25 February 2021

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2020

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

£m	31-Dec-20	31-Dec-19[1]	*% change*	Q4-20	Q4-19[1]	*% change*
Total retails[2]	**4,150**	**6,136**	***(32%)***	**1,398**	**1,654**	***(15%)***
Total wholesales[2]	**3,394**	**5,862**	***(42%)***	**1,839**	**1,923**	***(4%)***
Revenue	611.8	980.5	*(38%)*	341.8	330.5	*3%*
Adjusted EBITDA[3]	**(70.1)**	**118.9**	***n.m.***	**47.5**	**55.2**	***(14%)***
Adjusted operating (loss)/profit[3]	**(224.9)**	**(9.9)**	***n.m.***	**(9.7)**	**14.4**	***n.m.***
Total adjusting operating items before tax[4]	*(98.0)*	*(42.1)*	*n.m.*	*(84.1)*	*(36.7)*	*n.m.*
Operating loss	**(322.9)**	**(52.0)**	***n.m.***	**(93.8)**	**(22.3)**	***n.m.***
Loss before tax	(466.0)	(119.6)	*n.m.*	(158.1)	(24.8)	*n.m.*
Net debt[5]	(726.7)	(987.6)		(726.7)	(987.6)	

[1]2019 restated see note 2 of the Financial Statements for detail; [2]Number of vehicles including specials; [3]Alternative performance measures are defined in the Appendix; [4]Adjusting items are detailed in note 5 of the Financial Statements; [5] Includes lease liabilities (31 December 2020: £103m, 31 December 2019: £111m)

Financial Highlights

- Retail[1] sales of 4,150 vehicles (down 32%) with Covid-19 impacting dealer operations; improved performance in Q4 with full quarter of DBX sales
- Wholesales[2] of 3,394 vehicles (down 42%) reflected action to reduce dealer stock levels and Covid-19 impact; Q4 included 1,171 DBX to meet customer demand and deliver dealer stock
- Revenue declined to £612m and adjusted EBITDA to £(70)m, principally due to reduced wholesales
  - Q4 strongest quarter, material improvement versus Q3, with 3% revenue growth and positive adjusted EBITDA due to full quarter of DBX, 32 Specials (Q3: 10) and reduction in total customer and retail financing support
- Operating loss of £(323)m includes £98m of adjusting operating items, largely the impairment of capitalised R&D due to technology and cycle plan changes
- Free cashflow[3] of £(539)m reflects the operating loss, a working capital outflow of £109m, capital expenditure of £261m and net interest paid of £80m; Q4 free cashflow £(26)m
- Refinancing to strengthen financial resilience and support growth ambitions resulted in increased year-end cash of £489m (December 2019: £108m) and net debt substantially lower at £(727)m (December 2019: £(988)m) with extended debt maturity profile to 2025 and 2026; Shareholders' equity increased to £804m (December 2019: £330m).

Operational Progress

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

[1]Dealers sales to customers (some Specials are direct to customer); [2] Company sales to dealers (some Specials are direct to customer)
[3] Operating cashflow less capital investment and net cash interest

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

Lawrence Stroll, Executive Chairman commented:

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

Tobias Moers, Chief Executive Officer commented:

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

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

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

Outlook

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

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

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

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

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

- 2021 guidance: outlook unchanged
  - Wholesales: c.6,000
  - Adjusted EBITDA margin: mid-teens %
    - Adjusted EBITDA is expected to be heavily weighted to the second half and particularly Q4 given the timing of Specials
  - Capex and R&D: c.£250m-£275m
  - Depreciation and amortisation c.£240m-£250m; Interest costs[4]: c.£155m (P&L)/ c.£120m (cash)

[4] Assuming current exchange rates prevail for FY 2021

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

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

BUSINESS REVIEW

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

New executive leadership team and "Project Horizon"

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

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

Addressing operational challenges and driving efficiency

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

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

DBX launch

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

Rebalancing supply and demand

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

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

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

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

Aston Martin Cognizant F1™ Team

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

Strengthened balance sheet

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

FINANCIAL REVIEW

Sales and revenue analysis

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

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

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

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

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

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

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

Revenue by Category

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

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

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

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

Wholesale average selling price (ASP) was impacted by the customer and retail financing support and the de-stocking dynamic, with retails significantly greater than wholesales for the year. However, in Q4 this impact was offset by product mix and reduced de-stock impact, with core ASP increasing to £145k (Q3: £130k; Q4 2019: £127k[1]) and full year to £136k (2019: £132k[1]).

