and for your continued support. If you have any questions on any element of this Report, please email [company.secretary@astonmartin.com](mailto:company.secretary@astonmartin.com) in the first instance and I hope we can rely on your support at our forthcoming AGM.

### Anne Stevens

Chair, Remuneration Committee  
28 February 2023



## Executive Directors' remuneration at a glance

Our Remuneration Policy was approved by shareholders at the AGM on 25 May 2022 and is set out in full in the 2021 DRR. This can be found in the Annual Report FY 2021 at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

This section explains the outcomes from the implementation of our Policy during FY 2022.

### Remuneration outcomes for FY 2022

#### FY 2022 total single figure remuneration for Executive Directors

The table below sets out the 2022 single figure of total remuneration received by the Executive Directors.

Element	Amedeo Felisa CEO from 4 May 2022 (£'000s)	Doug Lafferty CFO from 1 May 2022 (£'000s)	Tobias Moers CEO until 4 May 2022 (£'000s)	Ken Gregor CFO until 30 April 2022 (£'000s)
Salary	577	299	301	142
Benefits	60	16	40	8
Pension	60	31	31	15
Annual bonus	58	23	30	11
LTIP	n/a	n/a	0	0
<b>Total</b>	<b>756</b>	<b>369</b>	<b>402</b>	<b>175</b>
Prior company incentives buyout	n/a	1,313	n/a	n/a
<b>Total</b>	<b>756</b>	<b>1,682</b>	<b>402</b>	<b>175</b>

### 2022 annual bonus approach and outcome

The CEO and CFO were eligible to receive an annual bonus of up to 200% and 150% of salary respectively, subject to performance. The table below sets out the Group KPI targets that applied for the 2022 annual bonus, the achieved performance and the level of payout as a % of maximum for each element.

Performance measure (weighting)	Threshold (20%)	Target (50%)	Maximum (100%)	FY 2022 achieved	FY 2022 bonus payment (% of maximum)
Adjusted EBITDA (50%)	£200m	£250m	£275m	£190m	0%
Free Cash Flow (20%)	- £170m	- £135m	- £100m	- £299m	0%
Wholesale volumes (7.5%)	6,000	6,750	7,250	6,412	2.7%
Retail volumes (7.5%)	6,450	7,200	7,700	5,970	0%
Quality (15%)	Internal:		Significant progress made but stretching target level not achieved		0%
	(1) CPA – Customer Perception Audit – an audit of a car that has completed all the production processes and is intercepted as it would be handed over to the outbound transport company				
	(2) PDI – Pre-Delivery Inspection – a fixed series of checks/ processes that a dealer completes on a new car when it is received				
	External – Warranty at 3 and 12 months in service:		5 of 8 targets achieved		2.35%
	(1) CPU – Cost Per Unit				
	(2) DPU – Defects Per Unit				

For 2022, all elements of the bonus operated independently, and so although the FY 2022 Adjusted EBITDA outcome of £190m was below the threshold of £200m, a payment of 5.05% of bonus (10.1% of target) will be paid based on wholesale volumes and quality metrics achieved (and no payment with respect to the FCF or retail volumes measures). As both the CEO and CFO are new to the business, they are yet to meet their shareholding guideline and so 50% of the net 2022 bonus payment will be delivered in shares, deferred for three years.

#### **2020 LTIP awards due to vest based on FY 2022 Adjusted EBITDA**

2020 LTIP awards were granted to the prior CEO and CFO in December 2020. In respect of outstanding 2020 LTIP, awards for both Tobias Moers and Ken Gregor were preserved but pro rated based on period of service to their respective termination dates. The 2020 LTIP awards were subject to Adjusted EBITDA targets (80% of awards) and relative Total Shareholder Return ("TSR") (20%), with Adjusted EBITDA assessed over three financial years to 31 December 2022 and TSR measured over a three-year period from the date of grant to 13 December 2023. The outcome with respect to the Adjusted EBITDA measure was below the threshold set and so none of the shares based on Adjusted EBITDA will vest.

#### **Alignment between Executive Directors and shareholders**

The new CEO and CFO are subject to shareholding guidelines of 300% and 200% of salary respectively, which drive long-term alignment with investors. Having only recently taken up their Executive Director positions, the CEO held 25,000 shares (value of £38,513) and the CFO held 358,769 shares (value of £552,684 or 123% of salary) as at 31 December 2022. Of the CFO's shares, 349,329 are the net number awarded as part of his buyout arrangements for awards forfeited on leaving his previous employer (full details are set out on pages 139 and 140).

#### **Remuneration Policy and implementation in FY 2023**

The implementation of our Remuneration Policy for FY 2023 is set out in the following section (Annual Report on Remuneration).

## Annual Report on Remuneration

In his role as Executive Chairman, Lawrence Stroll has elected to receive a nominal salary only, of £1 per annum and receives no other elements of remuneration.

As disclosed last year, 2022 salaries for Tobias Moers and Ken Gregor were £875,000 and £425,000 respectively; they remained at these levels to the date they stepped down from the Board.

### FY 2022 total single figure remuneration for Executive Directors (audited)

The table below sets out the single figure of total remuneration received by the Executive Directors in respect of FY 2022 (and the prior financial year). The subsequent sections detail additional information for each element of remuneration.

Shown in £'000s	Salary	Benefits	Pension	Total fixed	Annual bonus	LTIP	Total variable	Total	Prior company incentive buyout <sup>1</sup>	Total
<b>Executive Director</b>										
<b>Lawrence Stroll<sup>2</sup></b>										
Year to 31 December 2022	£1 (one)			£1 (one)						£1 (one)
Year to 31 December 2021	£1 (one)			£1 (one)						£1 (one)
<b>Amedeo Felisa<sup>3</sup></b>										
Year to 31 December 2022	577	60	60	697	58]	n/a	58	756	–	756
<b>Doug Lafferty<sup>4</sup></b>										
Year to 31 December 2022	299	16	31	346	23	n/a	23	369	1,313	1,682
<b>Former Executive Directors</b>										
<b>Tobias Moers<sup>5</sup></b>										
Year to 31 December 2022	301	40	31	372	30	–	30]	402	–	402
Year to 31 December 2021	850	115	90	1,055	–	n/a	–	1,055	–	1,055
<b>Ken Gregor<sup>6</sup></b>										
Year to 31 December 2022	142	8	15	164	11	–	11	175	–	175
Year to 31 December 2021	425	13	45	483	–	n/a	–	483	–	483

#### Notes:

- As compensation for incentives he forfeited on leaving his previous employer, Doug Lafferty received a cash payment of £442,200 in May 2022 and a further award of shares with a face value of £771,163 in November 2022 and will receive £100,000 in March 2023, half in cash and half in deferred shares. The buyout awards are subject to clawback provisions should Doug leave the Company under certain circumstances and full details are set out on pages 139 and 140.
- Lawrence Stroll has elected to receive a nominal salary only, of £1 per annum, and receives no other elements of remuneration.
- 2022 remuneration for Amedeo Felisa relates to the period since becoming CEO, 4 May to 31 December 2022; fees in relation to his prior NED role are shown on page 141.
- 2022 remuneration for Doug Lafferty relates to the period since joining, 1 May to 31 December 2022.
- 2022 remuneration for Tobias Moers relates to the period 1 January to 4 May 2022, when he stepped down from the Board.
- 2022 remuneration for Ken Gregor relates to the period 1 January to 30 April 2022, when he stepped down from the Board.

### Salary (audited)

Amedeo Felisa's 2022 salary from the date of taking on the CEO role was set at £875,000, consistent with the previous CEO. Doug Lafferty's 2022 salary from his date of appointment was £450,000.

The Committee reviewed the CEO and CFO's salaries for 2023 and decided to apply increases of 2.9% and 4.4% respectively, taking their salaries to £900,000 and £470,000 (from 1 January 2023). This level of increase is lower than the 2023 pay increases that applied to employees across the workforce.

The Committee recognises that the CEO and CFO salaries appear high in a UK FTSE 250 context and continues to benchmark remuneration against global automotive and luxury companies, as these are the most relevant peers. The Committee considers the 2023 salary levels to be appropriate, as they:

- reflect the experience these executives have as proven talented automotive and manufacturing leaders
- value the skills required to deliver the Company's strategic objectives and financial targets
- recognise the size of the task to deliver the turnaround of Aston Martin to achieve its full potential

### Pension (audited)

Each Executive Director receives a cash allowance in lieu of participation in the Defined Contribution scheme. They receive an allowance of 12% of salary with a deduction for an amount equal to the employer's NI contribution.

As disclosed in our Remuneration Policy, the Executive Directors' pension allowances are in line with the majority of employees. The maximum level of employer pension contribution throughout the organisation is the same regardless of seniority at 12% of salary.

No Director has a prospective entitlement to receive a defined benefit pension.

### Allowances and Benefits (audited)

FY 2022 Shown in £'000s	Car allowance and personal mileage	Life assurance	Insurance (private medical and travel)	Relocation allowance	Total
<b>Amedeo Felisa</b>	–	–	–	60	<b>60</b>
<b>Doug Lafferty</b>	13	2	1	–	<b>16</b>
<b>Former Executive Directors</b>					
<b>Tobias Moers</b>	6	1	2	31	<b>40</b>
<b>Ken Gregor</b>	5	1	2	–	<b>8</b>

Amedeo Felisa receives an annual cash allowance of £50,000 as relocation assistance. This will be paid for a period of five years from his start date and the Company also meets the tax payable on this allowance. Tobias Moers received the same relocation allowance until the date he stepped down from the Board.

### Annual bonus

#### Annual bonus outcomes for FY 2022 (audited)

The Committee decided to operate the annual bonus in 2022 in line with the Company-wide approach introduced in 2021, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. The Group scorecard was cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus.

For 2022, the scorecard was weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 15% on volumes) and 15% on Quality performance for all. The performance targets for each measure were set by the Committee at the start of the year, considering the business plan for 2022 and market expectations. The table below sets out the Group KPI targets, the achieved performance and the level of payout of the bonus as a % of maximum for each element.

## 2022 Group KPI targets

Performance measure (weighting)	Threshold (20%)	Target (50%)	Maximum (100%)	FY 2022 achieved	FY 2022 bonus payment (% of maximum)
Adjusted EBITDA (50%)	£200m	£250m	£275m	£190m	0%
Free Cash Flow (20%)	- £170m	- £135m	- £100m	- £299m	0%
Wholesale volumes (7.5%)	6,000	6,750	7,250	6,412	2.7%
Retail volumes (7.5%)	6,450	7,200	7,700	5,970	0%
Quality (15%)	Internal:			Significant progress made but stretching target level not achieved	0%
	(3) CPA – Customer Perception Audit – an audit of a car that has completed all the production processes and is intercepted as it would be handed over to the outbound transport company (4) PDI – Pre-Delivery Inspection – a fixed series of checks/processes that a dealer completes on a new car when it is received				
	External – Warranty at 3 and 12 months in service:			5 of 8 targets achieved	2.35%
	(3) CPU – Cost Per Unit (4) DPU – Defects Per Unit				

For 2022, all elements of the bonus operated independently, and so although the FY 2022 Adjusted EBITDA outcome of £190m was below the threshold of £200m, a payment of 5.05% of bonus (10.1% of target) will be paid based on wholesale volumes and quality metrics achieved (and no payment with respect to the FCF or retail volumes measures). As both the CEO and CFO are new to the business, their bonus payments will be pro rata for their period of 2022 service and 50% of the net 2022 bonus payment will be delivered in shares, deferred for three years (as they are yet to meet their shareholding guideline).

The previous CEO and CFO were treated as good leavers and so will receive a pro rata annual bonus with respect to FY 2022.

Annual bonus for FY 2022	Maximum bonus opportunity (% of salary)	Performance measures/ targets	Level of 2022 achievement	2022 bonus payment (% of maximum)	2022 bonus payment (% of salary)	2022 bonus payment* (£'000s)
Amedeo Felisa	200%	Group KPI targets	See table above	5.05%	10.1%	<b>£58</b>
Doug Lafferty	150%			5.05%	7.6%	<b>£23</b>
<b>Former Executive Directors</b>						
Tobias Moers	200%	Group KPI targets	See table above	5.05%	10.1%	<b>£30</b>
Ken Gregor	150%			5.05%	7.6%	<b>£11</b>

\* 50% of the net 2022 bonus payment will be delivered in shares, deferred for three years.  
Bonus shown above for former Executive Directors is for period of 2022 until they stepped down from the Board.

In determining this outcome, the Committee noted that the Group KPI scorecard applied to the 2022 bonus for all employees and while the outcome based on this alone was low at 5.05% of maximum, the bonus operated below the senior leadership team incorporates an element of personal performance. A higher level was therefore generally paid to the wider workforce, recognising how hard the team had worked and the significant continued progress made on both the business plan and turnaround programme during 2022.

### Annual bonus for FY 2023

The Committee has decided to operate the annual bonus in 2023 in line with the Company-wide approach operated in both 2021 and 2022, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. This Group scorecard will once again be cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus. For 2023, the scorecard will be weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 15% on volumes) and 15% on Quality performance for all. The Committee believes these are the right measures to continue to make annual progress during 2023 towards delivering our long term strategy. As we continue to embed our ESG strategy during 2023, it may be appropriate to link incentives in part to ESG measures from 2024 but we believe 2023 focus should be on our financial and quality metrics as priorities. The 2023 Group KPI scorecard is set out below; the actual targets remain commercially sensitive and will be disclosed retrospectively in the 2023 DRR, when the 2023 performance year is complete.

Area	Group KPI scorecard to apply to 2023 annual bonus				
	Profit	Cash	Volumes		Quality
Measure	Adjusted EBITDA	Free Cash Flow (FCF)	Wholesale volumes	Retail volumes	In-house quality External quality
Weighting	50%	20%	7.5%	7.5%	15%

The Committee will continue to have the discretion to adjust bonus outcomes to ensure they are appropriate and reflect underlying business performance and any other relevant factors.

### Long-Term Incentive Plan

The following section sets out details of:

- 2020 LTIP awards due to vest based on FY 2022 Adjusted EBITDA
- 2022 LTIP awards granted during FY 2022
- Approach to 2023 LTIP awards

### 2020 LTIP awards due to vest based on FY 2022 Adjusted EBITDA

2020 LTIP awards were granted to the senior management team (including the prior CEO and CFO) on 14 December 2020. As set out in the Committee Chair's letter and on pages 140 and 141, in respect of outstanding 2020 (and 2021) LTIP awards, awards for both Tobias Moers and Ken Gregor were preserved but pro rated based on period of service to their respective termination dates. The 2020 LTIP awards were subject to Adjusted EBITDA targets (80% of awards) and relative TSR (20%), with Adjusted EBITDA assessed over three financial years to 31 December 2022 and TSR measured over a three-year period from the date of grant to 13 December 2023.

The table below sets out the Adjusted EBITDA performance targets and actual performance achieved against these. The outcome with respect to this measure was below the threshold set and so none of the shares based on Adjusted EBITDA will vest.

LTIP outcomes for FY 2022	2020 LTIP award (no. of shares outstanding based on 2022 EBITDA)	Performance measure	Vesting schedule	Level of performance achieved	FY 2022 LTIP vesting (% of maximum)	FY 2022 LTIP vesting (£'000s)
<b>Former Executive Directors</b>						
<b>Tobias Moers</b>	117,774	FY 2022 Adjusted EBITDA (£m)	20% for £200m 80% for £300m		0%	£0
<b>Ken Gregor</b>	37,208		100% for £350m	£190m	0%	£0

#### Notes

The table above sets out the outcome for the Adjusted EBITDA element of 2020 LTIP awards (80% of awards).

20% of 2020 LTIP awards were subject to relative TSR performance, as set out in the FY 2020 DRR, and this will be measured over 3 years to 13 December 2023.

## 2022 LTIP awards granted during FY 2022 (audited)

### 2022 LTIP share award – CEO

As highlighted in the Committee Chair's letter, the Committee gave considerable thought to and discussed in detail the appropriate LTIP award approach to take for Amedeo Felisa, in the role of CEO, and decided to take a tailored one-off approach to recognise a number of factors. These factors included the importance of aligning the CEO with the share price of the Company (and so directly with shareholder interests), incentivising and rewarding successful execution of the near term strategy over the critical period of the business turnaround, the performance of the Company in terms of both financial outcomes and share price, and the external environment.

With support from the Executive Chairman, the Committee decided to grant an LTIP award of 300% of salary to the CEO (at maximum) to recognise and incentivise the size of the task and effort required from him to the lead business over the next phase of the business turnaround. This is fully in line with our Policy and the levels of award historically granted. Vesting of this award is subject to the average absolute share price of Aston Martin Lagonda Global Holdings plc over the 2-year period from grant date (13 June 2022 to 12 June 2024). With the award based 100% on the Company's share price, the CEO is directly aligned to shareholder interests and will only receive value from the award for significant share price growth during the period. The Committee (and Board as a whole) believe that successful execution of the near term strategy will be reflected in the Company's share price performance in this period.

The 2-year performance/vesting period was considered important to recognise, incentivise and reward the critical period of the business turnaround – the 2-year period was fully supported by the Executive Chairman. The Committee also decided following careful consideration that no self-standing 2-year post vesting holding period would be applied to the award, but rather an open-ended requirement to hold at least 75% of any LTIP shares that vest (net of tax) will apply (in line with the CEO's shareholding guidelines).

The table below summarises the 2022 LTIP award granted to the CEO (Amedeo Felisa).

FY 2022	Type of award	Basis of award	Number of shares awarded	Face value at grant (£'000s)
<b>Amedeo Felisa</b>	LTIP share award	<b>300% of salary</b>	872,828	£2,625

#### Notes:

- (1) In line with standard market practice in the event of an equity capital raise, the number of shares outstanding under 2022 LTIP awards was adjusted to reflect the dilutive effect of the open offer using the standard theoretical ex-rights price ("TERP") approach. No adjustments were made in respect of the firm placing.
- (2) The LTIP shares were granted on 13 June 2022 and will vest subject to the performance conditions and vesting schedule set out on the following page.
- (3) The award was granted in the form of nil-cost options.
- (4) The face value of the award was calculated using the 3-month average price prior to the date of grant (£3.01 on the TERP adjusted basis).

The 2022 LTIP award granted to the CEO is subject to the performance conditions detailed below.

### 2022 LTIP performance measures and targets – CEO

- Share price performance will be assessed based on the share price of the Company during any period of 30 consecutive days during the performance period (from 13 June 2022 to 12 June 2024)
- The shares under the award will commence vesting if the share price exceeds £10 and will vest as follows:

		2022 LTIP targets	Vesting* (as a % of maximum)
Share price of the Company to exceed £x for 30 consecutive days	Threshold	£10 (or less)	0%
	Maximum	£18	100%

\* Vesting will be on a straight-line basis between threshold and maximum.

While the recent capital raise has impacted the share price, no adjustments have been made to the targets.

### 2022 LTIP share award – CFO

The more general approach to 2022 LTIP awards was set out in detail in the 2021 DRR, ahead of the grant date (in June 2022). This approach applied to the 2022 LTIP award granted to the CFO (Doug Lafferty) and the table below summarises this award, including both the number of shares granted and the number of shares now under award post the adjustment made to the number of awarded shares to take account of the September 2022 rights issue.

FY 2022	Type of award	Basis of award	Number of shares awarded	Face value at grant (£'000s)
<b>Doug Lafferty</b>	LTIP share award	<b>200% of salary</b>	299,255	£900

Notes:

- In line with standard market practice in the event of an equity capital raise, the number of shares outstanding under 2022 LTIP awards were adjusted to reflect the dilutive effect of the open offer using the standard theoretical ex-rights price ("TERP") approach. No adjustments were made in respect of the firm placing.
- The LTIP shares were granted on 13 June 2022 and will vest subject to the performance conditions and vesting schedule set out below.
- The award was granted in the form of nil-cost options.
- The face value of the award was calculated using the 3-month average price prior to the date of grant (£3.01 on the TERP adjusted basis).

The 2022 LTIP award granted to the CFO is subject to the performance conditions detailed below.

### 2022 LTIP performance measures and targets – CFO

		2022 LTIP targets	Vesting* (as a % of maximum)
Adjusted EBITDA (£m in FY 24) (80% of award)	Threshold	350	20%
	<b>Stretch</b>	<b>450</b>	<b>80%</b>
	Maximum	525	100%
Relative TSR (vs. luxury peers) (20% of award)	Threshold	Rank 6th (median)	20%
	Maximum	Rank 3rd or above (80th percentile)	100%

\* Vesting will be on a straight-line basis between each of threshold and stretch, and stretch and maximum for the EBITDA element and threshold and maximum for the TSR element.

- TSR performance will be measured on a ranked basis against the following luxury companies: Burberry, Capri Holdings, Compagnie Financiere Richemont, Ferrari, Hermes International, Kering, LVMH, Moncler, Prada and Ralph Lauren.



The 2022 LTIP awards granted to both the CEO and CFO are subject to Committee discretion and malus and clawback provisions as detailed below:

- The Remuneration Committee retains discretion to adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors to ensure that the value at vesting is fully reflective of the performance delivered and executives do not receive unjustified windfall gains.
- Malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of awards granted under the LTIP where it considers that there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management, an error in available financial information, which led to the award being greater than it would otherwise have been or personal misconduct.
- Clawback may be applied for a period of up to three years from vesting for any LTIP awards.
- The former Executive Directors, Tobias Moers and Ken Gregor, were not granted awards under the LTIP in FY 2022.

### 2023 LTIP awards

The Committee decided that Adjusted EBITDA continues to be the most appropriate measure of profit for the 2023 LTIP, given market and internal focus on this key metric, which is used to manage the business. The Committee believes strong performance in Adjusted EBITDA is key to delivering strong shareholder returns. The Adjusted EBITDA targets have been carefully calibrated based on Aston Martin's latest business plan and external expectations. The range has been set to be stretching (extremely so at the maximum vesting level) yet motivating in the context of our business plan and the continued uncertainty in the current environment. TSR as the second measure, recognises the importance of shareholder alignment and also the self-calibrating nature of TSR as an objective measure of performance, particularly in a period of uncertainty. TSR will be measured on a relative basis against a select group of luxury companies, which aims to incentivise elevation of the Aston Martin brand by out-performance of these high-end luxury companies. Ultimately, the successful delivery of our business plan and strategy (detailed on pages 30 and 31) will be reflected in our Adjusted EBITDA and TSR performance.

