

ASTON MARTIN LAGONDA

ANNUAL REPORT AND ACCOUNTS 2021



2021 HIGHLIGHTS

FINANCIAL

Revenue

£1.1bn

+79% (2020: £0.6bn)

Adjusted EBITDA

£138m

(2020: £(70)m)

Operating Loss

£77m

(2020: £323m)

NON-FINANCIAL

DEMAND

ahead of supply

>6,000

core vehicles delivered

DBX took an estimated

20%

share of luxury SUV market in first full year

AWE-INSPIRING

Aston Martin Valkyrie programme deliveries commenced

NET-ZERO

committed to the Science Based Targets initiative Net-Zero Standard

BUSINESS AT A GLANCE

DELIVERING STAKEHOLDER VALUE AS AN ULTRA-LUXURY BRITISH PERFORMANCE BRAND

2,207
employees

168
third-party dealer locations

6,178
number of vehicles wholesaled

£1.1bn
total revenue

95%
of vehicles produced are
still on the road today

OUR CORE MODELS

VANTAGE

DB11

DBS

DBX

ABOUT US

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

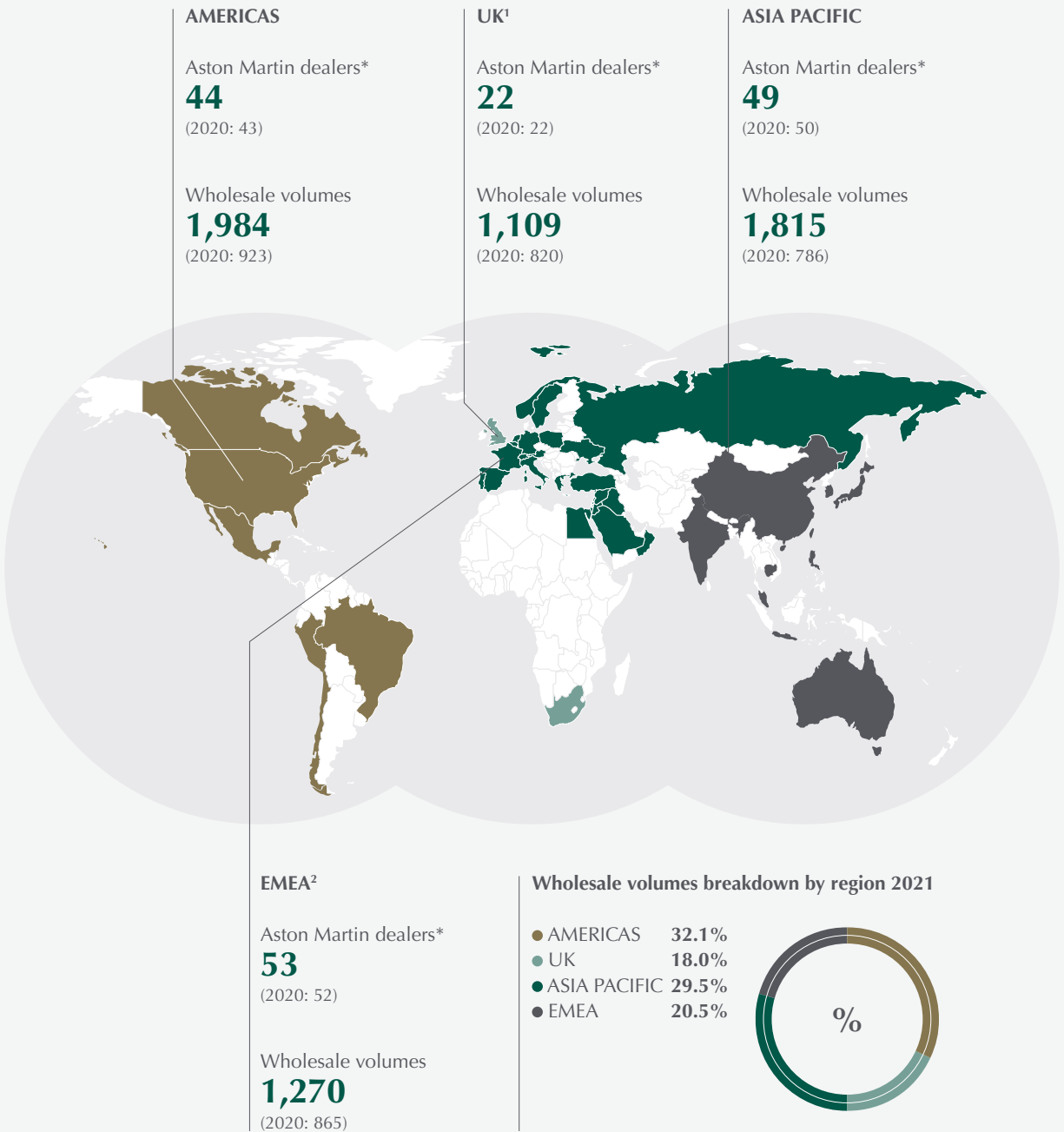
Founded in 1913 by Lionel Martin and Robert Bamford, Aston Martin is acknowledged as an iconic global brand synonymous with style, luxury, performance and exclusivity. Aston Martin fuses the latest technology, time-honoured craftsmanship and beautiful styling to produce a range of critically-acclaimed luxury models including the Vantage, DB11, DBS and DBX and its first hypercar, the Aston Martin Valkyrie.