While fewer Specials were delivered year-on-year (43 vs 64 in 2019), they were on average higher priced and supported an increase in total ASP to £157k from £149k[1] in the prior year.

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

Summary income statement and analysis

£m	FY-20	FY-19[1]	Q4-20	Q4-19[1]
Revenue	**611.8**	**980.5**	**341.8**	**330.5**
Cost of sales	(500.7)	(642.7)	(244.8)	(231.7)
Gross profit	**111.1**	**337.8**	**97.0**	**98.8**
Gross margin %	*18.2%*	*34.5%*	*28.4%*	*29.9%*
Operating expenses[1,3]	(336.0)	(328.7)	(106.7)	(84.4)
of which depreciation & amortisation[2, 3]	*154.8*	*128.8*	*57.2*	*40.8*
Other (expense)	-	(19.0)	-	-
Adjusted operating (loss)/profit[1,3]	**(224.9)**	**(9.9)**	**(9.7)**	**14.4**
Adjusted operating margin	*(36.8%)*	*(1.0%)*	*(2.8%)*	*4.4%*
Adjusting operating items	(98.0)	(42.1)	(84.1)	(36.7)
Operating (loss)	**(322.9)**	**(52.0)**	**(93.8)**	**(22.3)**
Net financing expense	(143.1)	(67.6)	(64.3)	(2.5)
of which adjusting financing items	*(68.6)*	*(6.6)*	*(68.6)*	-
Loss before tax	**(466.0)**	**(119.6)**	**(158.1)**	**(24.8)**
Taxation	55.5	2.0	15.5	3.1
Loss for the period	**(410.5)**	**(117.6)**	**(142.6)**	**(21.7)**
Adjusted EBITDA[2,4]	**(70.1)**	**118.9**	**47.5**	**55.2**
Adjusted EBITDA margin	*(11.5%)*	*12.1%*	*13.9%*	*16.7%*
Adjusted (loss)/profit before tax[2,4]	**(299.4)**	**(70.9)**	**(5.4)**	**11.9**
EPS (pence)	(543.0)	(290.6)	(192.4)	(58.4)
Adjusted EPS (pence)[2,4]	**(369.9)**	**(198.8)**	**(32.3)**	**10.8**

[1]2019 restated see note 2 of the Financial Statements for detail; [2]Excludes adjusting items; [3]Includes loss / (profit) on disposal of fixed assets (2020: nil, 2019: £0.9m),[4] Alternative Performance Measures are defined in the Appendix

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

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

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

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

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

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

The total share count at 31 December 2020 was 115 million following a 20:1 share consolidation in mid-December. The shares outstanding reflects the issuance of shares associated with equity placings to the Yew Tree Consortium (March) and the issuance of tranche 1 shares to Mercedes-Benz AG under the terms of the Strategic Co-operation Agreement (December) in addition to April, June and December raises. The second lien notes issued in December have warrants attached which represent up to 5% of the diluted issued share capital once fully exercised. The weighted average number of shares in the period was 77.2 million giving an adjusted EPS of (369.9)p (2019[1]: (198.8)p).