It is anticipated that 2023 LTIP awards will be granted in May 2023, with an award to the CFO at 200% of salary. No award will be granted to the CEO given the tailored one-off LTIP award granted in 2022.

The Committee has given considerable thought and discussed in detail the appropriate 2023 LTIP award level to grant to the CFO, given the external environment, the performance of the Company in terms of both financial outcomes and share price, and the need to incentivise new leadership and commitments made on his appointment. The Committee has decided to grant the CFO a 2023 LTIP award at the level set out above to recognise and incentivise the size of the task and effort required to execute the business turnaround.

### 2023 LTIP performance measures and targets

		2023 LTIP targets	Vesting* (as a % of maximum)
<b>Adjusted EBITDA</b> (£m in FY 25) (80% of award)	Threshold	400	20%
	<b>Stretch</b>	<b>475</b>	<b>80%</b>
	Maximum	550	100%
<b>Relative TSR**</b> (vs. luxury peers) (20% of award)	Threshold	Rank 6th (median)	20%
	Maximum	Rank 3rd or above (80th percentile)	100%

\* Vesting will be on a straight-line basis between each of threshold and stretch, and stretch and maximum for the EBITDA element and threshold and maximum for the TSR element.

\*\* TSR peers as per 2022 LTIP, detailed above.

- The Remuneration Committee retains discretion to adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors to ensure that the value at vesting is fully reflective of the performance.

### Performance period

Performance for both measures will be measured over three financial years to 31 December 2025. Subject to performance, awards will vest 3 years from grant, following the announcement of results for 2025 but subject to a further 2-year holding period post vest (net of tax).

The CFO will be required to hold at least 75% of any shares that vest (net of tax) until he has met his shareholding guidelines under the shareholding policy.

### Share interests and shareholding guidelines (audited)

The CEO and CFO are subject to shareholding guidelines of 300% and 200% of salary respectively, which drive long term alignment with investors.

The following table sets out the total beneficial interests of the Executive Directors (and their connected persons) in ordinary shares of the Company as at 31 December 2022 (or at the date of stepping down, if earlier), as well as the status against the shareholding guidelines. The table also summarises conditional interests in share or option awards.

As at 31 December 2022	Shares owned outright	Shares vested but subject to future release <sup>1</sup>	Total shares owned outright or vested <sup>2</sup>	As a % of salary <sup>3</sup>	Shareholding guideline (as % of salary)	Guideline met?	LTIP award shares unvested and subject to performance <sup>4</sup>
<b>Amedeo Felisa</b>	25,000	–	<b>25,000</b>	4.4%	300%	No	872,828
<b>Doug Lafferty</b>	358,769	–	<b>358,769</b>	123%	200%	No	299,255
<b>Lawrence Stroll</b>	104,993,195	–	<b>104,993,195</b>	n/a			n/a
<b>Former executive directors</b>							
<b>Tobias Moers</b>	8,815	1,866	<b>10,681</b>	1.9%	150%	No	198,950
<b>Ken Gregor</b>	–	884	<b>884</b>	0.3%	100%	No	62,456

#### Notes:

- (1) These shares were awarded under the deferred bonus plan in respect of 50% of the net (post tax and NI) 2020 annual bonus payment.
- (2) There have been no changes in the period up to and including 28 February 2023.
- (3) Based on the closing share price on 31 December 2022 of £1.54.
- (4) These shares were granted under the 2020, 2021 and 2022 LTIP awards (a pro rata number is shown for Tobias Moers and Ken Gregor to their termination dates, as per the good lever treatment applied).
- (5) The number of shares shown for Lawrence Stroll includes both direct and indirect interests.
- (6) Information for Tobias Moers and Ken Gregor is shown as at the date they stepped down from the Board (4 May 2022 and 30 April 2022 respectively).

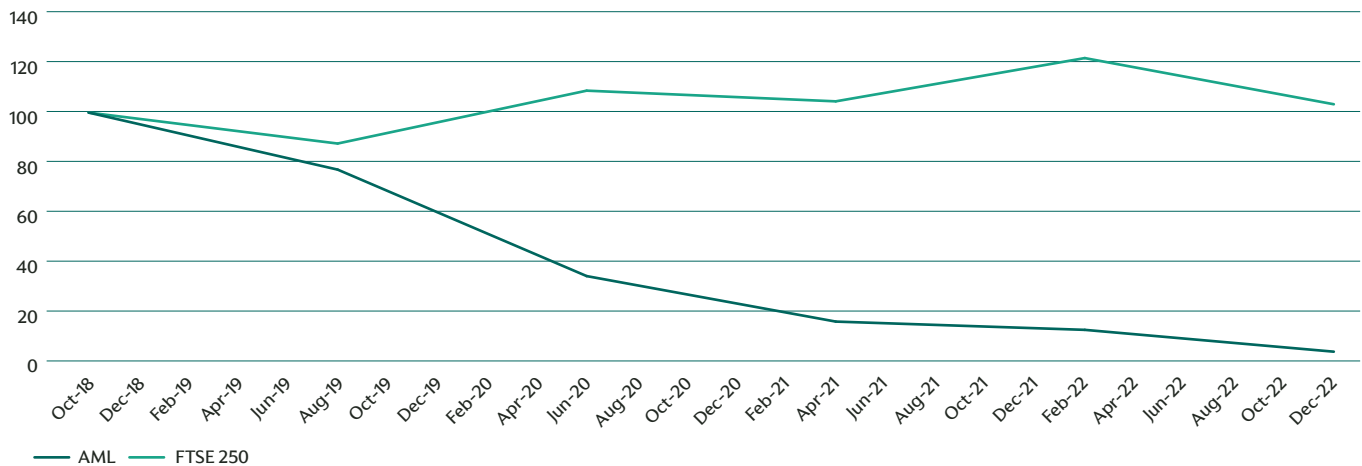
### TSR performance graph and CEO remuneration

The Company's shares started trading on the London Stock Exchange's main market for listed securities on 8 October 2018.

The graph below shows the TSR performance of £100 invested in the Company's shares since listing compared to the FTSE 250 index which has been chosen because the Company has been a constituent of this index since listing.

#### TSR vs. the FTSE 250

The table below shows the total remuneration earned by the incumbent CEO over the same period, along with the percentage of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as used for the single figure of total remuneration for FY 2022 on page 129.



#### CEO total remuneration

FY	2018 <sup>1</sup> (AP)	2018 <sup>2</sup> (AP)	2019 (AP)	2020 (AP)	2020 (TM)	2021 (TM)	2022 (TM)	2022 (AF)
<b>Total remuneration (£'000s)</b>	407	1,347	1,353	476	1,482	1,055	402	756
<b>Bonus (% of maximum)</b>	0%	0%	0%	0%	20%	0%	5.05%	5.05%
<b>LTIP (% of maximum)</b>	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a

Notes:

- (1) FY 2018 remuneration shown is for the period 8 October to 31 December 2018; annual bonus was restated to zero as set out in the 2019 DRR.
- (2) The amounts shown for FY 2018 in the second column have been annualised, as if the Remuneration Policy operated since IPO had been in place for the full year (as disclosed in the 2018 DRR, with bonus restated to zero).
- (3) Amedeo Felisa (AF, CEO from 4 May 2022), Tobias Moers (TM, CEO from 1 August 2020 to 4 May 2022), Dr Andy Palmer (AP, CEO to 25 May 2020).

### Director remuneration relative to employees

The table below compares the total salary/fees, benefits and bonus received by each Director during FY 2022 compared with the prior year. The year-on-year change is also shown for the UK employee population. For comparison purposes, only Directors who had periods of service in both 2021 and 2022 have been included and amounts have been adjusted to reflect a full year equivalent to enable a meaningful reflection of year-on-year change.

	Year-on-year change (%)	Average employee	Executive Directors			Non-executive Directors					
			Lawrence Stroll	Tobias Moers	Ken Gregor	Robin Freestone	Natalie Massenet	Marigay McKee	Franz Reiner	Antony Sheriff	Anne Stevens
FY 22	Salary fees	6%	0%	3%	0%	0%	1%	2%	0%	60%	19%
	Bonus	23%	n/a	+100%	+100%	n/a	n/a	n/a	n/a	n/a	n/a
	Benefits	0%	n/a	0%	72%	n/a	n/a	n/a	n/a	n/a	n/a
FY 21	Salary fees	0%	0%	3%	0%						
	Bonus	0%	n/a	-100%	-100%						
	Benefits	0%	n/a	0%	72%						

#### Notes:

- (1) The comparator group includes all UK employees. This group represents the majority of Aston Martin employees and is the same group used for the pay ratio reporting below
- (2) For the comparator group of employees, the salary year-on-year change is shown includes the annual salary review from 1 January 2022 but excludes any additional changes made in the year, for example on promotion. Non-management employees also received a lump-sum payment of £750 as well as the general salary increase, as agreed with the trade union
- (3) The year-on-year change in bonus is shown for non-management employees only – this population received their fixed contractual annual bonus payments in 2021 and a Company-performance related bonus in 2022. The increase for the former CEO and CFO reflects the bonus payment set out on page 131 in respect of 2022 and a zero payment in respect of 2021
- (4) For benefits, there were no changes to benefit policies or levels during the year – the year-on-year change shown for Ken Gregor results from the annualising of one mileage payment that was received during his period on the Board (but no further payments were made for the remainder of his service)
- (5) Natalie Massenet, Marigay McKee and Anne Stevens are paid in USD – the small % increases are rounding from FX rate conversions. The majority of the increase for Anne Stevens results from her fees received as the chair of the Sustainability Committee established in 2022
- (6) The increase for Antony Sheriff results from his fees received as a member of the Product Strategy Committee established in 2022 – these are detailed on page 142

### CEO pay ratios

The ratios set out in the table below compare the total remuneration of the incumbent CEO (as included in the single figure table on page 129) to the remuneration of the median UK employee as well as employees at each of the lower and upper quartiles. Due to the change of CEO during the year, the FY 2022 values are derived from the total single figure of remuneration table on page 129 for the periods that each of Amedeo Felisa and Tobias Moers held the CEO role (and added together).

	25th percentile (P25)	Median (P50)	75th percentile (P75)
CEO pay ratios (Option A)	(P25)	(P50)	(P75)
FY 22	26 to 1	22 to 1	18 to 1
FY 21	27 to 1	23 to 1	19 to 1
FY 20	53 to 1	45 to 1	37 to 1
FY 19	34 to 1	29 to 1	24 to 1

The ratios are calculated using 'option A' as set out in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50 and P75) were determined based on total remuneration for FY 2022 using a calculation approach consistent with that used for the incumbent CEO in the single figure table on page 129. The Committee chose to use option A on the basis that it would provide the most accurate approach to identifying the median, lower and upper quartile employees. The calculation was undertaken on a full-time equivalent basis, adjusting pay for part-time workers to a 39-hour week equivalent. The total remuneration in respect of FY 2022 for the employees identified at P25, P50 and P75 was £44k, £52k, and £63k respectively. The base salary for FY 2022 for the employees at P25, P50 and P75 was £37k, £52k and £52k respectively.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout Aston Martin, pay is positioned to be fair and market competitive in the context of the relevant talent market for each role.

### Relative importance of spend on pay for FY 2022

The table below sets out the total payroll costs for all employees for FY 2022 compared to distributions to shareholders by way of dividend and share buyback. Adjusted EBITDA is also shown as context.

		FY 2021	FY 2022
Adjusted EBITDA	£m	190	138
	% change	+37.7%	n/a
Distributions to shareholders	£m	0	0
	% change	0%	0%
Payroll costs for all employees	£m	191	152
	% change	+25.7%	

### Service agreements

The table below sets out information on service agreements for the Executive Directors.

Executive Director	Title	Effective date of service agreement	Notice period to and from the Company
Lawrence Stroll	Executive Chairman	20 April 2020	Mr Stroll's appointment is terminable in accordance with the Yew Tree Relationship Agreement
Amedeo Felisa	Chief Executive Officer	4 May 2022	12 months
Doug Lafferty	Chief Financial Officer	1 May 2022	12 months

The service agreements for Executive Directors are available for inspection by shareholders at the registered office of the Company.

### External appointments

It is recognised that Non-executive Directorships can provide a further level of experience that can benefit the Company. As such, Executive Directors may usually take up one Non-executive Directorship (broadly equivalent in terms of time commitment to a FTSE 350 Non-executive Directorship role) subject to the Board's approval as long as there is no conflict of interest. A Director may retain any fee received in respect of such Non-Executive Directorship. The CEO is the Chairman of Atop S.p.A. and the CFO does not hold any Non-executive Directorships.

### Further information on remuneration for new Executive Directors

#### Remuneration for the CEO

Amedeo Felisa's 2022 remuneration for his role as CEO (from 4 May 2022) is detailed below and is in line with remuneration for the previous CEO and the Remuneration Policy:

- Base salary of £875,000, in line with the previous CEO and reflecting his experience one of the most highly regarded leaders and engineering professionals in the high-performance luxury sports car sector
- An annual cash allowance of £50,000 for a period of 5 years as relocation assistance (the Company will also meet tax payable on this allowance)
- Pension allowance of 12% of salary with a deduction for an amount equal to the employer's NI and other non-cash benefits in accordance with the Remuneration Policy
- Annual performance-based bonus opportunity of up to 200% of salary, pro rata for period of employment in 2022
- A tailored 2022 LTIP award, as set out on page 133

#### Remuneration for the CFO

Doug Lafferty's remuneration from his date of appointment was detailed in last year's report. Further information is set out below on the buyout awards Doug received during 2022.

#### Buyout awards

In order to secure Doug Lafferty's appointment and to allow him to join Aston Martin at the earliest opportunity, and as disclosed on appointment/last year's report, the Committee agreed to buyout awards forfeited on leaving his previous employer. The buyout awards were structured to mirror the value and timing of the forfeited awards. The buyout awards are subject to clawback provisions and Doug will be required to repay the awards in full if he resigns or is terminated for cause within 12 months of each relevant payment or award date.

### 1. Annual bonus buyouts

As compensation for his 2021 annual bonus that Doug forfeited on leaving his previous employment, he was paid £442,200 in cash in May 2022. This payment was based on a combination of company and personal performance at his previous employer and subject to time pro rating to reflect his period in employment in 2021. The outcome and forfeiture of this bonus was confirmed in writing by his previous employer.

As compensation for his 2022 annual bonus that Doug forfeited on leaving his previous employment, he will be paid £50,000 in cash in March 2023 and an award of value £50,000 in AML shares will be made which will be subject to deferral for three years.

### 2. 2021 LTIP award buyout

As compensation for his 2021 LTIP award that Doug forfeited on leaving his previous employment:

- Doug was granted a one-off buyout award of AML shares in November 2022
- the value of this award was determined at £771,163 – this was the value of the forfeited LTIP award as at the date it would have crystallised, upon the completion of the acquisition of the CFO's previous employer (25 July 2022)
- the value was calculated based on the number of shares in Doug's forfeited 2021 LTIP award, the value per share as per the acquisition terms of his previous employer, the performance outcome and time pro rating as determined by the previous employer's remuneration committee
- the outcome and forfeiture of the 2021 LTIP were confirmed in writing by the previous employer
- the number of shares in the award was calculated based on this value and the share price as at the time of grant (average price over the 3 days preceding grant date)
- these AML shares vested immediately, and Doug is required to retain at least 75% of the shares (net of tax), in accordance with his shareholding guideline

### Further information on remuneration for Executive Directors who left during the year

#### Remuneration for the prior CEO (Tobias Moers)

Tobias Moers stepped down as an Executive Director of the Company and as CEO on 4 May 2022. The following remuneration arrangements applied in connection with the termination of his employment:

- Tobias Moers had a 12-month notice period which commenced on 4 May 2022. He stepped down from the Board on that date but remained employed and available to the Group until 31 July 2022 at which point his employment terminated. He was paid his normal salary and received benefits as an employee until his termination date and was paid £664,041 (less applicable tax deductions) in lieu of the unserved part of his notice period.
- Tobias Moers remained eligible to receive a pro rata annual bonus for the period of service from 1 January 2022 to 31 July 2022. His 2022 annual bonus (detailed on page 131) will be delivered 50% in cash and 50% in deferred shares under the Deferred Bonus Share Plan (DBSP). His 2021 DBSP awards over 1,866 shares will be released in full on the original release date (14 June 2024).
- In respect of outstanding 2020 and 2021 LTIP awards, these awards were preserved but pro rated based on period of service from grant date to 31 July 2022. The pro rata number of shares under each award (2020 LTIP award – 147,218 and 2021 LTIP award – 51,732) remain subject to the original performance conditions and vesting dates. The outcome with respect to the Adjusted EBITDA element of the 2020 LTIP award is shown on page 132 (zero vesting). Tobias was not eligible for a 2022 LTIP award.
- Tobias Moers had not yet achieved his target shareholding of 150% of his base salary and so will maintain his full actual shareholding for two years from the date he stepped down as a Director.
- The Company will cover the reasonable costs of advice and assistance for tax filings in respect of payments that he receives from Aston Martin Lagonda. Tobias will continue to be covered by the Company's D&O insurance and received a contribution towards his legal advice of £6,000 plus VAT.
- No payments for loss of office were or will be paid to Tobias Moers.

#### Remuneration for the prior CFO (Kenneth Gregor)

Kenneth Gregor stepped down as Chief Financial Officer and as an Executive Director on 1 May 2022. The following remuneration arrangements applied in connection with the termination of Kenneth Gregor's employment:

- Kenneth Gregor stepped down from the Board on 1 May 2022 but remained employment and available to the Group until 30 June 2022. He continued to be paid salary, pension and receive benefits as an employee in the period to 30 June 2022.
- Salary, pension and benefits ceased following the termination date and no payment in lieu of notice was made for the unserved notice period beyond the termination date.
- 2022 bonus – the Committee decided to apply discretion to treat Kenneth Gregor as a good leaver. Kenneth Gregor remained eligible to receive a pro rata bonus for his period of 2022 service to the termination date. His 2022 annual bonus (detailed on page 131) will be delivered 50% in cash and 50% in deferred shares under the Deferred Bonus Share Plan (DBSP).

- In respect of his outstanding 2021 DBSP award, the Committee decided to apply discretion to treat Kenneth Gregor as a good leaver and this award will be released in full on the original release date (884 shares on 14 June 2024).
- In respect of his outstanding 2020 and 2021 LTIP awards, the Committee decided to apply discretion to treat Kenneth Gregor as a good leaver and these awards were pro rated based on period of service from grant date to the termination date. The pro rata number of shares under each award (2020 LTIP award – 46,510 shares and 2021 LTIP – 15,946 shares) remain subject to the original performance conditions and vesting dates. The outcome with respect to the Adjusted EBITDA element of the 2020 LTIP award is shown on page 132 (zero vesting). Ken was not eligible for a 2022 LTIP award.
- Kenneth Gregor is required to retain all those shares in the Company that he held as at 30 June 2022 (including shares under the DBSP awards) for a period of two years until 30 June 2024.
- Kenneth Gregor will continue to be covered by the Company's D&O insurance and received a contribution towards his legal advice of £3,000 plus VAT.
- No payments for loss of office were or will be paid to Kenneth Gregor.

### Non-executive Directors' remuneration (audited)

The Policy on remuneration for Non-executive Directors is set out in the Directors' Remuneration Report FY 2021 (which can be found in the Annual Report FY 2021 at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com)).

The table below sets out the single figure of total remuneration received or receivable by the Non-executive Directors in respect of FY 2022 (and the prior financial year).

Shown in £'000s	Total fees
<b>Non-executive Directors</b>	
<b>Ahmed Al-Subaey<sup>1</sup></b>	
Year to 31 December 2022	10
<b>Nigel Boardman<sup>2</sup></b>	
Year to 31 December 2022	15
<b>Michael de Picciotto</b>	
Year to 31 December 2022	–
Year to 31 December 2021	–
<b>Robin Freestone</b>	
Year to 31 December 2022	85
Year to 31 December 2021	71
<b>Natalie Massenet</b>	
Year to 31 December 2022	67
Year to 31 December 2021	32
<b>Marigay McKee<sup>3</sup></b>	
Year to 31 December 2022	63
Year to 31 December 2021	30
<b>Franz Reiner</b>	
Year to 31 December 2022	60
Year to 31 December 2021	29
<b>Scott Robertson<sup>4</sup></b>	
Year to 31 December 2022	11
<b>Antony Sheriff<sup>5</sup></b>	
Year to 31 December 2022	145
Year to 31 December 2021	83
<b>Anne Stevens<sup>6</sup></b>	
Year to 31 December 2022	101
Year to 31 December 2021	78
<b>Former Non-executive Directors</b>	
<b>Amedeo Felisa<sup>7</sup></b>	
Year to 31 December 2022	123
Year to 31 December 2021	34

Notes:

- (1) Ahmed Al-Subaey joined the Board on 1 November 2022.
- (2) Nigel Boardman joined the Board on 1 October 2022.
- (3) Marigay McKee became a member of the Sustainability Committee on 24 July 2022.
- (4) Scott Robertson joined the Board on 1 November 2022.
- (5) Antony Sheriff was a member of the Product Strategy Committee from 19 January to 4 May 2022 and attended 10 meetings during FY 2022; he also became a member of the Sustainability Committee on 24 July 2022.
- (6) Anne Stevens became the Chair of the Sustainability Committee on 24 July 2022.
- (7) Amedeo Felisa was the Chair of the Product Strategy Committee from 19 January to 4 May 2022 and attended 10 meetings during FY 2022; Amedeo was an NED from 1 January to 4 May 2022, he then became the CEO – fees shown above are for his service as an NED, his CEO remuneration is set out on page 129.

### Summary of Non-executive Directors' fees for FY 2023

The table below sets out the annual fee structure for the NEDs for 2023. Following a review of NED fee levels, the Board (excluding the NEDs) decided to apply a modest increase to all fees, recognising that fees had not been reviewed since 2020 (at which time NED fees had been reduced) and the significant workload of the Board. The 2023 fee levels shown below are effective 1 January 2023. NED fee levels will be reviewed (but not necessarily increased) on an annual basis going forward.