Based in Gaydon, England, Aston Martin Lagonda designs, creates and exports cars which are sold in 56 countries around the world. Its sports cars are manufactured in Gaydon with its luxury SUV range manufactured in St Athan, Wales.

Lagonda was founded in 1899 and Aston Martin in 1913. The two brands came together in 1947 when both were purchased by the late Sir David Brown, and the Company is now listed on the London Stock Exchange as Aston Martin Lagonda Global Holdings plc.

2020 saw Lawrence Stroll become the Company's Executive Chairman, alongside significant new investment, a move that led to Aston Martin's return to the pinnacle of motorsport through sponsorship of the Aston Martin Cognizant Formula One™ Team and ushered in a new era for the iconic British marque.

OUR GEOGRAPHICAL FOOTPRINT AND NETWORK



* all dealers are third-party dealers
 1. UK includes South Africa
 2. EMEA includes Europe, Middle East and Africa (excluding the UK and South Africa)

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STRATEGIC REPORT

OUR ULTRA-LUXURY JOURNEY

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BUILDING ON OUR WORLD-CLASS BRAND

TRANSCENDING ULTRA-LUXURY



↑ The one-off Aston Martin Victor is an example of the brand's ability to create truly bespoke, individual sports cars through the 'Q by Aston Martin – Commission' offering

2021 has been a landmark year in the redefinition of Aston Martin as one of the world's most desirable ultra-luxury British performance brands, and the maker of the most exquisitely addictive performance cars.

Helped by our breathtaking product portfolio, new car sales grew by 82% year on year. Retail sales made through our dealers reached their highest level since 2007, a year when Aston Martin posted record sales figures.

The average selling price of £162,000 for new products across our total portfolio highlights the unique strength and sentiment of the Aston Martin brand and its ability to attract consumer demand.

Improvements to the Aston Martin customer journey have also driven significant retail rewards. In a welcome shift, sales from dealers to customers were greater than wholesales for both our Sport/GT cars and luxury SUVs, as the business aligned supply to demand. Operating as a true luxury brand, dealer stock is now at optimum levels.

The introduction of a best-in-class online configurator tool in July has enhanced the enquiry and ordering process for customers and led to dealer leads being trebled, as Aston Martin embraces new audiences and capitalises on the trends of personalisation and digital connectivity so revered by today's luxury consumer.

More than 13,000 users visited the configurator on launch day, with 2,500 sales leads generated within just three months of its launch.



“For more than a century, Aston Martin has been defined by peerless performance and sports cars of unparalleled beauty and refinement. My consortium members and I have invested in Aston Martin to ensure that the excellence that has defined our products will now extend to how we run our business.”

LAWRENCE STROLL
EXECUTIVE CHAIRMAN OF
ASTON MARTIN LAGONDA



50% of Aston Martin end customers are now newcomers to the brand, and this appetite to expand Aston Martin's fiercely loyal customer base has benefited from a tailored approach to increasing our market share in key international markets.

In 2021, strengthened regional leadership has developed and expanded our network of dealers, while the successful launch of the first DBX derivative, Straight-Six, exclusively in our fastest-growing market of China, demonstrates our understanding of the local desires of customers and our ability to match them with the perfect Aston Martin product. Sales in China grew more than 206% in 2021.