[1]*2019 restated see note 2 of the Financial Statements for detail*

Cash flow and net debt

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

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

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

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

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

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

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

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

APPENDICES

Dealerships

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

Alternative Performance Measure

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

Alternative performance measures

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

- Adjusted EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statment
- Adjusted operating loss is loss from operating activities before adjusting items
- Adjusted EBITDA removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted operating loss
- Adjusted operating margin is adjusted operating (loss)/profit divided by revenue
- Adjusted EBITDA margin is adjusted EBITDA (as defined above) divided by revenue
- Adjusted Earnings Per Share is loss after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period
- Net Debt is current and non-current borrowings in addition to inventory financing arrangements, lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, cash held not available for short-term use (the definition of this APM has been updated since 31 December 2019)
- Free cashflow is represented by cash (outflow)/inflow from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		2020			2019 *restated* *		
	Notes	Adjusted £m	Adjusting items** £m	Total £m	Adjusted £m	Adjusting items** £m	Total £m
Revenue	3	611.8	–	611.8	980.5	–	980.5
Cost of sales		(500.7)	–	(500.7)	(642.7)	–	(642.7)
Gross profit		111.1	–	111.1	337.8	–	337.8
Selling and distribution expenses		(79.6)	–	(79.6)	(95.0)	–	(95.0)
Administrative and other operating expenses		(256.4)	(98.0)	(354.4)	(233.7)	(42.1)	(275.8)
Other expense		–	–	–	(19.0)	–	(19.0)
Operating loss	4	(224.9)	(98.0)	(322.9)	(9.9)	(42.1)	(52.0)
Finance income	6	33.1	6.9	40.0	16.3	–	16.3
Finance expense	7	(107.6)	(75.5)	(183.1)	(77.3)	(6.6)	(83.9)
Loss before tax		(299.4)	(166.6)	(466.0)	(70.9)	(48.7)	(119.6)
Income tax credit/(charge)	8	22.6	32.9	55.5	(6.8)	8.8	2.0
Loss for the year		(276.8)	(133.7)	(410.5)	(77.7)	(39.9)	(117.6)
(Loss)/profit attributable to:							
Owners of the Group				(419.3)			(126.4)
Non-controlling interests				8.8			8.8
				(410.5)			(117.6)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability				(59.1)			(1.4)
Taxation on items that will never be reclassified to the Income Statement	8			12.3			0.2
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				0.8			(2.7)
Fair value adjustment - cash flow hedges				6.6			9.0
Amounts reclassified to the Income Statement - cash flow hedges				9.7			15.6
Taxation on items that may be reclassified to the Income Statement	8			(3.1)			(3.4)
Other comprehensive (loss)/income for the year, net of income tax				(32.8)			17.3
Total comprehensive loss for the year				(443.3)			(100.3)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(452.1)			(109.1)
Non-controlling interests				8.8			8.8
				(443.3)			(100.3)
Earnings per ordinary share							
Basic loss per share	9			(543.0p)			(290.6p)
Diluted loss per share	9			(543.0p)			(290.6p)

All operations of the Group are continuing.

* Detail on the restatement of the comparative period is disclosed in note 2 and the impact on Earnings Per Share in note 9.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2020	2.1	352.3	–	–	6.6	(0.4)	(2.3)	(42.8)	14.1	329.6
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	**(419.3)**	8.8	**(410.5)**
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	0.8	–	–	–	0.8
Fair value movement - cash flow hedges	–	–	–	–	–	–	6.6	–	–	6.6
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	–	–	9.7	–	–	9.7
Remeasurement of defined benefit liability	–	–	–	–	–	–	–	**(59.1)**	–	**(59.1)**
Tax on other comprehensive income (note 8)	–	–	–	–	–	–	**(3.1)**	12.3	–	9.2
Total other comprehensive (loss)/income	–	–	–	–	–	0.8	13.2	(46.8)	–	(32.8)
Total comprehensive (loss)/income for the year	–	–	–	–	–	0.8	13.2	(466.1)	8.8	(443.3)
Transactions with owners, recorded directly in equity										
Issue of ordinary shares (note 12)	18.7	755.9	144.0	–	–	–	–	–	–	918.6
Capital reduction	**(9.3)**	–	–	9.3	–	–	–	–	–	–
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	–	4.2	–	4.2
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	**(6.6)**	**(6.6)**
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	1.6	–	1.6
Total transactions with owners	9.4	755.9	144.0	9.3	–	–	–	5.8	(6.6)	917.8
At 31 December 2020	11.5	1,108.2	144.0	9.3	6.6	0.4	10.9	(503.1)	16.3	804.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserves £m	Retained Earnings £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2019	**2.1**	**352.3**	**–**	**6.6**	**2.3**	**(23.5)**	**97.2**	**10.2**	**447.2**
Correction of errors	–	–	–	–	–	–	**(16.1)**	–	**(16.1)**
At 1 January 2019 *restated* *	**2.1**	**352.3**	–	**6.6**	**2.3**	**(23.5)**	**81.1**	**10.2**	**431.1**
Total comprehensive loss for the year									
(Loss)/profit for the year *	–	–	–	–	–	–	**(126.4)**	**8.8**	**(117.6)**
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	**(2.7)**	–	–	–	**(2.7)**
Fair value adjustment on cash flow hedges	–	–	–	–	–	**9.0**	–	–	**9.0**
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	–	**15.6**	–	–	**15.6**
Remeasurement of defined benefit liability	–	–	–	–	–	–	**(1.4)**	–	**(1.4)**
Tax on other comprehensive income (note 8)	–	–	–	–	–	**(3.4)**	**0.2**	–	**(3.2)**
Total other comprehensive income/(loss)	–	–	–	–	**(2.7)**	**21.2**	**(1.2)**	–	**17.3**
Total comprehensive income/(loss) for the year*	–	–	–	–	**(2.7)**	**21.2**	**(127.6)**	**8.8**	**(100.3)**
Transactions with owners, recorded directly in equity									
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	**3.7**	–	**3.7**
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	**(4.9)**	**(4.9)**
Tax on items credited to equity (note 8)	–	–	–	–	–	–	–	–	–
Total transactions with owners	–	–	–	–	–	–	**3.7**	**(4.9)**	**(1.2)**
At 31 December 2019*	**2.1**	**352.3**	–	**6.6**	**(0.4)**	**(2.3)**	**(42.8)**	**14.1**	**329.6**