NED role	FY 2022 fee (£'000s)	FY 2023 fee (£'000s)
Basic NED fee	60	65
SID fee	15	17
Committee Chair	15	17
Committee member	5	6

The Product Strategy Committee was established on 19 January 2022 and remained in operation until 4 May 2022. The Committee met 10 times during the 2022 period of operation and the Chair and Non-executive member received the following fees as set out in last year's DRR:

- Chair (Non-executive Director) – £10,000 per meeting
- Member (Non-executive Director) – £5,000 per meeting

### Non-executive Director shareholdings (audited)

The table below summarises the total interests of the Non-executive Directors (and their connected persons) in ordinary shares of Aston Martin Lagonda Global Holdings plc as at 31 December 2022.

	Total number of shares owned <sup>1</sup>
<b>Non-executive Directors</b>	
Ahmed Al-Subaey	–
Nigel Boardman	38,400
Michael de Picciotto <sup>2</sup>	6,993,787
Robin Freestone	33,355
Natalie Massenet	20,000
Marigay McKee	–
Franz Reiner	–
Scott Robertson	–
Antony Sheriff	–
Anne Stevens	35,000
<b>Former Non-executive Directors</b>	
Amedeo Felisa <sup>3</sup>	25,000

Notes:

(1) Other than those stated below, there have been no changes in the period up to and including 28 February 2022.

(2) Held via St James Invest SA.

(3) Held via FA Consult.



### Letters of appointment

The Non-executive Directors have letters of appointment. All Non-executive Directors' appointments and subsequent re-appointments are subject to annual re-election at the AGM. Dates of the letters of appointment of the Non-executive Directors as at the date of this report are set out in the table below.

Non-Executive Directors	Date of appointment	Notice period
Ahmed Al-Subaey	1 November 2022	3 months
Nigel Boardman	1 October 2022	3 months
Michael de Picciotto	24 April 2020	3 months
Robin Freestone	1 February 2021	3 months
Natalie Massenet	8 July 2021	3 months
Marigay McKee	8 July 2021	3 months
Franz Reiner	8 July 2021	3 months
Scott Robertson	1 November 2022	3 months
Antony Sheriff	1 February 2021	3 months
Anne Stevens	1 February 2021	3 months

The terms and conditions of appointment for Non-executive Directors are available for inspection by shareholders at the registered office of the Company.

### Remuneration Committee in FY 2022

#### Committee membership

The following Directors served as members of the Committee during FY 2022:

- Anne Stevens (Chair)
- Robin Freestone
- Antony Sheriff
- Natalie Massenet

#### Committee remit

The Committee's terms of reference are published on [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

In addition to setting the remuneration of the Executive Directors, the Committee continues to directly oversee the remuneration arrangements for the other Chief-level roles (including Chief Operating Officer, Chief Creative Officer, Chief Global Brand and Commercial Officer, General Counsel, Group Chief Technology Officer, Chief People Officer and Chief Procurement Officer).

### Summary of meetings

The Committee typically meets four to six times a year. During FY 2022, the Committee met eight times and the agenda items discussed at these meetings are summarised below.

January	<ul style="list-style-type: none"> <li>Approval of incoming CFO remuneration</li> </ul>
Early February	<ul style="list-style-type: none"> <li>Expected 2021 annual bonus outcome</li> <li>2022 approach to incentives – financial measure targets</li> <li>Review of draft FY 2021 Directors' Remuneration Report</li> </ul>
Late February	<ul style="list-style-type: none"> <li>Approval of 2021 annual bonus payment</li> <li>Approval of 2022 annual bonus quality measures and targets</li> <li>Approval of 2022 LTIP awards</li> <li>Approval of 2021 Directors' Remuneration Report</li> <li>Approval of 2021 Gender Pay Gap report</li> <li>Approval of Chief People Officer remuneration</li> <li>Update on 2022 trade union pay negotiations</li> <li>Approval of Chief population 2022 remuneration</li> <li>Approval of CEO 2022 remuneration</li> </ul>
April	<ul style="list-style-type: none"> <li>Approval of Group Chief Technology Officer remuneration</li> </ul>
May	<ul style="list-style-type: none"> <li>Incoming CEO remuneration</li> <li>Outgoing CEO remuneration terms</li> </ul>
September	<ul style="list-style-type: none"> <li>Update on external executive pay environment</li> <li>Update on broader employee reward</li> <li>2022 annual bonus – performance update</li> <li>Approval of all-employee share award</li> <li>Broader employee retention discussion</li> <li>Approval of CFO buyout share award – actual grant</li> </ul>
October	<ul style="list-style-type: none"> <li>Approval of Chief Procurement Officer remuneration</li> <li>Approval of consultancy fee for Nigel Boardman related to legal advice</li> </ul>
December	<ul style="list-style-type: none"> <li>Update on external reward environment and latest investor guidelines</li> <li>Update on broader employee reward</li> <li>Expected 2022 annual bonus and 2020 LTIP outcomes</li> <li>FY 2023 incentives approach</li> <li>Approval of adjustment to 2022 LTIP awards for rights issue</li> <li>Remuneration Committee annual evaluation</li> <li>Approval of updated Remuneration Committee terms of reference</li> </ul>

### Attendance at Committee meetings

The following table sets out the number of meetings attended by each Committee member during FY 2022

Director	Meetings attended
Robin Freestone*	7/8
Natalie Massenet	8/8
Antony Sheriff	8/8
Anne Stevens	8/8

\* Robin Freestone missed one unscheduled meeting due to the meeting being called at very short notice.

### Committee performance evaluation

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 108 and 109). The Committee also reviewed its own performance and was satisfied that it continued to perform effectively and had worked constructively and collaboratively in year of many Committee changes and business activities and was rated highly by the members and other respondents to the evaluation survey.

The focus of the Committee for the forthcoming year will be to review the adequacy of the maintenance of dialogue with key institutional investors and their representatives and to improve the dialogue with and visibility of the external advisors and the Committee.

### Advice to the Committee

The Chair of the Board and members of the management team are invited to attend Committee meetings where appropriate, except when their own remuneration is being discussed. During the year the Executive Chairman, CEO, CFO, VP and General Counsel, Company Secretary, Chief People Officer and Director of Reward attended meetings at the Committee's invitation.

The Committee has received independent advice on remuneration from Willis Towers Watson (WTW). WTW is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice provided by WTW is independent and objective. WTW has no other connection with the Company. Total fees received by WTW in relation to remuneration advice provided that materially assisted the Committee during FY 2022 were £36,763, which had been charged on a time spent basis.

Freshfields also provided legal advice to the Committee in relation to the operation of the Company's share plans, employment law considerations and compliance with legislation.

### Remuneration voting results

The table below shows the results of the shareholder votes at the 2022 AGM on the DRR and the Directors' Remuneration Policy.

AGM voting results	Votes for	Votes against	Votes withheld
2022 AGM:			
To approve the DRR for the year ending 31 December 2021	69,221,928 (99.34%)	461,486 (0.64%)	4,411
To approve the 2022 Directors' Remuneration Policy	67,922,049 (97.46%)	1,772,525 (2.54%)	4,251

### Approval

This report has been approved by the Board and signed on its behalf by:

#### Anne Stevens

Chair, Remuneration Committee  
28 February 2023

### About the Directors' Report

This Directors' Report sets out the information required to be disclosed by the Company in compliance with the Companies Act 2006, the UK Listing Rules and the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs). It forms part of the management report as required under the DTR, along with the Strategic Report (pages 4-85) and other sections of this Annual Report and Accounts including the Corporate Governance Report (pages 86-145) all of which are incorporated by reference, as outlined in the table below.

Information	Reported in	Pages
Business model	Strategic Report	26-27
Corporate governance framework	Corporate Governance Report	98-99
Community and charitable giving	Strategic Report	70
Credit market and liquidity risks	Financial Statements (note 22)	199
Directors' conflicts of interest	Corporate Governance Report	112
Directors' share interests and remuneration	Directors' Report on Remuneration	136
Director training and development	Corporate Governance Report	112
Equity, Diversity and Inclusion	Strategic Report Nomination Committee Report	70-73 113
Employee engagement	Strategic Report Governance Report	24 102-103
Financial instruments	Financial Statements (note 22)	199
Future developments and strategic priorities	Strategic Report	30-31
Going concern statement	Financial Statements (note 1)	169-170
Greenhouse gas emissions	Strategic Report	67
Health and safety	Strategic Report	70-71
Human rights	Directors' Report	151
Modern Slavery Statement	Strategic Report	79
Principal risks and risk management	Strategic Report	80-85
Non-financial information	Strategic Report	79
Non-pro rata allotments for cash	Financial Statements (note 26)	216
Results	Consolidated Income Statement	164
Risk management and internal control	Strategic Report	80-85
Section 172 Statement	Strategic Report	106-107
Stakeholder engagement	Strategic Report	22-25
Statement of Directors' Responsibilities	Directors' Report	152
Viability Statement	Strategic Report	85
Workforce engagement	Governance Report	102-103

## Directors

Details of Directors who served throughout the year are set out in the table below. Sir Nigel Boardman, Ahmed Al-Subaey and Scott Robertson will be offering themselves for election in accordance with the Company's Articles of Association at the 2023 AGM and all the remaining existing Directors will be offering themselves for re-election.

Name	Date of appointment	Date of cessation
Lawrence Stroll	20 April 2020	
Amedeo Felisa	4 May 2022 as CEO <sup>1</sup>	
Doug Lafferty	1 May 2022	
Ahmed Al-Subaey	1 November 2022	
Sir Nigel Boardman	1 October 2022	
Michael de Picciotto	24 April 2020	
Robin Freestone	1 February 2021	
Kenneth Gregor	22 June 2020	1 May 2022
Dame Natalie Massenet, DBE	8 July 2021	
Marigay McKee, MBE	8 July 2021	
Tobias Moers	1 August 2020	4 May 2022
Franz Reiner	8 July 2021	
Scott Robertson	1 November 2022	
Antony Sheriff	1 February 2021	
Dr Anne Stevens	1 February 2021	

1 Amedeo Felisa was appointed an Independent Non-executive Director on 8 July 2021 and was appointed Chief Executive Officer on 4 May 2022.

### Directors' insurance and indemnities

The Company's Articles of Association provide for the Directors and officers of the Company to be appropriately indemnified subject to the provisions of the Companies Act 2006. In addition, the Company maintains Directors' and Officers' liability insurance, which provides cover for legal actions brought against its Directors and officers. Neither the Company's indemnity nor insurance covers claims arising from dishonesty or fraud. In addition, each Director of the Company also has the benefit of prospectus liability insurance which provides cover for liabilities incurred by Directors in the performance of their duties or powers in connection with the issue of the following documents (as applicable):

- The Company's prospectus dated 20 September 2018 in relation to the Company's listing on the premium listing segment of the Financial Conduct Authority's Official List and admission to trading on the Main Market for listed securities of the London Stock Exchange.
- The Company's combined prospectus and circular dated 27 February 2020 (together with the two supplementary prospectuses) in relation to the placing of ordinary shares and the rights issue.
- The Company's prospectus dated 5 September 2022 in relation to the placing of ordinary shares and the rights issue.

No amount was paid under any of these indemnities or insurances during the year other than the applicable insurance premiums.

In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the year ended 31 December 2022 and up to the date of this Report.

### Annual General Meeting

The Company's Annual General Meeting (AGM) will be held at 10.30am on Wednesday 17 May 2023 at the offices of Freshfields Bruckhaus Deringer. The Notice of the AGM will be available on the Company's website at [www.astonmartinlagonda.com/investors](http://www.astonmartinlagonda.com/investors).

### Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors, and the conduct of the Board and general meetings. Copies are available from the Company Secretary. In accordance with the Articles, Directors can be appointed or removed by the Board or by shareholders in a general meeting. Amendments to the Articles must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles, the Directors may exercise all the powers of the Company, may delegate authorities to Committees, and may delegate day-to-day management and decision-making to individual Executive Directors. Details of the Board Committees can be found on page 98.

The rules governing the appointment and removal of a Director are set out in the Articles of the Company. Specific details relating

to the significant shareholder groups and their right to appoint Directors are set out on page 149.

### Corporate Governance Statement

Under the DTRs, a requirement exists for a Corporate Governance Statement to be included in this Directors' Report. The corporate governance statement, explaining how the Group complies with the Governance Code, is set out on page 96. A description of the composition and operation of the Board and its Committees is set out on pages 96-145. Other than the areas of non-compliance identified on page 96, the Company has complied throughout the accounting period with the 2018 UK Corporate Governance Code.

### Going concern

After due enquiry, 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. For these reasons, they continue to adopt the going concern basis in preparing the Financial Statements. Further details of the going concern statement for the Group are set out in note 1 to the Financial Statements and the Viability Statement is set out on page 85.

### Dividend and results

Revenue from the continuing business during the period amounted to £1.4bn (2021: £1.1bn). A review of the Group's consolidated results is set out from page 164.

It is the Directors' intention to retain the Group's cash flow to finance growth and to focus on delivery of its new business plan. The Directors intend to review, on an ongoing basis, the Company's dividend policy and will consider the payment of dividends as the Group's strategy matures, depending upon the Group's Free Cash Flow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time. The Directors are not recommending any dividend for the 2022 financial year.

### Share capital

Details of the issued share capital, together with details of movements in the issued share capital of the Company during the year, are shown in note 26 to the Financial Statements. This is incorporated by reference and deemed to be part of this Report.

At 31 December 2022, the Company had one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the premium listing segment of the Financial Conduct Authority's Official List and traded on the Main Market for listed securities of the London Stock Exchange.

As at 31 December 2022, the Company had 698,757,075 ordinary shares of £0.10 in issue. The Company does not hold any shares in treasury. Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are included within the Articles and such authorities must be submitted for approval by the shareholders, at the AGM each year (and were submitted and approved at the 2022 AGM).

Following shareholder approval at the general meeting on 4 December 2020 and pursuant to the Warrant Instrument dated 7 December 2020, as amended on 28 September 2022 (Warrant Instrument), the Company issued 126,647,852 warrants granting rights to subscribe for up to 37,994,356 ordinary shares of £0.10. Each warrant entitles a warrant holder to subscribe for 0.3 warrant shares at the subscription price of £1.67 per warrant share. Warrants are exercisable during the period starting on 1 July 2021 and ending on 7 December 2027. The Warrant Instrument sets out the rights of warrant holders, including the right to receive shareholder documents and notifications and the right to requisition the Company to convene a meeting of warrant holders. Further information on the warrants is set out in the Prospectus dated 5 September 2022 and the announcement by the Company on 28 September 2022 which can be found on the Company's website. No subscription rights were exercised by warrant holders during 2022. Further details are contained in note 22 to the Financial Statements.

On 31 December 2022 the Employee Benefit Trust held a total of 368,868 ordinary shares (4,575 unallocated shares and 364,293 shares allocated from prior share awards, held as Nominee Shares). The right to receive any dividend has been waived by the Trustee of the Employee Benefit Trust over the entire unallocated shares and we note that any dividend due to be paid over allocated shares would be paid directly to the Company (as the Trustee Paying Agent) for onward distribution to the respective individuals. The Trustee has the right to exercise any voting rights in respect of the unallocated shares it holds and will vote in accordance with the voting instructions received from the beneficial owners of the allocated shares.

### Substantial shareholdings

The Company has received notifications of major interests in its issued ordinary share capital in accordance with Rule 5 of the DTRs. Details of the position as at the end of the financial year are as follows:

Shareholder	Number of ordinary shares	% of total voting rights
Lawrence Stroll <sup>1</sup>	198,681,199	28.43%
The Public Investment Fund	130,459,510	18.67%
Yew Tree Overseas Ltd	104,993,195	15.03%
Invesco Limited	71,151,282	10.18%
Ernesto Bertarelli	69,984,367	10.02%
Mercedes-Benz AG	68,194,802	9.76%
Li Shufu (Geely)	53,073,720	7.60%

1 Includes 104,993,195 shares also disclosed by Yew Tree Overseas Ltd and 69,984,367 shares also disclosed by Ernesto Bertarelli.

There have been no changes notified to the Company in accordance with Rule 5 of the DTRs to the holdings disclosed above.

### Restrictions on transfer of ordinary shares

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions

applicable where any amount is unpaid on a share. All issued share capital of the Company at the date of this Annual Report is fully paid. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to closed periods) and requirements of the Market Abuse Regulation whereby Directors and certain employees of the Company require prior approval to deal in the Company's securities. Under the Strategic Cooperation Agreement

### Shareholders' rights

Holders of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's Annual Report and Accounts, attend and speak at general meetings, appoint proxies and exercise voting rights. No shareholder holds ordinary shares carrying special rights relating to the control of the Company and, other than as previously publicly disclosed in relation to the Yew Tree Consortium, the voting rights of which are exercised in accordance with instructions of Lawrence Stroll, the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights.

Significant shareholder group	% of voting rights to nominate two directors	% of voting rights to nominate one director	% of voting rights to nominate one director as a member of the Nomination Committee and an observer to the Remuneration and Audit and Risk Committees
Yew Tree Consortium	10% or above	Between 7% and 10%	7%
Public Investment Fund	10% or above	Between 7% and 10%	7%
Mercedes-Benz AG	15% or above	Between 7.5% And 15%	7.5%

### Transactions with related parties

Details of Related Party Transactions which have been undertaken in the year ended 31 December 2022 are included within note 30 to the Financial Statements.

### Significant contracts

At 31 December 2022, the Group had a Revolving Credit Facility of £90.6m which contains a change of control clause. The Group also had US\$1,143.7m of 10.50% Senior Secured Notes due 2025, and US\$229.1m Second Lien Split Coupon Notes which contain change of control provisions. In aggregate, these financing arrangements are considered significant to the Group and, in the event of a takeover (i.e. a change of control) of the Company, the amounts outstanding under the Revolving Credit Facility may be cancelled or become immediately payable and the holders of the Senior Secured Notes and Second Lien Notes may require the Group to repurchase their notes.

All the Company's share plans contain provisions relating to a change of control. In the event of a change of control or winding up of the Company (other than an internal reorganisation), LTIP awards will vest subject to the extent to which the performance conditions have been satisfied. Pro rating for service will apply unless the Remuneration Committee decides otherwise. Outstanding deferred bonus awards will vest in full as soon as practicable. In the event of an internal corporate reorganisation, deferred bonus and LTIP awards may (with consent from any acquiring company) be replaced by equivalent awards. Alternatively, the Remuneration Committee may decide that deferred bonus and LTIP awards will vest as in the case of a change of control described above. In the event of a demerger, special dividend or other corporate event that will materially impact the share price the Committee may, at its discretion, allow deferred bonus and LTIP awards to vest on the same basis as for a change of control as described above. Alternatively, an adjustment may be made to the number of shares if considered appropriate.

The Company currently has three groups of significant shareholders, namely the Yew Tree Consortium, The Public Investment Fund and Mercedes-Benz AG. The relationship between the Company and each of these significant shareholder groups is governed by three separate relationship agreements ("Relationship Agreements").

The purpose of these Relationship Agreements is to ensure that the Company can carry on its business independently and for the benefit of shareholders as a whole. The Relationship Agreements also provide that the Company will not take any action in relation to certain significant matters without the prior approval of at least two-thirds of the members of the Board present and entitled to vote. The Relationship Agreements will terminate upon the relevant significant shareholder group ceasing to have the entitlement to exercise a minimum percentage of the voting rights in the Company or the Company's shares ceasing to be admitted to the Official List of the Financial Conduct Authority and traded on the Main Market for listed securities of the London Stock Exchange.

Each of the Relationship Agreements provides that each significant shareholder group is entitled to nominate director(s) to the Board and the Nomination Committee and an observer to the Remuneration and Audit and Risk Committees, subject to the size of its respective interest in the voting rights of the Company as set out in the table on the previous page.

On 27 October 2020, the Company announced that it had entered into an enhanced strategic cooperation arrangement, and subsequently amended it by a deed of amendment of 28 July 2022 (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Company has agreed, by no later than July 2024 and in at least two tranches, to issue 22,947,138 ordinary shares of £0.10 each to MBAG in exchange for access to certain technology and intellectual property to be provided to the Company by MBAG in several stages. The first tranche of 11,232,864 ordinary shares of £0.10 were issued to MBAG on 7 December 2020. There are currently no plans to issue additional shares to MBAG until 2024. Further details of the terms of the Strategic Cooperation Agreement are set out in the Prospectus dated 5 September 2022.

In addition to the terms agreed in the Strategic Cooperation Agreement, the Group has a long-standing technical partnership with MBAG for the provision of engines, electrical architecture and entertainment systems. This partnership began in 2013, when MBAG became one of Aston Martin Holdings (UK) Limited's shareholders. The agreements governing this relationship contain provisions that provide that where a strategic MBAG competitor or one of its affiliates acquires an interest in the Group, Daimler is entitled to terminate these operational agreements on three years' prior notice.

In early 2020, the Group entered into a sponsorship agreement, as amended in 2022, for a ten-year initial term under which the Racing Point F1® team was re-launched as the Aston Martin Cognizant F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1® grid for the first time since 1960. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with the Group's previous annual F1® expenditure and renewable for an additional five year term, subject to certain conditions being satisfied. After that first five year renewal term, the sponsorship arrangements will be renewable at the Board's discretion for additional ten year periods up to the end of 2060. The Group anticipates that this agreement will strengthen its brand presence without being associated with the direct costs of owning an F1® team. Under the agreement, the Group will move to an enhanced presence by providing the chassis and the team name Aston Martin.

On 29 July 2022, the Company entered into a placing agreement with The Public Investment Fund (Placing Agreement). The Company provided certain customary representations, warranties and undertakings in favour of The Public Investment Fund pursuant to the Placing Agreement, including an undertaking that, between the date of the Placing Agreement and 180 calendar days after the settlement date of the 2022 capital raise (being 29 March 2023), inclusive, it would not without the prior written consent of The Public Investment Fund, enter into certain transactions involving or relating to ordinary shares, subject to certain carve-outs and waivers, including the issue of any ordinary shares or options or the grant of any right to acquire ordinary shares pursuant to any employees' share schemes that existed at the date of the Placing Agreement, which were disclosed in the Prospectus dated 5 September 2022.

