Aston Martin Lagonda Limited
Financial Statements
for the year ended 31 December 2023

Company Number: 01199255

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Directors and Advisors

Directors

Amedeo Felisa
Douglas Lafferty
Marek Reichman

Secretary

Michael Marecki
Banbury Road
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Warwick
England
CV35 0DB

Registered Office

Banbury Road
Gaydon
Warwick
England
CV35 0DB

Registered Auditors

Ernst & Young LLP
1 Colmore Square
Birmingham
England
B4 6HQ

Strategic Report

Principal Activities

The principal activities of the Company are the design, development, manufacture and marketing of vehicles as well as the sale of parts and automotive brand activities all under the name of Aston Martin Lagonda. The Company principally sells vehicles through a dealer network.

Results and Financial Position

The results for the Company show a pre-tax loss of £268.6m (2022: loss of £345.0m), revenue of £1,526.1m (2022: £1,227.6m) and net liabilities of £895.5m (2022: £742.7m).

Business Review and Future Outlook

Throughout 2023 Aston Martin continued to execute its financial goals, with significant progress towards our near- and medium-term financial targets. During a year in which we commenced the transition to our next generation of sports cars, our full year financial results are largely in line with expectations, driven by robust volumes, records ASPs, gross margin improvement and an enriched product portfolio.

As we approached the final quarter of the year on track to deliver against full year guidance, delays in the initial ramp up phase of the new DB12 marginally impacted on volume performance. Despite this, we delivered a strong Q4 performance with a record gross margin, and adjusted EBITDA, supported by DB12 and the ongoing Specials programmes. 2023 free cash outflow reflects anticipated higher year-on-year capital expenditure primarily related to the development of our next generation of sports cars and electrification programme, as well as the timing of DB12 and Valour deliveries at the end of the year, with related receivables unwinding in January 2024.

As we transition to the full range of our next generation of sports cars and develop our electrification programme, investment in the product pipeline and innovation continues, ensuring Aston Martin delivers the ultra-luxury high-performance products in the future that our customers expect.

In August 2023 Aston Martin Lagonda Global Holdings plc ("the Group"), of which the Company is a subsidiary and the primary operating entity, completed a £216m share placing to accelerate net leverage reduction and support longer term growth, and in consideration of a wide range of factors, the Group redeemed 50% of the outstanding second lien notes in November 2023. At the end of 2023 the Group net leverage ratio reduced to 2.7x from 4.0x in 2022. A refinancing exercise of outstanding Group debt has taken place in March 2024.

Key performance indicators

The board monitors progress on the overall Company strategy and the individual strategic elements by reference to a number of KPIs. Performance during the period is set out in the table below:

	2023	2022	Definition, method of calculation and analysis
Movement in revenue (%)	**24.3%**	34.7%	*Year on year revenue growth expressed as a percentage.* Revenue increased in 2023 primarily due to stronger wholesale average selling price growth and, to a lesser extent, due to higher wholesale volumes.
Operating loss (£m)	**96.3**	136.2	*Loss before net finance expense and tax including adjusting items.* Improved operating loss driven by higher gross profit from revenue improvements described above. This was partially offset by increased depreciation and amortisation charges, primarily related to cadence of Specials delivery, increased investment in brand and product launches and higher general costs including inflationary pressures to support the company's future growth.

Strategic Report (continued)

Business Review and Future Outlook (continued)

Principal Decisions

As a subsidiary of the Group, the Company supports the principal decisions made at a Group level. Principal decisions made throughout 2023, the impact on the long-term sustainable success of the Group and the stakeholder considerations of these decisions are included in the Group's Annual Report and Accounts. Copies of the Group's 2023 Annual Report can be obtained from Companies House or downloaded from: https://www.astonmartinlagonda.com/investors/annual-report.

Environmental Sustainability

The 2018 Regulations amended the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, in particular adding a Part 7A to Schedule 7 and bringing in additional requirements for Companies to disclose their annual energy use, greenhouse gas emissions, and related information. The group accounts of Aston Martin Lagonda Global Holdings PLC have been prepared for the same period as the Company and include full details of greenhouse gas emissions, energy consumption and energy efficiency as required by the 2018 Regulations. As a result, these disclosures have not been repeated within these Financial Statements.

Principal risks and Uncertainties

Our risk management system is designed to identify a broad range of risks and uncertainties which could adversely impact the profitability or prospects of the Group. Our principal and emerging risks are those which could have the most significant effect on the achievement of our strategic objectives, our financial performance and our long term sustainability. Principal risks change over time as some risks assume greater importance and others may become less significant.

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

Strategic risks

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

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

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

Climate change risks

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

Compliance risks

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

Strategic Report (continued)

Principal risks and uncertainties (continued)

Financial risks

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

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

Operational risks

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

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

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

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

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

Anti-bribery and corruption

Our policy is to conduct all of our business in an honest and ethical manner and a zero-tolerance approach is taken to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

To ensure that the Company and its employees conduct business in an ethical and transparent way, we have a number of policies including Anti-Bribery and Corruption, Gifts and Hospitality and Confidential Reporting and Whistleblowing, that govern business conduct with our key stakeholders.

These policies include the giving and receiving of gifts, meals and hospitality, invitations to government officials, our approach to facilitation payments, and matters in relation to the appointment of dealers. We have a gift and hospitality register and an annual online training and certification process to monitor compliance whereby all employees are required to review all our Standards of Corporate Conduct and certify that they have read and understood them.

Strategic Report (continued)

Human rights and modern slavery

Modern slavery, together with its components of forced labour and human trafficking, are a growing concern around the world. Ensuring that internationally proclaimed human rights, as specified in the International Bill of Human Rights, are respected across our business and by our suppliers is an important priority for Aston Martin Lagonda.

Our approach to sustainability is set out in our annual Sustainability Report, and in the 'responsibility' section of our Annual Report where we set out our commitment to be a sustainable luxury automotive business. Our focus is on striving for sustainable excellence and ethical decision making, with the aim of delivering both stakeholder value and a competitive advantage to the Company. Engagement with our employees, suppliers and partners is essential in achieving our goals in this area. Aston Martin Lagonda has a cross functional Modern Slavery working group with representation from Human Resources, Legal, Purchasing, Internal Audit and Risk Management. This working group is responsible for monitoring progress against key performance indicators, implementing and maintaining the relevant policies, communication and training across the business relating to Modern Slavery.

A copy of our Modern Slavery Act Statement can be found on our website at www.astonmartinlagonda.com.

Equal opportunities and employment of persons with disabilities

The Company has policies on equal opportunities and the employment of persons with disabilities which, through the application of fair employment practices, are intended to ensure that individuals are treated equitably and consistently regardless of age, race, creed, colour, gender, marital or parental status, sexual orientation, religious beliefs and nationality.

Applications for employment by persons with disabilities are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Group is continued and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a persons with disabilities should, as far as possible, be identical to that of a person who does not have a disability.

Stakeholder engagement

S172 Statement

The Board is pleased to provide a statement that supports Section 172(1) of the Companies Act 2006. This requires that Directors promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision-making.

Customers and enthusiasts

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

What matters to them?

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

Strategic Report (continued)

Stakeholder engagement (continued)

Customers and enthusiasts (continued)

- Environmental commitment
- Sense of community

How we engage

- Bespoke customer communications and Customer Relationship Management Strategy
- Investment in ultra-luxury customer journey
- Innovative and engaging content across our website and social media channels
- Major brand campaigns, including our high-profile campaign on Sphere at the Las Vegas Grand Prix
- Relaunch of Aston Martin's luxury customer magazine
- Bespoke customer events, such as car reveals and driving experiences
- Dealership events
- Customer rallies and community gatherings, including our 110th anniversary celebration lap at the British Grand Prix and Aston Martin Arcadia event in Tokyo
- Formula One® hospitality and events programmes
- Executives actively meeting customers at leading luxury automotive events such as Pebble Beach and Goodwood Festival of Speed
- Global communications strategy, driving coverage across automotive and lifestyle media
- Launch of ultra-exclusive, special products such as Valour, limited to 110 examples
- Opening of first ultra-luxury flagship store in New York

Dealer Network

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

What matters to them?

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

How we engage

- CEO and Board engagement to strengthen dealer relationships and support demand-driven strategy
- Strengthening and alignment of central and regional senior management, supporting closer dealer relationship and communications
- Attendance (physical or virtual) at local dealer conferences held during the year
- Rollout of dealer network programmes and systems to monitor performance aligned to growth opportunities across all sales and after sales areas
- Implementation of Dealer Operating and new Corporate Identity standards to drive dealers to consistent ultra-luxury behaviour
- Introduce new models and maximise launch activities to fully support ultra-luxury brand positioning
- Development of in-house training team to carry out in-dealer product training through the addition of a training content creator
- Continued development of digital platforms, supporting increased engagement and elevated brand representation

Strategic Report (continued)

Stakeholder engagement (continued)

Suppliers and other partnerships

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

What matters to them?

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

How we engage

- Continuous engagement to create partners, not suppliers
- Strategic Cooperation Agreement with Mercedes-Benz AG securing access to technologies critical to our long-term plans
- Strategic supply arrangement with Lucid to create industry-leading ultra-luxury high performance electric vehicles
- Sponsorship of Aston Martin Aramco Formula One® Team to provide a direct global marketing platform targeting key customers and enhancing the brand
- Dedicated Supplier Quality Development team manages supplier quality and performance
- Cross functional team working closely with suppliers to resolve issues
- Commodity team structure established and being used effectively
- Supplier risk meeting cadence working cross-functionally to mitigate potential risks to production
- Collaboration with suppliers to deliver innovation and economic improvement
- Supplier scorecards to identify areas for performance improvement

Our people

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

What matters to them?