* Detail on the restatement is disclosed in note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Notes	31 December 2020 £m	31 December 2019 *restated** £m	1 January 2019 *restated** £m
Non-current assets				
Intangible assets		1,336.8	**1,183.6**	**1,071.7**
Property, plant and equipment		389.6	**350.5**	**313.0**
Right-of-use lease assets		71.4	**81.8**	**82.5**
Trade and other receivables		0.9	**1.8**	**1.8**
Other financial assets		0.1	**0.2**	**–**
Deferred tax asset		106.5	**45.7**	**32.7**
		1,905.3	**1,663.6**	**1,501.7**
Current assets				
Inventories		207.4	**200.7**	**165.3**
Trade and other receivables		177.9	**249.7**	**240.1**
Income tax receivable		0.2	**0.3**	**0.8**
Other financial assets		14.6	**8.9**	**0.1**
Cash and cash equivalents		489.4	**107.9**	**144.6**
		889.5	**567.5**	**550.9**
Total assets		2,794.8	**2,231.1**	**2,052.6**
Current liabilities				
Borrowings		113.5	**114.8**	**99.4**
Trade and other payables		578.9	**734.1**	**655.2**
Income tax payable		1.2	**8.9**	**4.9**
Other financial liabilities		83.3	**6.3**	**4.2**
Lease liabilities		9.3	**14.1**	**15.0**
Provisions		22.1	**12.0**	**10.8**
		808.3	**890.2**	**789.5**
Non-current liabilities				
Borrowings		971.3	**839.1**	**604.7**
Trade and other payables		7.5	**9.4**	**49.8**
Other financial liabilities		–	**2.6**	**4.4**
Lease liabilities		93.7	**97.3**	**101.5**
Provisions		16.8	**16.2**	**12.9**
Employee benefits		92.5	**36.8**	**38.7**
Deferred tax liabilities		0.6	**9.9**	**20.0**
		1,182.4	**1,011.3**	**832.0**
Total liabilities		1,990.7	**1,901.5**	**1,621.5**
Net assets		804.1	**329.6**	**431.1**
Capital and reserves				
Share capital	**12**	11.5	**2.1**	**2.1**
Share premium		1,108.2	**352.3**	**352.3**
Merger reserve		144.0	**–**	**–**
Capital redemption reserve		9.3	**–**	**–**
Capital reserve		6.6	**6.6**	**6.6**
Translation reserve		0.4	**(0.4)**	**2.3**
Hedge reserves		10.9	**(2.3)**	**(23.5)**
Retained earnings		**(503.1)**	**(42.8)**	**81.1**
Equity attributable to owners of the group		787.8	**315.5**	**420.9**
Non-controlling interests		16.3	**14.1**	**10.2**
Total shareholders' equity		804.1	**329.6**	**431.1**

