28 July 2021

Aston Martin Lagonda Global Holdings plc

Interim results for the six months to 30 June 2021

- Significantly improved performance, in line with expectations
- Revenues more than trebled and adjusted EBITDA improved by £138m vs. H1 2020
- Strong pricing dynamics for GT/Sport and >1,500 DBXs delivered
- Excellent progress with Project Horizon transformation plan

£m	H1 2021	H1 2020	*% change*	Q2 2021	Q2 2020	*% change*
Total wholesale volumes[1]	**2,901**	**895**	*224%*	**1,548**	**317**	*388%*
Revenue	498.8	146.0	*242%*	274.4	57.2	*380%*
Adjusted EBITDA[2]	**48.8**	**(89.0)**	*n.m.*	**28.1**	**(50.9)**	*n.m.*
Adjusted operating loss[2]	(36.0)	(145.5)	*n.m.*	(20.7)	**(78.5)**	*n.m.*
Operating loss	**(38.0)**	**(159.3)**	*n.m.*	**(22.7)**	**(91.4)**	*n.m.*
Loss before tax	(90.7)	(227.4)	*n.m.*	(48.5)	(117.3)	*n.m.*
Net debt[2]	791.5	751.0		791.5	751.0	

[1] Number of vehicles including specials; [2] For definition of alternative performance measures please see Appendix; [3] Adjusting items are detailed in note 4 of the Interim Financial Statements

Financial highlights

- Wholesales[1] more than trebled to meet demand; delivered >1,500 DBXs representing over half of vehicles sold
  - Q2 showed sequential improvement on Q1 and GT/Sports wholesales more than doubled year-on-year
- Revenue increased 242% to £499m largely due to substantial growth in wholesales and strong pricing dynamics as completed supply to demand rebalance for GT/Sport in Q1
- Adjusted EBITDA improved by £138m half-on-half to £49m with a 10% margin reflecting improved trading, Specials deliveries and some initial Project Horizon efficiencies and despite a £5m trade debtor write down in Q2 related to legal action as announced on 22 June; excluding this, Q2 adjusted EBITDA margin was 12%
  - Reduced operating loss includes D&A increase due to expanded core range, non-repeat of £10m furlough credits in prior year and higher brand investment
- Positive cashflow from operations of £104m; Free cash outflow[2] of £44m, a £326m improvement year-on-year with controlled investment aligned to financial performance and business plan deliverables
- Improved cash position of £506m (December 2020: £489m) includes £77m gross proceeds from new notes issued in the period; Net debt of £792m (December 2020: £727m)

Project Horizon transformation well underway

- Delivering compelling products
  - Successfully achieved rebalance of GT/Sport supply to demand in Q1, earlier than originally expected
  - Good demand for current models; first DBX derivative to start production in Q3
  - Vantage F1® edition attracting strong demand and V12 Speedster deliveries commenced
  - Aston Martin Valkyrie on track for H2 deliveries; Valkyrie AMR Pro deliveries to start in Q4
  - Successful launch of Valhalla hybrid supercar at British Grand Prix

[1] Company sales to dealers (some Specials are direct to customer)
[2] Operating cashflow less cash used in investing activities and net cash interest; note cash interest payments are in Q2 and Q4

    - All Aston Martins to have an electrified powertrain option, either hybrid or battery electric by 2025/26 and 50% to be battery electric by 2030

- Focusing on customer and brand
    - Aston Martin Cognizant Formula One™ Team driving brand awareness
    - Launched new class-leading configurator improving customer experience
    - Strengthened regional management with external appointments
    - Extended dealer network, in particular, in Europe

- Delivering operational excellence, agility and efficiency
    - All sports manufacturing consolidated into one centre of excellence
    - Completed shift to single line production at Gaydon
    - Paint shop consolidation scheduled for completion post summer
    - St Athan efficiency consolidation well underway
    - Structure in place to operate at enhanced efficiency levels through H2
    - Manufacturing operations not impacted by chip shortages, closely monitoring situation

- Building a performance driven culture
    - Profit, cash and quality metrics embedded in whole company bonus plan
    - Experienced luxury and automotive executives appointed to the Board
        - Amedeo Felisa (former CEO of Ferrari), Natalie Massenet DBE (founder of Net-a-Porter), Marigay McKee (former President of Saks Fifth Avenue) and Franz Reiner (current Mercedes-Benz AG executive)
    - 38% of Board members (Executives and Independent Non-Executives) are now female
    - Leadership team boosted including new Heads of Sales Operations & Network Development, Marketing & Communication, and Quality
    - Employee survey shows pride in working for the Company and strong teamworking

Lawrence Stroll, Executive Chairman commented:

"When I joined Aston Martin just over a year ago, I had in mind key milestones that needed to be achieved to put the right foundations in place for the Company's future success. These have all been delivered, from appointing a world-class leadership team, to successfully rebalancing supply to demand and crucially strengthening the financial resilience of the business. Signing the landmark technology agreement with Mercedes-Benz AG underpins our product plans for the future, including the route to electrification. All supported by the important brand benefit of the Aston Martin Cognizant Formula One™ Team.

It also gave me great pleasure to announce the further strengthening of our Board with the appointment of Amedeo Felisa, Natalie Massenet DBE, Marigay McKee and Franz Reiner earlier this month. With this last step in my initial turnaround plan completed I remain tremendously excited about the significant potential of the business.

Building on the success of DBX, our first SUV, we have since delivered two more new vehicles and with more exciting product launches to come we are well positioned for growth. The launch of Valhalla last week signals a new era for Specials at Aston Martin as an integral pillar of our brand and our product innovation.

The demand we see for our products, the new product pipeline and the quality of the team we have in place to execute, gives me great confidence in our continued success as we progress towards achieving our medium-term targets of 10k units, £2bn revenue and £500m of adjusted EBITDA, as we transform Aston Martin to be one of the greatest ultra-luxury car brands in the world."

Tobias Moers, Chief Executive Officer commented:

"We have performed well in the first half of the year as we continue to deliver results in-line with our plans to improve profitability. Demand and pricing dynamics remain strong and I am particularly pleased that we are now operating with the right supply to demand balance for our products, earlier than we had originally expected.

I am also happy with our excellent progress on Project Horizon as we drive efficiency and agility throughout every aspect of the Company. Our manufacturing operations have seen significant changes with the consolidation of all sports manufacturing into a centre of excellence at Gaydon and a shift to a more efficient single production line. Our technical teams are focused on developing our future pipeline of compelling products, from the recently announced Aston Martin Valkyrie AMR Pro, the ultimate no rules hypercar, due to start delivery in Q4, to Valhalla, our first plug-in hybrid, mid-engined supercar as we embark on our journey from combustion to hybrid to electric.

I would like to thank all of our employees for their hard work and their dedication as COVID-19 continues to impact all of us and for their passion, support and commitment as we continue on our journey. Our good progress to date in the execution of our plans as signalled by our results today, underpins our confidence in delivering our transformational growth strategy to create a world-class, self-sustaining ultra-luxury automaker."

Outlook

The progress we have made to improve the profitability of the business in the first half, underpins our confidence in delivering our medium-term plans and targets. By 2024/25:

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

The uncertainty surrounding the duration and impact of the pandemic on the global economy continues, with the pace of emergence from lockdown and recovery in consumer demand varying significantly across geographies. However, with H1 trading in-line with our expectations and good forward visibility for both GT/Sport and DBX, our expectations and guidance for 2021, remain substantially unchanged except for allowing for the £15m impact from the legal action we announced on 22 June:

- Wholesales: c. 6,000
- Adjusted EBITDA margin: mid-teens %, prior to the £15m impact of legal action, of which, £5m doubtful debt provision recognised in H1 2021
  - Adjusted EBITDA is expected to be heavily weighted to the second half and particularly Q4 given the timing of Specials
- CAPEX and R&D: c. £250m-£275m
- Depreciation and amortisation: c.£255m-£265m reflecting programme timing (previously c.£240m-£250m)
- Interest costs[3]: c. £135m (P&L) / c.£120m (cash) updated to reflect current exchange rates (previously c.£145m (P&L)/c. £120m (cash))

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

[3] Assuming current exchange rates prevail for FY 2021. Note: interest payments are made in Q2 and Q4

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- Presentations from Tobias Moers, CEO and Ken Gregor, CFO are available on the corporate website from 7am and there will be a call for investors and analysts today at 08:30am. The conference call can be accessed live via the corporate website https://www.astonmartinlagonda.com/investors/calendar
- A replay facility will be available on the website later in the day
- Interim Results for the nine months to 30 September 2021 will be announced on 4 November 2021

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

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

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

FINANCIAL REVIEW

Sales and revenue analysis

Number of vehicles	H1 2021	H1 2020	*Change*	Q2 2021	Q2 2020	*Change*
Total wholesale	**2,901**	**895**	*224%*	**1,548**	**317**	*388%*
Core (excluding Specials)	2,881	894	*222%*	1,529	316	*384%*
By region:						
UK	434	275	*58%*	162	46	*252%*
Americas	1,056	280	*277%*	625	173	*261%*
EMEA ex. UK	600	191	*214%*	316	43	*635%*
APAC	811	149	*444%*	445	55	*709%*
By model:						
Sport	670	283	*137%*	358	95	*277%*
GT	610	596	*2%*	321	214	*50%*
SUV	1,595	-	*n.m.*	849	-	*n.m.*
Other	6	15	*(60%)*	1	7	*(86%)*
Specials	20	1	*n.m.*	19	1	*n.m.*

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

Total wholesales more than trebled to 2,901 units, with DBX representing over half the mix and Sports delivering strong growth with good underlying retail demand; Q2 2020 was the most heavily impacted quarter from COVID-19 restrictions with both manufacturing facilities closed for the majority of the quarter and dealer operations severely impacted. 20 Specials were wholesaled including initial V12 Speedster deliveries.