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

How we engage

- Family open day in Gaydon
- C-Suite roundtables with employees
- Employee Town Halls
- Dedicated Independent Non-executive Director to gather views of the workforce and report back to the Board
- Employee engagement survey
- Consultation on employee benefits
- Trade Union Business review
- Health and Safety review
- Listening sessions supporting our culture and to deep dive engagement topics
- Aston Martin internal communications platform and AM People newsletter

Strategic Report (continued)

Stakeholder engagement (continued)

Our people (continued)

- Aston Martin Inclusion Network
- Local Health and Safety Committees
- Local trade union meetings

Investors

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

What matters to them?

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

How we engage

- Webcasts, presentations and meetings by the Executive Chair, Chief Executive Officer, Chief Financial Officer and the Investor Relations team
- Capital markets day at Gaydon headquarters for equity analysts and large investors held in June, to showcase our strategic and financial progress and future priorities including electrification programme
- Focused investor relations programme delivered both remotely and in person
- Retail shareholders engaged via direct communications, our website, press activities, Annual Reports and general meetings

Local communities and Non-Governmental Organisations

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

What matters to them?

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

How we engage

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

Strategic Report (continued)

Stakeholder engagement (continued)

Government and regulators

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

What matters to them?

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

How we engage

- The Board is committed to proactive engagement with key stakeholders in government at local, regional and national level
- We aim to engage positively, constructively and consistently through various channels, including meetings, site visits, contributing to public policy development and responding to consultations
- We welcomed numerous senior politicians to Gaydon and St Athan
- We hosted a Parliamentary reception at the Speakers House attended by over 100 members of Parliament and UK Government ministers

By order of the Board,

M F Marecki
Company Secretary
22 April 2024

Aston Martin
Banbury Road
Gaydon
Warwick
CV35 0DB

Company Number: 01199255

Directors' Report

The directors present the Financial Statements for the year ended 31 December 2023.

Dividends

No dividends were paid in the year (2022: £nil).

Financial risk management
The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and market risk. The Company has a risk management programme in place that is described below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables. The Company operates using a wholesale finance facility supported by a credit insurance policy to minimise the Company's exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate cash flow risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowings are largely drawn at a fixed rate. The Company is exposed to variability on the bilateral Revolving Credit Facility ("RCF") with HSBC, whereby Chinese renminbi have been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The interest rate charged on the overdraft facility is based on SONIA. A fellow subsidiary, Aston Martin Investments Limited, holds a RCF with an external panel of banks and onward lends the funds to the Company. The external rate is based on SONIA, which is recharged in full by the subsidiary to the Company.

Directors

All of the directors benefited from qualifying third party indemnity provision in place during the financial year and at the date of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report (continued)

Reappointment of auditors

Ernst & Young LLP have indicated their willingness to be reappointed as auditor. No notice in accordance with s488 of the Companies Act 2006 (which would operate to prevent the deemed reappointment of auditors under s487(2) of that Act) has been or is expected to be received and accordingly the necessary conditions are in place for the deemed reappointment of the auditors to take place in the absence of an Annual General Meeting.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company's ultimate parent, Aston Martin Lagonda Global Holdings plc is the parent company of a group of companies of which the Company, whose principal activity is the sale of luxury vehicles and the associated parts, is the main component.

In addition, Aston Martin Investments Limited, Aston Martin Lagonda Group Limited, Aston Martin Capital Limited, and the Company have provided joint and several guarantees to the Senior Secured Notes ("SSNs") holders to meet the payments which are required under the SSNs issued by Aston Martin Capital Holdings Limited, along with any interest or premium on these borrowings. The same companies act as guarantors to the RCF held by Aston Martin Investments Limited. Consequently, the Company is dependent on future financing provided by subsidiaries of the Aston Martin Lagonda Global Holdings plc group.

The Company's ultimate parent, Aston Martin Lagonda Global Holdings plc, has agreed to provide financial support for a period up to 30 June 2025 from the date of approval of these financial statements. The Directors of the Company have assessed the going concern period to 30 June 2025 from the date of approval of these financial statements for the entity and have as part of their assessment considered the ability of Aston Martin Lagonda Global Holdings plc (the 'Group') to provide financial support.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $960.0m SSNs at 10.0% and £400.0m of SSNs at 10.375% both of which mature in March 2029, a RCF (£170.0m) which matures on 31 December 2028, facilities to finance inventory, a bilateral RCF and a wholesale vehicle financing facility. Under the RCF, the Group is required to comply with a leverage covenant tested quarterly.

The Group Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2025 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period. The forecasts reflect the Group's ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent that the Group 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.

Directors' Report (continued)

Going concern (continued)

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

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

In addition, the Group Directors also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by 15% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2025 and to comply with its financial covenants, and consequently provide the financial support set out in the aforementioned letter of support. The Directors therefore continue to adopt the going concern basis in preparing the Financial Statements.

By order of the Board,

D Lafferty
Director
22 April 2024

Aston Martin
Banbury Road
Gaydon
Warwick
CV35 0DB

Company Number: 01199255

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in FRS101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report to the members of Aston Martin Lagonda Limited

Opinion

We have audited the financial statements of Aston Martin Lagonda Limited for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of changes in equity, the Statement of Financial Position, and the related notes 1 to 26, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- We obtained and inspected the letter of support the Company has received from Aston Martin Lagonda Global Holdings plc ("the Group"). The letter of support covers all obligations as they fall due in the going concern period to 30 June 2025.
- As the Company is reliant on Group support, we performed procedures on the Group going concern assessment prepared for the period through to 30 June 2025, this included:
  - Understanding and walking through management's process for and controls related to assessing going concern including discussion with management to ensure all key factors were taken into account;
  - Obtaining management's going concern assessment, which covers the period to 30 June 2025, and which includes cashflow and liquidity forecasts, details of facilities available, forecast covenant calculations and the results of management's downside scenarios, and testing the integrity of the model, including clerical accuracy;
  - Confirming to the new debt agreements both the maturity profile of the debt and the covenants that are required to be met within the going concern period;
  - Assessing the reasonableness of forecasts underpinning the going concern model which are based on the Board-approved budget and the Board-approved strategic plan. To do this we specifically considered forecast wholesale volumes compared to historical volumes, current confirmed orders and competitor volumes, sales margins and capital expenditure plans;
  - Ensuring that these forecasts appropriately reflect the assessed impact of the current macro-economic circumstances and the disclosed climate change commitments of the group;

Independent auditor's report to the members of Aston Martin Lagonda Limited (continued)

Conclusions relating to going concern (continued)

- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2020, 2021, 2022 and 2023, as well as through the subsequent events period and performing inquiries to the date of this report to determine whether forecast cash flows are reliable based on past experience;
- Considering external factors that could impact liquidity/forecasts including reliance on suppliers, recoverability of debtors, employees' ability to continue to work safely, and the threat of potential litigations and claims;
- Considering the downside scenario identified by management in their assessment, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario modelled in the going concern period is realistic;
- Performing reverse stress testing on the going concern model by independently determining what reduction in wholesale volumes would be required before liquidity would be exhausted. This included comparing this scenario to the downside scenario contemplated by management and considering the likelihood of the events required to exhaust available liquidity;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum particularly with respect to constraining capital spending if required; and
- Evaluating the update of the Group going concern assessment for the period through 30 June 2025 from the date it was initially prepared to the date of these financial statements to understand any significant changes in the business performance or forecasts.

- Assessing the going concern disclosures in the financial statements to ensure they are in accordance with FRS 101.

We observed that while the group achieved lower than forecast total core wholesale volumes than it was originally targeting in 2023, this was driven by supplier readiness and integration of the new infotainment system impacting the timing of production and the related vehicle wholesale. The forecast core wholesale volumes for the going concern assessment period are reasonable compared to historic performance and the those reported by comparable brands in the luxury automotive sector. We observed in previous periods the control exercised over capital expenditure in comparison to amounts forecast which corroborates management's assertion that in the event of the modelled downside occurring capital expenditure could be deferred. Further, at 31 December 2023, the Group had borrowings as disclosed in note 23 of the Group Financial Statements which included details of the maturities of those facilities. Subsequent to the year end, the Group has refinanced the Senior Secured Notes and Revolving Credit Facility as disclosed in note 26 to the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Independent auditor's report to the members of Aston Martin Lagonda Limited (continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of Aston Martin Lagonda Limited (continued)

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are directly relevant to specific assertions in the financial statements and those that relate to the reporting framework (FRS 101 and the Companies Act 2006). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to health and safety and employee matters;
- We understood how Aston Martin Lagonda Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We considered the programmes and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud; and how senior management monitors those programs and controls. Where the risk of fraud was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance laws and regulations; enquiries of legal counsel, management, internal audit; reviewing internal audit reports and whistleblowing and performing focused testing.