In our largest market, Aston Martin celebrated the 70th anniversary of trading in the United States by putting the brand centre-stage at the Pebble Beach Concours d'Elegance – one of the most prestigious luxury automotive events in the world. Reconnecting with dealers and customers in the region helped Aston Martin generate unprecedented excitement, with the highest retail sales for more than a decade and the Aston Martin Valkyrie Spider two-times oversubscribed following its successful launch at Pebble Beach.

“In 1913, Lionel Martin and Robert Bamford teamed up with an idea. To race cars and use what they learnt to make exquisite British sports cars. 109 years later, everything has changed. And yet nothing has changed.”

TOBIAS MOERS
CEO OF ASTON MARTIN LAGONDA

Our growth in the luxury SUV segment was another global success. In its first full year of sales, the DBX model has already gained an estimated 20% market share and will be further strengthened by new derivatives. The first of these, DBX Straight-Six, was launched on schedule in 2021, whilst development of the second derivative, DBX707, the world's most powerful luxury SUV, culminated in the car's global launch in February 2022.

Aston Martin's renown for creating unique Special models for its VIP customers continued in 2021 through the launch of the Aston Martin Valhalla hybrid supercar, named 'Design of the Year' at the 2021 Automobile Awards for its functionality and beauty. The successful activation of the Valhalla global tour has brought the car to prospective customers through a series of intimate VIP events in each of our largest markets.

November saw the first Aston Martin Valkyrie programme cars completed, with the start of deliveries to customers in December marking the summit of our pioneering hypercar programme, which has pushed new boundaries in British engineering mastery.

The first true Formula One™ car for the road, Aston Martin Valkyrie is an example of Aston Martin's utilisation of cutting-edge F1™ technology, a synergy which has been cemented in 2021 through the brand's return to the pinnacle of motorsport with the Aston Martin Cognizant Formula One™ Team. Increasing brand desirability and relevance, the partnership has brought Aston Martin to a passionate worldwide audience during the most thrilling F1™ season in decades.

LEADING THROUGH INNOVATION

A BREATHTAKING PORTFOLIO





↑ Named 'Design of the Year' at the 2021 Automobile Awards, Valhalla was commended for its functionality and beauty

NEW ADDITIONS

2021 has seen exciting new additions to Aston Martin's breathtaking product portfolio.

We celebrated the brand's return to Formula One™ for the first time in more than 60 years with the new Vantage F1™ Edition, the ultimate expression of performance and first ever Aston Martin road car to don the F1™ badging.

The Aston Martin Valkyrie AMR Pro represents the track evolution of the revolutionary Aston Martin Valkyrie road car, the bloodline of which now also includes the stunning open-top Aston Martin Valkyrie Spider, two-times oversubscribed following its launch at the Pebble Beach Concours d'Elegance.

A glimpse into Aston Martin's future was provided by the reveal of Valhalla, an extraordinary, truly driver-focused mid-engine plug-in hybrid supercar, while the limited-edition V12 Speedster is a nod to our proud past as well as our exciting future.

Our growth in the luxury SUV market continues with the first DBX derivative, Straight-Six, which was launched to acclaim in Shanghai in November and is exclusively marketed in China.



Created by bespoke customisation service 'Q by Aston Martin – Commission', the Aston Martin V12 Speedster draws inspiration from both the brand's rich racing history and aeronautical design



Aston Martin Valkyrie made its highly-anticipated public debut at the Goodwood Festival of Speed in July 2021