### Tax strategy

The Group is committed to complying with its statutory obligations in relation to the payment of tax including full disclosure of all relevant facts to the appropriate tax authorities. In managing its tax affairs, the Group recognises its responsibilities as a taxpayer and the need to protect the corporate reputation inherent in the brand. The Board has ultimate responsibility for the Group's tax strategy although the day-to-day management rests with the Executive Committee, which comprises the senior operational personnel of the Group. The Chief Financial Officer is the Executive Committee member with ultimate responsibility for tax matters and is the Senior Accounting Officer of the Group.

The Chief Financial Officer advises the Board on the tax affairs and risks of the Group to ensure:

- the proper control and management of tax risk;
- the tax position is planned in line with the Group's strategic objectives;
- the tax charge is correctly stated in the statutory accounts and tax returns; and
- all tax compliance is completed in a timely manner to HMRC and other tax authorities.

Further information on the Group's tax strategy is available on the Company's website.

### Equal opportunities and employment of persons with disabilities

The Group has policies on equal opportunities and the employment of persons with disabilities which, through the application of fair employment practices, are intended to ensure that individuals are treated equitably and consistently regardless of age, race, creed, colour, gender, marital or parental status, sexual orientation, religious beliefs and nationality.



Applications for employment by persons with disabilities are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Group is continued and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a persons with disabilities should, as far as possible, be identical to that of a person who does not have a disability.

### Health and wellbeing

The health and wellbeing of employees is central to operating an effective and successful business. The Group also relies on the health and stability of the communities in which it operates. The Group recognises its responsibility and the opportunity to make a positive contribution and is actively engaged with local areas to foster a sense of partnership with the Group. The Group continues to educate employees on its approach to, and specific requirements of, human rights in business operations. In 2022, no human rights violations within the Group were reported, nor were any relevant reports received regarding the supply network. The health and safety of its workforce, visitors and the local community is of paramount importance. The Group aims to be a centre of excellence and for the Aston Martin Health and Safety Management System to be aligned with best practice within the automotive industry.

### Political donations

It is the Company's policy not to make political donations and no such political donations were made during the period. In line with 2022 and reflecting the practice of many other London-listed companies, the Board will be seeking shareholder approval for political donations at the forthcoming AGM. This is a precautionary measure, for the Company and its subsidiaries to be able to make donations and/or incur expenditure which may be construed as "political" by the wide definition of that term included in the relevant legislation. Further details will be provided in the Notice of this year's AGM.

### Research and development

The Group spent £246m (2021: £191m) on research and development during the year. See note 4 to the Financial Statements.

### Strategic Report

Aston Martin Lagonda Global Holdings plc is required by the Companies Act 2006 to prepare a Strategic Report that includes a fair review of the Company's business, the development and performance of the Company's business during the period, the position of the Company at the end of the year ended 31 December 2022, and a description of the principal risks and uncertainties faced by the Company. The Strategic Report on pages 4 to 85 is incorporated by reference and shall be deemed to form part of this Directors' Report.

### Disclosure of Information to the Company's Auditor

Each person who is a Director at the date of approval of this Report and of the Financial Statements confirms that:

- (i) so far as such Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- (ii) such Director has taken all the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Disclaimer

As set out in more detail on the inside back cover of this agreement, the purpose of this Annual Report is to provide information to the members of the Company and it has been prepared for and only for, the members of the Company as a body, and no other persons. The Company, its Directors and officers, employees and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside back cover of this document.

The Strategic Report (from pages 4 to 85) and the Directors' Report (as described above) have been approved by the Board on 28 February 2023.

By order of the Board

### Liz Miles

Company Secretary

Aston Martin Lagonda Holdings Plc  
Registered Office: Banbury Road, Gaydon, Warwick, CV35 0DB

Registered in England and Wales.  
Registered Number: 11488166.

## Statement of Directors' Responsibilities

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report which includes the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Group and parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period.

In preparing each of the Group and parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and, in respect of the parent Company Financial Statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- for the Group Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- for the parent Company Financial Statements, state whether applicable UK accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the parent Company Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and the Group and enable them to ensure that the parent Company and Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### Statement of Directors' Responsibilities under the Disclosure and Transparency Rules

Each of the Directors at the date of this Report whose names and functions are listed on pages 90-93, confirm to the best of their knowledge:

- that the consolidated Financial Statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- that the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

These statements were approved by the Board on 28 February 2023 and signed on its behalf by:

**Amedeo Felisa**  
Chief Executive Officer

**Doug Lafferty**  
Chief Financial Officer Office

# Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc

## 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 2022 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 2022 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2022	Parent company statement of financial position as at 31 December 2022
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 a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

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.

## Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

### 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 2024, 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;
- 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 macro-economic 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 and 2022 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 macro-economic climate, and the threat of potential litigations and claims;
- Considering the downside scenario identified by management in their assessment on pages 169-170, 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 2022, this was driven by supply chain challenges 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 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 expenditure could be deferred. Further, the Group has the borrowings disclosed in note 22 which includes details of the maturities of those facilities.

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 2024.

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	<ul style="list-style-type: none"> <li>We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further two components.</li> <li>The components where we performed full or specific audit procedures accounted for 100% of Adjusted EBITDA, 100% of Revenue and 100% of Total assets.</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>Revenue recognition, specifically; <ul style="list-style-type: none"> <li>There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements; and</li> <li>There is also a risk of overstatement of revenue through inappropriate manual journal entries.</li> </ul> </li> <li>Capitalisation and amortisation of development costs</li> <li>Impairment of capitalised development costs</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>Overall Group materiality of £4.75m which represents 2.5% of Adjusted Earnings before interest, tax, depreciation and amortisation ('EBITDA').</li> </ul>

### 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 7 reporting components of the Group, we selected 6 components covering entities within the UK, Europe, USA, Japan and China, which represent the principal business units within the Group.

Of the 6 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 two 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.

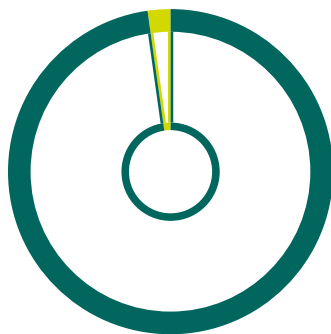
The reporting components where we performed audit procedures accounted for 100% (2021: 100%) of the Group's Adjusted EBITDA, 100% (2021: 100%) of the Group's Revenue and 100% (2021: 100%) of the Group's Total assets. For the current year, the full scope components contributed 98% (2021:94%) of the Group's Adjusted EBITDA, 97% (2021: 94%) of the Group's Revenue and 98% (2021: 98%) of the Group's Total assets. The specific scope component contributed 2% (2021: 6%) of the Group's Adjusted EBITDA, 3% (2021: 6%) of the Group's Revenue and 2% (2021: 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.

For the remaining one component that represents 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.

## Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

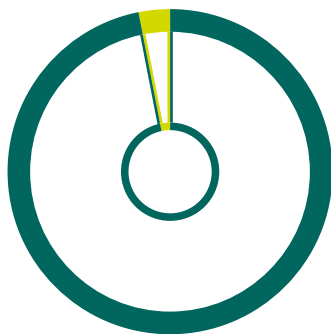
The charts below illustrate the coverage obtained from the work performed by our audit teams.

### Adjusted EBITDA



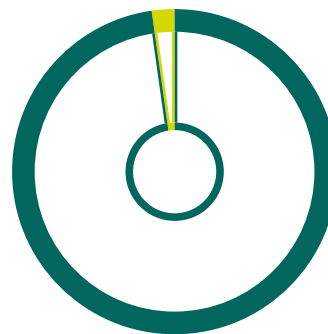
● 98% Full scope components  
 ● 2% Specific scope components

### Revenue



● 97% Full scope components  
 ● 3% 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 two 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 the 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. In FY 2022, these visits were conducted virtually due to the COVID-19 pandemic. The 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 teams 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. 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 brand/reputational impact of continuing to sell ICE ('Internal combustion engine') powered vehicles in the short to medium term and managing the financial impact of increasing carbon related costs in response to changes in legislation. These are explained on pages 58-67 in the required Task Force for Climate related Financial Disclosures and on pages 82-84 in the principal risks and uncertainties. They have also explained their climate commitments on page 65. 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. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to June 2024 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, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 62–63 and 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 and deferred tax asset recoverability following the requirements of UK adopted international accounting standards. 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 judgement, 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 and Risk Committee
<p><b>Revenue Recognition (2022: £1,381.5m, 2021: £1,095.3m)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 117); Accounting policies (page 171); and Note 3 of the Consolidated Financial Statements (page 180)</i></p> <p>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.</p> <p>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.</p> <p>There is also a risk of overstatement of revenue through inappropriate manual journal entries.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>We performed physical verification on the finished vehicles and agreed these to either the inventory or the bill and hold listings. We ensured the manufacturing process was complete for each vehicle and that the vehicle was not double counted in revenue and inventory.</li> <li>We performed cut-off testing by tracing a sample of transactions around the period end to third party delivery note documentation.</li> <li>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.</li> <li>We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for unusual and/or material revenue journals.</li> <li>We performed audit procedures over this risk area in the full and specific scope locations.</li> </ul>	<p>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.</p>

## Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Capitalisation and amortisation of development costs (Net book value of capitalised development costs: £843.9m, 2021: £833.3m, Amounts capitalised in the year: £232.0m, 2021: £178.2m, Amortisation charge £221.4m, 2021 £129.0m)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 117); Accounting policies (page 172); and Note 12 of the Consolidated Financial Statements (page 188)</i></p> <p>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.</p> <p>There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.</p>	<ul style="list-style-type: none"> <li>• We confirmed the existence and the design effectiveness of controls around the intangibles process and in particular around the approval of capitalised development expenditure.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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').</li> <li>• We recalculated the amortisation recognised to confirm this was in line with expectations.</li> <li>• We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for any unusual journals related to capitalised development costs.</li> <li>• We performed full scope audit procedures over this risk area in one location, which covered 100% of the risk amount.</li> </ul>	<p>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.</p> <p>Our audit procedures did not identify evidence of material misstatement of the amortisation charge for development costs recorded in the period.</p>
<p><b>Impairment of capitalised development costs (Net book value of development costs: £843.9m, 2021: £833.3m, Impairment charge £nil, 2021 £nil)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 117); Accounting policies (pages 174-175); and Note 13 of the Consolidated Financial Statements (page 189)</i></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• We confirmed the existence and the design effectiveness of controls around management's impairment assessment for capitalised development costs.</li> <li>• 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 62-63.</li> <li>• We have re-performed the calculations in the model to test the mathematical integrity.</li> <li>• 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.</li> <li>• We have analysed the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience.</li> <li>• We considered market data and the results of wider procedures in our audit in contemplation of whether any contra evidence existed.</li> <li>• We calculated the degree to which the key assumptions would need to fluctuate before an impairment arose and considered the likelihood of this occurring.</li> <li>• 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.</li> <li>• We performed audit procedures over this risk area in one full scope location, which covered 100% of the risk amount.</li> </ul>	<p>Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.</p>



### Our application of materiality

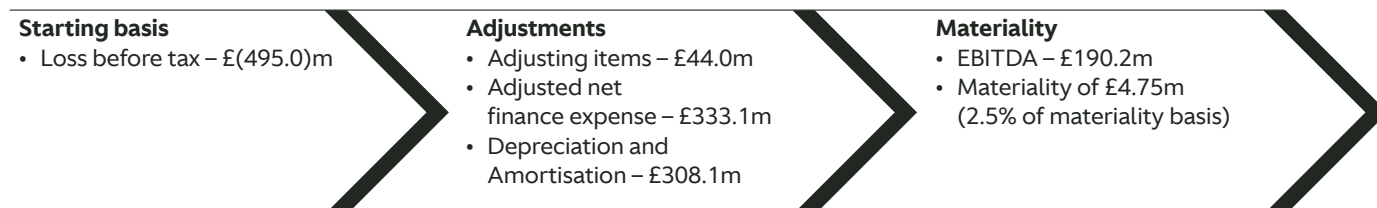
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### 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 £4.75 million (2021: £3.5 million), which is 2.5% (2021 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 £30.8 million (2021: £21.8 million), which is 1.5% (2021: 1.5%) of Equity. When auditing balances included within to the Group financial statements we reduced this to the Group materiality.



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% (2021: 50%) of our planning materiality, namely £2.4m (2021: £1.7m). 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 £0.47m to £2.4m (2021: £0.34m to £1.7m).

### Reporting threshold

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

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.24m (2021: £0.17m), 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.

## Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

### Other information

The other information comprises the information included in the annual report set out on pages 1 to 232, 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 169-170;
- 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 85;
- 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 page 148 and 169-170;
- Directors' statement on fair, balanced and understandable set out on pages 118 and 152;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 119;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 120; and;
- The section describing the work of the Audit and Risk Committee set out on pages 114-121.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 152, 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.

## Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

### 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). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety and employee matters.
- 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 and Risk 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 and Risk 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 and Risk 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 four years, covering the years ending 2019 to 2022.

- The audit opinion is consistent with the additional report to the Audit and Risk 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

28 February 2023

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022			2021		
		Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
<b>Revenue</b>	3	<b>1,381.5</b>	–	<b>1,381.5</b>	1,095.3	–	1,095.3
Cost of sales		<b>(930.8)</b>	–	<b>(930.8)</b>	(751.6)	–	(751.6)
<b>Gross profit</b>		<b>450.7</b>	–	<b>450.7</b>	343.7	–	343.7
Selling and distribution expenses		<b>(113.0)</b>	–	<b>(113.0)</b>	(84.8)	–	(84.8)
Administrative and other operating expenses		<b>(455.6)</b>	<b>(23.9)</b>	<b>(479.5)</b>	(333.2)	(2.2)	(335.4)
<b>Operating loss</b>	4	<b>(117.9)</b>	<b>(23.9)</b>	<b>(141.8)</b>	(74.3)	(2.2)	(76.5)
Finance income	7	<b>3.0</b>	<b>12.5</b>	<b>15.5</b>	2.3	34.1	36.4
Finance expense	8	<b>(336.1)</b>	<b>(32.6)</b>	<b>(368.7)</b>	(173.7)	–	(173.7)
<b>Loss before tax</b>		<b>(451.0)</b>	<b>(44.0)</b>	<b>(495.0)</b>	(245.7)	31.9	(213.8)
Income tax (charge)/credit	9	<b>(32.7)</b>	–	<b>(32.7)</b>	16.2	8.3	24.5
<b>Loss for the year</b>		<b>(483.7)</b>	<b>(44.0)</b>	<b>(527.7)</b>	(229.5)	40.2	(189.3)
<b>(Loss)/profit attributable to:</b>							
Owners of the Group				<b>(528.6)</b>			(191.6)
Non-controlling interests	32			<b>0.9</b>			2.3
				<b>(527.7)</b>			(189.3)
<b>Other comprehensive income</b>							
<b>Items that will never be reclassified to the Income Statement</b>							
Remeasurement of Defined Benefit liability	25			<b>6.8</b>			3.8
Taxation on items that will never be reclassified to the Income Statement	9			<b>(1.7)</b>			(1.0)
Effect of change in rate in taxation	9			<b>–</b>			6.0
<b>Items that are or may be reclassified to the Income Statement</b>							
Foreign currency translation differences				<b>3.8</b>			2.3
Fair value adjustment – cash flow hedges	22			<b>(6.1)</b>			(0.3)
Amounts reclassified to the Income Statement – cash flow hedges	22			<b>2.9</b>			(4.3)
Taxation on items that may be reclassified to the Income Statement	9			<b>0.8</b>			1.2
Other comprehensive income for the year, net of income tax				<b>6.5</b>			7.7
<b>Total comprehensive loss for the year</b>				<b>(521.2)</b>			(181.6)
<b>Total comprehensive (loss)/income for the year attributable to:</b>							
Owners of the Group				<b>(522.1)</b>			(183.9)
Non-controlling interests				<b>0.9</b>			2.3
				<b>(521.2)</b>			(181.6)
<b>Earnings per ordinary share</b>							
Basic loss per share	11			<b>(124.5p)</b>			Restated** (58.6p)
Diluted loss per share	11			<b>(124.5p)</b>			(58.6p)

All operations of the Group are continuing.

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

\*\* Earnings per ordinary share has been adjusted to reflect the bonus element of the rights issue undertaken in September 2022. See notes 11 and 26

The notes on pages 169 to 224 form an integral part of the Financial Statements.

## Consolidated Statement of Changes in Equity

Group	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Capital reserve £m	Translation reserve £m	Hedge reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
<b>At 1 January 2022</b>	11.6	1,123.4	143.9	9.3	6.6	2.7	6.7	(662.4)	18.6	660.4
<b>Total comprehensive loss for the year</b>										
(Loss)/profit for the year	-	-	-	-	-	-	-	(528.6)	0.9	(527.7)
<b>Other comprehensive income</b>										
Foreign currency translation differences	-	-	-	-	-	3.8	-	-	-	3.8
Fair value movement – cash flow hedges (note 22)	-	-	-	-	-	-	(6.1)	-	-	(6.1)
Amounts reclassified to the Income Statement – cash flow hedges (note 22)	-	-	-	-	-	-	2.9	-	-	2.9
Remeasurement of Defined Benefit liability (note 25)	-	-	-	-	-	-	-	6.8	-	6.8
Tax on other comprehensive income (note 9)	-	-	-	-	-	-	0.8	(1.7)	-	(0.9)
<b>Total other comprehensive income/(loss)</b>	-	-	-	-	-	3.8	(2.4)	5.1	-	6.5
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	3.8	(2.4)	(523.5)	0.9	(521.2)
<b>Transactions with owners, recorded directly in equity</b>										
Issuance of new shares (note 26)	58.3	574.0	-	-	-	-	-	-	-	632.3
Credit for the year under equity-settled share-based payments (note 28)	-	-	-	-	-	-	-	1.0	-	1.0
Tax on items credited to equity	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	58.3	574.0	-	-	-	-	-	1.0	-	633.3
<b>At 31 December 2022</b>	69.9	1,697.4	143.9	9.3	6.6	6.5	4.3	(1,184.9)	19.5	772.5

## Consolidated Statement of Changes in Equity continued

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



# Consolidated Statement of Financial Position

	Notes	31 December 2022 £m	31 December 2021 £m
<b>Non-current assets</b>			
Intangible assets	12	1,394.6	1,384.1
Property, plant and equipment	14	369.9	355.5
Right-of-use lease assets	15	74.4	76.0
Trade and other receivables	17	6.3	2.1
Other financial assets	19	–	0.5
Deferred tax asset	9	133.7	156.4
		<b>1,978.9</b>	<b>1,974.6</b>
<b>Current assets</b>			
Inventories	16	286.2	196.8
Trade and other receivables	17	245.7	243.4
Income tax receivable		1.4	1.5
Other financial assets	19	8.8	7.3
Cash and cash equivalents	18	583.3	418.9
		<b>1,125.4</b>	<b>867.9</b>
<b>Total assets</b>		<b>3,104.3</b>	<b>2,842.5</b>
<b>Current liabilities</b>			
Borrowings	22	107.1	114.3
Trade and other payables	20	876.3	721.0
Income tax payable		6.3	5.5
Other financial liabilities	21	26.2	34.8
Lease liabilities	15	7.4	9.7
Provisions	24	18.6	19.9
		<b>1,041.9</b>	<b>905.2</b>
<b>Non-current liabilities</b>			
Borrowings	22	1,104.0	1,074.9
Trade and other payables	20	9.1	9.8
Lease liabilities	15	92.4	93.7
Provisions	24	22.5	19.0
Employee benefits	25	61.2	78.7
Deferred tax liabilities	9	0.7	0.8
		<b>1,289.9</b>	<b>1,276.9</b>
<b>Total liabilities</b>		<b>2,331.8</b>	<b>2,182.1</b>
<b>Net assets</b>		<b>772.5</b>	<b>660.4</b>
<b>Capital and reserves</b>			
Share capital	26	69.9	11.6
Share premium		1,697.4	1,123.4
Merger reserve		143.9	143.9
Capital redemption reserve		9.3	9.3
Capital reserve		6.6	6.6
Translation reserve		6.5	2.7
Hedge reserves	22	4.3	6.7
Retained earnings		(1,184.9)	(662.4)
<b>Equity attributable to owners of the Group</b>		<b>753.0</b>	<b>641.8</b>
Non-controlling interests		19.5	18.6
<b>Total shareholders' equity</b>		<b>772.5</b>	<b>660.4</b>

The Financial Statements were approved by the Board of Directors on 28 February 2023 and were signed on its behalf by

**Amedeo Felisa**  
Chief Executive Officer  
Company Number: 11488166

**Doug Lafferty**  
Chief Financial Officer

	Notes	2022 £m	2021 £m
<b>Operating activities</b>			
Loss for the year		(527.7)	(189.3)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax charge/(credit) on operations	9	32.7	(24.5)
Net finance costs		353.2	137.3
Depreciation and impairment of property, plant and equipment	4	77.8	65.3
Depreciation and impairment of right-of-use lease assets	4	11.0	9.3
Amortisation and impairment of intangible assets	4	219.3	137.6
Difference between pension contributions paid and amounts recognised in Income Statement		(12.1)	(11.4)
(Increase)/decrease in inventories		(78.4)	7.7
Decrease/(increase) in trade and other receivables		0.1	(75.4)
Increase in trade and other payables		81.5	52.8
(Decrease)/increase in advances and customer deposits	20	(17.9)	70.7
Movement in provisions		0.7	(0.2)
Other non-cash movements		(2.0)	2.1
Other non-cash movements – (Increase)/decrease in other derivative contracts	19	(2.3)	0.7
Other non-cash movements – Movements in RDEC credit	9	(3.5)	(2.9)
Cash generated from operations		132.4	179.8
Decrease in cash held not available for short term use	19	1.5	8.1
Income taxes paid	9	(6.8)	(9.0)
<b>Net cash inflow from operating activities</b>		127.1	178.9
Cash flows from investing activities			
Interest received	7	2.2	1.1
Increase in loan assets	17	–	(1.4)
Decrease in loan assets	17	–	0.9
Payments to acquire property, plant and equipment	14	(58.6)	(40.7)
Cash outflow on development expenditure	12	(228.3)	(144.0)
<b>Net cash used in investing activities</b>		(284.7)	(184.1)
Cash flows from financing activities			
Interest paid	27	(141.2)	(118.0)
Proceeds from equity share issue		653.9	–
Proceeds from issue of equity warrants		–	15.3
Proceeds from financial instrument utilised during refinancing transactions	7	4.1	–
Principal element of lease payments	27	(10.0)	(9.9)
Repayment of existing borrowings	27	(172.7)	(37.3)
Premium paid upon redemption of borrowings	27	(14.3)	–
Proceeds from inventory repurchase arrangement	20	75.7	19.0
Repayment of inventory repurchase arrangement	20	(60.0)	(40.0)
Proceeds from new borrowings	27	–	108.5
Transaction fees paid on issuance of shares		(18.6)	(1.3)
Transaction fees paid on financing activities	27	(1.9)	(2.8)
<b>Net cash inflow/(outflow) from financing activities</b>		315.0	(66.5)
<b>Net increase/(decrease) in cash and cash equivalents</b>	23	157.4	(71.7)
Cash and cash equivalents at the beginning of the year		418.9	489.4
Effect of exchange rates on cash and cash equivalents		7.0	1.2
<b>Cash and cash equivalents at the end of the year</b>		583.3	418.9

# Notes to the Financial Statements

## 1 Basis of accounting

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with 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 June 2024 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 planning to leverage strategic long term partnerships with vendors to develop EV powertrain technology with significant capital expenditure planned to support the transition to a fully electrified portfolio of Sport/GT cars and SUVs by 2030.
- The Group continues to invest in onsite renewable energy generation solutions for our facilities and the increased use of sustainable materials within production and the required capital investment is included in our five-year forecasts to enable us to meet our target for net-zero manufacturing facilities by 2030.
- The Group has a clear plan in place to deliver a transformed product range to meet climate change regulations impacting the automotive sector, launching a Plug-In Hybrid Electric Vehicle ("PHEV") by 2024 and targeting the launch of our first Battery Electric Vehicle ("BEV") in 2025.