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

Use of our report

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

Ernst & Young LLP

Simon O'Neill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
24 April 2024

Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	Adjusted	Adjusting items*	2023 Total £m	Adjusted	Adjusting items*	2022 Total £m
Revenue	2	**1,526.1**	**–**	**1,526.1**	1,227.6	–	1,227.6
Cost of sales		**(967.0)**	**–**	**(967.0)**	(849.0)	–	(849.0)
Gross profit		**559.1**	**–**	**559.1**	378.6	–	378.6
Selling and distribution expenses		**(89.4)**	**–**	**(89.4)**	(67.2)	–	(67.2)
Administrative and other operating expenses	3	**(549.8)**	**(29.1)**	**(578.9)**	(442.8)	(23.9)	(466.7)
Income from shares in subsidiary undertakings		**12.9**	**–**	**12.9**	19.1	–	19.1
Operating loss		**(67.2)**	**(29.1)**	**(96.3)**	(112.3)	(23.9)	(136.2)
Finance income	6	**9.3**	**–**	**9.3**	1.9	–	1.9
Finance expense	7	**(164.1)**	**(17.5)**	**(181.6)**	(178.1)	(32.6)	(210.7)
Loss before tax		**(222.0)**	**(46.6)**	**(268.6)**	(288.5)	(56.5)	(345.0)
Income tax credit/(charge)	8	**21.9**	**-**	**21.9**	(20.7)	0.7	(20.0)
Loss for the year		**(200.1)**	**(46.6)**	**(246.7)**	(309.2)	(55.8)	(365.0)
Other Comprehensive Income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	20			**(0.1)**			6.8
Taxation on items that will never be reclassified to the Income Statement	8			**-**			(1.7)
Items that are or may be reclassified to the Income Statement							
Fair value adjustment and recycling of cash flow hedges				**(0.8)**			1.8
Taxation on items that may be reclassified to the Income Statement	8			**0.2**			(0.4)
Other comprehensive (loss)/income for the year				**(0.7)**			6.5
Total comprehensive loss for the year				**(247.4)**			(358.5)

* Adjusting items are defined in note 1 with further detail disclosed in note 4.

There is no difference between the loss before taxation and the retained loss for the period stated above, and their historical cost equivalents.

The notes on pages 22 to 64 form part of the Financial Statements.

Statement of Changes in Equity

	Share Capital £m	Share Premium £m	Capital reserve £m	Hedge Reserves £m	Retained Earnings (restated*) £m	Total Equity (restated*) £m
At 1 January 2023 (restated*)	**77.6**	**0.4**	**143.4**	**1.3**	**(965.4)**	**(742.7)**
Total comprehensive income for the year						
Loss for the year	–	–	–	–	**(246.7)**	**(246.7)**
Other comprehensive income						
Fair value movement and recycling of cash flow hedges	–	–	–	**(0.8)**	–	**(0.8)**
Remeasurement of defined benefit liability (note 20)	–	–	–	–	**(0.1)**	**(0.1)**
Tax on other comprehensive income (note 8)	–	–	–	**0.2**	–	**0.2**
Total other comprehensive loss	–	–	–	**(0.6)**	**(0.1)**	**(0.7)**
Total comprehensive loss for the year	–	–	–	**(0.6)**	**(246.8)**	**(247.4)**
Transactions with owners, recorded directly in equity						
Credit for the year under equity settled share-based payments (note 22)	–	–	–	–	**5.4**	**5.4**
Tax on items credited to equity (note 8)	–	–	–	–	**0.5**	**0.5**
Capital contribution	–	–	**88.7**	–	–	**88.7**
Total transactions with owners	–	–	**88.7**	–	**5.9**	**94.6**
At 31 December 2023	**77.6**	**0.4**	**232.1**	**0.7**	**(1,206.3)**	**(895.5)**

* Detail on the restatement is disclosed in note 1.

Statement of Changes in Equity (continued)

	Share Capital £m	Share Premium £m	Capital reserve* £m	Hedge Reserves £m	Retained Earnings (restated*) £m	Total Equity (restated*) £m
At 1 January 2022 (restated*)	77.6	0.4	143.4	(0.1)	(606.5)	(385.2)
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(365.0)	(365.0)
Other comprehensive income						
Fair value movement - cash flow hedges	–	–	–	1.8	–	1.8
Remeasurement of defined benefit liability (note 20)	–	–	–	–	6.8	6.8
Tax on other comprehensive income (note 8)	–	–	–	(0.4)	(1.7)	(2.1)
Total other comprehensive loss	–	–	–	–	5.1	6.5
Total comprehensive loss for the year	–	–	–	1.4	(359.9)	(358.5)
Transactions with owners, recorded directly in equity						
Credit for the year under equity settled share-based payments (note 22)	–	–	–	–	1.0	1.0
Total transactions with owners	–	–	–	–	1.0	1.0
At 31 December 2022 (restated*)	77.6	0.4	143.4	1.3	(965.4)	(742.7)

* Detail on the restatement is disclosed in note 1.

Statement of Financial Position as at 31 December 2023

	Notes	As at 31 December 2023 £m	As at 31 December 2022 (restated*) £m	As at 1 January 2022 (restated*) £m
Non-current assets				
Intangible assets	9	**1,187.8**	1,003.4	991.9
Property, plant and equipment	11	**339.7**	358.4	346.2
Right-of-use lease assets	12	**60.3**	60.4	60.5
Investments in equity interests	13	**18.2**	–	–
Investment in subsidiary undertakings	14	**10.0**	10.0	10.0
Trade and other receivables	16	**113.0**	159.0	2.1
Other financial assets		**–**	–	0.5
Deferred tax asset	8	**182.5**	160.9	178.9
		1,911.5	1,752.1	1,590.1
Current assets				
Inventories	15	**251.0**	262.1	182.2
Trade and other receivables	16	**259.1**	210.3	303.1
Other financial assets	18	**3.3**	8.5	5.4
Cash and cash equivalents		**247.4**	345.2	254.7
		760.8	826.1	745.4
Total assets		**2,672.3**	2,578.2	2,335.5
Current liabilities				
Borrowings	17	**–**	30.0	36.3
Trade and other payables	17	**3,156.8**	2,949.2	1,817.1
Other financial liabilities	18	**2.1**	3.6	3.7
Lease liabilities	12	**6.0**	4.5	7.9
Provisions	19	**15.6**	13.3	14.0
		3,180.5	3,000.6	1,879.0
Non-current liabilities				
Trade and other payables	17	**241.9**	162.3	669.4
Other financial liabilities	18	**–**	0.6	–
Lease liabilities	12	**79.4**	80.0	81.1
Provisions	19	**17.0**	15.5	11.7
Employee benefits	20	**49.0**	61.2	78.7
Deferred tax liabilities	8	**–**	0.7	0.8
		387.3	320.3	841.7
Total liabilities		**3,567.8**	3,320.9	2,720.7
Net liabilities		**(895.5)**	(742.7)	(385.2)
Capital and reserves				
Share capital	21	**77.6**	77.6	77.6
Share premium		**0.4**	0.4	0.4
Capital reserves		**232.1**	143.4	143.4
Hedge reserves		**0.7**	1.3	(0.1)
Retained earnings		**(1,206.3)**	(965.4)	(606.5)
Total shareholders' deficit		**(895.5)**	(742.7)	(385.2)

* Detail on the restatement is disclosed in note 1.

The notes on pages 22 to 64 form part of the Financial Statements.
The Financial Statements were approved by the board of directors on 22 April 2024 and were signed on its behalf by:

D Lafferty
Director

Company number: 01199255

Notes to the Financial Statements for the year ended 31 December 2023

1. Principal accounting policies

Aston Martin Lagonda Limited (the "Company") is a company incorporated and domiciled in the UK and is limited by shares. The Company is exempt by virtue of s.400 of the Companies Act 2006 from the requirement to prepare Group Financial Statements. These Financial Statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Aston Martin Lagonda Global Holdings plc, includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of Aston Martin Lagonda Global Holdings plc are prepared in accordance with UK adopted international accounting standards. ('IFRSs'). The consolidated Financial Statements are available to the public and can be obtained from Companies House.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 issued in July 2015 and effective immediately have been applied.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these Financial Statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures.

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Certain disclosures required by IFRS 15 Revenue with contracts with customers;
- Certain disclosures required by IFRS 16 Leases; and
- The requirements of paragraphs 88C and 88D of IAS 12 Income Taxes

As the consolidated Financial Statements of Aston Martin Lagonda Global Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next Financial Statements. The Financial Statements have been prepared under the historical cost convention. The Financial Statements are presented in millions to one decimal place, in Sterling which is the Company's functional currency. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements. In these Financial Statements the Company has made no changes to its existing accounting policies apart from the adoption of new IFRS standards as described.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Climate change

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

- The Company has modelled various scenarios to take account of the risks and opportunities identified with the impact of climate change to assess the financial impact on its business plan and viability.
- The Company has a Strategic Cooperation Agreement with Mercedes-Benz AG. The agreement provides the Company with access to a wide range of world-class technologies for the next generation of luxury vehicles which are planned to be launched through to 2027.
- The Company is developing alternatives to the Internal Combustion Engine ('ICE') with a blended drivetrain approach between 2025 and 2030, including Plug-in Hybrid Electric Vehicle ('PHEV') and Battery Electric Vehicle ('BEV'), with a clear plan to have a line-up of electric sports cars and SUVs. This is supported by significant planned capital investment of around £2bn in advanced technologies over the 5 year period from 2024 to 2028, with investment shifting from ICE to BEV technology.
- The Company has formed a landmark new supply agreement with world-leading electric vehicle technologies company, Lucid Company, Inc. which will help drive the Company's high-performance electrification strategy and its long-term growth. The agreement will see Lucid, a world-leader in the design and manufacture of advanced electric powertrains and battery systems, supply industry-leading electric vehicle technologies. Access to Lucid's current and future powertrain and battery technology will support the creation of a bespoke, singular BEV platform, suitable for all product types from hypercar to SUV.
- The Company is leading a six-partner collaborative research and development project, Project ELEVATION, that was awarded £9.0m of government funding through the Advanced Propulsion Centre, further supplementing the research and development of its innovative modular BEV platform.
- The Company's first hybrid supercar, Valhalla, is on course to enter production in 2024, with its first BEV targeted for launch in 2026.