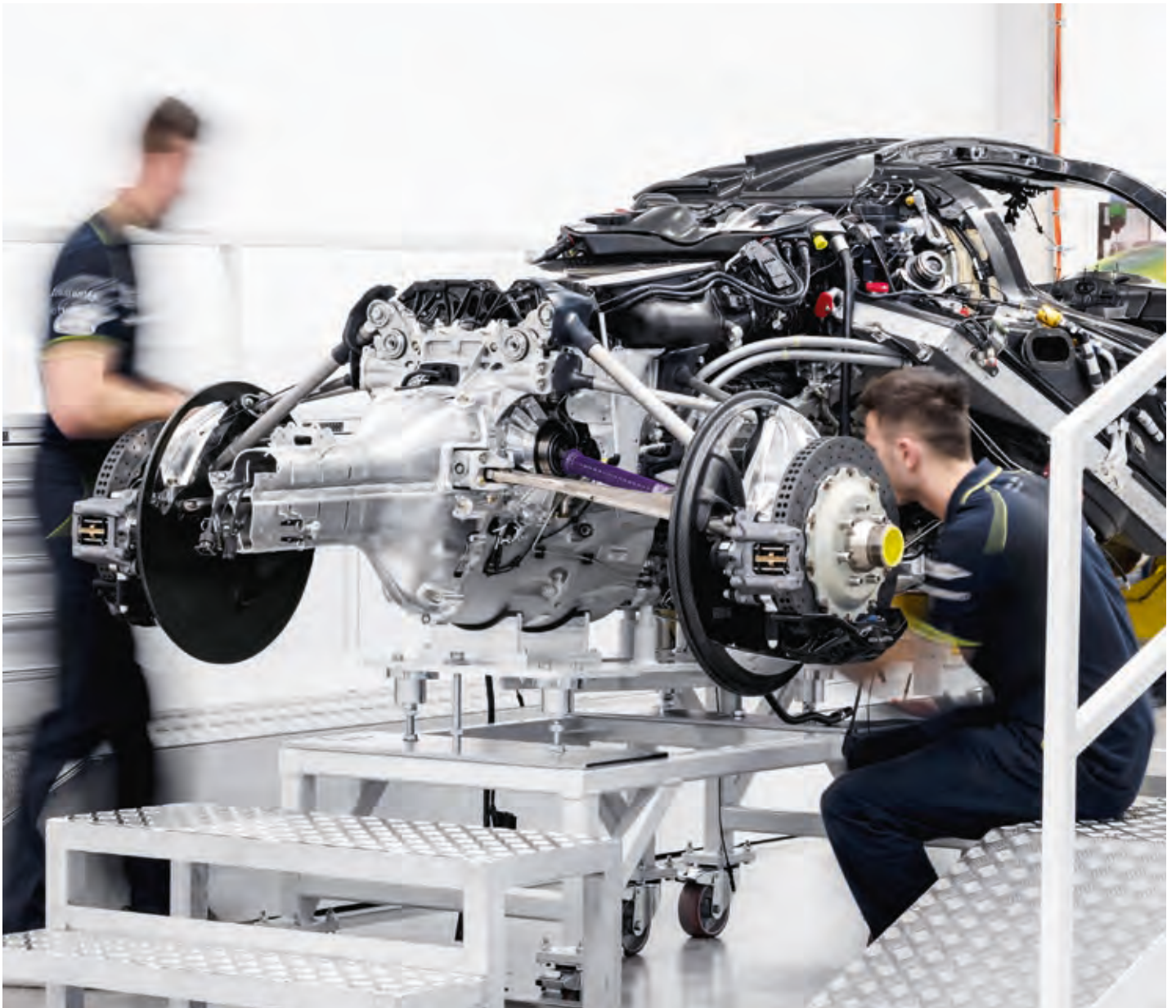


In its first full year of sales, DBX claimed an estimated 20% market share of the luxury SUV segment



HAVING THE RIGHT PEOPLE IN OUR BUSINESS

WORLD-CLASS TALENT



“We have taken huge strides in our transformation to become an engineering-led, technology and performance-oriented ultra-luxury carmaker.”



↑ Investing in people has been a major focus of Aston Martin's Project Horizon transformation

A key element of Aston Martin's future growth strategy is investing in our people, with the strength of the brand attracting new talent to complement a world-class team. In the first full year of new leadership from our Executive Chairman and Chief Executive Officer, this focus has been accelerated. Key management hires have been made throughout the entire business, spanning operational to commercial functions.

Leadership in key regions has also been strengthened, including the appointment in November of a new President of Aston Martin The Americas, our largest region by sales.

Diversity and inclusion has been a key focus for the business, with a new ambition to achieve 25% female leadership in our business within the next five years.

We have taken huge strides in our transformation to become an engineering-led, technology and performance-oriented ultra-luxury carmaker. Since Project Horizon began, nearly two hundred engineering vacancies have been filled, while the business has renewed its focus on in-house intellectual property development, including software and skills relating to electric vehicles, thereby fostering engineering excellence within our corporate DNA.

Just as our product performance credibility benefits from our association with Formula One™, so too does our workplace culture – with an F1™-inspired performance mindset being developed at Aston Martin, harnessing agility, speed and a winning culture among employees. The commitment of our dedicated and talented people has never been more evident than during the past two years, with our business adapting to navigate successfully through unprecedented headwinds caused by the COVID-19 pandemic and the subsequent changes in ownership and leadership.