Geographically, APAC saw the strongest growth, up over 400% in the half and accelerating to up over 700% in Q2 boosted by DBX, coupled with good demand for GT/Sports. The UK was heavily impacted by lockdown disruptions to dealer operations in Q1, though growth improved significantly in Q2.

Revenue by Category

£m	H1 2021	H1 2020	*Change*
Sale of vehicles	458.5	113.1	*305%*
Sale of parts	32.2	23.1	*39%*
Servicing of vehicles	5.1	3.5	*46%*
Brand and motorsport	3.0	6.3	*(52%)*
Total	**498.8**	**146.0**	***242%***

First half revenues more than trebled to £499m (H1 2020: £146m), driven mainly by increased wholesales along with improved pricing.

The stronger pricing dynamics followed the completion of the rebalance of supply to demand for GT/Sports during Q1 2021. Substantially lower customer and retail financing support and improved residual values contributed to a sequential improvement in core ASP from £149k in Q1 to £151k in Q2 (H1 2021: £150k; H1 2020: £121k). Total ASP of £156k reflected the 20 Specials in the half compared with one in the prior year period (H1 2020: £124k).

The net £7m improvement in other revenue streams reflected dealers returning to more normal servicing operations than the prior year and lower brand and motorsport revenues, with low race car sales as expected.

Summary income statement and analysis

£m	H1 2021	H1 2020	Q2 2021	Q2 2020
Revenue	**498.8**	**146.0**	**274.4**	**57.2**
Cost of sales	(355.5)	(148.8)	(194.4)	(74.3)
Gross profit / (loss)	**143.3**	**(2.8)**	**80.0**	**(17.1)**
Gross margin %	*28.7%*	*n.m.*	*29.2%*	*n.m.*
Operating expenses[1]	(179.3)	(142.7)	(100.7)	(61.4)
of which depreciation & amortisation	*84.8*	*56.5*	*48.8*	*27.6*
Adjusted operating loss[2]	**(36.0)**	**(145.5)**	**(20.7)**	**(78.5)**
Adjusting operating items	(2.0)	(13.8)	(2.0)	(12.9)
Operating loss	**(38.0)**	**(159.3)**	**(22.7)**	**(91.4)**
Net financing expense	(52.7)	(68.1)	(25.8)	(25.9)
of which adjusting financing income	*14.0*	-	*8.6*	-
Loss before tax	**(90.7)**	**(227.4)**	**(48.5)**	**(117.3)**
Taxation	19.6	27.6	19.2	11.3
Loss for the period	**(71.1)**	**(199.8)**	**(29.3)**	**(106.0)**
Adjusted EBITDA[1,2]	**48.8**	**(89.0)**	**28.1**	**(50.9)**
Adjusted EBITDA margin	*9.8%*	*n.m.*	*10.2%*	*n.m.*
Adjusted loss before tax[1]	**(102.7)**	**(213.6)**	**(55.1)**	**(104.4)**
EPS (pence) [3]	(63.3)	(333.0)	(26.5)	(117.7)
Adjusted EPS (pence) [2,3]	**(85.3)**	**(316.0)**	**(44.7)**	**(102.7)**

1 Excludes adjusting items; 2 Alternative Performance Measures are defined in the Appendix; 3 EPS has been restated in the comparative period to reflect the 20:1 share consolidation in December 2020;

Adjusted EBITDA was £138m higher than the prior year at £49m with a margin of 10% (H1 2020: £(89)m). This included a £5m trade debtor write down in Q2 related to legal action as announced on 22 June; excluding this short-term headwind, Q2 adjusted EBITDA margin was 12%.

The reduced operating loss of £38m (H1 2020: £159m loss) reflected:

- Strong revenue growth and some initial cost efficiencies from Project Horizon contributing to a gross margin of 29%, more than offsetting the non-repeat of c.£10m of furlough credits received in H1 2020;
- increased brand investment including the timing of F1™-related expenses, given racing calendar shifts;
- higher depreciation and amortisation charges, up £28m on the prior year period, principally due to DBX which only started to ship in H2 2020 and reflected the Specials sold; and
- a £5m benefit to operating profit from exchange rate movements.

Adjusting operating items of £2m predominantly related to ERP implementation costs (H1 2020: £14m).

Net financing costs of £53m were down from £68m in the prior year. The charge reflected interest on the £1.1bn equivalent notes issued in October 2020 as part of the re-financing and the new £70m equivalent notes issued in February 2021. The net charge also included an FX benefit of £9m (H1 2020 included a £20m FX headwind) given the US dollar denomination of the notes and a £14m adjusting finance credit due to fair value movements of outstanding warrants (H1 2020: nil). The loss before tax was £91m (H1 2020: £227m loss).

The total effective tax rate for the period to 30 June 2021 was 22% which is higher than the prior period, principally due to brought forward deferred tax balances being remeasured at 25% (the substantively enacted UK corporation tax rate effective from April 2023) (H1 2020: 12%).

The total share count at 30 June 2021 was 115 million, giving an adjusted EPS of (85.3)p (H1 2020: (316.0)p). Note following the exercise of some warrants in July the total share count as at 28 July had increased to 116.2 million ordinary shares and outstanding warrants remain which may be exercised by warrant holders to subscribe for up to 5.0 million ordinary shares.

Cash flow and net debt

£m	H1 2021	H1 2020	Q2 2021	Q2 2020
Cash generated from/(used in) operating activities	103.8	(179.4)	31.6	(175.3)
Cash used in investing activities (excl. interest)	(91.0)	(161.5)	(43.4)	(76.4)
Net cash interest paid	(57.1)	(29.7)	(56.7)	(26.4)
Free cash outflow	**(44.3)**	**(370.6)**	**(68.5)**	**(278.1)**
Cash inflow / (outflow) from financing activities (excl. interest)	62.4	628.6	(2.0)	468.0
Increase / (decrease) in net cash	**18.1**	**258.0**	**(70.5)**	**189.9**
Effect of exchange rates on cash and cash equivalents	(1.9)	(6.5)	0.7	(2.2)
Cash balance	**505.6**	**359.4**	**505.6**	**359.4**

Net cash inflow from operating activities was £104m (H1 2020: £179m outflow), driven primarily by the improved trading performance of the business along with a working capital inflow of £62m (H1 2020: £86m outflow). The largest driver was a £40m receivables inflow as the build to order strategy normalised delivery cadence and a £9m decrease in inventory reflecting some of the operational efficiencies enacted during the half. The deposit balance increased £7m as new deposits more than offset the unwind from Specials delivered in the period.

Capital expenditure was £90m with investment focused on Vantage F1® Edition, the first DBX derivative, Specials and front-engine refreshes. Investment is expected to increase in the second half of the year, focusing on DBX derivatives and further development of the future product pipeline including full refreshes of front-engine products and the mid-engine programmes benefiting from the technology transfer.

Free cash outflow of £44m was significantly improved from the £371m outflow in the prior year and along with the cash movements detailed above, included a net cash interest payment of £57m.

£m	30-June-21	31-Dec-20	30-June-20
Loan notes	(1,041.6)	(965.0)	(877.0)
Inventory financing	(39.8)	(38.2)	(19.5)
Bank loans and overdrafts	(118.0)	(119.8)	(114.6)
Lease liabilities (IFRS 16)	(99.2)	(103.0)	(110.0)
Gross debt	**(1,298.6)**	**(1,226.0)**	**(1,121.1)**
Cash balance	505.6	489.4	359.4
Cash not available for short term use	1.5	9.9	10.7
Net debt	**(791.5)**	**(726.7)**	**(751.0)**

Cash at 30 June 2021 of £506m included £77m gross proceeds from the new $98.5m note issuance completed in February (31 December 2020: £489m). Net debt was £792m, up from £727m at 31 December 2020.

With the exercise of some of the warrants attached to the second lien notes, the Company received cash of c.£13m in July.

APPENDICES

Dealerships

	30 June-21	31 Dec-20	30 June-20
UK	22	22	22
Americas	44	43	44
EMEA ex. UK	53	52	50
APAC	50	50	46
Total	**169**	**167**	**162**
Number of countries	*58*	*54*	*51*

Units

Wholesale	Q1-21	Q1-20	*Change*	Q2-21	Q2-20	*Change*	H1-21	H1-20	*Change*
UK	272	229	*19%*	162	46	*252%*	434	275	*58%*
Americas	431	107	*303%*	625	173	*261%*	1,056	280	*277%*
EMEA ex. UK	284	148	*92%*	316	43	*635%*	600	191	*214%*
APAC	366	94	*289%*	445	55	*709%*	811	149	*444%*
Total	**1,353**	**578**	***134%***	**1,548**	**317**	***388%***	**2,901**	**895**	***224%***

Wholesale	Q1-21	Q1-20	*Change*	Q2-21	Q2-20	*Change*	H1-21	H1-20	*Change*
Sport	312	188	*66%*	358	95	*277%*	670	283	*137%*
GT	289	382	*(24%)*	321	214	*50%*	610	596	*2%*
SUV	746	-	*n.m.*	849	-	*n.m.*	1,595	-	*n.m.*
Other	5	8	*(38%)*	1	7	*(86%)*	6	15	*(60%)*
Specials	1	-	*n.m.*	19	1	*n.m.*	20	1	*n.m.*
Total	**1,353**	**578**	***134%***	**1,548**	**317**	***388%***	**2,901**	**895**	***224%***