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company's ultimate parent, Aston Martin Lagonda Global Holdings plc is the parent company of a group of companies of which the Company, whose principal activity is the sale of luxury vehicles and the associated parts, is the main component.

In addition, Aston Martin Investments Limited, Aston Martin Lagonda Group Limited, Aston Martin Capital Limited, and the Company have provided joint and several guarantees to the Senior Secured Notes ("SSNs") holders to meet the payments which are required under the SSNs issued by Aston Martin Capital Holdings Limited, along with any interest or premium on these borrowings. The same companies act as guarantors to the Revolving Credit Facility ("RCF") held by Aston Martin Investments Limited. Consequently, the Company is dependent on future financing provided by subsidiaries of the Aston Martin Lagonda Global Holdings plc group.

The Company's ultimate parent, Aston Martin Lagonda Global Holdings plc, has agreed to provide financial support for a period up to 30 June 2025 from the date of approval of these financial statements. The Directors of the Company have assessed the going concern period to 30 June 2025 from the date of approval of these financial statements for the entity and have as part of their assessment considered the ability of Aston Martin Lagonda Global Holdings plc (the 'Group') to provide financial support.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $960.0m SSNs at 10.0% and £400.0m of SSNs at 10.375% both of which mature in March 2029, a RCF (£170.0m) which matures on 31 December 2028, facilities to finance inventory, a bilateral RCF and a wholesale vehicle financing facility. Under the RCF, the Group is required to comply with a leverage covenant tested quarterly.

The Group Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2025 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period. The forecasts reflect the Group's ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent that the Group 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 Group Directors have considered a severe but plausible downside scenario that includes considering the impact of a 15% reduction in DBX volumes and a 10% reduction in sports volumes from forecast levels covering, although not exclusively, instances of reduced volume due to delayed product launches, operating costs higher than the base plan, incremental working capital requirements such as reduced deposit inflows or increased deposit outflows and the impact of the strengthening of the sterling-dollar exchange rate.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Going concern (continued)

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

In addition, we also considered the circumstances which would be needed to exhaust the Company's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by more than 15% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2025 and to comply with its financial covenants, and consequently provide the financial support set out in the aforementioned letter of support. The Directors therefore continue to adopt the going concern basis in preparing the Financial Statements.

Foreign currency translation

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

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

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Revenue recognition

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Revenue recognition (continued)

Sale of vehicles

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

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

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

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

Sales of parts

Revenue from the sale of parts is recognised upon transfer of control to the customer, generally when the parts are released to the carrier responsible for transporting them.

Servicing and restoration of vehicles

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

Brands and motorsport

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

Customer advance payments

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Customer advance payments (continued)

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

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

Finance income

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

Finance expense

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

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

Current/non-current classification

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

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

Intangible assets

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

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

Purchased intellectual property

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

Brands

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Intangible assets (continued)

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

Development costs

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

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

Technology

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

Dealer network

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

Amortisation

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Property, plant and equipment

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

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

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

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

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

Investments in equity instruments

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

Government grants

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

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

Research and development tax relief in the form of the Research and Development Expenditure Credit ("RDEC") is recognised in the Income Statement over the periods in which the qualifying expenditure giving rise to the RDEC claim is recognised, as the Company's assessment of the conditions of receipt of the RDEC concludes that it meets the definition of a Government grant.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Government grants (continued)

Certain expenses within the scope of RDEC are capitalised as part of the Company's development costs. Where this is the case, the Company defers the income associated with the claim to deferred income and releases it to the Income Statement in line with the amortisation profile of the associated asset. Claims are submitted annually based on the qualifying expenditure for a given accounting period. The cash benefit from the claim is received in the year of the claim and presented in operating cash flows.

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

Movements in government grants are presented within operating cashflows.

Carbon credits

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

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

Leases under which the Company acts as lessee

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

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

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

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

Lease payments included in the measurement of the lease liability comprise either fixed lease payments or lease payments subject to periodic fixed increases. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and interest cost with the interest costs charged to the Income Statement over the lease period. The liability is remeasured when there is an increase/decrease in future lease payments arising from a change in an index or rate specified.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Right-of-use assets and lease liabilities – IFRS 16 (continued)

Short-term leases and leases of low-value assets

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

Impairment of assets

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement.

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

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

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

Inventories

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Cash and cash equivalents

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

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

Derivative financial instruments

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

Financial assets and liabilities

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

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

Trade and other receivables

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

Trade and other payables

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Hedge accounting

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

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

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

Derivative financial instruments

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

Financial liability as a hedge

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

Subsequent accounting

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Borrowings

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

Pensions

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

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

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

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

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

Share-based payment transactions

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Share-based payment transactions (continued)

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

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

Provisions

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

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

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

Income taxes

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Income taxes (continued)

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

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

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

Equity instruments

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

Adjusting items

An adjusting item is disclosed separately in the Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Company, 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 4.

Critical accounting assumptions and key sources of estimation uncertainty estimates

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Critical accounting assumptions and key sources of estimation uncertainty estimates (continued)

Impairment of finite life intangible assets

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

The result of the calculation of the value-in-use is sensitive to the assumptions made and is a subjective estimate (note 10).

Recognition of deferred tax assets

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

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

In considering recoverability of the deferred tax assets, the Company relies upon future forecasts, which inherently increases the level of significant estimation uncertainty in the later periods. Note 8 provides information on the inherent sensitivities.

New accounting standards

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Prior year restatement

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

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

In the financial statements for the year ended 31 December 2022 the intercompany receivable balance was presented as current, however, the Company did not expect to receive repayment within 12 months from the balance sheet date. The intercompany receivable balance has therefore been restated as a non-current asset in the prior year Balance Sheet in these financial statements. The restatement has no impact on the previous, current or future profit or loss of the Company.

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

	As previously reported 31 December 2022 £m	Adjustment £m	Restated balance 31 December 2022 £m
Non-current liabilities			
Trade and other payables	**128.2**	34.1	**162.3**
Current liabilities			
Trade and other payables	**2,934.3**	14.9	**2,949.2**
Non-current assets			
Trade and other receivables	**2.0**	157.0	**159.0**
Current assets			
Trade and other receivables	**367.3**	(157.0)	**210.3**
Capital and reserves			
Retained earnings	**(916.4)**	(49.0)	**(965.4)**

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. Principal accounting policies (continued)

Prior year restatement (continued)

	As previously reported 1 January 2022 £m	Adjustment £m	Restated balance 1 January 2022 £m
Non-current liabilities			
Trade and other payables	**635.3**	34.1	**669.4**
Current liabilities			
Trade and other payables	**1,802.2**	14.9	**1,817.1**
Capital and reserves			
Retained earnings	**(557.5)**	(49.0)	**(606.5)**

2. Revenue

Analysis by market	2023 £m	2022 £m
United Kingdom	**305.6**	346.2
The Americas	**418.9**	351.4
Rest of Europe, Middle East & Africa	**513.1**	260.2
Asia Pacific	**288.5**	269.8
	1,526.1	1,227.6

Analysis by category	2023 £m	2022 £m
Sale of vehicles	**1,436.8**	1,150.1
Sale of parts	**77.1**	67.6
Service revenue	**1.1**	–
Brands and motorsport	**11.1**	9.9
	1,526.1	1,227.6

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

3. Expenses and auditor's remuneration

The company's operating loss is stated after charging/(crediting)	2023 £m	2022 £m
Depreciation and impairment of property, plant and equipment (note 11)	**89.0**	79.5
Depreciation absorbed into inventory under standard costing	**(0.9)**	(2.9)
Depreciation and impairment of right-of-use assets (note 12)	**6.1**	6.5
Amortisation and impairment of intangible assets (note 9)	**279.0**	226.4
Amortisation released from/(absorbed into) inventory under standard costing	**3.0**	(8.1)
Depreciation, amortisation and impairment charges included in Administrative and other operating expenses	**376.2**	301.4
Decrease in trade receivable loss allowance	**(2.8)**	(0.3)
Net foreign currency differences	**–**	8.5
Cost of inventories recognised as an expense	**802.6**	707.5
Write-down of inventories to net realisable value	**24.2**	8.9
Operating lease payments		
*- Plant, machinery and IT equipment**	**0.3**	0.7
Research and development expenditure recognised as an expense	**30.7**	14.1
Auditor's remuneration		
Audit of these Financial Statements	**0.2**	0.2

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

4. Adjusting items

	2023 £m	2022 £m
Administrative and other operating expenses:		
ERP implementation costs[1]	(14.5)	(6.9)
Defined Benefit pension scheme closure costs[2]	(1.0)	(13.5)
Director settlement and incentive arrangements[7]	–	(3.5)
Legal settlement and costs[3]	(16.0)	–
Legal settlement income[4]	2.4	–
	(29.1)	(23.9)
Adjusting finance expenses recharged from Group entities		
Premium paid on the early redemption of Senior Secured Notes[5]	(8.0)	(14.3)
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes[5]	(9.5)	(16.4)
Professional fees incurred on refinancing expensed directly to the income statement[5]	–	(1.9)
	(17.5)	(32.6)
Total adjusting items before tax	(46.6)	(56.5)
Tax credit on adjusting items[6,8]	–	0.7
Adjusting items after tax	(46.6)	(55.8)