Our 2021 independent employee engagement survey – which saw 80% participation across our entire business – highlighted that 86% of Aston Martin employees are proud to work at the Company, while strong teamwork attributes were ahead of external benchmarks.

Increased efforts have been made in 2021 to engage and reward employees. The return of face-to-face Town Hall events has provided employees with an opportunity to hear from leadership about their vision for the Company and experience our breathtaking product pipeline, while every employee benefited from free cinema tickets to experience the brand's starring role in *No Time To Die*, and the chance to win tickets to the 2021 British Grand Prix.



LEVERAGING OUR FORMULA ONE™ TEAM

AN AUDIENCE OF MILLIONS

The launch of the Aston Martin Cognizant Formula One™ Team has seen our brand return to the pinnacle of international motorsport for the first time in more than 60 years.

Shining a spotlight on the brand's high performance credentials, F1™ technology has already been harnessed in our flagship Aston Martin Valkyrie hypercar, while the new Vantage F1™ Edition and DBX have enjoyed heightened global exposure through their new roles as Official Safety and Medical Cars of F1™.

c.70,000,000

Average global TV audience per Grand Prix in 2021*

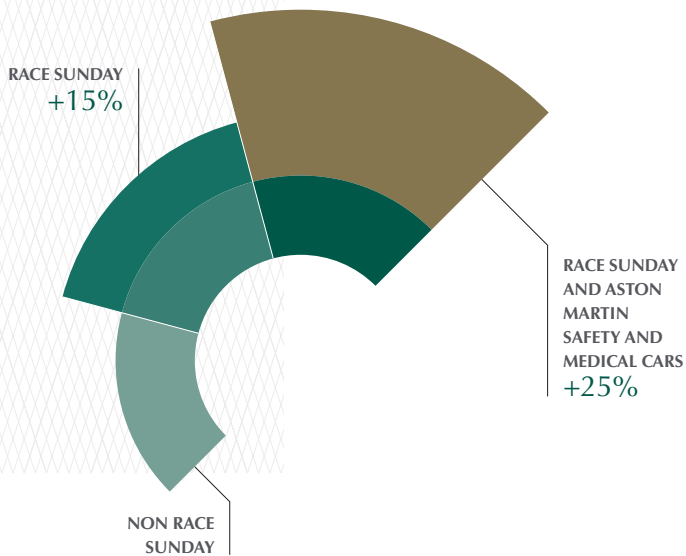
*Source: The Nielsen Company



25%

increase in web traffic on weekends where Aston Martin supplied the Official Safety and Medical Cars

WWW.ASTONMARTIN.COM
WEB TRAFFIC – AVERAGES



Aston Martin’s return to the starting grid was one of the big talking points ahead of the 2021 F1™ season and has helped generate significant brand awareness, relevance and desirability for Aston Martin at a time when the sport is enjoying rising global popularity, thanks to worldwide broadcasting and the hit Netflix documentary series *Drive to Survive*.

Highlights on the track for the team included four-time F1™ world champion Sebastian Vettel claiming his maiden podium in Aston Martin racing green at the Azerbaijan Grand Prix in June, while off the track, Aston Martin welcomed more than 300 customers and prospects at 11 events throughout the thrilling 2021 season.

The partnership has also created a powerful platform for Aston Martin to connect with its customers and regions globally, with the Aston Martin brand brought to life in top-tier Grand Prix events in some of the world’s most iconic cities.



Sebastian Vettel celebrates after taking his first podium for Aston Martin at the 2021 Azerbaijan Grand Prix



#WeRaceAsOne

ASTON MARTIN

EXECUTIVE CHAIRMAN'S STATEMENT

DELIVERING ON PROMISES

LAWRENCE STROLL
EXECUTIVE CHAIRMAN

“The evidence is there that our strategy is working, and it is a very long time since the core business was in such good health as it is today.”

When I became Executive Chairman of Aston Martin in 2020, we embarked on a journey to transform the business into one of the greatest ultra-luxury brands in the world. 2021 has been a landmark year in our quest to reach that goal and I am extremely pleased with the progress made and the pathway forged for Aston Martin's future success.

We have already delivered on many of our promises. Our core business has performed to plan in its first full year of new leadership, with our largest number of retail sales made by our dealers since 2007, despite the challenging global backdrop of COVID-19.