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

Summary financials

£m	Q1-21	Q1-20	Q2-21	Q2-20	H1-21	H1-20
Total wholesale volumes[1]	**1,353**	**578**	**1,548**	**317**	**2,901**	**895**
Revenue	**224.4**	**88.8**	**274.4**	**57.2**	**498.8**	**146.0**
Gross profit / (loss)	63.3	14.3	80.0	(17.1)	143.3	(2.8)
Gross margin	*28.2%*	*16.1%*	*29.2%*	*n.m.*	*28.7%*	*n.m.*
Adjusted EBITDA	**20.7**	**(38.1)**	**28.1**	**(50.9)**	**48.8**	**(89.0)**
Adjusted EBITDA margin	*9.2%*	*n.m.*	*10.2%*	*n.m.*	*9.8%*	*n.m.*
Adjusted operating loss	**(15.3)**	**(67.0)**	**(20.7)**	**(78.5)**	**(36.0)**	**(145.5)**
Adjusted operating margin	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
Adjusting operating items	-	*(0.9)*	*(2.0)*	*(12.9)*	*(2.0)*	*(13.8)*
Adjusting financing items	*5.4*	-	*8.6*	-	*14.0*	-
Operating loss	**(15.3)**	**(67.9)**	**(22.7)**	**(91.4)**	**(38.0)**	**(159.3)**
Loss before tax	**(42.2)**	**(110.1)**	**(48.5)**	**(117.3)**	**(90.7)**	**(227.4)**

Note: For definition of alternative performance measures please see Appendix and note 18 of the Interim Financial Statements; [1]Number of vehicles including specials

Summary cash flow statement

£m	Q1-21	Q1-20	Q2-21	Q2-20	H1-21	H1-20
Cash generated from/(used in) operating activities	72.2	(4.1)	31.6	(175.3)	103.8	(179.4)
Cash used in investing activities (excl. interest)	(47.6)	(85.1)	(43.4)	(76.4)	(91.0)	(161.5)
Net interest paid	(0.4)	(3.3)	(56.7)	(26.4)	(57.1)	(29.7)
Free cash inflow/(outflow)	**24.2**	**(92.5)**	**(68.5)**	**(278.1)**	**(44.3)**	**(370.6)**
Cash inflow / (outflow) from financing activities (excl. interest)	64.4	160.6	(2.0)	468.0	62.4	628.6
Increase / (decrease) in net cash	**88.6**	**68.1**	**(70.5)**	**189.9**	**18.1**	**258.0**
Effect of exchange rates on cash & cash equivalents	(2.6)	(4.3)	0.7	(2.2)	(1.9)	(6.5)
Cash balance	**575.4**	**171.7**	**505.6**	**359.4**	**505.6**	**359.4**

Alternative Performance Measure

£m	H1 2021	H1 2020
Loss for the period	**(90.7)**	**(227.4)**
Adjusting operating expense	2.0	13.8
Adjusting finance (income)	(14.0)	-
Adjusted EBT	**(102.7)**	**(213.6)**
Adjusted finance (income)	(10.7)	(1.6)
Adjusted finance expense	77.4	69.7
Adjusted operating loss	**(36.0)**	**(145.5)**
Reported depreciation	28.8	22.7
Reported amortisation	56.0	33.8
Adjusted EBITDA	**48.8**	**(89.0)**

Alternative performance measures

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

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

Principal risks and uncertainties

The principal and emerging risks and uncertainties that could substantially affect the Group's business and results were previously reported on pages 35 to 37 of the 2020 Annual Report. Our Board and Management team have reassessed the risk environment in light of the ongoing Coronavirus pandemic and considered any new and emerging risks and opportunities.

Covid-19 continues to present significant uncertainty and the Group's Coronavirus Taskforce continued to meet throughout the six-month period to manage our response to the ongoing pandemic and the government's evolving guidance. The health, safety and well-being of our employees, associates, customers, and other stakeholders remains our priority and is at the forefront of our response. The Group has taken the following actions to mitigate the risks posed by Covid-19 during the period and these will continue into the second half of the year:

- Provided appropriate personal protective equipment to employees and implemented other measures in accordance with government guidance to create a safe working environment (e.g. enhanced cleaning regime, one-way traffic flow, 2m social distancing);
- Implemented on-site testing to ensure that employees are subject to lateral flow testing twice a week;
- Facilitated temporary working from home arrangements where feasible to reduce office density and minimise the risk of infection on site; and,
- Continued strict cost control measures to protect short-term liquidity.

The principal risks have been reassessed at the half-year, taking into consideration the impact of Covid-19 where appropriate. These risks are considered to be manageable and the general trend has been a reduction in overall risk exposure as a result of the significant actions taken by management over the last 12 months to address the challenges faced by increasing macro-economic and political uncertainty and to better position the business for the future. The significant changes to our risks are summarised below:

- Brexit uncertainty – removed from principal risks as the residual risk relating to potential supply chain disruption is incorporated within the supply chain risk.
- Competitive positioning – removed from principal risks as the risk factors associated with this have been incorporated within 'Damage to our brand image or reputation' and 'technological advancement' risks.
- New climate change risk;
- Increased potential impact of 'Macro-economic and political instability' as we consider there to be increased risk and uncertainty associated with the ongoing pandemic and a potential global third wave.
- Increased potential impact of 'Compliance with laws and regulations' to reflect increasing pressure to accelerate the transition to EV powertrains and reduce fleet emissions in the intervening period. The likelihood rating has been reduced as the Group is now compliant with the Corporate Governance Code requirements in relation to Board and governance committee composition.
- Reduced likelihood assessment of 'Damage to our brand image or reputation' to reflect the significant investment in the Aston Martin Cognizant Formula One™ team to promote brand awareness globally and the start of delivery of the V12 Speedster and Vantage F1™ Edition to further enhance the reputation and credibility of the Group.
- Reduced likelihood assessment of 'Liquidity' as the Group's liquidity position has improved as a result of the capital raise, equity placing and refinancing activity undertaken in the previous 12 months combined with ongoing effective cost control and savings generated from the restructuring activity and efficiencies.

Aside from the above key changes the remaining principal risks and uncertainties that the Group faces for the second half of the year are consistent with those previously reported as summarised below:

Strategic risks

<u>Macro-economic uncertainty and political instability:</u> The Group operates in many markets exposing us to unforeseen economic, regulatory, social, and political developments that could impact customer demand and profitability. The ongoing impact of the Coronavirus pandemic remains a significant risk to the global economy and adverse macro-economic conditions or country-specific changes to the operating, regulatory or political environment may lead to an unfavourable business climate. This could include explicit trade protectionism, differing tax or regulatory regimes, changing public sentiment, or reduced disposable incomes which could

affect demand for our vehicles. If the post pandemic economic recovery is faster or more significant than expected then opportunities may arise to increase sales.

Damage to our brand image (luxury and exclusivity) or reputation: The Group's success depends on the preservation and enhancement of our brand and reputation with luxury consumers. Damage caused by any reason (e.g. poor customer experience, poor design, quality issues, late delivery) could significantly impact our ability to deliver planned volume growth. We promote brand awareness and identity through our marketing activity, leveraging the global reach of the Aston Martin Cognizant Formula One™ Team. Successful rebalance of supply to demand combined with our return to a 'build to order' strategy is controlling supply to drive brand exclusivity. Investment in new technology combined with delivery of our three-pillar strategy, with the recent launch of the Valhalla, will further enhance the appeal of the brand and increase our customer base. Expansion of the European dealer network increases our presence in that key market.

Technological advancement: To remain competitive the Group needs to incorporate the latest technologies (e.g. electrification, active safety, connected car, autonomous driving) into its products and keep pace with the transition to electrified and lower emission powertrains. Strategic agreements with key suppliers provide access to technology that may otherwise be too costly to develop internally and the completion of the refinancing and capital raise activity in previous periods provides the funds to support planned development expenditure.

Climate change – The social and environmental sustainability of our operations, resilience of our supply chain and our ability to manage the impact of any potential climate change on our business model will be critical to the success of the Group over the long-term. Management are conducting a specific risk assessment during the second half of the year to address climate change physical and transition risks.

Operational risks

Talent acquisition and retention: Competition for highly qualified employees remains intense in the industry. Our performance, operating results and future growth depend on our ability to attract, motivate, and retain talent with the appropriate level of expertise to deliver our strategy. The Group has strengthened its Executive and Senior Management leadership team and in Q2 conducted an employee engagement survey. We have also implemented a new flexible working policy as a result of the successful remote working practices that were deployed in response to the Covid-19 pandemic.

Programme delivery: Failure to deliver major programmes on time, within budget and to the right technical specification could jeopardise delivery of our strategy leading to adverse financial and reputational consequences. The Group employ Project Management teams to deliver significant programmes using our 'Mission' programme delivery governance methodology. We have relocated production for all sports cars (including Valkyrie and V12 Speedster) to the main production facility in Gaydon and assigned dedicated project delivery teams to manage these programmes through to completion.

Achieving target cost reductions: The Group's ability to achieve targeted cost reductions (e.g. material cost, fixed and variable marketing, fixed manufacturing) may be inhibited by its low volume strategy. Enhanced financial review controls have been implemented across the business to drive cost efficiency and reduction of discretionary spend. The ongoing transformation programme provides executive oversight of key cost performance indicators to ensure that status against target is being monitored and required action taken as necessary. Project Horizon continues to drive further operational efficiencies across the business.

Cybersecurity and IT resilience: The increasing threat of cyberattack presents risk to the availability, confidentiality and integrity of information and IT-supported operating systems. A cybersecurity breach could result in unplanned system outage, impacting core operations and / or result in a major data loss leading to reputational damage and financial loss. A robust technology environment is critical to the Group's success and operational resilience. The Group is investing in tools and resources to enhance the control environment and reduce the risk of core business operational disruption or major data loss. The implementation of a new ERP system, due to go-live in early 2022, will improve the operational resilience of our IT environment.

Supply chain disruption: The Group's exposure to this risk is adversely affected by Covid-19 due to the complex, global nature of the automotive supply chain and the increased likelihood of supply disruption in the current environment, as evident by recent semiconductor shortages within the automotive industry. Import / export logistics disruption may arise due to the increased administration required to support cross border shipments subsequent to the UK's withdrawal from the EU. Supply chain disruption could cause production stoppages, delays, quality issues and / or increased costs resulting in adverse operational and financial consequences for the Group. Management have deployed a number of measures to manage supply chain risk including comprehensive key supplier risk assessments, supplier performance monitoring, reviews of critical inventory quantities / re-order levels and identification of alternative sources of supply where appropriate.