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

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the principal risks that the Group faces, is given in the Strategic Report on pages 5 to 81. The debt facilities available to the Group and the maturity profile of this debt are shown in note 22.

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, \$229.1m 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 (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17). Under the RCF the Group is required to comply with a leverage covenant tested quarterly.

The amounts outstanding on all the borrowings are shown in note 22.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2024 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our 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

## 1 Basis of accounting continued

### Going concern continued

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 25% reduction in DBX volumes and a 8% reduction in sports volumes from forecast levels, operating costs higher than the base plan, incremental working capital requirements such as 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, the Directors 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 35% 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.

## 2 Accounting policies continued

### 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, other than 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, which is accrued at the time of the retail sale by the dealer to the end customer.

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 Consolidated 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.

## 2 Accounting policies continued

### 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, 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 and interest charged in relation to significant financing components on customer advance payments are both 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. 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.

### 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.

### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

### 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.

## 2 Accounting policies continued

### Intangible assets continued

#### 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.

#### 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.

#### 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. Claims are submitted annually based on the qualifying expenditure for a given accounting period.

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.

## 2 Accounting policies continued

### Government grants continued

Amounts recognised in operating cash flows are presented net of proceeds of applicable Government grants.

### Carbon credits

The import of vehicles into certain jurisdictions can trigger a requirement to eliminate negative carbon credits, which gives rise to a present obligation as a result of a past event. In accordance with IAS 37, the Group recognises a provision for this obligation, measured at the cost of purchasing positive credits to offset the negative credits. As at 31 December 2022 the provision recognised for these carbon credits was not material.

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

The Group adopted IFRS 16 using the modified retrospective approach in 2019.

#### 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.

#### Leases under which the Group acts as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to the lease of the underlying right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease period forms a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases on a straight-line basis over the lease term in the Income Statement.

The Group has no sub-leases that qualify as finance leases.

#### 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. 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.



## 2 Accounting policies continued

### Impairment of assets continued

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 realisation. 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; and
- 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.

## 2 Accounting policies continued

### 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.

### 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.

## 2 Accounting policies continued

### Pensions continued

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.

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.

## 2 Accounting policies continued

### Income taxes continued

- 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.

### 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;
- the measurement of Defined Benefit pension assets and obligations; 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).

### Measurement of pension assets and obligations

There are a range of assumptions that could be made, and the measurement of Defined Benefit pension assets and obligations are sensitive to these. Note 25 provides information on these assumptions and the inherent sensitivities.

Measurement of Defined Benefit pension obligations requires estimation of future changes in salaries and inflation, mortality rates, the expected return on assets and suitable discount rates (note 25).

### 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 2022 and were adopted by the Group for the year to 31 December 2022. They have not had a significant impact on the Group's result for the year, equity or disclosures:

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

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 2023 onwards, which the Group has not adopted early:

- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

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

### 3 Segmental reporting

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

Revenue	2022 £m	2021 £m
<b>Analysis by category</b>		
Sale of vehicles	1,291.5	1,005.4
Sale of parts	70.8	65.5
Servicing of vehicles	9.3	10.6
Brands and motorsport	9.9	13.8
	<b>1,381.5</b>	<b>1,095.3</b>

Revenue	2022 £m	2021 £m
<b>Analysis by geographical location</b>		
United Kingdom	366.0	231.3
The Americas	401.8	302.7
Rest of Europe, Middle East and Africa	260.2	233.8
Asia Pacific	353.5	327.5
	<b>1,381.5</b>	<b>1,095.3</b>

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

As at 31 December 2022	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible assets £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
	<b>74.4</b>	<b>369.9</b>	<b>85.4</b>	<b>1,309.2</b>	<b>6.3</b>	<b>1,845.2</b>

As at 31 December 2021	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible assets £m	Other receivables £m	Total £m
United Kingdom	61.1	267.8	85.4	1,145.1	–	1,559.4
The Americas	7.4	0.7	–	–	–	8.1
Rest of Europe	–	86.8	–	153.6	2.1	242.5
Asia Pacific	7.5	0.2	–	–	–	7.7
	<b>76.0</b>	<b>355.5</b>	<b>85.4</b>	<b>1,298.7</b>	<b>2.1</b>	<b>1,817.7</b>

#### 4 Operating loss

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

	2022 £m	2021 £m
Depreciation and impairment of property, plant and equipment (note 14)	80.7	65.0
Depreciation released from/(absorbed into) inventory under standard costing	(2.9)	0.3
Depreciation and impairment of right-of-use lease assets (note 15)	11.0	9.3
Amortisation and impairment of intangible assets (note 12)	227.4	135.0
Amortisation released from/(absorbed into) inventory under standard costing	(8.1)	2.6
Depreciation, amortisation and impairment charges included in administrative and other operating expenses	<b>308.1</b>	212.2
Increase in trade receivable loss allowance – administrative and other operating expenses (note 22)	0.6	3.1
Research and development expenditure tax credit	(18.4)	(16.6)
Net foreign currency differences	8.7	11.2
Cost of inventories recognised as an expense	798.0	641.4
Write-down of inventories to net realisable value	8.9	0.2
(Increase)/decrease in fair value of other derivative contracts	(2.3)	0.7
Lease payments (gross of sub-lease receipts)		
Plant, machinery and IT equipment*	0.7	0.3
Sub-lease receipts		
Land and buildings	(0.6)	(0.6)
Auditor's remuneration:		
Audit of these Financial Statements	0.3	0.3
Audit of Financial Statements of subsidiaries pursuant to legislation	0.4	0.3
Audit-related assurance	0.1	0.1
Services related to corporate finance transactions	0.2	0.1
Research and development expenditure recognised as an expense	<b>14.1</b>	13.0

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

	2022 £m	2021 £m
Total research and development expenditure	246.1	191.2
Capitalised research and development expenditure (note 12)	(232.0)	(178.2)
Research and development expenditure recognised as an expense	<b>14.1</b>	13.0

## 5 Adjusting items

	2022 £m	2021 £m
<i>Adjusting operating expenses:</i>		
ERP implementation costs <sup>1</sup>	(6.9)	(4.0)
Defined Benefit pension scheme closure costs <sup>2</sup>	(13.5)	–
Director settlement and incentive arrangements <sup>3</sup>	(3.5)	–
Restructuring costs <sup>7</sup>	–	2.4
Lease early exit costs <sup>8</sup>	–	(0.6)
	<b>(23.9)</b>	<b>(2.2)</b>
<i>Adjusting finance income:</i>		
Foreign exchange gain on financial instrument utilised during refinance transactions <sup>4</sup>	4.1	–
Gain on financial instruments recognised at fair value through Income Statement <sup>5</sup>	8.4	34.1
<i>Adjusting finance expenses:</i>		
Premium paid on the early redemption of Senior Secured Notes <sup>4</sup>	(14.3)	–
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes <sup>4</sup>	(16.4)	–
Professional fees incurred on refinancing expensed directly to the Income Statement <sup>4</sup>	(1.9)	–
	<b>(20.1)</b>	<b>34.1</b>
Total adjusting items before tax	<b>(44.0)</b>	<b>31.9</b>
Tax charge on adjusting items <sup>6</sup>	–	(8.1)
Tax credit due to remeasurement of deferred tax on previously classified adjusting items <sup>6</sup>	–	16.4
Adjusting items after tax	<b>(44.0)</b>	<b>40.2</b>

### Summary of 2022 adjusting items

- In the year ended 31 December 2022 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. £6.9m of costs have been incurred in the period under the service contract and expensed to the Income Statement during the business readiness phase of the project. The project continues to undergo a phased rollout during 2023 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.
- 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 the year. 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 if the share price at 1 February 2024 does not meet this value. The charge associated with this portion is £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. Further costs are expected in future periods under this guarantee until the liability crystallises in February 2024. The Group will continue to present these costs in adjusting items due to their volatile nature and connection with the closure of the pension scheme which is considered a non-recurring event.
- 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.
- Following the successful equity raise in September 2022, the Group paid down \$40.3m of First Lien Senior Secured Notes ("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 of the SSNs 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 Income Statement at the transaction date.
- 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 2022 resulted in a gain of £8.4m (2021: £34.1m) being recognised in the Income Statement. There is no cash impact of this adjustment.
- In 2022, nil tax has been recognised as an adjusting item (2021: £8.3m credit) which is not in line with the standard rate of income tax for the Group of 19% (2021: 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, which have not been recognised to the extent that sufficient taxable profits are not forecast in the foreseeable future to which the unused tax losses and interest amounts disallowed under the corporate interest restriction legislation would be utilised. In 2021, a total tax credit of £8.3m was recognised as an adjusting item. The effective tax rate associated with the tax credit on adjusting items in the prior period was not in line with the standard rate of income tax for the Group at 19%. This was due to a £16.4m tax credit attributable to deferred tax balances on items treated as adjusting in previous years being re-measured at 25%.

### Summary of 2021 adjusting items

- During 2020 the Group provided £12.1m for restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020. A revision to the estimated total costs resulting from greater natural attrition resulted in £2.4m of the existing provision being released to the Income Statement during the year ended 31 December 2021. The cash impact of the restructuring cost is realised in line with the movement in the provision (note 24). The credit to the Consolidated Income Statement in 2021 had no cash impact.
- In the year ended 31 December 2021 the Group continued to rationalise its geographical footprint. The Group incurred £0.6m of costs associated with surrendering a lease 30 months early. These costs have been disclosed consistently with prior periods. The rationalisation of the geographical footprint is now complete. The associated cash outflow related to this adjustment will be realised during 2022 and 2023 in line with the exit agreement.



## 6 Staff costs and Directors' emoluments

### (a) Staff costs (including Directors)

	2022 £m	2021 £m
Wages and salaries	139.4	120.5
Social security costs	16.4	12.0
Expenses related to post-employment Defined Benefit plan <sup>1</sup>	16.0	8.8
Contributions to Defined Contribution plans	17.6	10.7
	<b>189.4</b>	<b>152.0</b>

1. The year ended 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 25

The average monthly number of employees during the year were:

By activity	2022 Number	2021 Number
Production	1,123	1,030
Selling and distribution	276	276
Administration	1,138	1,045
	<b>2,537</b>	<b>2,351</b>

### (b) Directors' emoluments and transactions

	2022 £m	2021 £m
Directors' emoluments	3.1	1.5
Company contributions to pension schemes	0.1	–
Share related awards	0.8	–
Compensation for loss of office	0.7	–
	<b>4.7</b>	<b>1.5</b>

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 124 to 145.

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

	2022 £m	2021 £m
Short term employee benefits	5.6	3.9
Post-employment benefits	0.4	0.2
Compensation for loss of office	0.7	–
Share-related awards	0.8	–
	<b>7.5</b>	<b>4.1</b>

## 7 Finance income

	2022 £m	2021 £m
Bank deposit and other interest income	3.0	2.3
Finance income before adjusting items	3.0	2.3
<i>Adjusting finance income items:</i>		
Foreign exchange gain on financial instrument utilised during refinance transactions	4.1	–
Gain on financial instruments recognised at fair value through Income Statement (note 22)	8.4	34.1
Total adjusting finance income	12.5	34.1
Total finance income	<b>15.5</b>	<b>36.4</b>

## 8 Finance expense

	2022 £m	2021 £m
Bank loans, overdrafts and senior secured notes	166.0	151.3
Foreign exchange loss on borrowings not designated as part of a hedging relationship	156.2	12.4
Interest on lease liabilities (note 15)	4.5	3.9
Net interest expense on the net Defined Benefit liability (note 25)	1.4	1.3
Interest on contract liabilities held (note 20)	8.0	4.8
Finance expense before adjusting items	336.1	173.7
<i>Adjusting finance expense items:</i>		
Premium paid on the early redemption of Senior Secured Notes	14.3	–
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	16.4	–
Professional fees incurred on refinancing expensed directly to the Income Statement	1.9	–
Total adjusting finance expense	32.6	–
Total finance expense	368.7	173.7

## 9 Taxation

	2022 £m	2021 £m
UK corporation tax on profits	0.2	0.5
Overseas tax	7.4	10.8
Total current income tax charge	7.6	11.3

### *Deferred tax credit*

Origination and reversal of temporary differences	29.4	(16.1)
Prior period movement	(4.3)	(2.4)
Effect of change in deferred tax rate	–	(17.3)
Total deferred tax charge/(credit)	25.1	(35.8)
Total income tax charge/(credit) in the Income Statement	32.7	(24.5)

### **Tax relating to items credited to other comprehensive income**

#### *Deferred tax*

Actuarial movement on Defined Benefit plan	1.7	1.0
Fair value adjustment on cash flow hedges	(0.8)	(1.2)
Effect of change in deferred tax rate	–	(6.0)
	0.9	(6.2)

### **Tax relating to items charged in equity – deferred tax**

Effect of change in deferred tax rate	–	(4.8)
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## 9 Taxation continued

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

The tax charge in the Consolidated Statement of Comprehensive Income for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £m	2021 £m
Loss from operations before taxation	<b>(495.0)</b>	(213.8)
Loss from operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	<b>(94.0)</b>	(40.6)
Difference to total income tax charge/(credit) due to effects of:		
Expenses not deductible for tax purposes	2.0	0.5
Movement in unprovided deferred tax on current period losses and restricted tax interest	84.7	15.0
Movement in unprovided deferred tax on current period accelerated capital allowances	15.6	–
Derecognition of deferred tax assets	25.6	17.7
Irrecoverable overseas withholding taxes	0.8	1.4
Adjustments in respect of prior periods	(4.3)	(2.4)
Effect of change in deferred tax rate	–	(17.3)
Difference in UK tax rates	1.1	(4.8)
Difference in overseas tax rates	1.2	2.9
Other	–	3.1
<b>Total income tax charge/(credit)</b>	<b>32.7</b>	<b>(24.5)</b>

### (b) Tax paid

Total net tax paid during the year was £6.8m (2021: £9.0m).

### (c) Factors affecting future tax charges

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

### (d) Deferred tax

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m
Property, plant and equipment	<b>(76.2)</b>	(111.1)	–	–
Intangible assets	–	–	<b>181.3</b>	186.8
Employee benefits	<b>(15.5)</b>	(19.9)	–	–
Provisions	<b>(8.4)</b>	(6.3)	–	–
RDEC credit <sup>1</sup>	<b>(16.1)</b>	(12.6)	–	–
Losses and other deductions <sup>2</sup>	<b>(198.6)</b>	(192.6)	–	–
Share-based payments	<b>(0.2)</b>	(0.7)	–	–
Other <sup>3</sup>	–	–	<b>0.7</b>	0.8
<b>Deferred tax (assets)/liabilities</b>	<b>(315.0)</b>	(343.2)	<b>182.0</b>	187.6
<b>Offset of tax liabilities/(assets)</b>	<b>181.3</b>	186.8	<b>(181.3)</b>	(186.8)
<b>Total deferred tax (assets)/liabilities</b>	<b>(133.7)</b>	(156.4)	<b>0.7</b>	0.8

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 'Losses and other deductions' relate to tax losses and tax interest amounts disallowed under the corporate interest restriction legislation.
3. Deferred tax liabilities categorised as 'Other' relate to withholding tax amounts on unremitted earnings expected to be distributed in the foreseeable future.

## 9 Taxation continued

### (d) Deferred tax continued

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

	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
<b>Movement in deferred tax in 2022</b>						
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 <sup>1</sup>	0.8	(0.1)	-	-	-	0.7
	<b>(155.6)</b>	<b>25.2</b>	<b>0.9</b>	<b>-</b>	<b>(3.5)</b>	<b>(133.0)</b>

1. The 'Other' deferred tax movement categorised above relates to the restricted amount of the payable RDEC claim projected for the financial year ended 31 December 2022.

	1 January 2021 £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 2021 £m
<b>Movement in deferred tax in 2021</b>						
Property, plant and equipment	(71.1)	(40.0)	-	-	-	(111.1)
Intangible assets	135.2	51.6	-	-	-	186.8
Employee benefits	(17.6)	3.5	(5.8)	-	-	(19.9)
Provisions	(11.1)	4.7	0.1	-	-	(6.3)
RDEC credit	(9.7)	-	-	-	(2.9)	(12.6)
Losses and other deductions	(117.3)	(55.1)	(0.6)	(4.7)	(14.9)	(192.6)
Share-based payments	(14.9)	(0.6)	-	(0.1)	14.9	(0.7)
Other	0.6	0.2	-	-	-	0.8
	<b>(105.9)</b>	<b>(35.7)</b>	<b>(6.3)</b>	<b>(4.8)</b>	<b>(2.9)</b>	<b>(155.6)</b>

The Losses and other deductions of £198.6m (£794.3m gross) comprises UK tax losses of £90.1m (£360.5m gross) and disallowed tax interest amounts of £108.5m (£433.8m gross).

Net deferred tax assets have been recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference 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.

The future forecasts cover an extended period, which inherently increases the level of significant estimation uncertainty in the later periods and, given the recent history of accumulating tax losses, the Group has also 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. Based upon the current business plan, together with the equity capital raise and a strengthened Executive team it is forecast that taxable profits will start being generated in the UK in the short term which provides convincing evidence for recognising those deferred tax assets.

The Group has gross deferred tax assets unrecognised at the reporting date totalling £1,005.3m comprised of £623.7m tax losses, £223.0m accelerated capital allowances, £14.3m US provisions and £144.3m 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 £38.4m for the financial year ended 31 December 2022 (2021: 34.0m). An increase/decrease of 10% in forecast profits in each period would increase/decrease the level of net deferred tax recognised on losses by £6.8m.

## 10 Dividends

No dividends were declared or paid by the Company in the year ended 31 December 2022 (2021: £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.

On 28 September 2022 the Company issued 559.0m ordinary shares by way of a rights issue. 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 in both the current and the prior year have been adjusted accordingly.

	2022	2021 <i>Restated*</i>
Continuing and total operations		
<b>Basic earnings per ordinary share</b>		
Loss available for equity holders (£m)	<b>(528.6)</b>	(191.6)
Basic weighted average number of ordinary shares (million) <sup>1</sup>	<b>424.7</b>	327.1
Basic loss per ordinary share (pence)	<b>(124.5p)</b>	(58.6p)

1. To aid users understanding of the movement in the basic and diluted earnings per ordinary share presented for the comparative period, the following table reconciles the numbers presented in the 2021 Annual Report and Accounts to those presented above

Continuing and total operations – 12 months ended 31 December 2021	As presented 2021 Annual Report	Bonus element of rights issue (note 26)	As presented above
<b>Basic earnings per ordinary share</b>			
Loss available for equity holders (£m)	(191.6)	–	(191.6)
Basic weighted average number of ordinary shares (million)	115.5	211.6	327.1
Basic loss per ordinary share (pence)	(165.9p)	107.3p	(58.6p)
<b>Diluted earnings per ordinary share</b>			
Loss available for equity holders (£m)	(191.6)	–	(191.6)
Diluted weighted average number of ordinary shares (million)	115.5	211.6	327.1
Diluted loss per ordinary share (pence)	(165.9p)	107.3p	(58.6p)

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.

	2022 Number	2021 Number <i>Restated*</i>
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares (million)	<b>424.7</b>	327.1
Adjustments for calculation of diluted earnings per share: <sup>1</sup>		
Long term incentive plans	–	–
Issue of unexercised ordinary share warrants	–	–
Issue of tranche 2 shares	–	–
<b>Weighted average number of diluted ordinary shares (million)</b>	<b>424.7</b>	327.1

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

## 11 Earnings per ordinary share continued

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 29). 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 (note 26) 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 2022 96,129,252 options, each entitled to 0.3 ordinary shares, remain unexercised. Both the future MBAG tranches and the future issuance of warrants may have a dilutive effect in future periods if the Group generates a profit.