The evidence is there that our strategy is working, and it is a very long time since the core business was in such good health as it is today.

ULTRA-LUXURY MEETS HIGH PERFORMANCE

The transformational changes made over the last two years now firmly position our business between the crosshairs of ultra-luxury and high performance.

In a major shift, retail sales have exceeded wholesales, with supply being aligned to customer demand in the period. Following our successful destocking of the dealer network – in a quicker timeframe than was expected – we now hold optimum stock levels for an ultra-luxury business.

Helped by stronger trading conditions, an enhanced luxury customer experience and heightened brand desirability, 2021 has seen significant growth in the Americas and record sales in China, with these regions identified as a strategic focus for our business as part of our Project Horizon transformation.





NAVIGATING CHALLENGES

I am proud of how we have navigated our way through the two major challenges the business has faced in 2021 – the continued impact of the COVID-19 pandemic and the complexities of the Aston Martin Valkyrie hypercar programme we inherited.

We have continued growing our business through the pandemic, managing to maintain our operations while protecting the health and safety of our employees through diligent working practices.

2021 has also seen us reach the summit of the era-defining Aston Martin Valkyrie engineering programme by delivering the first customer cars and ramping up a quality-focused production. While adjustments made to our production and delivery schedule for Aston Martin Valkyrie in 2021 meant that our Adjusted EBITDA was lower than we originally planned, this is merely a timing issue, and our VIP customers are eagerly awaiting these unique cars.

PRODUCT PIPELINE

Our journey to becoming a leading ultra-luxury brand will be accelerated by the stunning pipeline of product heading to our dealers' showrooms. While 2021 saw the launch of Valhalla, Aston Martin Valkyrie Spider and DBX Straight-Six, it was also a significant year of product development with the recently launched DBX707 derivative and V12 Vantage on sale in 2022, and our next generation of front-engine Sport/GT cars coming in 2023.

ELECTRIFICATION

The fact that three of the most recent models we have launched – DBX Straight-Six, Valhalla, and Aston Martin Valkyrie – all feature hybrid technology also provides an indication to our future direction. These models are key steps in our electrification roadmap, which will see our first plug-in hybrid electric vehicle (PHEV) launched in 2024 and the first battery electric vehicle (BEV) is targeted for launch in 2025.

“Our journey to becoming a leading ultra-luxury manufacturer will be accelerated by the stunning pipeline of product heading to our dealers’ showrooms.”

LUXURY SUV GROWTH

One of the success stories of 2021 was the performance of DBX in its first full year of sales. Our move into the luxury SUV market is a key strategic growth opportunity for the brand, broadening the demographic of Aston Martin customers and adjusting to the needs of today’s luxury consumer.

Our first-ever SUV is already commanding an estimated 20% market share of the luxury SUV segment, a statistic which we expect to increase in the future with the arrival of exciting derivatives. The first of these, DBX Straight-Six, was launched to plan in November 2021, with the car being successfully marketed exclusively to our customers in China. This has since been followed by the global launch of the DBX707, which has generated industry excitement as the world’s most powerful luxury SUV.

THE PINNACLE OF MOTORSPORT

On a personal level, one of the proudest moments of 2021 was to see Aston Martin return to international motorsport through our sponsorship of the Aston Martin Cognizant Formula One™ Team.

At a time when the sport is enjoying rising popularity, F1™ is a hugely powerful global platform that is playing a key part in the overall Aston Martin strategy – increasing our brand awareness, relevance and desirability, while accelerating our technological development and digital transformation.

FUTURE CONFIDENCE

Our progress to date underpins my confidence in the future, our continued success, and the potential for the business.



Based on the hard work and achievements of 2021, I am more assured than ever of reaching our medium-term objectives of achieving revenues of circa £2bn and Adjusted EBITDA of circa £500m by 2024/25.

Of course, this future growth will be driven by our people. During 2021 we made valued additions to our Board and Executive, and upskilled our world-class commercial, technical and operational teams with new talent, with almost 20% of employees new to the business.

The transformation of Aston Martin is the most exciting project happening in the automotive industry this decade, and I thank all our people, investors and stakeholders for joining us on the journey.

LAWRENCE STROLL
EXECUTIVE CHAIRMAN

CHIEF EXECUTIVE OFFICER'S STATEMENT

RISING TO THE CHALLENGE

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

2021 was a pivotal year for Aston Martin, with our team rising to the collective challenge of setting ambitious new standards, elevating our business, our products and our brand.