Compliance risks

Compliance with laws and regulations: The Group is subject to a broad range of national and regional laws and regulations which include vehicle emissions, fuel consumption, tariffs, safety and certification, competition, health and safety, data protection, corporate governance, employment and taxation. Changes to laws and regulations or a major compliance breach could have a material impact on the business. As emissions regulations become increasingly stringent the Group continues to invest in product portfolio expansion to accelerate its transition towards electrified powertrains. The Group also requires all employees to complete annual re-certification training in its Standards of Corporate Conduct to promote good business practice and compliance.

Financial risks

Liquidity: The Group's significant leverage and existing levels of debt may make it difficult to obtain additional debt financing should the need arise due to unforeseen economic shocks. Failure to collect planned deposits could place additional stress on the Group's liquidity. The Group's liquidity requirements arise primarily from its need to fund capital expenditure for product development and to service debt. Over the last 12 months the Group's liquidity has improved as a result of the capital raise, equity placing and refinancing activity and the financial resources continue to support its status as a going concern with current liquidity requirements being covered by existing liquidity and available financing instruments. The Group is also subject to foreign exchange risks and opportunities and manages its exposure in accordance with the Group Hedging Policy.

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

The risks and opportunities summarised above, linkage to the Group's strategy, and additional mitigating actions taken in respect of them, are explained and described in more detail on pages 35 to 37 of the 2020 Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	6 months ended 30 June 2021 Adjusted	Adjusting items	Total	6 months ended 30 June 2020 Adjusted	Adjusting items	Total	12 months ended 31 December 2020 Adjusted	Adjusting items	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	3	**498.8**	**-**	**498.8**	146.0	-	146.0	611.8	-	611.8
Cost of sales		**(355.5)**	**-**	**(355.5)**	(148.8)	-	(148.8)	(500.7)	-	(500.7)
Gross profit/(loss)		**143.3**	**-**	**143.3**	(2.8)	-	(2.8)	111.1	-	111.1
Selling and distribution expenses		**(35.1)**	**-**	**(35.1)**	(34.2)	-	(34.2)	(79.6)	-	(79.6)
Administrative expenses	4	**(144.2)**	**(2.0)**	**(146.2)**	(108.5)	(13.8)	(122.3)	(256.4)	(98.0)	(354.4)
Operating loss		**(36.0)**	**(2.0)**	**(38.0)**	(145.5)	(13.8)	(159.3)	(224.9)	(98.0)	(322.9)
Finance income	4, 5	**10.7**	**14.0**	**24.7**	1.6	-	1.6	33.1	6.9	40.0
Finance expense	6	**(77.4)**	**-**	**(77.4)**	(69.7)	-	(69.7)	(107.6)	(75.5)	(183.1)
Loss before tax		**(102.7)**	**12.0**	**(90.7)**	(213.6)	(13.8)	(227.4)	(299.4)	(166.6)	(466.0)
Income tax credit	7	**6.3**	**13.3**	**19.6**	24.0	3.6	27.6	22.6	32.9	55.5
Loss for the period		**(96.4)**	**25.3**	**(71.1)**	(189.6)	(10.2)	(199.8)	(276.8)	(133.7)	(410.5)

	Notes	6 months ended 30 June 2021	6 months ended 30 June 2020	12 months ended 31 December 2020
(Loss)/profit for the period attributable to:				
Owners of the group		**(72.7)**	(200.3)	(419.3)
Non-controlling interests		**1.6**	0.5	8.8
		(71.1)	(199.8)	(410.5)
Other comprehensive income				
Items that will never be reclassified to the Income Statement				
Remeasurement of defined benefit pension liability		**2.4**	(22.2)	(59.1)
Taxation on items that will never be reclassified to the Income Statement		**(0.6)**	5.2	12.3
Effect of change in rate in taxation		**6.8**	-	-
Items that are or may be reclassified to the Income Statement				
Foreign exchange translation differences		**-**	2.8	0.8
Fair value adjustment on cash flow hedges		**-**	(26.8)	6.6
Amounts recycled to the Income Statement in respect of cash flow hedges		**(2.1)**	6.0	9.7
Taxation on items that may be reclassified to the Income Statement		**0.5**	3.9	(3.1)
Effect of change in rate in taxation		**(0.1)**	-	-
Other comprehensive income/(expense) for the period, net of income tax		**6.9**	(31.1)	(32.8)
Total comprehensive loss for the period		**(64.2)**	(230.9)	(443.3)
Total comprehensive (loss)/income for the period attributable to:				
Owners of the group		**(65.8)**	(231.4)	(452.1)
Non-controlling interests		**1.6**	0.5	8.8
		(64.2)	(230.9)	(443.3)
Earnings per ordinary share [1]				
Basic	8	**(63.3p)**	(333.0p)	(543.0p)
Diluted	8	**(63.3p)**	(333.0p)	(543.0p)

1. The comparative basic and diluted earnings per ordinary share values as at 30 June 2020 have been restated to reflect the 20:1 share consolidation undertaken on 14 December 2020.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Capital Reserve	Translation Reserve	Hedge Reserve	Retained Earnings	Non-controlling Interest	Total Equity
	£m	£m		£m	£m	£m	£m	£m	£m	£m
At 1 January 2021	**11.5**	**1,108.2**	**9.3**	**144.0**	**6.6**	**0.4**	**10.9**	**(503.1)**	**16.3**	**804.1**
Total comprehensive loss for the period										
(Loss)/profit for the period	-	-	-	-	-	-	-	(72.7)	1.6	**(71.1)**
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	**-**
Amounts recycled to the Income Statement - cash flow hedges	-	-	-	-	-	-	(2.1)	-	-	**(2.1)**

Remeasurement of defined benefit liability	-	-	-	-	-	-	-	2.4	-	**2.4**
Taxation on other comprehensive income	-	-	-	-	-	-	0.5	(0.6)	-	**(0.1)**
Effect of change in rate of taxation	-	-	-	-	-	-	-	6.7	-	**6.7**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**8.5**	**-**	**6.9**
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**(64.2)**	**1.6**	**(64.2)**
Transactions with owners, recorded directly in equity										
Credit for the period under equity settled share-based payments	-	-	-	-	-	-	-	1.5	-	**1.5**
Reclassification	-	0.1	-	(0.1)	-	-	-	-	-	**-**
Effect of change in tax rate	-	-	-	-	-	-	-	4.7	-	**4.7**
Tax on items credited to equity	-	-	-	-	-	-	-	0.1	-	**0.1**
Total transactions with owners	**-**	**0.1**	**-**	**(0.1)**	**-**	**-**	**-**	**6.3**	**-**	**6.3**
At 30 June 2021	**11.5**	**1,108.3**	**9.3**	**143.9**	**6.6**	**0.4**	**9.3**	**(561.0)**	**17.9**	**746.2**

	Share Capital £m	Share Premium £m	Capital Redemption Reserve	Merger Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings *restated*[1] £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2020	**2.1**	**352.3**	**-**	**-**	**6.6**	**(0.4)**	**(2.3)**	**(42.8)**	**14.1**	**329.6**
Total comprehensive loss for the period										
(Loss)/profit for the period	-	-	-	-	-	-	-	(200.3)	0.5	**(199.8)**
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	2.8	-	-	-	**2.8**
Fair value movement - cash flow hedges	-	-	-	-	-	-	(26.8)	-	-	**(26.8)**
Amounts recycled to the Income Statement - cash flow hedges	-	-	-	-	-	-	6.0	-	-	**6.0**
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	(22.2)	-	**(22.2)**
Taxation on other comprehensive income	-	-	-	-	-	-	3.9	5.2	-	**9.1**
Total other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**2.8**	**(16.9)**	**(17.0)**	**-**	**(31.1)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**2.8**	**(16.9)**	**(217.3)**	**0.5**	**(230.9)**
Transactions with owners, recorded directly in equity										
Issue of ordinary shares (note 16)	14.4	499.0		144.0	-	-	-	-	-	**657.4**
Credit for the period under equity settled share-based payments	-	-	-	-	-	-	-	3.1	-	**3.1**
Tax on items credited to equity	-	-	-	-	-	-	-	1.6	-	**1.6**
Total transactions with owners	**14.4**	**499.0**	**-**	**144.0**	**-**	**-**	**-**	**4.7**	**-**	**662.1**
At 30 June 2020	**16.5**	**851.3**	**-**	**144.0**	**6.6**	**2.4**	**(19.2)**	**(255.4)**	**14.6**	**760.8**

1. The comparative period commencing 1 January 2020 and ending 30 June 2020 has been restated for the correction of an error as first reported in the Q3 results during 2020 - see note 2 for further details.