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

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

	Notes	2020 £m	2019 restated* £m
Operating activities			
Loss for the year		(410.5)	**(117.6)**
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax credit on continuing operations	**8**	**(55.5)**	**(2.0)**
Net finance costs		143.1	**67.6**
Other non-cash movements		2.2	**(4.4)**
Loss on sale of property, plant and equipment	**4**	–	**0.9**
Depreciation and impairment of property, plant and equipment	**4**	50.8	**38.8**
Depreciation and impairment of right-of-use lease assets	**4**	14.8	**13.3**
Amortisation and impairment of intangible assets	**4**	168.5	**112.4**
Difference between pension contributions paid and amounts recognised in Income Statement		(4.1)	**(4.4)**
Increase in inventories		(4.8)	**(33.3)**
Decrease/(increase) in trade and other receivables		67.4	**(31.8)**
Decrease in trade and other payables		(118.6)	**(51.8)**
(Decrease)/increase in advances and customer deposits		(52.8)	**48.4**
Movement in provisions		11.0	**4.5**
Cash (used in)/ generated from operations		(188.5)	**40.6**
Decrease in cash held not available for short-term use		(0.9)	**(8.7)**
Income taxes paid	**8**	(9.2)	**(12.5)**
Net cash (outflow)/inflow from operating activities		(198.6)	**19.4**
Cash flows from investing activities			
Interest received	**6**	2.3	**5.0**
Payments to acquire property, plant and equipment		(81.0)	**(82.2)**
Payments to acquire intangible assets		(179.7)	**(228.0)**
Net cash used in investing activities		(258.4)	**(305.2)**
Cash flows from financing activities			
Interest paid		(82.3)	**(52.0)**
Proceeds from equity share issue		812.8	–
Proceeds from issue of equity warrants		34.6	–
Proceeds from financial instrument utilised as part of refinancing transactions		6.9	
Principal element of lease payments		(12.2)	**(10.9)**
Repayment of existing borrowings		(1,092.3)	**(91.5)**
Proceeds from existing borrowings		–	**102.3**
Proceeds from inventory repurchase arrangement		76.8	**38.7**
Repayment of inventory repurchase arrangement		(80.0)	–
Proceeds from new borrowings		1,252.7	**260.8**
Transaction fees paid on issuance of shares		(34.9)	–
Transaction fees paid on financing activities		(41.9)	**(4.1)**
Net cash inflow from financing activities		840.2	**243.3**
Net increase/(decrease) in cash and cash equivalents	**11**	383.2	**(42.5)**
Cash and cash equivalents at the beginning of the year		107.9	**144.6**
Effect of exchange rates on cash and cash equivalents		(1.7)	**5.8**
Cash and cash equivalents at the end of the year		489.4	**107.9**

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

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

1 BASIS OF ACCOUNTING

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

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

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

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

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

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

GOING CONCERN

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

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these financial statements through 30 June 2022 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

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

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

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

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

2 ACCOUNTING POLICIES

PRIOR YEAR RESTATEMENT

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

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

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

Consolidated Statement of Comprehensive Income (*extract*)

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

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

PRIOR YEAR RESTATEMENT (CONTINUED)

Consolidated Statement of Financial Position (*extract*)

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

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

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

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

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

ADJUSTING ITEMS

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

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

NEW ACCOUNTING STANDARDS

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

Definition of a Business – Amendments to IFRS 3

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

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

The Conceptual Framework for Financial Reporting

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

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

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

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

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

3 SEGMENTAL REPORTING

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

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

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

4 OPERATING LOSS

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

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

	2020 £m	2019 £m
Total research and development expenditure	182.1	226.0
Capitalised research and development expenditure	(177.6)	(226.0)
Research and development expenditure recognised as an expense	4.5	–

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

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

5 ADJUSTING ITEMS

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

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.

   Announced in 2019, the Lagonda brand was expected to be relaunched no earlier than 2025 and while development of Rapide E was substantially complete, the programme was paused pending further review. An assessment of the carrying value of Rapide E assets, and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle resulted in an impairment charge of £39.4m – see note 10 for further details.