While there remains hard work ahead of us, the last year has provided proof that Aston Martin can truly unleash its potential to become the world's most desirable ultra-luxury British performance brand.

“While there remains hard work ahead of us, the last year has provided proof that Aston Martin can truly unleash its potential.”



FINANCIAL PERFORMANCE

Strong customer demand for our products led to substantial volume growth with retails well ahead of wholesales and this, coupled with strong pricing dynamics, meant that revenue increased to £1.1bn. Adjusted EBITDA improved by more than £200m versus 2020 to £138m or a margin of 13%, as we begin to see the benefits of the efficiency actions taken, particularly on manufacturing costs. The EBITDA margin in Q4 of 18% reflected strength of trading, Specials deliveries and Project Horizon efficiencies. Operating losses for the full year were reduced, despite increased investment in brand and marketing activities. Free Cash Flow improved by £41.6m year on year to an outflow of £123m and liquidity remained strong, with year-end cash of £419m.

BUILDING ON PROJECT HORIZON

Project Horizon work has continued in 2021, consolidating the production lines at Gaydon to deliver a fully flexible and efficient assembly line for our Sport/GT cars. We have successfully implemented similar improvements to the line at St Athan, with a target to be the most efficient assembly line for luxury SUVs.

Strategic changes to the way we paint cars has also driven huge efficiencies, by fully utilising the capacity of our St Athan paint shop – one of the newest, and most efficient, in Europe. Standard colours on all Aston Martin vehicles are now painted in St Athan, with colleagues at Gaydon painting all special colours and graphics.

These improvements have contributed to a 20% manufacturing cost per unit reduction, with further reductions in operating costs targeted across our entire product range in 2022.

The consolidation of our paint shops will also have a long-term reduction in our carbon emissions, which is an ongoing priority for the business.



CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

OUR TRANSFORMATION PROGRESS

JANUARY

Return to Grand Prix racing for the first time in six decades as the Aston Martin Cognizant Formula One™ Team is announced

MARCH

Successfully completed destocking process to align supply with demand for Sport/GT cars

As Aston Martin returns to F1™, Vantage becomes Official Safety Car and DBX Official Medical Car



APRIL

Completed consolidation of production to a single line at Gaydon, unlocking operational efficiencies

JULY

Appointment of four new Non-Executive Directors signals complete rejuvenation of the Board

Launch of new industry-leading online configurator tool, which generated 2,500 sales leads in its first three months

Music video for 'Clash' by Santan Dave and Stormzy filmed at Gaydon and Silverstone featuring Aston Martin Valkyrie, Vantage F1™ Edition, V12 Speedster and DBS, generating over 30m views



AUGUST

70th anniversary of Aston Martin in North America brought two major product introductions at Pebble Beach Concours d'Elegance – the Valhalla's US debut and global reveal of Aston Martin Valkyrie Spider

Paint shop consolidation completed, with net saving of over £1,000 per vehicle
Operational efficiencies implemented at St Athan

SEPTEMBER

James Bond film *No Time To Die* is released featuring four iconic Aston Martins – DB5, V8, DBS and Valhalla

NOVEMBER

The first era-defining Aston Martin Valkyrie customer car was completed

DBX Straight-Six, the first DBX derivative, successfully launched on schedule at the Modern Art Museum in Shanghai



DECEMBER

Valhalla honoured with 'Design of the Year' at the 2021 annual Automobile Awards by a jury of industry experts

First customer deliveries of the Aston Martin Valkyrie



SETTING THE SCENE

The past year has been an opportunity to align Aston Martin for its future direction. Setting the scene for the years ahead, we have developed a clear vision for the business and begun to establish a culture of operational excellence and engineering innovation.

With a focus on accelerating our growth and driving profitability, four strategic pillars have now been identified for the future, as we focus efforts on harnessing the power of our iconic global brand, developing innovative new products, attracting and retaining world-class talent, and driving new standards in sustainability.

STRONG DESIRABILITY

I was pleased that our core business delivered as planned in 2021, achieving over 6,000 core wholesales in a year of industry-wide supply chain challenges.

Our financial results demonstrate that desirability is strong, with new customers being attracted to Aston Martin and retail sales ahead of wholesales as we follow our demand-led business model. We are achieving strong pricing and closed the year with dealer stock at optimum levels aligned to our business approach.