	Share Capital £m	Share Premium £m	Capital Redemption Reserve	Merger Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2020	**2.1**	**352.3**	**-**	**-**	**6.6**	**(0.4)**	**(2.3)**	**(42.8)**	**14.1**	**329.6**
Total comprehensive loss for the year										
(Loss)/profit for the year	-	-	-	-	-	-	-	(419.3)	8.8	(410.5)
Other comprehensive income										

Foreign currency translation differences	-	-	-	-	-	0.8	-	-	-	0.8
Fair value movement - cash flow hedges	-	-	-	-	-	-	6.6	-	-	6.6
Amounts recycled to the Income Statement - cash flow hedges	-	-	-	-	-	-	9.7	-	-	9.7
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	(59.1)	-	(59.1)
Tax on other comprehensive income	-	-	-	-	-	-	(3.1)	12.3	-	9.2
Total other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**0.8**	**13.2**	**(46.8)**	**-**	**(32.8)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**0.8**	**13.2**	**(466.1)**	**8.8**	**(443.3)**
Transactions with owners, recorded directly in equity										
Credit for the year under equity settled share-based payments	-	-	-	-	-	-	-	4.2	-	4.2
Shares issued during the year	18.7	755.9	-	144.0	-	-	-	-	-	918.6
Capital reduction	(9.3)	-	9.3	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(6.6)	(6.6)
Tax on items credited to equity	-	-	-	-	-	-	-	1.6	-	1.6
Total transactions with owners	**9.4**	**755.9**	**9.3**	**144.0**	**-**	**-**	**-**	**5.8**	**(6.6)**	**917.8**
At 31 December 2020	**11.5**	**1,108.2**	**9.3**	**144.0**	**6.6**	**0.4**	**10.9**	**(503.1)**	**16.3**	**804.1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2021**	As at 30 June 2020 *restated* [1]	As at 31 December 2020	As at 1 January 2020 *restated* [1]
		£m	£m	£m	£m
Non-current assets					
Intangible assets		**1,362.0**	1,272.6	1,336.8	1,183.6
Property, plant and equipment		**381.3**	406.6	389.6	350.5
Right-of-use assets		**69.4**	77.9	71.4	81.8
Trade and other receivables		**0.7**	2.0	0.9	1.8
Other financial assets		**-**	-	0.1	0.2
Deferred tax asset	7	**143.7**	70.2	106.5	45.7
		1,957.1	1,829.3	1,905.3	1,663.6
Current assets					
Inventories		**202.4**	229.2	207.4	200.7
Trade and other receivables		**142.9**	192.7	177.9	249.7
Income tax receivable		**1.0**	4.8	0.2	0.3
Other financial assets	12	**8.1**	13.5	14.6	8.9
Cash and cash equivalents	10	**505.6**	359.4	489.4	107.9
		860.0	799.6	889.5	567.5
Total assets		**2,817.1**	2,628.9	2,794.8	2,231.1
Current liabilities					
Borrowings	11	**118.0**	106.8	113.5	114.8
Trade and other payables		**609.1**	642.6	578.9	734.1
Income tax payable		**4.8**	0.4	1.2	8.9
Other financial liabilities		**69.9**	15.0	83.3	6.3
Lease liabilities		**10.8**	11.3	9.3	14.1
Provisions	13	**17.4**	24.2	22.1	12.0
		830.0	800.3	808.3	890.2
Non-current liabilities					
Borrowings	11	**1,041.6**	884.8	971.3	839.1
Trade and other payables		**6.0**	8.6	7.5	9.4
Other financial liabilities		**-**	2.9	-	2.6
Lease liabilities		**88.4**	98.7	93.7	97.3
Provisions	13	**19.3**	14.5	16.8	16.2
Employee benefits	14	**85.4**	57.8	92.5	36.8
Deferred tax liabilities	7	**0.2**	0.5	0.6	9.9
		1,240.9	1,067.8	1,182.4	1,011.3
Total liabilities		**2,070.9**	1,868.1	1,990.7	1,901.5
Net assets		**746.2**	760.8	804.1	329.6

Capital and reserves

Share capital	15	**11.5**	16.5	11.5	2.1
Share premium		**1,108.3**	851.3	1,108.2	352.3
Merger reserve		**143.9**	144.0	144.0	-
Capital redemption reserve		**9.3**	-	9.3	-
Capital reserve		**6.6**	6.6	6.6	6.6
Translation reserve		**0.4**	2.4	0.4	(0.4)
Hedge reserve		**9.3**	(19.2)	10.9	(2.3)
Retained earnings		**(561.0)**	(255.4)	(503.1)	(42.8)
Equity attributable to owners of the group		**728.3**	746.2	787.8	315.5
Non-controlling interests		**17.9**	14.6	16.3	14.1
Total shareholders' equity		**746.2**	760.8	804.1	329.6

1. The comparative period ending 30 June 2020 has been restated for the correction of an error as first reported in the Q3 results during 2020. A restated opening balance as at 01 January 2020 has also been presented. See note 2 for further details.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**6 months ended 30 June 2021**	6 months ended 30 June 2020	12 months ended 31 December 2020
		£m	£m	£m
Operating activities				
Loss for the period		**(71.1)**	(199.8)	(410.5)
Adjustments to reconcile loss for the period to net cash inflow/(outflow) from operating activities				
Tax credit on continuing operations	7	**(19.6)**	(27.6)	(55.5)
Net finance costs		**52.7**	68.1	143.1
Other non-cash movements		**(3.1)**	5.9	2.2
Depreciation and impairment of property, plant and equipment		**24.9**	16.6	50.8
Depreciation and impairment of right-of-use assets		**3.9**	8.1	14.8
Amortisation and impairment of intangible assets		**56.0**	33.8	168.5
Difference between pension contributions paid and amounts recognised in Income Statement		**(5.4)**	(1.6)	(4.1)
Decrease/(increase) in inventories		**8.7**	(30.0)	(4.8)
Decrease in trade and other receivables		**40.1**	51.1	67.4
Increase/(decrease) in trade and other payables		**6.3**	(109.8)	(118.6)
Increase/(decrease) in advances and customer deposits		**7.0**	2.8	(52.8)
Movement in provisions		**(2.1)**	11.2	11.0
Cash inflow/(outflow) from operations		**98.3**	(171.2)	(188.5)
Decrease/(increase) in cash held not available for short-term use		**8.4**	(1.2)	(0.9)
Income taxes paid		**(2.9)**	(7.0)	(9.2)
Net cash inflow/(outflow) from operating activities		**103.8**	(179.4)	(198.6)
Cash flows from investing activities				
Interest received		**1.4**	1.6	2.3
Increase in loan assets		**(1.5)**	-	-
Payments to acquire property, plant and equipment		**(24.7)**	(38.7)	(81.0)
Payments to acquire intangible assets		**(64.8)**	(122.8)	(179.7)
Net cash used in investing activities		**(89.6)**	(159.9)	(258.4)
Cash flows from financing activities				
Interest paid		**(58.5)**	(31.3)	(82.3)
Proceeds from issuance of shares		**-**	682.5	812.8
Proceeds from issue of equity warrants		**-**	-	34.6
Proceeds from financial instrument utilised as part of refinancing transactions		**-**	-	6.9
Principal element of lease payments	10	**(5.0)**	(5.8)	(12.2)
Repayment of existing borrowings	10	**(2.1)**	(83.0)	(1,092.3)
Proceeds from inventory repurchase arrangement	10	**-**	19.5	76.8
Repayment of inventory repurchase arrangement	10	**-**	(38.7)	(80.0)
New borrowings	10	**77.0**	75.0	1,252.7
Transaction fees on issuance of shares		**(1.2)**	(20.9)	(34.9)
Transaction fees on financing activities		**(6.3)**	-	(41.9)
Net cash inflow from financing activities		**3.9**	597.3	840.2
Net increase in cash and cash equivalents		**18.1**	258.0	383.2
Cash and cash equivalents at the beginning of the period	10	**489.4**	107.9	107.9
Effect of exchange rates on cash and cash equivalents		**(1.9)**	(6.5)	(1.7)
Cash and cash equivalents at the end of the period	10	**505.6**	359.4	489.4

Notes to the Interim Financial Statements

1. **Basis of preparation**

The results for the 6 month period ended 30 June 2021 have been reviewed by Ernst & Young LLP, the Group's auditor, and a copy of their review report appears at the end of this interim report. The financial information for the year ended 31 December 2020 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The auditor's report on the statutory accounts for the year ended 31 December 2020 was not qualified and did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2020 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and international financial reporting standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been delivered to the Registrar of Companies. The annual report for the year ended 31 December 2021 will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards.

Aston Martin Lagonda Global Holdings plc (the "Company") is a company incorporated and domiciled in the UK. The Consolidated Interim Financial Statements of the Company as at the end of the period ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group').

Going Concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,184.0m of 1st Lien notes at 10.5% which mature in November 2025, $335m of 2nd Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a revolving credit facility (£90.6m) which matures August 2025, facilities to finance inventory, a number of back-to-back loans and a wholesale vehicle financing facility. Under the revolving credit facility the Group is required to comply with a liquidity covenant until May 2022 and leverage covenants thereafter.

The Directors have prepared trading and cash flow forecasts for the period through 30 September 2022 from the date of approval of these Interim Financial Statements (the "Going Concern 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 Period.

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

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

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, controllable 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.

After making enquiries 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 Interim Financial Statements.

Statement of compliance

These Interim Financial Statements have been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2020.

Significant accounting policies

These Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated Financial Statements for the year ended 31 December 2020.

2. **Prior year restatement**

The Group's retained earnings have been restated to correct for a brought forward taxation error that was identified and correct in the second half of 2020. The comparatives for 30 June 2020 have been restated with a corresponding £2.9m entry made to increase trade and other payables at 1 January 2020 and 30 June 2020.

This error has been corrected by restating each of the affected Consolidated Interim Financial Statement line items for the prior periods as follows:

Consolidated Statement of Financial Position (extract)

	1 January 2020			30 June 2020		
	As reported £m	Increase/ (decrease) £m	***As restated* £m**	As reported £m	Increase/ (decrease) £m	***As restated* £m**
Trade and other payables - current	731.2	**2.9**	**734.1**	639.7	2.9	**642.6**
Net Assets	332.5	**(2.9)**	**329.6**	763.7	(2.9)	**760.8**
Retained earnings	(39.9)	**(2.9)**	**(42.8)**	(252.5)	(2.9)	**(255.4)**

Equity attributable to owners of the group	318.4	**(2.9)**	**315.5**	749.1	(2.9)	**746.2**
Non-controlling interests	14.1	**-**	**14.1**	14.6	-	**14.6**
Total shareholders' equity	332.5	**(2.9)**	**329.6**	763.7	(2.9)	**760.8**

There is no overall impact on the Income Statement or Statement of Cash Flows in any of the previous periods from the restatement mentioned above.