Summary of 2023 adjusting items

1. In the year ended 31 December 2023, the Company incurred further implementation costs for a cloud-based Enterprise Resource Planning (ERP) system for which the Company will not own any intellectual property. £14.5m (2022: £6.9m) of costs have been incurred in the period under the service contract and expensed to the Income Statement during the business readiness phase of the project. The project continued to undergo a phased rollout during 2023, which included HR, ordering and dealer management, and limited aspects of purchasing, following the previous migration of finance in 2022. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting. The cash impact of this item is a working capital outflow at the time of invoice payment.
2. On 31 January 2022, the Company closed its Defined Benefit Pension Scheme to future accrual incurring a past service cost of £2.8m. Under the terms of the closure agreement, employees were granted cash payments both in the current year and the following two financial years totalling £8.7m. These costs have been fully accrued. In addition, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during 2022. The terms of the agreement provide the employees with a minimum guaranteed value for these shares subject to their ongoing employment with the Company. The Company will pay the employees a further cash sum as the share price at 1 February 2024 did not meet this value. The charge associated with this portion was £1.0m in the year ended 31 December 2022 and is being accounted for in accordance with IFRS2 as a cash settled share-based payment scheme. A cost of £1.0m in the year ended 31 December 2023 relates to the ongoing minimum guaranteed value which will crystallise in early 2024.
3. During the year ended 31 December 2023, the Company was involved in two High Court cases against entities ultimately owned by a former significant shareholder of the Company. The first involved AMMENA, Aston Martin's distributor in the Middle East, North Africa and Turkey region. AMMENA brought a number of claims against the Company, including claims for debts arising between 2019-2021 when Aston Martin was acting as AMMENA's agent and several claims that the Company had acted in bad faith when AMMENA resumed its obligations as distributor. The Company successfully defended all the bad faith claims and AMMENA's 2021 debt claim was dismissed. Aston Martin, however, was unsuccessful in its claim to set off its own counter-claim that AMMENA (as the region's distributor) should indemnify the Company in relation to costs incurred in the termination of a retail dealer, so is required to pay AMMENA's debt claims for 2019 and 2020 (totalling £5.3m plus interest of £0.6m). The Company incurred costs of £5.7m in defending AMMENA's claims and must pay opposition costs of £1.7m. The cash impact of these costs is a cash outflow in February 2024 as well as working capital movements during the year ended 31 December 2023 for costs already incurred. The second case involves claims against a retail dealership, which is ultimately owned by entities that are shareholders in one of the Company's subsidiary entities, including for unpaid debts relating to two agreements from 2015 and 2016. The Company has incurred costs of £2.7m in the year which, in conjunction with the other costs above, are considered non-recurring in nature as these are related to historic disputes with former shareholders and not related to the ongoing business of the Company.
4. On 1 March 2024 a court order was issued quantifying the amounts payable to the Company from the judgment of the second case outlined above. As part of the final settlement awarded it has been ordered that the Company is to be granted £2.3m as payment on account for incurred legal costs and £0.1m of indemnity costs under CPR 36.17(4)(d). Further amounts, which have not been determined, for the Company's incurred legal costs may still yet be agreed, or ordered by a court, as payable to the Company. The counter party has paid the Company the amounts ordered on 1 March 2024. As a consequence of *IAS 10 Events After the Reporting Period* this has been considered an adjusting event for the year ended 31 December 2023. In line with the associated costs relating to the legal matter, which have been considered as non-recurring in nature above, the associated judgment income has been deemed as non-recurring in nature.
5. During the year ended 31 December 2023, the Group repaid $121.7m of Second Lien Senior Secured Notes ("SSNs"). In repaying the notes prior to their redemption date, a redemption premium of £8.0m was incurred, of which the cash impact was incurred in the year ended 31 December 2023. Accelerated amortisation of capitalised borrowing costs and discount of £9.5m was recognised which is a non-cash item. Through the intercompany arrangement with Aston Martin Capital Holdings Limited these amounts are recharged onto Aston Martin Lagonda Limited.
   In the year ended 31 December 2022, the Group paid down $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The early settlement of these notes incurred a redemption premium of £14.3m and transaction fees of £1.9m and resulted in the acceleration of capitalised borrowing costs of £16.4m. The cash impact of the fees and premium are incurred within the year ended 31 December 2022. The acceleration of the borrowing costs is a non-cash item. Through the intercompany arrangement with Aston Martin Capital Holdings Limited these amounts are recharged onto Aston Martin Lagonda Limited.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

4. Adjusting items (continued)

6. In 2023, nil tax has been recognised as an adjusting item which is not in line with the standard rate of income tax for the Company of 23.5%. This is on the basis that the adjusting items generate net deferred tax assets (specifically unused tax losses and interest amounts disallowed under the corporate interest restriction legislation). These have not been recognised to the extent that sufficient taxable profits are not forecast (under the defined planning cycle applied for the recognition of deferred tax assets) against which the unused tax losses and interest amounts disallowed under the corporate interest restriction legislation would be utilised.

Summary of 2022 adjusting items

7. On 14 January 2022, it was announced that Doug Lafferty would be joining the Group as Chief Financial Officer replacing Ken Gregor who stepped down from the Board on 1 May 2022. On 4 May, it was announced that Tobias Moers would be stepping down as Chief Executive Officer and Chief Technical Officer. Amedeo Felisa was appointed as Chief Executive Officer and Roberto Fedeli was appointed as Chief Technical Officer on the same day. The total cost associated with these changes was £3.5m, of which £1.8m represents joining incentives, £0.7m represents severance (note 5), and £1.0m comprises social security and other costs. Due to the quantum of such costs incurred in the period, they have been separately presented.
8. In 2022, a tax credit of £0.7m has been recognised as an adjusting item which is not in line with the standard rate of income tax for the Company of 19%. This is on the basis that aside the past service cost of £2.8m (detailed above) the remaining adjusting items generate net deferred tax assets, specifically unused tax losses and interest amounts disallowed under the corporate interest restriction legislation, which have not been recognised to the extent that sufficient taxable profits are not forecast in the foreseeable future to which the net deferred tax assets would be utilised.

5. Staff costs and Directors' emoluments

(a) Staff costs (including directors)

	2023 £m	2022 £m
Wages and salaries	**162.9**	120.5
Social security costs	**18.1**	15.5
Expenses related to post-employment defined benefit plan[1]	**–**	16.0
Contributions to defined contribution plans	**20.9**	17.6
	201.9	169.6

1. The year ended 2022 includes Defined Benefit plan closure costs of £12.5m as separately described in note 4 alongside the total in-year service costs of £3.5m separately disclosed in note 20.

The average monthly number of employees during the year were:

By activity	2023 Number	2022 Number
Production	**1,113**	1,049
Selling and distribution	**197**	123
Administration	**1,146**	1,138
	2,456	2,310

(b) Directors' emoluments and transactions

	2023 £m	2022 £m
Directors' emoluments	**4.5**	2.8
Company contributions to pension schemes	**0.2**	0.2
Share related awards	**–**	0.7
Compensation for loss of office	**–**	0.8
	4.7	4.5

All directors benefited from qualifying third-party indemnity provisions. There were no balances outstanding from directors at either year end.

(c) Highest paid director

	2023 £m	2022 £m
Emoluments	**2.9**	1.7

The highest paid director was not a member of the Aston Martin Lagonda Limited defined benefit pension scheme in either year.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

6. Finance income

	2023 £m	2022 £m
Bank deposit and other interest income	9.3	1.9

7. Finance expense

	2023 £m	2022 £m
Bank loans, overdrafts and secured notes	10.9	12.2
Amount payable to fellow subsidiaries of ultimate parent undertaking	140.2	153.6
Interest on lease liabilities (note 12)	3.4	3.8
Net interest expense on the net defined benefit liability (note 20)	2.7	1.4
Interest on contract liabilities held (note 17)	6.3	7.1
Effect of discounting on long-term liabilities	0.6	-
Finance expense before adjusting items	164.1	178.1
Adjusting finance expenses		
Premium paid on the early redemption of Senior Secured Notes	8.0	14.3
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	9.5	16.4
Professional fees incurred on refinancing expensed directly to the income statement	-	1.9
Total finance expense	181.6	210.7

During the year ended 31 December 2023 no directly attributable borrowing costs relating to the construction of an asset, that has taken a substantial length of time to get ready for its intended use, have been capitalised (2022: £nil).

8. Taxation

(a) Analysis of charge in the year

	2023 £m	2022 £m
Current tax credit		
UK corporation tax on losses	(8.6)	(0.2)
Withholding tax suffered on overseas dividends	0.6	1.0
Prior period movement	0.2	-
Total current income tax credit	(7.8)	0.8
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	(14.0)	21.5
Prior period movement	(0.1)	(2.3)
Total deferred tax (credit)/charge	(14.1)	19.2
Total income tax (credit)/charge in the Income Statement	(21.9)	20.0
Tax relating to items (credited)/charged to other comprehensive income		
Deferred tax		
Actuarial movement on defined benefit pension plan	-	1.7
Fair value adjustment on cash flow hedges	(0.2)	0.4
	(0.2)	2.1
Tax relating to items charged in equity – deferred tax		
Share based payments	(0.5)	-

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

8. Taxation (continued)

(b) Reconciliation of the total income tax credit

The tax (credit)/charge in the Statement of Comprehensive Income for 2023 is lower (2022: higher) than the standard rate of UK corporation tax of 23.5% (2022: 19.0%). The differences are reconciled below.