Adjusted earnings per share is disclosed in note 33 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
<b>Cost</b>							
Balance at 1 January 2021	85.4	297.6	163.5	1,435.7	15.4	63.0	2,060.6
Additions	–	–	–	178.2	–	4.1	182.3
Balance at 31 December 2021	85.4	297.6	163.5	1,613.9	15.4	67.1	2,242.9
<b>Balance at 1 January 2022</b>	<b>85.4</b>	<b>297.6</b>	<b>163.5</b>	<b>1,613.9</b>	<b>15.4</b>	<b>67.1</b>	<b>2,242.9</b>
Additions	–	–	–	232.0	–	5.9	237.9
<b>Balance at 31 December 2022</b>	<b>85.4</b>	<b>297.6</b>	<b>163.5</b>	<b>1,845.9</b>	<b>15.4</b>	<b>73.0</b>	<b>2,480.8</b>
<b>Amortisation</b>							
Balance at 1 January 2021	–	–	8.1	651.6	10.1	54.0	723.8
Charge for the year	–	–	1.8	129.0	0.7	3.5	135.0
Balance at 31 December 2021	–	–	9.9	780.6	10.8	57.5	858.8
<b>Balance at 1 January 2022</b>	<b>–</b>	<b>–</b>	<b>9.9</b>	<b>780.6</b>	<b>10.8</b>	<b>57.5</b>	<b>858.8</b>
Charge for the year	–	–	1.9	221.4	0.8	3.3	227.4
<b>Balance at 31 December 2022</b>	<b>–</b>	<b>–</b>	<b>11.8</b>	<b>1,002.0</b>	<b>11.6</b>	<b>60.8</b>	<b>1,086.2</b>
<b>Net book value</b>							
At 1 January 2021	85.4	297.6	155.4	784.1	5.3	9.0	1,336.8
At 31 December 2021	85.4	297.6	153.6	833.3	4.6	9.6	1,384.1
<b>At 1 January 2022</b>	<b>85.4</b>	<b>297.6</b>	<b>153.6</b>	<b>833.3</b>	<b>4.6</b>	<b>9.6</b>	<b>1,384.1</b>
<b>At 31 December 2022</b>	<b>85.4</b>	<b>297.6</b>	<b>151.7</b>	<b>843.9</b>	<b>3.8</b>	<b>12.2</b>	<b>1,394.6</b>

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 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.

### 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 £1.1bn at 31 December 2022.

#### 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.

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% (2021: 11.7%).

#### Sensitivity analysis

- As at 31 December 2022 the gross margin would need to decrease by 27.0% 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 2022.

## 14 Property, plant and equipment

	Freehold land and buildings £m	Tooling £m	Plant, machinery, fixtures and fittings £m	Motor vehicles £m	Total £m
<b>Cost</b>					
Balance at 1 January 2021	68.7	533.7	226.8	0.7	829.9
Additions	3.0	13.9	14.2	0.1	31.2
Disposals	–	–	(2.4)	–	(2.4)
Effect of movements in exchange rates	(0.2)	–	(0.1)	–	(0.3)
Balance at 31 December 2021	71.5	547.6	238.5	0.8	858.4
<b>Balance at 1 January 2022</b>	<b>71.5</b>	<b>547.6</b>	<b>238.5</b>	<b>0.8</b>	<b>858.4</b>
<b>Additions</b>	<b>2.9</b>	<b>64.1</b>	<b>27.8</b>	<b>0.1</b>	<b>94.9</b>
<b>Disposals</b>	<b>–</b>	<b>–</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.8)</b>
<b>Effect of movements in exchange rates</b>	<b>0.3</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>0.4</b>
<b>Balance at 31 December 2022</b>	<b>74.7</b>	<b>611.7</b>	<b>265.8</b>	<b>0.7</b>	<b>952.9</b>
<b>Depreciation</b>					
Balance at 1 January 2021	29.9	327.4	82.8	0.2	440.3
Charge for the year	2.4	36.3	26.3	–	65.0
Disposals	–	–	(2.4)	–	(2.4)
Effect of movements in exchange rates	–	–	–	–	–
Balance at 31 December 2021	32.3	363.7	106.7	0.2	502.9
<b>Balance at 1 January 2022</b>	<b>32.3</b>	<b>363.7</b>	<b>106.7</b>	<b>0.2</b>	<b>502.9</b>
<b>Charge for the year</b>	<b>2.7</b>	<b>60.5</b>	<b>17.3</b>	<b>0.2</b>	<b>80.7</b>
<b>Disposals</b>	<b>–</b>	<b>–</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.8)</b>
<b>Effect of movements in exchange rates</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>0.2</b>
<b>Balance at 31 December 2022</b>	<b>35.1</b>	<b>424.2</b>	<b>123.5</b>	<b>0.2</b>	<b>583.0</b>
<b>Net book value</b>					
At 1 January 2021	38.8	206.3	144.0	0.5	389.6
At 31 December 2021	39.2	183.9	131.8	0.6	355.5
<b>At 1 January 2022</b>	<b>39.2</b>	<b>183.9</b>	<b>131.8</b>	<b>0.6</b>	<b>355.5</b>
<b>At 31 December 2022</b>	<b>39.6</b>	<b>187.5</b>	<b>142.3</b>	<b>0.5</b>	<b>369.9</b>



#### 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 £32.9m (2021: £3.8m) 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 (2021: £6.1m) which is not depreciated. Capital commitments are disclosed in note 29.

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

	United Kingdom £m	Rest of Europe £m	The Americas £m	Asia Pacific £m	Total £m
<b>At 31 December 2022</b>					
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
	<b>301.6</b>	<b>64.3</b>	<b>4.0</b>	<b>–</b>	<b>369.9</b>

	United Kingdom £m	Rest of Europe £m	The Americas £m	Asia Pacific £m	Total £m
<b>At 31 December 2021</b>					
Freehold land and buildings	37.3	1.9	–	–	39.2
Tooling	98.5	84.5	0.7	0.2	183.9
Plant, machinery, fixtures and fittings, and motor vehicles	132.0	0.4	–	–	132.4
	<b>267.8</b>	<b>86.8</b>	<b>0.7</b>	<b>0.2</b>	<b>355.5</b>

## 15 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
<b>Cost</b>				
Balance at 1 January 2021	77.4	15.6	6.5	99.5
Additions	11.4	–	–	11.4
Modifications	3.3	–	–	3.3
Disposals	(1.9)	–	–	(1.9)
Effect of movements in exchange rates	(1.0)	–	–	(1.0)
Balance at 31 December 2021	89.2	15.6	6.5	111.3
<b>Balance at 1 January 2022</b>	<b>89.2</b>	<b>15.6</b>	<b>6.5</b>	<b>111.3</b>
<b>Additions</b>	<b>4.0</b>	<b>–</b>	<b>–</b>	<b>4.0</b>
<b>Modifications</b>	<b>3.3</b>	<b>–</b>	<b>0.2</b>	<b>3.5</b>
<b>Disposals</b>	<b>(5.5)</b>	<b>(4.5)</b>	<b>(5.8)</b>	<b>(15.8)</b>
<b>Effect of movements in exchange rates</b>	<b>1.2</b>	<b>–</b>	<b>–</b>	<b>1.2</b>
<b>Balance at 31 December 2022</b>	<b>92.2</b>	<b>11.1</b>	<b>0.9</b>	<b>104.2</b>
<b>Depreciation</b>				
Balance at 1 January 2021	18.7	4.6	4.8	28.1
Charge for the year	7.7	0.5	1.1	9.3
Disposals	(1.9)	–	–	(1.9)
Effect of movements in exchange rates	(0.2)	–	–	(0.2)
Balance at 31 December 2021	24.3	5.1	5.9	35.3
<b>Balance at 1 January 2022</b>	<b>24.3</b>	<b>5.1</b>	<b>5.9</b>	<b>35.3</b>
<b>Charge for the year</b>	<b>9.9</b>	<b>0.6</b>	<b>0.5</b>	<b>11.0</b>
<b>Disposals</b>	<b>(5.5)</b>	<b>(4.5)</b>	<b>(5.8)</b>	<b>(15.8)</b>
<b>Effect of movements in exchange rates</b>	<b>(0.7)</b>	<b>–</b>	<b>–</b>	<b>(0.7)</b>
<b>Balance at 31 December 2022</b>	<b>28.0</b>	<b>1.2</b>	<b>0.6</b>	<b>29.8</b>
<b>Carrying value</b>				
At 1 January 2021	58.7	11.0	1.7	71.4
At 31 December 2021	64.9	10.5	0.6	76.0
<b>At 1 January 2022</b>	<b>64.9</b>	<b>10.5</b>	<b>0.6</b>	<b>76.0</b>
<b>At 31 December 2022</b>	<b>64.2</b>	<b>9.9</b>	<b>0.3</b>	<b>74.4</b>

Income from the sub-leasing of right-of-use assets in the year 31 December 2022 was £0.6m (2021: £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.

## 15 Leases continued

### b) Obligations under leases

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

	2022 £m	2021 £m
Less than one year	9.9	13.5
One to five year	39.1	36.6
More than five years	90.1	96.3
	<b>139.2</b>	<b>146.4</b>

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

	2022 £m	2021 £m
Less than one year	7.4	9.7
One to five years	26.8	24.1
More than five years	65.6	69.6
	<b>99.8</b>	<b>103.4</b>
Analysed as:		
Current	7.4	9.7
Non-current	92.4	93.7
	<b>99.8</b>	<b>103.4</b>

A reconciliation of the lease liability from 1 January to 31 December for the current and prior year is disclosed within note 27.

The total lease interest expense for the year ended 31 December 2022 was £4.5m (2021: £3.9m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £10.0m (2021: £13.8m). Expenses charged to the Consolidated Income Statement for short term leases for the year ended 31 December 2022 were £0.7m (2021: £0.3m). The portfolio of short term leases at 31 December 2022 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 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 33)	190.2	-	-	(0.1)	1.1	(14.5)	176.6

## 15 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 2021 is:

	As reported 31 December 2021 £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 2021 £m
<b>Revenue</b>	1,095.3	–	–	–	–	–	1,095.3
<b>Cost of sales</b>	(751.6)	–	–	–	–	–	(751.6)
<b>Gross profit</b>	343.7	–	–	–	–	–	343.7
<b>Selling and distribution expenses</b>	(84.8)	–	–	–	–	–	(84.8)
Administrative and other operating expenses	(335.4)	–	8.4	(0.1)	1.1	(9.9)	(335.9)
<b>Operating loss</b>	(76.5)	–	8.4	(0.1)	1.1	(9.9)	(77.0)
<b>Finance income</b>	36.4	–	–	–	–	–	36.4
<b>Finance expense</b>	(173.7)	3.9	–	–	–	–	(169.8)
<b>(Loss)/profit before tax</b>	(213.8)	3.9	8.4	(0.1)	1.1	(9.9)	(210.4)
<b>Adjusted EBITDA (note 33)</b>	137.9	–	–	(0.1)	1.1	(9.9)	129.0

## 16 Inventories

	2022 £m	2021 £m
Parts for resale, service parts and production stock	152.2	115.5
Work in progress	48.5	29.8
Finished vehicles	85.5	51.5
	<b>286.2</b>	<b>196.8</b>

Finished vehicles include Group-owned service cars at a net realisable value of £44.4m (2021: £30.8m).

During the years ended 31 December 2022 and 2021 inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 20 for further details.

## 17 Trade and other receivables

	2022 £m	2021 £m
<b>Amounts included in current assets</b>		
Trade receivables	137.0	139.5
Indirect taxation	42.5	37.1
Prepayments	46.8	48.8
Other receivables	19.4	18.0
	<b>245.7</b>	<b>243.4</b>
<b>Amounts included in non-current assets</b>		
Other receivables	6.3	2.1

Trade and other 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.

Credit risk is discussed further in note 22.

## 17 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):

	2022 £m	2021 £m
Sterling	75.6	108.4
Chinese renminbi	15.2	2.6
Euro	50.8	30.5
US dollar	21.7	27.4
Japanese yen	31.0	19.3
Other	11.4	8.5
	<b>205.7</b>	<b>196.7</b>

### 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 new multi-currency wholesale finance facility with FCA Bank S.p.A. ("FCAB") and its regional designates. Under the facility, the Group finances dealer trade receivables with FCAB 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 FCAB. The Group is satisfied that substantially all the risks are transferred to FCAB. As a result, the wholesale finance facility is off balance sheet. Due to this classification, financing costs of £0.3m associated with the scheme are presented in operating cash flows (note 27).

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, is currently in a wind down period and will be fully closed in the first half of 2023. The utilisation of the facility as at 31 December 2022 was £11.4m (2021: £16.9m). A full explanation of the facility structure and the rationale behind the off balance sheet recognition is outlined in the 2021 Annual Report. As at 31 December 2022, the only remaining balances related to the facility were the subordinated loan of £0.5m (2021: £0.5m), the balance on the senior loan of £0.1m (2021: £1.6m) (note 19), and an interest in a Profit Participating Loan of £0.1m which is carried at a fair value of £nil and receives interest only in the event that Velocitas has positive retained earnings at the end of the facility. The senior and subordinated loans are both held at amortised cost. Due to the off balance sheet classification, financing costs of £3.8m (2021: £8.0m) associated with the scheme are presented in operating cash flows.

## 18 Cash and cash equivalents

	2022 £m	2021 £m
Cash and cash equivalents	<b>583.3</b>	418.9

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:

	2022 £m	2021 £m
Sterling	<b>336.8</b>	263.3
Chinese renminbi	<b>59.8</b>	73.5
Euro	<b>26.1</b>	15.8
US dollar	<b>130.5</b>	59.0
Japanese yen	<b>4.5</b>	2.3
Other	<b>25.6</b>	5.0
	<b>583.3</b>	418.9
<i>Included within the above:</i>		
Restricted cash	<b>32.8</b>	33.0

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 has been 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.

## 19 Other financial assets

	2022 £m	2021 £m
Forward currency contracts held at fair value	<b>2.3</b>	0.6
Loan assets	<b>0.6</b>	2.1
Cash held not available for short term use	<b>0.3</b>	1.8
Other derivative contracts	<b>5.6</b>	3.3
	<b>8.8</b>	7.8
<i>Analysed as:</i>		
Current	<b>8.8</b>	7.3
Non-current	<b>-</b>	0.5
	<b>8.8</b>	7.8

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 (2021: £1.8m). At the year end the cash held in these accounts did not meet the definition of cash and cash equivalents and therefore has been classified as an other financial asset.

At 31 December 2022 the Group held £0.5m (2021: £0.5m) of subordinated loan and £0.1m (2021: £1.6m) of senior loan assets relating to a wholesale financing facility (note 17).

## 19 Other financial assets continued

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 2022 was a £1.6m increase (2021: £0.5m decrease) and is recognised within the Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement (see note 22) which represents an accrual for that element of future sponsorship payments. If the option is exercised within the next five years the liability is extinguished in the year of exercise, if the option is not exercised the liability will be subject to the renewal of the sponsorship agreement and may continue for the following five years.

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.

The enterprise value has been estimated using a blend of measures including an income-based approach and a market-based approach. Due to the size of the potential investment, as a proportion of the equity of AMR GP Limited, there are no plausible sensitivities which would give rise to a material variation in the carrying value of the derivative.

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 entitles 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 2022 was a £0.7m increase (2021: £0.2m decrease) and is recognised within the 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.

## 20 Trade and other payables

### Current trade and other payables

	2022 £m	2021 £m
Trade payables	151.2	114.4
Repurchase liability	38.2	19.7
Customer deposits and advances	335.7	342.6
Accruals and other payables	346.0	239.2
Deferred income – service packages	5.2	5.1
	<b>876.3</b>	<b>721.0</b>

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 £135.7m (2021: £89.8m), sales and marketing accruals of £59.0m (2021: £59.8m), manufacturing accruals of £40.7m (2021: £25.4m) and administrative and other accruals of £110.6m (2021: £64.2m).

At 31 December 2022 a repurchase liability of £38.2m including accrued interest of £0.2m has been recognised in accruals and other payables and net debt (see note 23). In 2022, across multiple transactions, £66.7m of parts for resale, service parts and production stock were sold for £75.7m (gross of indirect tax) and subsequently repurchased. Under these repurchase agreements, the Group will repay a total of £80.0m (gross of indirect tax). As part of this arrangement legal title to the parts was surrendered; however, control remained with the Group. At 31 December 2022, £40.0m of the total £80.0m had been repaid with the remaining amount to be repaid within 2023. A further £20.0m was repaid in the year relating to a similar repurchase liability which was valued at £19.7m at 31 December 2021.

## 20 Trade and other payables continued

### Contract liabilities

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

	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

	At 1 January 2021 £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 2021 £m
Customer deposits and advances	268.5	174.6	(75.6)	4.8	(29.7)	342.6
Deferred income – service packages	11.9	3.8	(0.8)	–	–	14.9

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 normal 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 £119.3m expected to be recognised in 2023. This unwind relates to the balance held as at 31 December 2022 and does not take into consideration any additional deposits and advances arising during 2023.

In the year ended 31 December 2022, a finance expense of £8.0m (see note 8) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2021: £4.8m). 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 2022 the Group held £102.9m of contractually refundable deposits (before the impact of significant financing components) (2021: £85.0m). 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 22.

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

### Non-current trade and other payables

	2022 £m	2021 £m
Deferred income – service packages	8.5	9.8
Other payables	0.6	–
	9.1	9.8



## 21 Other financial liabilities

	2022 £m	2021 £m
Forward currency contracts held at fair value	0.7	0.9
Other derivative contracts (see note 19)	2.9	2.9
Derivative option over own shares (see note 22)	22.6	31.0
	<b>26.2</b>	<b>34.8</b>
Analysed as:		
Current	26.2	34.8
Non-current	-	-
	<b>26.2</b>	<b>34.8</b>

## 22 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, 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 17). Credit risk on receivables purchased by FCAB or Velocitas under the wholesale finance facilities is borne by FCAB or Velocitas respectively. The Group, as a senior and subordinated lender to Velocitas, retains 5% of the credit risk associated with such sales. The Group has no credit risk associated with the FCAB 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. An appropriate expected credit loss provision is made in respect of the Group's loan assets to Velocitas. 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 17) 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.

## 22 Financial instruments continued

### Credit risk continued

In presenting the loss allowance summary below for 2021, the specific loss allowance and original receivable balance of £19.0m related to historical other operating income has been excluded so as not to distort the expected loss rate. This balance was written off during 2022. The trade receivable loss allowance as at 31 December is as follows:

	As at 31 December 2022			As at 31 December 2021		
	Expected loss rate %	Gross carrying amount £m	Loss allowance £m	Expected loss rate %	Gross carrying amount £m	Loss allowance £m
Current	*	129.1	–	*	124.8	–
1 – 30 days past due	*	5.8	–	*	10.0	–
31 – 60 days past due	*	1.7	–	*	2.8	–
61+ days past due	93.8%	6.5	6.1	74.7%	7.5	5.6
		143.1	6.1		145.1	5.6

\* 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 closing loss allowance as at 31 December 2021 for trade receivables, including the specific loss allowance of £19.0m relating to historical other income noted above, reconciles to the opening loss allowance as at 1 January 2022 as below. The specific allowance of £19.0m was written off during 2022.

	2022 £m	2021 £m
<b>Opening loss allowance as at 1 January</b>	<b>24.6</b>	21.7
Increase in loss allowance recognised in the Income Statement – administrative and other operating expenses	0.6	3.1
Receivables written off during the year as uncollectible	(19.2)	(0.2)
Effect of foreign exchange	0.1	–
<b>At 31 December</b>	<b>6.1</b>	24.6

### Borrowings

The following table analyses Group borrowings:

	2022 £m	2021 £m
<b>Current</b>		
Bank loans and overdrafts	107.1	114.3
<b>Non-current</b>		
Senior Secured Notes	1,104.0	1,074.9
<b>Total borrowings</b>	<b>1,211.1</b>	1,189.2

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

	2022 £m	2021 £m
Sterling	107.1	114.3
US dollar	1,104.0	1,074.9
<b>Total borrowings</b>	<b>1,211.1</b>	1,189.2

## 22 Financial instruments continued

### Borrowings continued

#### Current borrowings

The Group has an 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 2022 was £77.1m (2021: £78.0m).

At 31 December 2022 £78.5m of the £90.6m RCF was drawn as cash (2021: £80.0m of the £90.6m facility).

During 2021, the Group entered into a bilateral RCF with HSBC Bank plc ("HSBC"), whereby Chinese renminbi to a value at the time of £31.9m 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 UK. The restricted cash has been revalued at 31 December 2022 to £32.8m (2021: £33.0m) and is shown in cash and cash equivalents. The facility of £30.0m is shown within borrowings in current liabilities on the Statement of Financial Position.

In 2018 the Group entered into a fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility for which the final repayment was made during the year. At 31 December 2021 the amount included in current borrowings was £6.3m.

#### Non-current borrowings

In December 2020 the Group refinanced all SSNs in issue with new SSNs. 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 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 2022 the Group held £1,104.0m of SSNs (2021: £1,074.9m) comprising First Lien SSNs of \$1,143.7m (2021: \$1,184.0m) at 10.5% cash interest and Second Lien SSNs of \$229.1m (2021: \$355.3m) 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.

#### 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 Income Statement.

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 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 2022, changes to the fair value of the derivative option have resulted in a credit to the Income Statement of £8.4m (2021: £34.1m) which is presented in adjusting items. A total of nil (2021: 30,518,600 warrants) were exercised resulting in no change to the associated liability (2021: partial extinguishment of the liability and a transfer to retained earnings of £14.8m).

## 22 Financial instruments continued

### Borrowings continued

#### 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, 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:

	2022 £m	2021 £m
<b>Fixed rate instruments</b>		
Financial liabilities	1,104.0	1,159.2
<b>Variable rate instruments</b>		
Financial liabilities	107.1	30.0

Borrowings, including the SSNs and the loan to finance the paint shop in St Athan repaid during March 2022, are at fixed interest rates. During 2021 the rate of interest on the RCF, which is attached to the SSNs, was based on LIBOR plus a percentage spread and was predetermined at the date of the drawdown of the RCF so was considered to be fixed rate for the analysis above.

In 2022 and 2021 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 a variable rate derived from SONIA.