3. Segmental information

Revenue	**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Analysis by category			
Sale of vehicles	**458.5**	113.1	535.1
Sale of parts	**32.2**	23.1	56.6
Servicing of vehicles	**5.1**	3.5	6.6
Brands and motorsport	**3.0**	6.3	13.5
	498.8	146.0	611.8

Revenue	**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Analysis by geographic location			
United Kingdom	**89.9**	39.4	106.0
The Americas	**154.3**	43.2	162.5
Rest of Europe, Middle East & Africa	**106.8**	33.3	184.9
Asia Pacific	**147.8**	30.1	158.4
	498.8	146.0	611.8

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

As at 30 June 2021	**Right-of-use Assets £m**	**Property, Plant and Equipment £m**	**Goodwill £m**	**Intangible Assets £m**	**Other Receivables £m**	**Total £m**
United Kingdom	**61.8**	**295.7**	**85.4**	**1,122.0**	**-**	**1,564.9**
The Americas	**0.2**	**1.5**	**-**	**-**	**-**	**1.7**
Rest of Europe, Middle East & Africa	**0.1**	**84.1**	**-**	**154.6**	**0.7**	**239.5**
Asia Pacific	**7.3**	**-**	**-**	**-**	**-**	**7.3**
	69.4	**381.3**	**85.4**	**1,276.6**	**0.7**	**1,813.4**

As at 30 June 2020	Right-of-use Assets £m	Property, Plant and Equipment £m	Goodwill £m	Intangible Assets £m	Other Receivables £m	Total £m
United Kingdom	68.5	308.7	85.4	1,169.7	-	1,632.3
The Americas	0.2	1.5	-	-	-	1.7
Rest of Europe, Middle East & Africa	-	95.7	-	17.5	2.0	115.2
Asia Pacific	9.2	0.7	-	-	-	9.9
	77.9	406.6	85.4	1,187.2	2.0	1,759.1

As at 31 December 2020	Right-of-use Assets £m	Property, Plant and Equipment £m	Goodwill £m	Intangible Assets £m	Other Receivables £m	Total £m
United Kingdom	62.0	281.1	85.4	1,095.4	-	1,523.9
The Americas	0.1	1.6	-	-	-	1.7
Rest of Europe, Middle East & Africa	0.1	104.1	-	156.0	0.9	261.1
Asia Pacific	9.2	2.8	-	-	-	12.0
	71.4	389.6	85.4	1,251.4	0.9	1,798.7

4. Adjusting items

	6 months ended 30 June 2021	6 months ended 30 June 2020	12 months ended 31 December 2020

	£m	£m	£m
Adjusting operating expenses:			
Impairment of assets:			
Development costs[1]	**-**	-	(69.4)
Plant, machinery, fixtures and fittings[2]	**-**	-	(3.8)
Tooling[1]	**-**	-	(3.3)
Right-of-use lease assets[2]	**-**	(2.0)	(2.8)
	-	(2.0)	(79.3)
ERP implementation costs[3]	**(1.9)**	-	-
Restructuring costs[4]	**0.5**	(12.4)	(12.4)
Lease early exit costs[2]	**(0.6)**	-	-
Settlement arrangements and incentive payments[5]	**-**	(2.7)	(2.7)
Motorsport exit costs[6]	**-**	-	(6.2)
Initial Public Offering costs[7]	**-**	3.3	2.6
	(2.0)	(13.8)	(98.0)
Adjusting finance income:			
Gain on financial instruments recognised at fair value through Income Statement[8]	**14.0**	-	-
Foreign exchange gain on financial instrument utilised during refinance transactions[9]	**-**	-	6.9
Adjusting finance expenses:			
Premium paid on the early redemption of Senior Secured Notes[9]	**-**	-	(21.4)
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes[9]	**-**	-	(7.6)
Loss on financial instruments recognised at fair value through Income Statement[8]	**-**	-	(45.3)
Professional fees incurred on refinancing expensed directly to the Income Statement[9]	**-**	-	(1.2)
Adjusting items before tax	**12.0**	(13.8)	(166.6)
Tax credit on adjusting items[10]	**13.3**	3.6	32.9
Adjusting items after tax	**25.3**	(10.2)	(133.7)

1. On 27 October the Group announced an expanded and enhanced technology agreement with Mercedes-Benz AG, giving access to powertrain architecture (for conventional, hybrid, and electric vehicles) and future oriented electric/electronic architecture for all product launches through to 2027. Following incorporation of the benefits of this enhanced partnership on the Group's business plan, and other cycle plan updates following the strategic review of the business plan the carrying value of capitalised tooling and intangible development costs have been impaired by £72.7m to reflect the change in future vehicle powertrains and electronic architecture.
2. In 2020 the Group commenced a rationalisation exercise to reduce its geographical footprint. This resulted in a £2.8m right-of-use lease asset and £3.8m plant and machinery impairment charge triggered by the conclusion of activity at a number of the Group's leased sites. In the 6 months ended 30 June 2021 the Group continued to rationalise its geographical footprint. The Group incurred £0.6m of costs associated with surrendering a lease 30 months early.
3. In the 6 months ended 30 June 2021 the Group commenced a digital transformation strategy project which includes the implementation of a cloud-based ERP for which the Group will not own any Intellectual Property. This project will run through the first half of 2022. £1.9m of costs have been incurred in the period under the service contract and expensed to the Income Statement. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting.
4. The Group launched a consultation process during 2020 to reduce employee numbers reflecting lower than originally planned production volumes. A revision to the estimated total costs has taken place in during the period ending 30 June 2021 resulting in £0.5m of the existing provision being released to the Income Statement.
5. It was announced on 27 February 2020 that Mark Wilson would step down as CFO and as an Executive Director of the Group on 30 April 2020. Subsequent to this, on 25 May 2020, Dr Andrew Palmer stepped down as CEO and as an Executive Director of the Group. Tobias Moers joined the Group as CEO and Executive Director on 1 August 2020. Amounts due as a result of these changes were £2.7m.
6. In December 2020 Aston Martin announced that, following conclusion of the 2020 FIA World Endurance Championship, it would cease operation of a factory GTE team into 2021 incurring termination costs of £6.2m.
7. In the year-ended 2020 a Legacy Long-term Incentive Plan ("LTIP") charge of £3.8m was recognised within 'Staff incentives' (2019: £3.6m). As an offset to this due to the reduced performance of the Group, the remaining Initial Public Offering ("IPO") bonus held for management was no longer forecast to be paid. This resulted in £6.4m being credited back to the Consolidated Income Statement (2019: £4.2m credit).
8. During 2020 the Group issued second lien Senior Secured Notes which included detachable warrants classified as a derivative option liability. The movement in fair value of the warrants between 31 December 2020 and 30 June 2021 resulted in a gain of £14.0m being recognised in the Income Statement (12 months ended 31 December: £45.3m loss recognised in the income statement).

   Fees incurred on raising the second lien loan notes in December 2020 were allocated between the debt and warrant elements on a proportional basis. The fees allocated to the warrants have been written off in the period they were incurred.
9. On 27 October the Group announced the successful arrangement of a new financing package including the issuance of $1,085.5m of US Dollar 1st Lien notes and $335m of US Dollar 2nd Lien split coupon notes. Proceeds from this financing package were used to redeem the existing Senior Secured Notes ("SSNs") in full ahead of their April 2022 maturity date. In redeeming the existing SSNs early the Group incurred an early redemption premium of £21.4m. Professional fees capitalised against the existing SSNs of £7.6m were written off to the Income Statement upon redemption.

   Upon the successful arrangement of the new finance package, the Group entered into a conditional forward currency contract to hedge the net US Dollar cash receipt into Sterling upon completion of the transaction. Movement in the US Dollar to Sterling exchange rate between the arrangement date and transaction date resulted in the recognition of a £6.9m currency gain in the Income Statement.
10. In the period to 30 June 2021 a total tax credit of £13.3m has been recognised as an Adjusting item. The effective tax rate on the Adjusting items is primarily higher than the standard rate of corporation tax in the UK of 19% due to a credit amount of £16.4m attributable to deferred tax balances on items treated as adjusting in previous years being re-measured at 25%. Note, the main UK corporation tax rate increase from 19% to 25%, effective from 1 April 2023, was substantively enacted prior to the balance sheet date.

5. Finance income

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Bank deposit and other interest income	**1.4**	1.6	2.3
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**9.3**	-	30.8
Finance income before adjusting items	**10.7**	1.6	33.1
Adjusting finance income (note 4)	**14.0**	-	6.9
	24.7	1.6	40.0

6. Finance expense

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Bank loans, overdrafts, senior secured notes and other interest	**72.4**	43.6	98.4
Foreign exchange loss on borrowings not designated as part of a hedging relationship	**-**	17.7	-
Hedge ineffectiveness on loan instruments designated as a cashflow hedge	**-**	2.3	2.5
Net interest expense on the net defined benefit liability	**0.7**	0.4	0.7
Interest on contract liabilities held	**2.4**	3.6	1.9
Interest on lease liabilities	**1.9**	2.1	4.1
Finance expense before adjusting items	**77.4**	69.7	107.6
Adjusting finance expenses (note 4)	**-**	-	75.5
Total finance expense	**77.4**	69.7	183.1

7. Income tax credit

The Group's underlying income tax credit for the period to 30 June 2021 is £6.3m (period ended 30 June 2020: £24.0m tax credit) which represents an underlying effective tax rate of 6.1% (11.2% for the period to 30 June 2020). The difference between the underlying tax rate of 6.1% and the UK statutory rate of 19% is primarily attributable to interest amounts restricted under the corporate interest restriction legislation, to which deferred tax amounts have not been recognised.