	2023 £m	2022 £m
Loss from operations before taxation	(268.6)	(345.0)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	(63.1)	(65.6)
Difference to total income tax charge/(credit) due to effects of:		
Expenses not deductible for tax purposes	(2.5)	(2.3)
Impact of transfer pricing adjustments	1.0	0.8
Effects of Company relief	8.6	0.2
Payment for Company relief	(8.6)	(0.2)
Irrecoverable overseas withholding taxes	-	0.8
Movement in unprovided deferred tax	44.2	52.3
Derecognition of deferred tax assets	-	41.0
Adjustments in respect of prior periods	0.1	(2.3)
Difference in UK tax rates	(0.8)	(4.6)
Other	(0.8)	(0.1)
Total income tax (credit)/charge in the Income Statement	(21.9)	20.0

(c) Factors affecting future tax charges

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

(d) Pillar Two model rules

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

8. Taxation (continued)

(e) Deferred Tax

Where the right to off-set exists, deferred tax assets and liabilities have been netted down.

	Assets 2023 £m	Assets 2022 £m	Liabilities 2023 £m	Liabilities 2022 £m
Property, plant and equipment	(109.9)	(77.6)	–	–
Intangible assets	–	–	107.5	105.9
Employee benefits	(12.7)	(15.5)	–	–
Provisions	(0.9)	(0.3)	–	–
RDEC credit	(23.5)	(16.1)	–	–
RDEC deferred income	(13.8)	–	–	–
Losses	(127.7)	(157.6)	–	–
Share based payments	(2.0)	(0.2)	–	–
Unremitted earnings	–	–	–	0.7
Other	–	–	0.5	0.5
Deferred tax (assets)/liabilities	(290.5)	(267.3)	108.0	107.1
Set off of tax liabilities/(assets)	108.0	106.4	(108.0)	(106.4)
Total deferred tax (assets)/liabilities	(182.5)	(160.9)	–	0.7

Movement in deferred tax 2023	1 January 2023 £m	Recognised in Income and OCI £m	Recognised in Equity £m	Other movement £m	31 December 2023 £m
Property, plant and equipment	(77.6)	(32.3)	–	–	(109.9)
Intangible assets	105.9	1.6	–	–	107.5
Employee benefits	(15.5)	2.8	–	–	(12.7)
Provisions	(0.3)	(0.6)	–	–	(0.9)
RDEC credit	(16.1)	–	–	(7.4)	(23.5)
RDEC deferred income	–	(13.8)	–	–	(13.8)
Losses	(157.6)	29.9	–	–	(127.7)
Share based payments	(0.2)	(1.3)	(0.5)	–	(2.0)
Unremitted earnings	0.7	(0.7)	–	–	–
Other	0.5	–	–	–	0.5
	(160.2)	(14.4)	(0.5)	(7.4)	(182.5)

Movement in deferred tax 2022	1 January 2022 £m	Recognised in Income and OCI £m	Recognised in Equity £m	Other movement £m	31 December 2022 £m
Property, plant and equipment	(112.7)	35.1	–	–	(77.6)
Intangible assets	108.7	(2.8)	–	–	105.9
Employee benefits	(19.9)	4.4	–	–	(15.5)
Provisions	(0.4)	0.1	–	–	(0.3)
RDEC credit	(12.6)	–	–	(3.5)	(16.1)
Losses	(141.8)	(15.8)	–	–	(157.6)
Share based payments	(0.7)	0.5	–	–	(0.2)
Unremitted earnings	0.8	(0.1)	–	–	0.7
Other	0.5	–	–	–	0.5
	(178.1)	21.4	–	(3.5)	(160.2)

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

8. Taxation (continued)

The Losses and other deductions of £127.7m (£510.9m gross) comprises of UK tax losses totalling £78.7m (£314.6m gross) and disallowed interest amounts of £49.1m (£196.3m gross)

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

Given the recent history of accumulating tax losses, the company has evaluated whether there is convincing other evidence that sufficient taxable profit will be available in determining the supportable level of net deferred tax assets which have been recognised at the reporting date. The significant progress made both strategically and financially in the past couple of years provides convincing evidence that the current business plan, as set out by the Executive team, will start generating the forecast taxable profits in the UK in the short term in order to support the recognition of deferred tax assets. The future forecasts cover an extended period, which inherently increases the level of significant estimation uncertainty in the later periods. Specifically in this context, a defined look-out period to 31 December 2030 was selected on the basis that this timeframe correlates to existing Internal Combustion Engine ('ICE') and Plug-In Hybrid Vehicle ('PHEV') vehicle life cycles.

The Company has gross deferred tax assets unrecognised at the balance sheet date totalling £1,015.8m (2022: £768.3m) comprised of £356.6m tax losses (2022: £448.1m), £196.8m accelerated capital allowances (2022: £218.1m) and £462.4m of disallowed tax interest amounts (£102.1m).

The aggregate amount of temporary differences associated with investments in subsidiaries and branches for which deferred tax assets have not been recognised is £1.5m for the financial year ended 31 December 2023 (2022: £38.4m).

9. Intangible assets

	Computer Software £m	Development costs £m	Technology £m	Tool sharing arrangement and Other £m	Total £m
Cost					
Balance at 1 January 2023	49.0	1,827.3	163.5	5.8	2,045.6
Additions	6.4	268.5	188.5	–	463.4
Balance at 31 December 2023	**55.4**	**2,095.8**	**352.0**	**5.8**	**2,509.0**
Amortisation					
Balance at 1 January 2023	42.3	984.0	11.8	4.1	1,042.2
Charge for the year	5.2	263.5	9.8	0.5	279.0
Balance at 31 December 2023	**47.5**	**1,247.5**	**21.6**	**4.6**	**1,321.2**
Net book value					
At 1 January 2023	6.7	843.3	151.7	1.7	1,003.4
At 31 December 2023	**7.9**	**848.3**	**330.4**	**1.2**	**1,187.8**

Computer software relates to expenditure on computer software and internally generated computer software costs.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

9. Intangible assets (continued)

Development costs relate to expenditure on developing sports cars. Technology assets represent the rights to Daimler AG technology. On 7 December 2020, the ultimate parent company (Aston Martin Global Holdings plc) issued 224,657,287 shares to Mercedes-Benz AG ("MBAG") as consideration for access to the first tranche of powertrain and electronic architecture via a Strategic Co-operation Agreement. This technology has been passed down from the ultimate parent via a capital contribution for use by Aston Martin Lagonda Limited. The Company was required to undertake a valuation exercise to measure the fair value of the access to the MBAG technology upon its initial capitalisation. The Company selected the "With and Without" income approach which compares the net present value of cash flows from the Company's business plan prior to ("without") and after ("with") the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Company's assessment, the fair value of access to this technology is £142.3m. The £142.3m represents the assumed cost at acquisition after which the cost model will be adopted. Amortisation commenced during the year ended 31 December 2023 and the carrying value of the technology asset is £134.2m.

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

Tool sharing and other includes distribution rights and intellectual property.

Amortisation charges are included within administrative and other costs in the Income Statement.

10. Impairment

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

The Company reviews the carrying amount of non-current assets with finite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount and the recoverable amount of the assets. The recoverable amount is the higher of the assets' fair value less costs of disposal and its value-in-use. Where non-current assets with finite useful lives are not yet available for use, these are tested for impairment annually.

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

10. Impairment (continued)

Key assumptions used in value-in-use calculations

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

- Cash flows are projected based on actual operating results and the current five-year plan.
- Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Company operates. The pre-tax discount rate used was 14.0% (2022: 14.0%).
- A long-term growth rate of 2% (2022: 2%).

Sensitivity analysis

- As at 31 December 2023 the gross margin would need to decrease by 36.0% (2022: 27.0%) before any of the finite life assets become impaired.

11. Property, plant and equipment

	Freehold land and Buildings £m	Tooling £m	Plant, machinery, fixtures and fittings £m	Motor Vehicles £m	Total £m
Cost					
Balance at 1 January 2023	61.7	609.8	294.6	0.7	966.8
Additions	4.6	44.9	23.4	–	72.9
Disposals	–	(2.8)	(1.0)	–	(3.8)
Balance at 31 December 2023	**66.3**	**651.9**	**317.0**	**0.7**	**1,035.9**
Depreciation					
Balance at 1 January 2023	30.7	426.5	151.1	0.1	608.4
Charge for the year	1.9	67.9	19.2	–	89.0
Disposals	–	(0.9)	(0.3)	–	(1.2)
Balance at 31 December 2023	**32.6**	**493.5**	**170.0**	**0.1**	**696.2**
Net book value					
At 1 January 2023	31.0	183.3	143.5	0.6	358.4
At 31 December 2023	**33.7**	**158.4**	**147.0**	**0.6**	**339.7**

Assets in the course of construction at a cost of £36.5m (2022: £32.9m) are not depreciated until available for use and are included within tooling, plant and machinery. The gross value of freehold land and buildings includes freehold land of £6.1m (2022: £6.1m) which is not depreciated.