#### 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 at 31 December 2022. (2021: bi-lateral RCF only).

	Increase/ (decrease) in interest rate	2022 £m <b>Effect on loss after tax</b>	2021 £m Effect on loss after tax
SONIA/Bank of England Base Rate	3.00%	<b>(2.6)</b>	(0.7)
SONIA/Bank of England Base Rate	(3.00%)	<b>2.6</b>	0.7

## 22 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 2022 the Group hedged 29% for 2023 (2021: 37% for 2022) of its US dollar denominated highly probable inter-Group sales, 19% of its Japanese yen sales (2021: 12% for 2022) and 15% of its Euro denominated purchases for 2023 (2021: 11% for 2022). 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 2022	Euros £m	US dollars £m	Chinese renminbi £m	Japanese yen £m	Other £m	Total £m
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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)
<b>Net balance sheet exposure</b>	<b>(93.1)</b>	<b>(34.5)</b>	<b>32.8</b>	<b>15.6</b>	<b>29.7</b>	<b>(49.5)</b>

At 31 December 2021	Euros £m	US dollars £m	Chinese renminbi £m	Japanese Yen £m	Other £m	Total £m
<b>Financial assets</b>						
Trade and other receivables	30.5	27.4	2.6	19.3	8.5	88.3
Loan assets	0.4	–	–	–	0.1	0.5
Foreign currency contracts	–	0.3	–	0.3	–	0.6
Cash held not available for short term use	–	–	1.8	–	–	1.8
Cash balances	15.8	59.0	73.5	2.3	5.0	155.6
	46.7	86.7	77.9	21.9	13.6	246.8
<b>Financial liabilities</b>						
Trade and other payables	(118.9)	(21.2)	(21.7)	(0.4)	(2.1)	(164.3)
Lease liabilities	–	(7.7)	(1.0)	(5.5)	(0.1)	(14.3)
Customer deposits and advances	(10.0)	(19.5)	(9.7)	(4.6)	(0.4)	(44.2)
Foreign currency contracts	(0.4)	(0.4)	–	–	–	(0.8)
	(129.3)	(48.8)	(32.4)	(10.5)	(2.6)	(223.6)
<b>Net balance sheet exposure</b>	<b>(82.6)</b>	<b>37.9</b>	<b>45.5</b>	<b>11.4</b>	<b>11.0</b>	<b>23.2</b>

## 22 Financial instruments continued

### Foreign currency exposure continued

The following significant exchange rates applied:

	Average rate 2022	Average rate 2021	Closing rate 2022	Closing rate 2021
Euro	1.17	1.16	1.13	1.19
Chinese renminbi	8.26	8.90	8.36	8.63
US dollar	1.25	1.37	1.20	1.35
Japanese yen	160.24	149.37	158.72	155.97

### 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 2022 £m	Effect on result after tax 2021 £m
US dollar	(5%)	(7.8)	(4.9)
US dollar	5%	8.6	5.5
Euro	(5%)	12.5	9.6
Euro	5%	(13.8)	(10.6)
Chinese renminbi	(5%)	(4.3)	(5.0)
Chinese renminbi	5%	4.8	5.6
Japanese yen	(5%)	(1.7)	(2.0)
Japanese yen	5%	1.9	2.2

### \$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. At 31 December 2020 the Group had not hedged the new SSNs. 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. Following the successful equity raise in September 2022, the Group paid down \$40.3m of First Lien Senior Secured Notes ("SSNs) and \$143.8m of Second Lien SSNs. No hedging relationship has been established in 2021 or 2022.

### \$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 will be released to the Income Statement in line with the profile of the future US dollar sales to which it relates.

## 22 Financial instruments continued

### 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 inter-Group 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 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 will be released to Cost of Sales within the Income Statement in line with the profile of the future US dollar sales to which it relates.

The Group currently has no active currency forward contract cash flow hedges beyond 2023. 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.

### 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 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 the 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 Income Statement as a reclassification adjustment.

Certain forward foreign exchange contracts were designated as hedges with effect from 1 July 2019. Prior to this, all movements in the fair value had been recorded within finance expense as an adjusting item reflecting the non-recurring nature of the absence of a designated hedge relationship for such instruments. Subsequent to 1 July 2019, in respect of these forward foreign exchange contracts only, the movement in fair value attributable to forward points is recorded within cost of sales in the Consolidated Income Statement.

## 22 Financial instruments continued

### Hedge accounting continued

#### \$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 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 Income Statement are recorded in cost of sales (2021: all cost of sales), except for ineffective amounts relating to the \$400m SSNs which would be recorded as finance expense in the 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 2022			31 December 2021		
	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	96.1	2.3	2.3	26.6	0.6	0.6
Foreign exchange forward contracts – other financial liabilities	33.1	(0.7)	(0.7)	33.6	(0.8)	(0.9)
\$400m Senior Secured Notes – hedge instrument	105.6	–	–	180.9	–	–

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

	31 December 2022		31 December 2021	
	Cash flow hedge reserve £m	Cost of hedging reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m
Foreign exchange forward contracts	2.9	(0.9)	0.7	(0.6)
\$400m Senior Secured Notes – hedge instrument	3.9	–	8.8	–
Tax on fair value movements recognised in OCI	(1.8)	0.2	(2.4)	0.2



## 22 Financial instruments continued

### Hedge accounting continued

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

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)	–

Year ended 31 December 2021	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	(2.9)	(0.6)	Cost of sales	(0.3)	(2.6)	Cost of sales
\$400m Senior Secured Notes – hedge instrument	(1.7)	–	Cost of sales	–	(1.7)	Cost of sales
Tax on fair value movements recognised in OCI	1.2	–	–	0.1	1.1	–

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 2022 and 2021 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 2022 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 2022 the Group undertook a share placing and rights issue to strengthen the liquidity of the business.

During 2021, the Group entered into a bilateral RCF with HSBC Bank plc (“HSBC”), whereby Chinese renminbi to a value at the time of £31.9m 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 UK. The restricted cash has been revalued at 31 December 2022 to £32.8m (2021: £33.0m) and is shown in the cash and cash equivalents. The facility of £30.0m is shown within borrowings in current liabilities on the Statement of Financial Position. The facility is available until 31 August 2025 and the total facility size is £50m.

At 31 December 2022 the Group held £1,104.0m (2021: £1,094.9m) of SSNs. In October 2022 the Group repurchased \$40.3m of First Lien SSNs and \$143.8m of Second Lien SSNs with a premium paid of £14.3m on early redemption. 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 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.

Attached to the SSNs is a £90.6m RCF of which £78.5m (2021: £80.0m) was drawn in cash at the reporting date. The amount recorded in the Statement of Financial Position is net of unamortised transaction costs. £5.2m (2021: £5.9m) 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.

## 22 Financial instruments continued

### Liquidity risk continued

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 2022 the Group held refundable deposits of £102.9m (2021: £85.0m). 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 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
<b>Non-derivative financial liabilities</b>						
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
<b>Derivative financial liabilities</b>						
Forward exchange contracts	-	0.5	0.2	-	-	0.7
	102.9	552.6	255.3	1,471.0	0.6	2,382.4

Included in the tables above and below are interest bearing loans and borrowings at a carrying value of £1,211.1m (2021: £1,189.2m). The liquidity profile associated with leases accounted under IFRS 16 is detailed in note 15.

The maturity profile of the Group's financial liabilities at 31 December 2021 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
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts	-	36.4	81.1	-	-	117.5
Senior Secured Notes	-	-	115.5	1,614.3	-	1,729.8
Trade and other payables	-	282.8	94.9	9.8	-	387.5
Refundable customer deposits and advances	85.0	-	-	-	-	85.0
<b>Derivative financial liabilities</b>						
Forward exchange contracts	-	-	0.8	-	-	0.8
	85.0	319.2	292.3	1,624.1	-	2,320.6

## 22 Financial instruments continued

### Estimation of fair values

	As at 31 December 2022			As at 31 December 2021		
	Nominal value £m	Book value £m	Fair value £m	Nominal value £m	Book value £m	Fair value £m
<b>Included in assets</b>						
<i>Level 2</i>						
Forward foreign exchange contracts	–	2.3	2.3	–	0.6	0.6
Loan assets	0.6	0.6	0.6	2.1	2.1	2.1
<i>Level 3</i>						
Other derivative contracts	–	5.6	5.6	–	3.3	3.3
	0.6	8.5	8.5	2.1	6.0	6.0
<b>Included in liabilities</b>						
<i>Level 1</i>						
\$1,143.7m (2021: \$1,184.0m) 10.5% US dollar First Lien Notes	950.8	935.0	893.0	874.2	852.5	959.4
\$229.1m (2021: \$355.3) 15.0% US dollar Second Lien Split Coupon Notes	190.5	169.0	194.4	262.3*	222.4	302.3*
<i>Level 2</i>						
Forward exchange contracts	–	0.7	0.7	–	0.8	0.8
Derivative option over own shares	48.1	22.6	22.6	48.1	31.0	31.0
	1,189.4	1,127.3	1,110.7	1,184.6	1,106.7	1,293.5

\* The fair value of the Second Lien SSNs includes \$9.8m, \$10.5m, \$10.8m and \$6.8m of PIK notes issued in April 2021, November 2021, April 2022 and November 2022 respectively. The 31 December 2021 comparative for nominal value and fair value has been updated to include the two issuances during 2021. The issued PIK already forms part of the book value at each reporting period and no change has been made to the presentation of these numbers

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 17). 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 relate to options to purchase a minority shareholding in AMR GP Limited (see note 19).

The derivative option over own shares reflects the detachable warrants issued alongside the Second Lien SSNs (see borrowings section of note 22) 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.

## 22 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.

### 23 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 27.

	2022 £m	2021 £m
Cash and cash equivalents	583.3	418.9
Cash held not available for short term use	0.3	1.8
Inventory repurchase arrangement	(38.2)	(19.7)
Lease liabilities – current	(7.4)	(9.7)
Lease liabilities – non-current	(92.4)	(93.7)
Loans and other borrowings – current	(107.1)	(114.3)
Loans and other borrowings – non-current	(1,104.0)	(1,074.9)
<b>Net debt</b>	<b>(765.5)</b>	<b>(891.6)</b>
<b>Movement in net debt</b>		
Net increase/(decrease) in cash and cash equivalents	164.4	(70.5)
Add back cash flows in respect of other components of net debt:		
New borrowings	–	(108.5)
Proceeds from inventory repurchase arrangement	(75.7)	(19.0)
Repayment of existing borrowings	172.7	37.3
Repayment of inventory repurchase arrangement	60.0	40.0
Lease liability payments	10.0	9.9
Movement in cash held not available for short term use	(1.5)	(8.1)
Transaction fees	–	1.9
Decrease/(increase) in net debt arising from cash flows	329.9	(117.0)
Non-cash movements:		
Foreign exchange loss on secured loan	(156.2)	(12.4)
Interest added to debt	(15.7)	(13.4)
Borrowing fee amortisation	(25.4)	(7.5)
Lease liability interest charge	(4.5)	(3.9)
Lease modifications	(3.5)	0.4
New leases	(2.2)	(11.5)
Foreign exchange gain and other movements	3.7	0.4
Decrease/(increase) in net debt	126.1	(164.9)
Net debt at beginning of the year	(891.6)	(726.7)
<b>Net debt at the end of the year</b>	<b>(765.5)</b>	<b>(891.6)</b>

## 24 Provisions

	2022 £m			2021 £m		
	Restructuring	Warranty	Total	Restructuring	Warranty	Total
At the beginning of the year	0.4	38.5	38.9	7.8	31.1	38.9
Charge for the year	-	30.9	30.9	-	31.8	31.8
Utilisation	(0.4)	(26.5)	(26.9)	(5.0)	(23.9)	(28.9)
Effect of movements in exchange rates	-	(1.5)	(1.5)	-	0.2	0.2
Release to the Income Statement	-	(0.3)	(0.3)	(2.4)	(0.7)	(3.1)
At the end of the year	-	41.1	41.1	0.4	38.5	38.9
Analysed as:						
Current	-	18.6	18.6	0.4	19.5	19.9
Non-current	-	22.5	22.5	-	19.0	19.0
	-	41.1	41.1	0.4	38.5	38.9

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 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.

## 25 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 2022 was £17.6m (2021: £10.6m). Outstanding contributions at the year end were £1.5m (2021: £0.9m). 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.

## 25 Pension obligations continued

### Defined Benefit scheme continued

The pension scheme exposes the Group to the following risks:

- Asset volatility – the scheme’s Statement of Investment Principles targets 40% return-enhancing assets and 60% 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 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.

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 2023 are £15.0m.

A full actuarial valuation was carried out as at 6 April 2020. The 2020 valuation was updated by an independent qualified actuary to 31 December 2021 and 2022 respectively for the relevant disclosures in accordance with IAS 19R. The next triennial valuation as at 6 April 2023 is due to be completed by June 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.

### Assumptions

The principal assumptions used by the actuary were:

	31 December 2022	31 December 2021
Discount rate	4.85%	2.00%
Rate of increase in salaries	N/A	3.10%
Rate of revaluation in deferment	2.45%	2.50%
Rate of increase in pensions in payment attracting Limited Price Indexation	2.95%	3.00%
Expected return on scheme assets	4.85%	2.00%
RPI Inflation assumption	3.00%	3.10%
CPI Inflation assumption	2.45%	2.50%

## 25 Pension obligations continued

### Assumptions continued

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 2042 (2022 assumptions) or 2041 (2021 assumptions).

#### Projected life expectancy at age 65

	Future Currently aged 45 2022	Current Currently aged 65 2022	Future Currently aged 45 2021	Current Currently aged 65 2021
Male	22.5	21.3	22.8	21.5
Female	25.3	23.9	25.5	24.0

	Years
Average duration of the liabilities in years as at 31 December 2022	19
Average duration of the liabilities in years as at 31 December 2021	26

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

	31 December 2022 Quoted £m	31 December 2022 Unquoted £m	31 December 2022 Total £m	31 December 2021 Quoted £m	31 December 2021 Unquoted £m	31 December 2021 Total £m
<b>Asset class</b>						
Overseas equities	25.9	–	25.9	41.0	–	41.0
Private debt	–	34.6	34.6	–	32.8	32.8
Asset-Backed Securities	37.7	–	37.7	–	–	–
Liability driven investment	26.3	9.5	35.8	64.9	56.0	120.9
Corporate bonds	24.5	–	24.5	–	–	–
Absolute return bonds	–	11.2	11.2	–	72.6	72.6
Diversified alternatives	–	0.9	0.9	–	1.3	1.3
Cash	12.8	–	12.8	89.3	–	89.3
Insurance policies	3.6	–	3.6	6.0	–	6.0
<b>Total</b>	<b>130.8</b>	<b>56.2</b>	<b>187.0</b>	<b>201.2</b>	<b>162.7</b>	<b>363.9</b>

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

	2022 £m	2021 £m
Total fair value of scheme assets	187.0	363.9
Present value of funded obligations	(188.9)	(368.4)
Funded status at the end of the year	(1.9)	(4.5)
Adjustment to reflect minimum funding requirements	(59.3)	(74.2)
<b>Liability recognised in the Statement of Financial Position</b>	<b>(61.2)</b>	<b>(78.7)</b>

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.

## 25 Pension obligations continued

### Assumptions continued

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

	2022 £m	2021 £m
<b>Amounts charged to operating loss:</b>		
Current service cost	(0.7)	(8.8)
Past service cost	(2.8)	–
	(3.5)	(8.8)
<b>Amounts charged to finance expense:</b>		
Net interest expense on the net Defined Benefit liability	0.1	(0.2)
Interest expense on the adjustment to reflect minimum funding requirements	(1.5)	(1.1)
Total expense recognised in the Income Statement	(4.9)	(10.1)

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

	2022 £m	2021 £m
At the beginning of the year	(368.4)	(378.7)
Current service cost	(0.7)	(8.8)
Past service cost	(2.8)	–
Interest cost	(7.2)	(6.0)
Experience (losses)/gains	(14.7)	3.3
Actuarial gains arising from changes in financial assumptions	190.7	6.6
Distributions	11.3	10.6
Actuarial gains arising from changes in demographic assumptions	2.8	4.6
Obligation at the end of the year	(189.0)	(368.4)

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

	2022 £m	2021 £m
At the beginning of the year	363.9	354.1
Interest on assets	7.3	5.8
Employer contributions	15.6	20.1
Return on scheme assets excluding interest income	(188.5)	(5.5)
Distributions	(11.3)	(10.6)
Fair value at the end of the year	187.0	363.9

	2022 £m	2021 £m
Actual return on scheme assets	(181.2)	0.3



## 25 Pension obligations continued

### Assumptions continued

Analysis of amounts recognised in the Statement of Financial Position:

	2022 £m	2021 £m
Liability at the beginning of the year	(78.7)	(92.5)
Net expense recognised in the Income Statement	(4.9)	(10.1)
Employer contributions	15.6	20.1
Gain recognised in Other Comprehensive Income	6.8	3.8
Liability recognised in the Statement of Financial Position at the end of the year	(61.2)	(78.7)

Analysis of amount taken to Other Comprehensive Income:

	2022 £m	2021 £m
Return on scheme assets excluding interest income	(188.5)	(5.5)
Experience (losses)/gain arising on funded obligations	(14.7)	3.3
Gains arising due to changes in financial assumptions underlying the present value of funded obligations	190.7	6.6
Gains/(losses) arising as a result of adjustment made to reflect minimum funding requirements	16.5	(5.2)
Gains arising due to changes in demographic assumptions	2.8	4.6
Amount recognised in Other Comprehensive Income	6.8	3.8

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

At 31 December 2022 the present value of the benefit obligation was £189.0m (2021: £368.4m) and its sensitivity to changes in key assumptions were:

	Change in assumption	Present value of benefit obligations at 31 December 2022 £m	Present value of benefit obligations at 31 December 2021 £m
Discount rate	Decrease by 1.00%	228.7	474.5
Rate of inflation*	Increase by 0.25%	196.7	388.4
Life expectancy increased by approximately 1 year	Increase by one year	194.7	384.7

\* 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 June 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.

	2022 £m	2021 £m
<b>Expected future benefit payments</b>		
Year 1 (2022/2023)	11.2	11.0
Year 2 (2023/2024)	11.6	11.3
Year 3 (2024/2025)	11.9	11.7
Year 4 (2025/2026)	12.3	12.0
Year 5 (2026/2027)	12.6	12.4
Years 6 to 10 (2028 to 2032)	67.9	66.7

## 25 Pension obligations continued

### History of scheme experience

	2022	2021
Present value of the scheme liabilities (£m)	<b>(188.9)</b>	(368.4)
Fair value of the scheme assets (£m)	<b>187.0</b>	363.9
Deficit in the scheme before adjusting to reflect minimum funding requirements (£m)	<b>(1.9)</b>	(4.5)
Experience losses on scheme assets excluding interest income (£m)	<b>(188.5)</b>	(5.5)
Percentage of scheme assets	<b>(100.8%)</b>	(1.5%)
Return on scheme liabilities (£m)	<b>(14.7)</b>	3.3
Percentage of the present value of the scheme liabilities	<b>7.8%</b>	(0.9%)
Total amount recognised in Other Comprehensive Income (£m)	<b>6.8</b>	3.8
Percentage of the present value of the scheme liabilities	<b>(3.6%)</b>	(1.0%)

## 26 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
<b>Opening balance at 1 January 2021</b>	<b>114,933,587</b>		<b>11.5</b>	<b>1,108.2</b>	<b>144.0</b>	<b>9.3</b>
Exercise of warrant options <sup>1</sup>	1,525,926	0.1	0.1	15.1	–	–
Transfer between reserves	–	–	–	0.1	(0.1)	–
<b>Balance as at 31 December 2021 and 1 January 2022</b>	<b>116,459,513</b>		<b>11.6</b>	<b>1,123.4</b>	<b>143.9</b>	<b>9.3</b>
Private placing <sup>2</sup>	23,291,902	0.1	2.4	75.7	–	–
Rights issue <sup>3</sup>	559,005,660	0.1	55.9	498.3	–	–
<b>Closing balance at 31 December 2022</b>	<b>698,757,075</b>		<b>69.9</b>	<b>1,697.4</b>	<b>143.9</b>	<b>9.3</b>

- On 15 July 2021 945,131 ordinary shares in the Company were issued to satisfy the redemption of 18,902,665 warrant options. £9.5m of cash was received for the shares. On 22 July 2021 330,795 ordinary shares in the Company were issued to satisfy the redemption of 6,615,932 warrant options. £3.3m of cash was received for the shares. On 11 December 2021 250,000 ordinary shares in the Company were issued to satisfy the redemption of 5,000,003 warrant options. £2.5m of cash was received for the shares. Upon issuance of the shares the corresponding derivative option liability is extinguished resulting in a total credit to retained earnings during the year ended 31 December 2021 of £14.8m
- On 9 September 2022 the Company issued 23.2m 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
- On 28 September 2022 the Company issued 559.0m 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

## 27 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 23) to cash flows arising from financing activities for the years ended 31 December 2022 and 2021.

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
<b>At 1 January 2022</b>	<b>134.0</b>	<b>103.4</b>	<b>852.5</b>	<b>222.4</b>	<b>1,312.3</b>
<i>Changes from financing cash flows</i>					
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)
<b>Balance at 31 December 2022</b>	<b>145.3</b>	<b>99.8</b>	<b>935.0</b>	<b>169.0</b>	<b>1,349.1</b>

Liabilities	Other borrowings and inventory arrangements £m	Lease Liability £m	\$1,184.0m 10.5% First Lien Notes £m	\$335m 15% Second Lien Notes £m	Total £m
<b>At 1 January 2021</b>	<b>158.0</b>	<b>103.0</b>	<b>763.2</b>	<b>201.8</b>	<b>1,226.0</b>
<i>Changes from financing cash flows</i>					
Interest paid	(5.0)	(3.9)	(87.5)	(21.6)	(118.0)
Principal lease payment	–	(9.9)	–	–	(9.9)
Repayment of existing borrowings	(37.3)	–	–	–	(37.3)
Inventory repurchase repayment	(40.0)	–	–	–	(40.0)
Inventory repurchase drawdown	19.0	–	–	–	19.0
New borrowings	31.5	–	77.0	–	108.5
Transaction costs paid	(0.1)	–	(2.5)	(0.2)	(2.8)
Total changes from financing cash flows	(31.9)	(13.8)	(13.0)	(21.8)	(80.5)
Effect of changes in exchange rates	–	(0.8)	9.9	2.5	11.6
New leases under IFRS 16	–	11.5	–	–	11.5
Modifications to existing leases	–	(0.4)	–	–	(0.4)
Interest expense	16.5	3.9	93.4	41.4	155.2
Movement in accrued interest	(0.6)	–	(1.8)	(1.5)	(3.9)
Movement in accrued fees	–	–	0.8	–	0.8
Financing expense in the Income Statement classified as operating cash flow	(8.0)	–	–	–	(8.0)
<b>Balance at 31 December 2021</b>	<b>134.0</b>	<b>103.4</b>	<b>852.5</b>	<b>222.4</b>	<b>1,312.3</b>

## 28 Share-based payments

### Long term incentive schemes

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 £0.9m (2021: £nil).