The Group's total effective tax rate for the period to 30 June 2021 is 21.6% (period ended 30 June 2020: 12.1%). The difference between the total effective tax rate of 21.6% and the UK statutory tax rate of 19% is primarily due to a £15.8m tax credit attributable to opening deferred tax balances being re-measured at 25% (the main UK corporation tax increase from 19% to 25%, effective from 1 April 2023, was substantively enacted prior to the balance sheet date), together with the non-recognition of deferred tax on restricted interest amounts as detailed above.

8. Earnings per ordinary share

Continuing and total operations	**6 months ended 30 June 2021**	6 months ended 30 June 2020 *Restated*[1]	12 months ended 31 December 2020
Basic earnings per ordinary share			
Loss available for equity holders (£m)	**(72.7)**	(200.3)	(419.3)
Basic weighted average number of ordinary shares (million)	**114.9**	60.2	77.2
Basic earnings per ordinary share (pence)	**(63.3p)**	(333.0p)	(543.0p)
Diluted earnings per ordinary share			
Loss available for equity holders (£m)	**(72.7)**	(200.3)	(419.3)
Diluted weighted average number of ordinary shares (million)	**114.9**	60.2	77.2
Diluted earnings per ordinary share (pence)	**(63.3p)**	(333.0p)	(543.0p)

	30 June 2021 Number	30 June 2020 Number	31 December 2020 Number
Diluted weighted average number of ordinary shares is calculated as:			
Basic weighted average number of ordinary shares[1] (million)	**114.9**	60.2	77.2
Adjustments for calculation of diluted earnings per share:			
Long-term incentive plans[2]	**-**	-	-
Issue of tranche 2 Mercedes-Benz AG shares[2]	**-**	-	-
Unexercised ordinary share warrants[2]	**-**	-	-
Weighted average number of ordinary shares and potential ordinary shares (million)	**114.9**	60.2	77.2

1. The weighted average number of ordinary shares in June 2020 has been restated to reflect the 20:1 share consolidation which took place on 14 December 2020.
2. The impact of ordinary shares issued as part of the Long-term incentive plans ("LTIP"), the potential number of ordinary shares issued as part of the 2020 issue of share warrants, and the future issue of shares for access to Mercedes-Benz AG technology have been excluded from the weighted average number of diluted ordinary shares as including them is anti-dilutive in arriving at diluted earnings per share.

9. Research and Development expenditure

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Total research and development expenditure	**84.6**	123.0	182.1
Capitalised research and development expenditure	**(80.5)**	(121.3)	(177.6)
Research and development expenditure recognised as an expense during the period	**4.1**	1.7	4.5

10. Net debt

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Cash and cash equivalents	**505.6**	359.4	489.4
Cash held not available for short-term use[1]	**1.5**	10.7	9.9
Bank loans and overdrafts[2]	**(118.0)**	(114.6)	(119.8)
Inventory repurchase arrangements[3]	**(39.8)**	(19.5)	(38.2)
Senior Secured Notes	**(1,041.6)**	(877.0)	(965.0)
Lease liabilities	**(99.2)**	(110.0)	(103.0)
	(791.5)	(751.0)	(726.7)
Current	**338.5**	232.5	338.3
Non-current	**(1,130.0)**	(983.5)	(1,065.0)
	(791.5)	(751.0)	(726.7)

1. At 30 June 2021 £1.5m (30 June 2020: £10.7m; 31 December 2020: £9.9m) held in certain local bank accounts had been frozen in relation to a number of local arbitration proceedings. The cash held in these accounts did not meet the definition of cash and cash equivalents and therefore was classified as an other financial asset. During the period £8.4m was released following the conclusion of certain arbitration.

2. At 30 June 2021 £78.6m of the £90.6m revolving credit facility was drawn down (30 June 2020: £70.0m of £80.0m facility, 31 December 2020: £78.6m of £90.6m facility). The remaining facility has been utilised through the issuance of letters of credit and guarantees. The loan is presented net of transaction fees of £2.2m (30 June 2020: £nil; 31 December 2020: £2.4m). The group is party to a back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Yuan to the value of £36.1m were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC in the United Kingdom. The £36.1m of restricted cash is shown in the total of cash and cash equivalents above (30 June 2020: £36.2m, 31 December 2020: £35.8m). At 30 June 2021 the Group has drawn down £33.8m (30 June 2020: £33.9m, 31 December 2020: £34.4m) of the combined overdraft facility which is included in bank loans and overdrafts.

   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. The loan matures on 31 March 2022. The quarterly repayments on the loan include an element of capital repayment and interest charge. The final payment on 31 March 2022 includes an increased capital repayment of £6.3m. At 30 June 2021 the amount outstanding is £7.8m which is all classified as current (30 June 2020 £2.9m current and £7.8 non-current; 31 December £2.9m current; £6.3m non-current).

3. At 30 June 2021 a repurchase liability of £39.8m including accrued interest of £1.9m was included within accruals and other payables and Net Debt relating to parts for resale, service parts and production stock which were sold in 2020 and subsequently repurchased. Under the repurchase agreement, the Group will repay £40m gross of indirect tax. As part of this arrangement legal title to the parts was surrendered however control remained with the Group. This repurchase arrangement will be fully settled in 2021. As at 31 December 2020 the same arrangement existed and had a carrying value of £38.2m which included accrued interest of £0.3m. The £1.6m movement in the current period has been recognised in the Income Statement as an interest charge.

   At 30 June 2020 a repurchase liability of £19.5m was recognised in accruals and other payables and Net Debt. In June 2020, £16.2m of parts for resale, service parts and production stock were sold for £19.5m (gross of indirect tax) and subsequently repurchased. Under the repurchase agreement, the Group repaid £20m gross of indirect tax. As part of this arrangement legal title to the parts was surrendered however control remained with the Group. This repurchase arrangement was fully settled in 2020.

11. Movement in net debt

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Cash and cash equivalents	**505.6**	359.4	489.4
Cash held not available for short-term use	**1.5**	10.7	9.9
Inventory repurchase arrangement	**(39.8)**	(19.5)	(38.2)
Loans and other borrowings – current	**(118.0)**	(106.8)	(113.5)
Loans and other borrowings – non-current	**(1,041.6)**	(884.8)	(971.3)
Lease liabilities	**(99.2)**	(110.0)	(103.0)
Net debt	**(791.5)**	(751.0)	(726.7)
Movement in net debt			
Net increase in cash and cash equivalents	**16.2**	258.0	381.5
Add back cash flows in respect of other components of net debt:			
New borrowings	**(77.0)**	(75.0)	(1,252.7)
Proceeds from inventory repurchase arrangement	**-**	(19.5)	(76.8)

Repayment of existing borrowings	**2.1**	83.0	1,092.3
Repayment of inventory repurchase arrangement	**-**	38.7	80.0
Lease liability payments	**5.0**	5.8	12.2
Movement in cash held not available for short-term use	**(8.4)**	1.2	0.9
Transaction fees	**1.7**	-	41.9
(Decrease)/increase in net debt arising from cash flows	**(60.4)**	292.2	279.3
Non-cash movements:			
Foreign exchange gain/(loss) on secured loan	**9.3**	(38.5)	30.8
Interest added to debt	**(9.1)**	(4.8)	(8.6)
Premium on the early redemption of Senior Secured Notes	**-**	-	(21.4)
Borrowing fee amortisation	**(2.7)**	(3.4)	(13.0)
Lease liability interest charge	**(1.9)**	(2.1)	(4.1)
Lease modifications	**(2.1)**	(2.0)	(1.7)
New leases	**(0.1)**	-	2.6
Unpaid transaction fees	**0.2**	-	0.8
Exchange and other adjustments	**2.0**	(4.8)	(3.8)
Decrease/(increase) in net debt	**(64.8)**	236.6	260.9
Net debt at beginning of the year	**(726.7)**	(987.6)	(987.6)
Net debt at the end of the year	**(791.5)**	(751.0)	(726.7)

12. Financial Instruments

The following tables provide an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the value is observable. There were no transfers between levels during the current and comparative periods.

	30 June 2021			30 June 2020			31 December 2020		
	Nominal Value	**Book Value**	**Fair Value**	Nominal Value	Book Value	Fair Value	Nominal Value	Book Value	Fair Value
Included in assets	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Level 2									
Forward foreign exchange contracts	**-**	**0.7**	**0.7**	-	-	-	-	0.8	0.8
Loan assets	**1.5**	**1.4**	**1.4**	-	-	-	-	-	-
Level 3									
Other derivative contracts	**-**	**4.5**	**4.5**	-	2.8	2.8	-	4.0	4.0
	1.5	**6.6**	**6.6**	-	2.8	2.8	-	4.8	4.8

	30 June 2021			30 June 2020			31 December 2020		
	Nominal Value	**Book Value**	**Fair Value**	Nominal Value	Book Value	Fair Value	Nominal Value	Book Value	Fair Value
Included in liabilities	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Level 1									
£285m 5.75% Sterling Senior Secured Notes	**-**	**-**	**-**	285.0	280.2	255.9	-	-	-
$400m 6.5% US Dollar Senior Secured Notes	**-**	**-**	**-**	322.9	322.9	285.8	-	-	-
$190m 6.5% US Dollar Senior Secured Notes	**-**	**-**	**-**	153.4	149.1	139.4	-	-	-
$150m 12.0% US Dollar Senior Secured Notes	**-**	**-**	**-**	121.1	124.7	125.4	-	-	-
$1,085.5m 10.5% US Dollar 1st Lien Notes	**786.1**	**757.8**	**878.6**	-	-	-	793.8	763.2	861.2
$335m 15.0% US Dollar 2nd Lien Split Coupon Notes	**242.6**	**208.0**	**272.6**	-	-	-	245.0	201.8	248.9
$98.5m 10.5% US Dollar additional 1st Lien Notes	**71.3**	**75.8**	**79.7**	-	-	-	-	-	-
Level 2									
Forward foreign exchange contracts	**-**	**1.1**	**1.1**	-	15.0	15.0	-	0.5	0.5
Derivative option over own shares	**63.3**	**65.9**	**65.9**	-	-	-	63.3	79.9	79.9
	1,163.3	**1,108.6**	**1,297.9**	882.4	891.9	821.5	1,102.1	1,045.4	1,190.5

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. Forward foreign exchange contracts are considered to be level 2 assets and liabilities. Derivative options are considered to be level 2 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); or
- level 3 assets and liabilities as those with inputs not based on observable market data.