Capital commitments are disclosed in note 23.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

12. Leases

a) Right-of-use lease assets

	Properties £m	Plant and machinery £m	IT equipment £m	Total £m
Cost				
Balance at 1 January 2023	70.9	11.1	0.9	82.9
Additions	4.0	–	1.3	5.3
Modifications	0.8	–	–	0.8
Disposals	(2.7)	(0.1)	(0.1)	(2.9)
Balance at 31 December 2023	**73.0**	**11.0**	**2.1**	**86.1**
Depreciation				
Balance at 1 January 2023	20.6	1.2	0.7	22.5
Charge for the year	5.1	0.4	0.6	6.1
Disposals	(2.6)	(0.1)	(0.1)	(2.8)
Balance at 31 December 2023	**23.1**	**1.5**	**1.2**	**25.8**
Carrying value				
At 1 January 2023	50.3	9.9	0.2	60.4
At 31 December 2023	**49.9**	**9.5**	**0.9**	**60.3**

b) Obligations under leases

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

	2023 £m	2022 £m
Less than one year	**6.0**	4.5
One to five year	**19.8**	16.5
More than five years	**59.6**	63.5
	85.4	84.5
Analysed as:		
Current	**6.0**	4.5
Non-current	**79.4**	80.0
	85.4	84.5

The total lease interest expense for the current year was £3.4m (2022: £3.8m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £8.6m (2022: £11.5m). Expenses charged to the Income Statement for short-term and low-value leases for the year-ended 31 December 2023 were £0.3m (2022: £0.7m). The portfolio of short-term leases at 31 December 2023 is representative of the expected annual short-term lease expense in future years.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

13. Investments in equity interests

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

At the point of subscription, a valuation exercise was undertaken to determine the fair value of the derivatives with a gain being recognised in the Consolidated Income Statement (see note 18). As the subscription was sufficiently close to the year-end date, and no material changes have occurred in underlying business, the same valuation was used to determine the fair value as at 31 December 2023. The fair value of the warrant equity option and reward shares was established by applying the proportion of equity represented by the derivatives to an assessment of the equity value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment.

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

14. Investments in subsidiary undertakings

	2023 £m	2022 £m
Closing cost and net book value	10.0	10.0

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
Aston Martin Lagonda Pension Trustees Limited	Ordinary	100%*	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda of Europe GmbH >	Ordinary	100%*	Provision of engineering and sales and marketing services
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd√	Ordinary	100%*	Luxury sports car distributor
AM Nurburgring Racing Limited	Ordinary	100%*	Dormant company
Aston Martin Japan GK <<	Ordinary	100%*	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda – Asia Pacific PTE Limited >>	Ordinary	100%*	Operator of the sales office in Singapore and certain other countries in the Asia Pacific region
AMWS Limited ◊	Ordinary	50%*	Holding company
Aston Martin Works Limited	Ordinary	50%**	Sale, servicing and restoration of Aston Martin cars

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

- ◊ incorporated in Jersey (tax resident in the United Kingdom)
- > incorporated in Germany
- << incorporated in Japan
- >> incorporated in Singapore
- √ incorporated in the People's Republic of China
- * Held directly by the Company
- ** Held indirectly by the Company

Registered addresses

Aston Martin Lagonda Pension Trustees Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda of Europe GmbH	Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	Unit 2901, Raffles City Office Tower, No. 268 Xi Zang Middle Road, Huangpu District, Shanghai, China 200001
AM Nurburgring Racing Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Japan GK	1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan
Aston Martin Lagonda – Asia Pacific PTE Limited	Baker & McKenzie Singapore – 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981
AMWS Limited	28 Esplanade, St Helier, Jersey, JE1 3QA
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

15. Inventories

	2023 £m	2022 £m
Parts for resale, service parts and production stock	156.2	150.9
Work in progress	30.4	45.4
Finished vehicles	64.4	65.8
	251.0	262.1

Finished vehicles includes Company owned service cars at a net realisable value of £45.3m (31 December 2022: £39.2m). During the years ended 31 December 2023 and 2022 inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 17 for further details.

16. Trade and other receivables

Amounts included in current assets	2023 £m	2022 £m (restated*)
Trade receivables	154.7	108.9
Other receivables	60.2	56.7
Prepayments	44.2	44.7
	259.1	210.3

Amounts included in non- current assets	2023 £m	2022 £m (restated*)
Amounts owed by Group undertakings	111.0	157.0
Trade and other receivables	2.0	2.0
	113.0	159.0

*For further details on the restatement see note 1.

Trade and other receivables are non-interest bearing and generally have terms of less than 60 days. Due to short maturities, the fair value of trade and other receivables approximates to their book value.

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

Provision for impairment of receivables

Trade receivables and amounts owed by Group undertakings with a value of £4.6 were provided for by the Company at 31 December 2023 (2022: £6.8m). Management review trade receivables and amounts owed by Group undertakings on an Individual basis and an expected credit loss provision is recorded.

Wholesale finance facility

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

In the year ended 31 December 2022, the Company entered into a new multi-currency wholesale finance facility with CA Auto Bank S.p.A. ("CAAB") and its regional designates. Under the facility, the Company finances dealer trade receivables with FCAB around the time a sale has been made under the Company's revenue recognition policy and receives consideration equal to the value of the trade receivable financed.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

16. Trade and other receivables (continued)

The Company has the option to subvent the dealer financing cost which provides the dealer network an interest-free period. The cost of this subvention is presented as a financing expense in the Consolidated Income Statement. The Company has considered the IFRS 9 criteria for asset derecognition in respect of the trade receivables financed through FCAB. The Company is satisfied that substantially all the risks are transferred to FCAB. As a result, the wholesale finance facility is off balance sheet. As at 31 December 2023 £83.8m was financed under the facility (2022: £65.2m).

The Company's previous wholesale finance facility was with Velocitas Funding Designated Activity Company ("Velocitas") a special purpose vehicle established for the purpose and financed by a panel of banks led by JPMorgan Chase Bank, N.A., London Branch. At 31 December 2022 the multi-currency facility was closed to new financing, is currently in a wind down period and wound down in the first half of 2023. The utilisation of the facility as at 31 December 2022 was £11.4m. The remaining senior loan of £0.1m and subordinated loan of £0.5m was received by the Company in the year ended 31 December 2023.

17. Borrowings and trade and other liabilities

Amounts included in current liabilities	**2023 £m**	2022 £m (restated*)
Bank loans and overdrafts	**–**	30.0
Trade payables	**189.3**	194.3
Amounts owed to Group undertakings	**2,450.5**	2,186.6
Deferred income – service packages and other	**6.2**	15.6
Customer deposits and advances	**206.8**	285.0
Deferred tax relief income	**13.8**	14.9
Accruals and other payables	**290.2**	252.8
	3,156.8	2,979.2

Amounts included in non- current liabilities	**2023 £m**	2022 £m (restated*)
Amounts owed to Group undertakings	**119.6**	119.6
Deferred income – service packages	**7.7**	8.6
Deferred tax relief income	**42.0**	34.1
Accruals and other payables	**72.6**	–
	241.9	162.3

** Detail on the restatement is disclosed in note 1*

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

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

Inventory repurchase arrangement

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

17. Borrowings and trade and other liabilities (continued)

Customer deposits

Customer deposits and advances are recognised in revenue when the performance obligation, principally the supply of a Limited-Edition vehicle or service of a vehicle, is met by the Company. As part of the normal operating cycle of Special Vehicle projects, to which these customer deposits primarily relate, the Company expects to derecognise a significant proportion over the next three years with approximately £147.1m expected to be recognised in 2024. This unwind relates to the balance held as at 31 December 2023 and does not take into consideration any additional deposits and advances arising during 2024.

In the year ended 31 December 2023, a finance expense of £6.3m (see note 7) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2022: £7.1m). Upon satisfaction of the linked performance obligation, the liability is released to revenue so that the total amount taken to the Income Statement reflects the sales price the customer would have paid for the vehicle at that point in time.

The Company applies a practical expedient for short term advances received from customers whereby the advanced payment is not adjusted for the effects of a significant financing component. According to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, some deposits are contractually refundable. At 31 December 2023 the Company held £71.4m of contractually refundable deposits (before the impact of significant financing components) (2022: £53.9m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer who is required to make an equivalent advanced payment. The cumulative significant financing component associated with a reimbursed advance payment is credited in arriving at the net significant finance charge for the year.

Amounts owed to Group undertakings

Included within the amounts owed to Group undertakings are loans of £744.9m (31 December 2022: £814.2m) which are owed to Aston Martin Capital Holdings Limited in accordance with agreements between the two companies. The amount owed to Aston Martin Capital Holdings Limited arises due to the proceeds of Senior Secured Notes raised by Aston Martin Capital Holdings Limited being on-lent to Aston Martin Lagonda Limited.

Under the agreements the loan shall bear interest at the rate specified by Aston Martin Capital Holdings Limited. The interest payments that are owed by Aston Martin Capital Holdings Limited are settled on its behalf by Aston Martin Lagonda Limited and the balance on the amounts owed to Group undertakings is adjusted by the amounts paid. This interest will need to be paid by Aston Martin Limited to enable Aston Martin Capital Holdings Limited to pay the interest on the notes that the company has issued. The amortised cost for the loan payable should take into account the interest that it is known will ultimately be charged under the loan agreements so has been recognised in finance expense accordingly.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

17. Borrowings and trade and other liabilities (continued)

On 7 December 2020, Aston Martin Capital Holdings Limited issued $1,085.5m of First Lien Senior Secured Loan notes and $335m of Second Lien Senior Secured Loan Notes, the latter at a 2% discount. The notes are repayable in 2025 and 2026 respectively. On 7 March 2021 an additional $98.5m of First Lien notes were issued. These amounts have been lent to Aston Martin Lagonda Limited on 7 December 2020 and 7 March 2021 respectively. Following the successful equity raise in September 2022, the Group paid down $40.3m of First Lien Senior Secured Notes ("SSNs) and $143.8m of Second Lien SSNs. Under the agreements the loans shall bear interest at the rate specified by Aston Martin Capital Holdings Limited. This interest will need to be paid by Aston Martin Limited to enable Aston Martin Capital Holdings Limited to pay the interest on the notes that the company has issued.