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 £0.4m (2021: £1.2m).

On 14 December 2020, Executive Directors and certain other employees were granted conditional share awards under the Company's "2020 LTIP". The total credit recognised in the Consolidated Income Statement in relation to this scheme was £1.4m (2020: charge of £1.9m).

	2022 grant of 2022 LTIP	2021 grant of 2021 LTIP	2020 grant of 2020 LTIP
Aggregate fair value at measurement date (£m)	6.1	7.3	9.7
Exercise price (p)	£nil	£nil	£nil
Expected volatility (%)	50.0%	50.0%	50.0%
Dividend yield (%)	N/A	N/A	N/A
Risk free interest rate (%)	2.16%	0.15%	(0.13%)

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.

### 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. 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 if the share price at 1 February 2024 does not meet this value. The charge associated with this portion is £1.0m in the year ended 31 December 2022.

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:

	2022 £m	2021 £m
2022 LTIP share option charge	0.9	–
2021 LTIP share option charge	0.5	1.2
2020 LTIP share option (credit)/charge	(1.4)	1.9
Grant of shares upon closure of the Defined Benefit Pension Scheme (notes 5, 25)	1.0	–
Group Director buyout	0.8	–
	1.8	3.1

## 29 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 the 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 remain unissued at 31 December 2022.

Property, plant and equipment expenditure contracts to the value of £10.8m (2021: £14.4m) have been committed but not provided for as at 31 December 2022. Contracts to the value of £51.4m have been committed for the acquisition of intangible assets but not provided for as at 31 December 2022. Certain contracts contain financial commitments, in particular purchase commitments and guarantees, which are of a magnitude typical for the industry.

## 30 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 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 end 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.

### **30 Related party transactions continued**

#### **Transactions with Directors and related undertakings continued**

##### **Transactions during 2021**

During the year ended 31 December 2021, a net marketing expense amounting to £21.5m of sponsorship was incurred in the normal course of business with AMR GP Limited, an entity indirectly controlled by a member of the Group's 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. All balances between the two parties relating to 2021 have been settled. 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.

During the year ended 31 December 2021, marketing transactions under the normal course of business amounting to less than £0.1m have been undertaken with Falcon Racing Inc, an entity controlled by a member of the Group's KMP. £nil is outstanding from Falcon Racing Inc at 31 December 2022. During the year ended 31 December 2021, design services of less than £0.1m were provided to Flair Investment Holdings Limited, an entity in which a member of a KMP has an indirect ownership interest. £nil is outstanding from Flair Investment Holdings Limited at 31 December 2022. During the year ended 31 December 2021, a member of KMP transacted with a Group company to undertake restoration work on a historic vehicle. £0.3m has been received by the Group with £0.3m of works being completed in the year. £nil is outstanding at 31 December 2022. A member of KMP acquired three vehicles from a Group company during the period each priced at £0.2m. £nil is outstanding at 31 December 2022.

A member of KMP acquired one historic vehicle from a Group Company during the period priced at £0.5m. £nil is outstanding at 31 December 2022. A member of KMP placed a deposit of £1.5m with a Group company for the future purchase of a vehicle. An immediate family member of one of the Group's KMP placed a deposit of less than £0.1m with a Group company for the future purchase of a vehicle.

##### **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.

### **31 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.

### 32 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 2022 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 office 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 Italy

<< 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 164-168

### 32 Group companies continued

	Aston Martin Works Limited 2022 £m	AMWS Limited 2022 £m	Aston Martin Works Limited 2021 £m	AMWS Limited 2021 £m
Total assets	42.5	-	42.5	-
Total liabilities	(3.8)	-	(5.5)	-
<b>Net assets</b>	<b>38.7</b>	<b>-</b>	<b>37.0</b>	<b>-</b>
Revenue	40.6	-	53.5	-
Profit before tax	1.7	-	4.6	-
Group's share of profit	0.9	-	2.3	-

### Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Holdings Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Lagonda Group Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
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, England, CV35 0DB
Aston Martin Lagonda Pension Trustees Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Lagonda Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
AM Brands Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Lagonda of Europe GmbH	Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany
AML Overseas Services Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
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, England, CV35 0DB
Aston Martin Japan GK	1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan
Aston Martin Lagonda – Asia Pacific PTE Limited	8 Marina View, # 41-05, Asia Square Tower 1, Singapore 018960
AMWS Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB



### 33 Alternative performance measures

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

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

- i) Adjusted EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement.
- ii) Adjusted EBIT is operating (loss)/profit before adjusting items.
- iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.
- iv) Adjusted operating margin is adjusted EBIT divided by revenue.
- v) Adjusted EBITDA margin is Adjusted EBITDA (as defined above) divided by revenue.
- vi) Adjusted earnings per share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
- vii) Net debt is current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash held not available for short term use as shown in the Consolidated Statement of Financial Position.
- viii) Adjusted leverage is represented by the ratio of net debt to the last 12 months (LTM) Adjusted EBITDA.
- ix) Free cash flow is represented by cash (outflow)/inflow from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

### Income Statement

	2022 £m	2021 £m
<b>Loss before tax</b>	<b>(495.0)</b>	(213.8)
Adjusting operating expenses (note 5)	23.9	2.2
Adjusting finance income (notes 5, 7)	(12.5)	(34.1)
Adjusting finance expense (notes 5, 8)	32.6	–
<b>Adjusted loss before tax (EBT)</b>	<b>(451.0)</b>	(245.7)
Adjusted finance income (note 7)	(3.0)	(2.3)
Adjusted finance expense (note 8)	336.1	173.7
<b>Adjusted operating loss (EBIT)</b>	<b>(117.9)</b>	(74.3)
<b>Adjusted operating margin</b>	<b>(8.5%)</b>	(6.8%)
Reported depreciation	88.8	74.6
Reported amortisation	219.3	137.6
<b>Adjusted EBITDA</b>	<b>190.2</b>	137.9
<b>Adjusted EBITDA margin</b>	<b>13.8%</b>	12.6%

### 33 Alternative performance measures continued

#### Earnings per share

	2022 £m	2021 Restated* £m
<b>Adjusted earnings per ordinary share</b>		
Loss available for equity holders (£m)	(528.6)	(191.6)
Adjusting items (note 5)		
Adjusting items before tax (£m)	44.0	(31.9)
Tax on adjusting items (£m)	-	(8.3)
<b>Adjusted loss (£m)</b>	<b>(484.6)</b>	<b>(231.8)</b>
Basic weighted average number of ordinary shares (million) <sup>1</sup>	424.7	327.1
Adjusted loss per ordinary share (pence)	(114.1p)	(70.9p)
<b>Adjusted diluted earnings per ordinary share</b>		
Adjusted loss (£m)	(484.6)	(231.8)
Diluted weighted average number of ordinary shares (million)	424.7	327.1
Adjusted diluted loss per ordinary share (pence)	(114.1p)	(70.9p)

\* Earnings per ordinary share has been adjusted to reflect the bonus element of the rights issue undertaken in September 2022. See notes 11 and 26

#### Net debt

	2022 £m	2021 £m
<b>Opening cash and cash equivalents</b>	<b>418.9</b>	<b>489.4</b>
Cash inflow from operating activities	127.1	178.9
Cash outflow from investing activities	(284.7)	(184.1)
Cash inflow/(outflow) from financing activities	315.0	(66.5)
Effect of exchange rates on cash and cash equivalents	7.0	1.2
<b>Cash and cash equivalents at 31 December</b>	<b>583.3</b>	<b>418.9</b>
Cash held not available for short term use	0.3	1.8
Borrowings	(1,211.1)	(1,189.2)
Lease liabilities	(99.8)	(103.4)
Inventory repurchase arrangement	(38.2)	(19.7)
<b>Net debt</b>	<b>(765.5)</b>	<b>(891.6)</b>
<b>Adjusted EBITDA</b>	<b>190.2</b>	<b>137.9</b>
<b>Adjusted leverage</b>	<b>4.0x</b>	<b>6.5x</b>

#### Free cash flow

	2022 £m	2021 £m
Net cash inflow from operating activities	127.1	178.9
Cash used in investing activities (excluding interest received)	(286.9)	(185.2)
Interest paid less interest received	(139.0)	(116.9)
<b>Free cash flow</b>	<b>(298.8)</b>	<b>(123.2)</b>

# Parent Company Statement of Financial Position

as at 31 December 2022

	Notes	2022 £m	2021 £m
<b>Non-current assets</b>			
Investments	3	957.4	957.4
<b>Current assets</b>			
Debtors: amounts falling due within one year	4	1,357.6	713.7
<b>Total assets</b>		<b>2,315.0</b>	<b>1,671.1</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	5	(213.5)	(219.1)
<b>Net assets</b>		<b>2,101.5</b>	<b>1,452.0</b>
<b>Capital and reserves</b>			
Share capital	6	69.9	11.6
Share premium		1,697.4	1,123.4
Capital redemption reserve	6	9.3	9.3
Capital reserve	6	2.0	2.0
Merger reserve	6	143.9	143.9
Retained earnings		179.0	161.8
<b>Shareholder equity</b>		<b>2,101.5</b>	<b>1,452.0</b>

The Financial Statements were approved by the Board of Directors on 28 February 2023 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 £17.2m (2021: profit of £34.9m).

## Parent Company Statement of Changes in Equity

Company	share capital £m	share premium £m	redemption reserve £m	Capital reserve £m	merger reserve £m	retained earnings £m	total equity £m
<b>At 1 January 2022</b>	<b>11.6</b>	<b>1,123.4</b>	<b>9.3</b>	<b>2.0</b>	<b>143.9</b>	<b>161.8</b>	<b>1,452.0</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	17.2	17.2
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.2</b>	<b>17.2</b>
<b>Transactions with owners recorded directly in equity</b>							
Issuance of new shares	58.3	574.0	-	-	-	-	632.3
<b>Total transactions with owners</b>	<b>58.3</b>	<b>574.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632.3</b>
<b>At 31 December 2022</b>	<b>69.9</b>	<b>1,697.4</b>	<b>9.3</b>	<b>2.0</b>	<b>143.9</b>	<b>179.0</b>	<b>2,101.5</b>
Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
<b>At 1 January 2021</b>	<b>11.5</b>	<b>1,108.2</b>	<b>9.3</b>	<b>2.0</b>	<b>144.0</b>	<b>112.1</b>	<b>1,387.1</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	34.9	34.9
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.9</b>	<b>34.9</b>
<b>Transactions with owners recorded directly in equity</b>							
Warrant options exercised (note 5)	0.1	15.1	-	-	-	14.8	30.0
Transfer between categories	-	0.1	-	-	(0.1)	-	-
<b>Total transactions with owners</b>	<b>0.1</b>	<b>15.2</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>14.8</b>	<b>30.0</b>
<b>At 31 December 2021</b>	<b>11.6</b>	<b>1,123.4</b>	<b>9.3</b>	<b>2.0</b>	<b>143.9</b>	<b>161.8</b>	<b>1,452.0</b>

# Notes to the Parent Company Financial Statements

## 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 28 February 2023 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 5 to 81. The debt facilities available to the Group and the maturity profile of this debt are shown in note 22 to the Group Financial Statements.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of \$1,143.7m of First Lien Notes at 10.5% which mature in November 2025, \$229.1m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a Revolving Credit Facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17 to the Group Financial Statements). Under the RCF the Group is required to comply with a liquidity covenant until May 2022 and a leverage covenant thereafter tested quarterly from June 2022.

The amounts outstanding on all the borrowings are shown in note 22 to 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 2024 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect the strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with the ultra-luxury performance-oriented strategy. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale

finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

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

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

In addition, the Directors 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 35% 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 (2021: £nil) in Other Comprehensive Income. The fee relating to the audit of these Financial Statements of £0.3m was borne by the Company (2021: £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'.

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.

### 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

### 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.

It was concluded that the value of investments at the reporting date (£957.4m) are recoverable owing to the Group's market capitalisation of £1,076.4m at 31 December 2022.

### 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 recognises an allowance for expected credit loss (ECLs) for all receivables held at amortised cost. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL) and are remeasured to reflect changes in 12-month ECL, unless a significant deterioration in credit risk is considered to have occurred in which case ECLs are reassessed on a lifetime basis. A provision of £24.8m (2021: £36.0m) has been recognised.

## 1 Accounting policies continued

### 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.

## 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 and net book value	
At 1 January 2022	957.4
Additions in 2022	–
<b>At 31 December 2021 and 31 December 2022</b>	<b>957.4</b>

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 32 to the Group Financial Statements.

## 4 Debtors

	2022 £m	2021 £m
Amounts due from Group undertakings	1,357.3	713.7
Other receivables	0.3	–
<b>Total</b>	<b>1,357.6</b>	<b>713.7</b>

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

## 5 Creditors

	2022 £m	2021 £m
Amounts due to Group undertakings	187.9	187.9
Accrued expenses	2.9	0.2
Derivative option over own shares	22.7	31.0
	<b>213.5</b>	<b>219.1</b>

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 credit to the Income Statement of £8.4m has been recognised in the year ended 31 December 2022 (2021: credit of £34.1m). No warrants were exercised in the current year. A total of 30,518,600 warrants were exercised in the prior year ended 31 December 2021 resulting in the issuance of 1,525,926 ordinary shares (note 6).

## 6 Capital and reserves

	2022 £m	2021 £m
<b>Allotted, called up and fully paid</b>		
698,757,075 shares of 10.0p each (2021: 116,459,513 ordinary shares of 10p each)	<b>69.9</b>	<b>11.6</b>

On 28 September 2022 the Company issued 559.0m 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 or 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. A capital redemption reserve of £9.3m was recognised when deferred shares were repurchased during the 2020 capital reorganisation of the Company.

## 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.

## Glossary

### Adjusted EBITDA

Removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted operating profit/(loss)

### Adjusted EBITDA margin

Adjusted EBITDA divided by revenue

### Adjusted EBT

Profit/(loss) before tax and adjusting items as shown in the Consolidated Income Statement

### Adjusted earnings per share

Profit/(loss) after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period

### Adjusted operating margin

Adjusted operating profit/(loss) divided by revenue

### Adjusted operating profit/(loss)

Profit/(loss) from operating activities before adjusting items

### AGM

Annual General Meeting

### APM

Alternative Performance Measures; for detail of the measures adopted see note 33 to the Financial Statements

### ASP

Average Selling Price

### BEV

Battery Electric Vehicle

### Carbon neutral

Carbon neutral means that any CO<sub>2</sub> released into the atmosphere from a company's activities is balanced by an equivalent amount being removed

### Consensus

The mean of all current financial forecasts published by equity research analysts following the Company

### Core

The Company's models in ongoing production excluding Specials. These currently comprise Vantage, DB11, DBS and DBX

### D&A

Depreciation and Amortisation

### EBITDA

Earnings before interest, tax, depreciation and amortisation

### EPS

Earnings per share

### ERP

Enterprise resource planning

### ESG

Environmental, social and governance

### EY

Ernst & Young LLP, the Company's current External Auditor

### Fixed Marketing or FM

Explicit marketing costs incurred directly by the Company, such as hosting launch events

### FRS

Financial Reporting Council

### Free Cash Flow

Cash inflow/(outflow) from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received

### FTSE

Financial Times Stock Exchange

### FY

Financial year, full year

### GHG

Greenhouse gas

### GPG

Gender Pay Gap

### GRI

Global Reporting Initiative

### GT

Grand Tourer, a sports car with two front seats plus smaller rear seats

### HNWIs

High Net Worth Individuals

### HY

Half year

### ICE

Internal combustion engine

### IFRS

International Financial Reporting Standards

### IPO

Initial Public Offering

### KPIs

Key Performance Indicators

### LTIP

Long Term Incentive Plan

### Materiality Assessment

An assessment which determines an organisation's material sources of environmental, social and governance risk and opportunity to inform sustainability reporting processes

### MBAG

Mercedes-Benz AG

### NED

Non-executive Director

### Net debt

Current and non-current borrowings in addition to inventory financing arrangements and lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, cash held not available for short term use



**Net-zero**

Reducing Scope 1, 2, and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways and neutralising any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter

**OEM**

Original equipment manufacturer

**OSHA**

Occupational Safety and Health Administration

**PHEV**

Plug-in Hybrid Electric Vehicle

**PIK**

Payment-in-kind interest, whereby interest on a bond is paid by scrip issuance of further bonds, rather than in cash

**PSP**

Performance Share Plan

**R&D**

Research and development

**RCF**

Revolving Credit Facility

**Relationship Agreements**

Relationship Agreements between the Company and the Yew Tree Consortium dated 27 February 2020, MBAG dated 27 October 2020 and the Public Investment Fund dated 29 July 2022 which govern the relationship between the Company and each of these shareholder groups

**Retails**

A volume measure of unit sales of vehicles by dealers to customers; and/or Company sales of certain Specials direct to customers

**SASB**

Sustainability Accounting Standards Board

**SBTi**

Science Based Targets initiative

**Section 172 or s.172**

Section 172 of the Companies Act 2006 requires the Board to consider a number of factors in its decision-making, including the interests of its stakeholders

**SID**

Senior Independent Director

**SONIA**

Sterling Overnight Index Average

**SOX**

Sarbanes-Oxley Act

**Specials**

Vehicles produced in limited numbers

**Speedster**

A barchetta-style car without roof or windscreen

**Spider**

A car with removable roof

**SSNs**

Senior Secured Notes

**Stakeholder**

A party which has an interest in a company and can either affect or be affected by the business

**STEM**

Science, Technology, Engineering and Mathematics

**SUV**

Sports Utility Vehicle

**TCFD**

Task Force on Climate-related Financial Disclosures

**TSR**

Total shareholder return

**UHNWI**

Ultra-High Net Worth Individual

**V8, V12**

An eight-cylinder internal combustion engine; a twelve-cylinder internal combustion engine

### General shareholder enquiries

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Tel: 0333 207 5973.

Lines are open 08.30am to 5.30pm, Monday to Friday excluding public holidays in England & Wales. Please dial +44 333 207 5973 if calling from outside the UK or online at [help.shareview.co.uk](http://help.shareview.co.uk) for additional information.

Equiniti offers a range of shareholder information and services online at [www.shareview.co.uk](http://www.shareview.co.uk).

### Share warrants

The Company issued warrants granting rights to subscribe for ordinary shares in accordance with the terms of the Warrant Instrument dated 7 December 2020. Warrants are exercisable during the period starting on 1 July 2021 and ending on 7 December 2027. There were no warrants exercised during the financial year ended 31 December 2022.

Further information on the warrants is set out in the combined prospectus and circular dated 18 November 2020.

### Annual General Meeting

Information on the Annual General Meeting, together with the Notice of Meeting containing details of the business to be conducted, will be posted on our website, [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

The voting results for the 2023 Annual General Meeting will also be accessible on [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com) shortly after the meeting.

### Electronic communication

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at [www.shareview.co.uk](http://www.shareview.co.uk).

### Share dealing

Aston Martin Lagonda Global Holdings plc shares can be traded through most banks, building societies or stockbrokers. Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing).

Shareholders will need their reference number which can be found on their share certificate.

### ShareGift

Shareholders with a small number of shares, the value of which makes them uneconomic to sell, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at [www.sharegift.org](http://www.sharegift.org) or by telephone on 020 7930 3737.

### Share price information

The latest Aston Martin Lagonda Global Holdings plc share price is available on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

### Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before proceeding any further. This can be done by visiting [www.fca.org.uk/register/](http://www.fca.org.uk/register/).

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong. If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information can be found on the FCA website at [www.fca.org.uk/consumers/protect-yourself/unauthorised-firms](http://www.fca.org.uk/consumers/protect-yourself/unauthorised-firms).

### Registered office

Aston Martin Lagonda Global Holdings plc, Banbury Road, Gaydon Warwick, CV35 0DB, United Kingdom.

Registered in England and Wales Registered Number: 11488166  
[www.astonmartinlagonda.com](http://www.astonmartinlagonda.com)

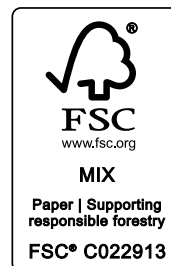
### Website

This Annual Report and other information about Aston Martin Lagonda Global Holdings plc, including share price information and details of results announcements, are available at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

### Disclaimer

The purpose of this Annual Report is to provide information to the members of Aston Martin Lagonda Global Holdings plc. This document contains certain statements with respect to the operations, performance and financial condition of the Group including, among other things, statements about expected revenues, margins, earnings per share or other financial or other measures. Forward-looking statements appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, Directors and employees concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty and are subject to a number of risks since future events and circumstances can cause actual results and developments to differ materially from those anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. All members, wherever located, should consult any additional disclosures that the Company may make in any regulatory announcements or documents which it publishes. The Company and its Directors accept no liability to third parties in respect of this document save as would arise under English law. This document does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Aston Martin Lagonda Global Holdings plc shares, in the UK, or in the USA, or under the USA Securities Act 1933 or any other jurisdiction.



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By Appointment to  
His Royal Highness the Prince of Wales  
Motor Car Manufacturer and Repairer



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS 1.5°C  
AMBITION FOR



OUR ONLY  
FUTURE