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 comprise amounts forward to Velocitas Funding Designated Activity Company, the entity which provides the group wholesale financing facility. By providing 5% of the funding to Velocitas the Group effectively retains an element of risk on the debts sold to Velocitas. The nominal value is derived from amounts paid to Velocitas Funding Designated Activity Company in the form of a loan.

Other derivative contracts comprises warrant options and non-option derivatives both of which entitle the Group to subscribe for equity in AMR GP Limited (formerly Racing Point UK Limited). The warrant options have a carrying value of £3.9m as at 30 June 2021 (30 June 2020: £2.8m; 31 December: £3.6m). The fair value movement is recognised within the Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement 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 Limited which has been 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 of this derivative is £0.6m (30 June 2020: £nil; 31 December 2020: £0.4m) and movement in this derivative 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.

The First and Second Lien Senior Secured Notes are all valued at amortised cost retranslated as the year end foreign exchange rate. The fair value of these Notes 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 derivative option over own shares reflects the detachable warrants issued alongside the second lien Senior Secured Notes 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 fair value movement in the option for the period ended 30 June 2021 was £14.0m and is recognised within the Income Statement in interest income as an adjusting item.

During the period ended 30 June 2021, an expected credit loss provision of £4.6 million was charged to the Income Statement in respect of a Swiss dealer termination and related legal actions.

13. Provisions

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Warranty provision	**33.4**	26.6	31.1
Restructuring costs	**3.3**	12.1	7.8
	36.7	38.7	38.9
Current	**17.4**	24.2	22.1
Non-current	**19.3**	14.5	16.8
	36.7	38.7	38.9

The Group launched a consultation process during 2020 to reduce employee numbers reflecting lower than originally planned production volumes. A revision to the estimated total costs has taken place in during the half resulting in £0.5m being released to the Income Statement. The remaining £3.3m provision is expected to be fully utilised during the second half of the year.

14. Pension Scheme

The net liability for defined benefit obligations of £92.5m at 31 December 2020 has decreased to a net liability of £85.4m at 30 June 2021. The movement of £7.1m comprises a net actuarial gain of £2.4m in addition to a charge to the Income Statement of £5.1m less contributions of £9.8m.

15. Share capital

	30 June 2021		30 June 2020		31 December 2020	
	Number	**£m**	Number	£m	Number	£m
Ordinary shares	**114,933,587**	**11.5**	1,824,014,450	16.5	114,933,587	11.5

Movement in Ordinary shares:
Between 30 June 2020 and 31 December 2020 the Company issued ordinary shares to improve liquidity, provide flexibility in executing its strategy to operate as a true luxury company and help build the appropriate capital structure for the longer term. No further issuances have taken place during 2021.

	Nominal value £	**Number**	**Share Capital £m**
Balance at 30 June 2020	**0.009039687**	**1,824,014,450**	**16.5**
Placing shares[1]	0.009039687	250,000,000	2.3
Tranche 1 consideration shares[2]	0.009039687	224,657,287	2.0
Issue of new shares[3]	0.009039687	3	-
Transaction costs arising on the issuance of ordinary shares	-	-	-
	0.009039687	**2,298,671,740**	**20.8**

Share split – original shares[4]	0.005000000	2,298,671,740	11.5
Share split – deferred shares[4]	0.004039687	2,298,671,740	9.3
Cancellation of deferred shares[4]	(0.004039687)	(2,298,671,740)	(9.3)
	0.005000000	**2,298,671,740**	**11.5**
Consolidation of shares[4]	**-**	(2,183,738,153)	**-**
Balance as at 31 December 2020 and 30 June 2021	0.100000000	**114,933,587**	**11.5**

1. On 7 December 2020 the Company issued 250.0m ordinary shares by way of a placing. The shares were issued at 50p raising gross proceeds of £125.0m, with £2.3m recognised as share capital and the remaining £122.7m recognised as share premium.

2. On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares to Mercedes-Benz AG under the Strategic Cooperation Agreement. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired, with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.

3. On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation.

4. On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.

16. Related party transactions

During the 6 month period ended 30 June 2021, a net marketing expense amounting to £12.2m has been incurred in the normal course of business with AMR GP Limited, an entity indirectly controlled by a member of the Group's Key Management Personnel. £0.1m remains due from AMR GP Limited at the balance sheet date. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to each racing driver 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 Key Management Personnel.

During the 6 month period ended 30 June 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 Key Management Personnel. Less than £0.1m remains due from Falcon Racing Inc at the balance sheet date.

During the 6 month period ended 30 June 2021, a member of Key Management Personnel transacted with a Group company to undertake restoration work on a portfolio of cars. £0.8m has been advanced to the Group with £0.1m of works being completed as at 30 June 2021. A member of Key Management Personnel acquired two vehicles from a Group Company during the period each priced at £0.2m. £nil was outstanding at the balance sheet date.

17. Post balance sheet events

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.

After the completion of these transactions, the Company's total issued Share Capital consists of 116,209,513 Ordinary Shares.

18. 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 twelve months ('LTM') Adjusted EBITDA.
ix) Free cashflow is represented by cash (outflow)/inflow from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

Income statement

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 £m	12 months ended 31 December 2020 £m
Loss before tax	**(90.7)**	(227.4)	(466.0)
Adjusting operating expenses	**2.0**	13.8	98.0
Adjusting finance expenses	**-**	-	75.5

Adjusting finance income	**(14.0)**	-	(6.9)
Adjusted loss before tax (EBT)	**(102.7)**	(213.6)	(299.4)
Adjusted finance income	**(10.7)**	(1.6)	(33.1)
Adjusted finance expense	**77.4**	69.7	107.6
Adjusted operating loss (EBIT)	**(36.0)**	(145.5)	(224.9)
Reported depreciation	**28.8**	22.7	55.7
Reported amortisation	**56.0**	33.8	99.1
Adjusted EBITDA	**48.8**	(89.0)	(70.1)

Earnings per share

	6 months ended 30 June 2021 £m	6 months ended 30 June 2020 *restated*[1] £m	12 months ended 31 December 2020 £m
Adjusted earnings per ordinary share			
Loss available for equity holders (£m)	**(72.7)**	(200.3)	(419.3)
Adjusting items			
Adjusting items before tax (£m)	**(12.0)**	13.8	166.6
Tax on adjusting items (£m)	**(13.3)**	(3.6)	(32.9)
Adjusted earnings (£m)	**(98.0)**	(190.1)	(285.6)
Basic weighted average number of ordinary shares (million)	**114.9**	60.2	77.2
Adjusted earnings per ordinary share (pence)	**(85.3p)**	(316.0p)	(369.9p)
Adjusted diluted earnings per ordinary share			
Adjusted earnings (£m)	**(98.0)**	(190.1)	(285.6)
Diluted weighted average number of ordinary shares (million)	**114.9**	60.2	77.2
Adjusted diluted earnings per ordinary share (pence)	**(85.3p)**	(316.0p)	(369.9p)

1. The weighted average number of ordinary shares for the 6 months ended 30 June 2020 have been restated to reflect the 20:1 share consolidation which took place on 14 December 2020.

Net debt

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Opening cash and cash equivalents	**489.4**	107.9	107.9
Cash inflow/(outflow) from operating activities	**103.8**	(179.4)	(198.6)
Cash outflow from investing activities	**(89.6)**	(159.9)	(258.4)
Cash inflow from financing activities	**3.9**	597.3	840.2
Effect of exchange rates on cash and cash equivalents	**(1.9)**	(6.5)	(1.7)
Cash and cash equivalents at the end of the period	**505.6**	359.4	489.4
Cash held not available for short-term use	**1.5**	10.7	9.9
Inventory repurchase arrangement	**(39.8)**	(19.5)	(38.2)
Lease liabilities	**(99.2)**	(110.0)	(103.0)
Borrowings	**(1,159.6)**	(991.6)	(1,084.8)
Net Debt	**(791.5)**	(751.0)	(726.7)
Adjusted LTM EBITDA	**67.7**	9.1	(70.1)
Adjusted leverage (LTM)	**11.7x**	82.5x	n.m.

Free Cashflow

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Net cash inflow/(outflow) from operating activities	**103.8**	(179.4)	(198.6)
Net cash used in investing activities less interest received	**(91.0)**	(161.5)	(260.7)
Interest paid less interest received	**(57.1)**	(29.7)	(80.0)
Free cashflow	**(44.3)**	(370.6)	(539.3)

RESPONSIBILITY STATEMENT
The Interim consolidated financial information has been prepared in accordance UK adopted International Accounting Standard 34, "Interim Financial Reporting". We confirm that to the best of our knowledge that the Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Lawrence Stroll
Executive Chairman
27 July 2021

Ken Gregor
Chief Financial Officer
27 July 2021

Independent review report to Aston Martin Lagonda Global Holdings plc

Conclusion
We have been engaged by the Company to review the condensed set of financial statements in the Interim Results report for the six months ended 30 June 2021 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and notes 1 to 18. We have read the other information contained in the Interim Results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Results report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion
We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK adopted IFRSs. The condensed set of financial statements included in this Interim Results report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Responsibilities of the directors
The directors are responsible for preparing the Interim Results report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority

Auditor's Responsibilities for the review of the financial information
In reviewing the Interim Results report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the Interim Results report. Our conclusion, based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Birmingham
27 July 2021