On 21 March 2024 the Group undertook a refinancing exercise whereby new Senior Secured Notes of $960.0m at 10.0% and £400.0m at 10.375% repayable 31 March 2029 were issued and all outstanding First Lien and Second Lien Senior Secured Notes issued by Aston Martin Capital Holdings Limited were repaid. The new Notes have been issued by Aston Martin Capital Holdings and the Company remains part of the Group of companies providing joint and several guarantees to those notes. In addition, the RCF held by the Company was repaid and replaced with a new £170.0m RCF repayable 31 December 2028. The new RCF is subject to a leverage covenant tested quarterly.

18. Other financial assets and liabilities

	Other financial assets 2023 £m	Other financial liabilities 2023 £m	Other financial assets 2022 £m	Other financial liabilities 2022 £m
Forward currency contracts held at fair value	3.3	(2.1)	2.3	(0.7)
Loan assets	–	–	0.6	–
Other derivative contracts	–	–	5.6	(3.5)
Balance at 31 December	3.3	(2.1)	8.5	(4.2)
Analysed as:				
Current	3.3	(2.1)	8.5	(3.6)
Non-current	–	–	–	(0.6)
Balance at 31 December	3.3	(2.1)	8.5	(4.2)

The Company uses forward currency contracts to partly manage the risk associated with fluctuations in exchange rates when converting foreign currencies to Sterling. At the reporting date these cash flow hedges are marked-to-market and any assets and liabilities are shown as other financial assets and liabilities in the Statement of Financial Position.

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

18. Other financial assets and liabilities (continued)

A corresponding liability was recognised on inception of the arrangement which represents an accrual for that element of future sponsorship payments.

The fair value of the warrant equity option above has been established by applying the proportion of equity represented by the derivative to an assessment of the enterprise value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment. The enterprise value has been estimated using a blend of measures including an income-based approach and a market-based approach. Due to the size of the potential investment, as a proportion of the equity of AMR GP Limited, there are no plausible sensitivities which would give rise to a material variation in the carrying value of the derivative.

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

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

19. Provisions

	Warranty £m	2023 Total £m	Restructuring £m	Warranty £m	2022 Total £m
Balance at 1 January 2023	**28.8**	**28.8**	0.4	25.3	25.7
Charge for the year	**20.1**	**20.1**	–	14.7	14.7
Utilisation	**(16.3)**	**(16.3)**	(0.4)	(11.2)	(11.6)
Release to the income statement	**–**	**–**	–	–	–
Balance at 31 December 2023	**32.6**	**32.6**	–	28.8	28.8

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

	Warranty £m	2023 Total £m	Restructuring £m	Warranty £m	2022 Total £m
Analysed as:					
Current	**15.6**	**15.6**	–	13.3	13.3
Non-current	**17.0**	**17.0**	–	15.5	15.5
Balance at 31 December 2023	**32.6**	**32.6**	–	28.8	28.8

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

20. Pension obligations

Defined contribution scheme

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

Defined Benefit scheme

The Company operates a Defined Benefit Pension Scheme. During 2017 it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings (CARE) basis with effect from 1 January 2018. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members were not affected by the closure of the scheme. The assets of the scheme are held separately from those of the Company. On 31 January 2022 the scheme was closed to future accrual resulting in a curtailment loss of £2.8m (note 4).

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

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

The pension scheme exposes the Company to the following risks:

Asset volatility – the scheme's Statement of Investment Principles targets around 22% return-enhancing assets and 78% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis..

Inflation risk – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

20. Pension obligations (continued)

At the 6 April 2020 actuarial valuation, the actuarial value of the scheme assets was £314.6m, sufficient to cover 76% of the benefits which had accrued to members.

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

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

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

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

– The Pension Schemes were contracted out of the additional state pension between 1997 and 2016;

– It was possible that amendments were made to the Pension Schemes that may have impacted on the members' section 9(2B) rights.

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

Assumptions

The principal assumptions used by the actuary were:

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

20. Pension obligations (continued)

Projected life expectancy at age 65

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

20. Pension obligations (continued)

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

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

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

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

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

Analysis of amounts recognised in the Statement of Financial Position:

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

Analysis of amount taken to Other Comprehensive Income:

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

20. Pension obligations (continued)

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

21. Called up share capital

	2023 £m	2022 £m
Allotted and fully paid		
77,636,250 ordinary shares of £1 each	**77.6**	77.6

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22. Share based payments

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

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

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

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

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

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

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

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

The total expense recognised for LTIP schemes and the Legacy LTIP in the period arising from equity-settled share-based payments is as follows:

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

22. Share based payments (continued)

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
2023 LTIP share option charge	3.4	–
2022 LTIP share option charge	1.6	0.9
2021 LTIP share option charge	–	0.5
2020 LTIP share option credit	–	(1.4)
Grant of shares upon closure of the Defined Benefit Pension Scheme	–	1.0
Group Director buyout	–	0.8
Employee Share Incentive Plan	0.4	–
	5.4	1.8

23. Contingent liabilities and capital commitments

At 31 December 2023 the Company was a guarantor for the Senior Secured Notes, with a carrying value of £980.3m (31 December 2022: £1,104.0m), issued by Aston Martin Capital Holdings Limited. Aston Martin Capital Holdings Limited is a subsidiary of Aston Martin Investments Limited, of which the Company is an indirect subsidiary. Following the repayment of the Notes in March 2024 (See note 26), the Company also acts as a guarantor on the £400.0m and $960.0m Senior Secured Notes.

In the normal course of the Company's business, claims, disputes, and legal proceedings involving customers, dealers, suppliers, employees or others are pending or may be brought against Company entities arising out of current or past operations. There is presently a dispute between the Company and the other shareholders of one of its subsidiary entities, which is ongoing and from which a future obligation may arise. The Company denies the claims made and is working to resolve the matters raised.

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

24. Related party transactions

Amounts owed by and amounts owed to related parties at 31 December 2023 and 31 December 2022 are interest free and repayable on demand, except on the amounts borrowed from the Senior Secured Notes and the Revolving credit Facility of which there is a fixed rate of interest charged on these. These are issued by Aston Martin Capital Holdings Limited and Aston Martin Investments Limited respectively. As at 31 December 2023 the Senior Secured Notes have a carrying value of £980.3m (31 December 2022: £1,104.0m) and the utilisation of the Revolving Credit Facility was £90.0m of the £99.6m facility (31 December 2022: £78.5m of the £90.6m).

The company has taken the exemption of disclosing transactions with wholly owned subsidiaries.

Aston Martin Works Limited services, restores and sells Aston Martin cars. Aston Martin Lagonda Limited has a 50% shareholding in AMWS Limited, giving it a 50% indirect holding of Aston Martin Works Limited. Sales to and purchases from Aston Martin Works Limited during the year ended, and as at 31 December 2023 in the ordinary course of business are shown below:

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

24. Related party transactions (continued)

	Sales to related party £m	Purchases from related party £m	Amounts owed by related party £m	Amounts owed to related party £m
Aston Martin Works Limited	39.9	4.7	0.9	–

Sales to and purchases from Aston Martin Works Limited during the year ended, and as at 31 December 2022 in the ordinary course of business are shown below

	Sales to related party £m	Purchases from related party £m	Amounts owed by related party £m	Amounts owed to related party £m
Aston Martin Works Limited	19.0	6.5	0.3	–

All transactions with related parties are conducted on an arms–length basis.

25. Immediate and ultimate parent company

The Company's immediate holding Company is Aston Martin Lagonda Group Limited, of which it is a wholly owned subsidiary. The results of the Company have been consolidated in the accounts of Aston Martin Lagonda Global Holdings plc. This is the largest and smallest Company in which the results of the Company are consolidated. Copies of the Financial Statements of Aston Martin Lagonda Global Holdings plc may be obtained from Companies House.

26. Post balance sheet events

On 1 March 2024 a court order was issued quantifying amounts payable to the Company from the judgment of proceedings the Company brought against a retail dealership, which is ultimately owned by entities that are shareholders in one of the Company's subsidiary entities, for unpaid debts relating to two agreements form 2015 and 2016. The court ordered that the counter party should pay the Company £11.0m in relation to the judgment sum, the Company's costs, and interest on the judgment sum in respect of the period up until the date of payment. The counter party has paid the Company the amounts ordered on 1 March 2024. As a consequence of *IAS 10 Events After the Reporting Period*, this has been considered an adjusting event. £2.4m of the judgment has been assessed as non-recurring in nature (note 4).

On 21 March 2024 the Group undertook a refinancing exercise whereby new Senior Secured Notes of $960.0m at 10.0% and £400.0m at 10.375% repayable 31 March 2029 were issued and all outstanding First Lien and Second Lien Senior Secured Notes issued by Aston Martin Capital Holdings Limited were repaid. The new Notes have been issued by Aston Martin Capital Holdings and the Company remains part of the Group of companies providing joint and several guarantees to those notes. In addition, the RCF held by the Company was repaid and replaced with a new £170.0m RCF repayable 31 December 2028. The new RCF is subject to a leverage covenant tested quarterly.