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.
3. During 2020 the Group provided £12.1m for phase two restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020 (2019: £2.8m).
4. 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.
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 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).
7. Additional professional fees of £0.5m were charged in 2019 as a result of the Initial Public Offering during the year ended 31 December 2018.
8. 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.

9. The Group issued second lien SSNs which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the derivative option liability from initial pricing during October 2020 when the SSNs were marketed to the 31 December 2020 resulted in a loss of £45.3m being recognised in the Income Statement.

5 ADJUSTING ITEMS (CONTINUED)

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

6 FINANCE INCOME

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

7 FINANCE EXPENSE

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

8 TAXATION

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

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

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

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

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

(b) Tax paid

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

(c) Factors affecting future tax charges

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

9 EARNINGS PER ORDINARY SHARE

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

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

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

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

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

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

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

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

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

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

10 IMPAIRMENT TESTING

INDEFINITE USEFUL LIFE NON-CURRENT ASSETS

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

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

Key assumptions used in value in use calculations

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

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

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

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

Sensitivity analysis

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

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

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

FINITE USEFUL LIFE NON-CURRENT ASSETS

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

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

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

IMPAIRMENT

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

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

2020

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

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

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

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

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

10 IMPAIRMENT TESTING (CONTINUED)

2019

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

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

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

11 NET DEBT

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

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

12 SHARE CAPITAL AND OTHER RESERVES

Allotted, called up and fully paid	Number of shares	Nominal Value £	Share Capital £m	Share Premium £m	**Merger Reserve £m**	**Capital Redemption Reserve £m**
Opening balance at 1 January 2020	228,002,890	0.009039687	2.1	352.3	–	–
Private placing [1]	76,000,000	0.009039687	0.7	170.3	–	–
Rights issue [2]	1,216,011,560	0.009039687	11.0	353.7	–	–
Non-pre-emptive placing and retail offer [3]	304,000,000	0.009039687	2.7	–	**149.4**	–
Placing Shares [4]	250,000,000	0.009039687	2.3	122.7	–	–
Tranche 1 Consideration Shares [5]	224,657,287	0.009039687	2.0	140.3	–	–
Issue of new shares [6]	3	0.009039687	–	–	–	–
Transaction costs arising on the issuance of ordinary shares	–	–	–	**(31.1)**	**(5.4)**	–
	2,298,671,740	0.009039687	20.8	1,108.2	**144.0**	–
Share split - original shares [7]	2,298,671,740	0.005000000	11.5	–	–	–
Share split - deferred shares [7]	2,298,671,740	0.004039687	9.3	–	–	–
Cancellation of deferred shares [7]	**(2,298,671,740)**	**(0.004039687)**	**(9.3)**	–	–	**9.3**
	2,298,671,740	0.00500000	11.5	1,108.2	**144.0**	**9.3**
Consolidation of shares[7]	**(2,183,738,153)**	–	–	–	–	
Closing balance at 31 December 2020	114,933,587	0.10000000	11.5	1,108.2	**144.0**	**9.3**

1. On 31 March 2020 the Company issued 76.0m ordinary shares by way of a private placing. The shares were issued at 225p raising gross proceeds of £171.0m, with £0.7m recognised as share capital and the remaining £170.3m recognised as share premium.
2. On 1 April 2020 the Company issued 1,216.0m ordinary shares by way of a rights issue. The shares were issued at 30p raising gross proceeds of £364.7m, with £11.0m recognised as share capital and the remaining £353.7m recognised as share premium. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 642.4m shares issued were considered bonus shares. The weighted average shares used to calculate Earnings Per Share (see note 9) has been adjusted accordingly.
3. On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.
4. 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.
5. On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired (see note 10), with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.
6. On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation in sub-note 7 below.
7. On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.

13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

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

14 POST BALANCE SHEET EVENTS

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

15 ALTERNATIVE PERFORMANCE MEASURES

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

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

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

INCOME STATEMENT

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

EARNINGS PER SHARE

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

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

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

15 ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

NET DEBT

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

FREE CASHFLOW

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