ASTON MARTIN VALKYRIE

Our Aston Martin Valkyrie programme is well underway, having seen adjustments to our delivery schedule in 2021 due to our quality-focused approach to delivering these incredible cars to customers without any compromises, in the face of supply chain challenges throughout the year and enormous production complexity.

Despite these timing adjustments, we have demonstrated a clear focus on quality and execution and customer excitement for this ground-breaking car remains unwaning. It has been fantastic to see this incredible machine, which some sceptics doubted would ever make it beyond the concept stage, on the road with our loyal customers behind the wheel.

PASSION FOR PRODUCTS

One of the most enjoyable aspects of my first full year as Aston Martin's Chief Executive Officer has been meeting our loyal customers and seeing their passion for our brand and products.

This passion is something we have ignited amongst new audiences over the last year through the brand's presence in Formula One™ and unique limited-edition performance products like the two-times oversubscribed Aston Martin Valkyrie

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Spider, launched in August, and the plug-in hybrid supercar Valhalla.

Being in Pebble Beach for the high-profile launch of Spider, I was impressed by the tremendous demand for this product, and the sentiment amongst our customers and the automotive industry that Aston Martin has put itself firmly back on the radar.

SUV EXPANSION

Since I became Chief Executive Officer, a key objective has been pivoting our business to capitalise on the global demand for luxury SUVs. This is something we've made significant headway on in 2021, with DBX commanding an estimated 20% share of the luxury segment in its first full year of sales.

Adding to the V8 DBX launch model, we seamlessly launched the Straight-Six mild hybrid exclusively in China in November 2021 and in February 2022 unveiled the world's most powerful luxury SUV, DBX707, the first of a long line of new products I have personally had engineering influence on and overseen through the product development cycle.

Feedback from customers and the industry has been incredibly positive, boosting my belief that we can truly disrupt this segment with benchmark-setting Aston Martin products.

LEADERSHIP CHANGES

A key achievement of the last year has been attracting more world-class talent to complement our team at Aston Martin, with more than 300 new employees welcomed to the Company in 2021.

This has included the arrival of 20 senior directors, with a wealth of expertise spanning research and development, design, procurement and supply chain, manufacturing operations & quality, marketing and communications, global sales, legal, and finance.

I believe we now have a fantastic team in place to accelerate our vision for the Company and execute on our strategic growth plans.

EMBRACING ELECTRIFICATION

A key element of our future innovation strategy is the development of Plug-in Hybrid Electric Vehicles (PHEV) and Battery Electric Vehicles (BEV), with the past year seeing hybrid technology harnessed in Aston Martin products for the first time through delivery of the Aston Martin Valkyrie and DBX Straight-Six.

Led by the addition of talented new powertrain engineers, we have dramatically increased the electrification skills and resources within our business, with our first PHEV to be launched in 2024 and the first fully-electric Aston Martin targeted for launch in 2025.

By 2030, our Sport/GT and SUV portfolio will be fully electrified.

SUSTAINABILITY

Beyond Aston Martin, a key issue of global awareness this year has been climate change, with the UN Climate Change Conference underlining the urgent need for further action to reduce greenhouse gas emissions.

As a responsible business, this is a call we cannot ignore. While electric vehicles have a key role to play, it is important we are thinking even bigger, with a need to embed sustainability principles and practices within not just our product strategy but also our business strategy.

I am therefore incredibly proud that 2021 has seen Aston Martin join the Science-Based Targets initiative (SBTi), making a long term commitment to a net-zero future for the business.

This is one central objective of our new Environmental, Social and Governance (ESG) strategy, which has been developed with the passionate support and input of many employees across the business.

FUTURE GROWTH

As we reflect on 2021, the efficiency and profitability actions taken this year can be seen directly in the growth of our core business and in the results we are reporting. 2022 will see an even greater impact, with further cost savings, plus significant volume growth from new product launches, as core wholesales are expected to increase by c.8%, driving a c.50% improvement in Adjusted EBITDA from the core business in 2022.

With a full calendar year of Aston Martin Valkyrie deliveries to come, along with the impact from our successful marketing of DBX Straight-Six and DBX707, 2022 promises to be a year of growth.

While there will be challenges, our business has never been better prepared to meet them. I thank you for your continued support and trust in our brand.

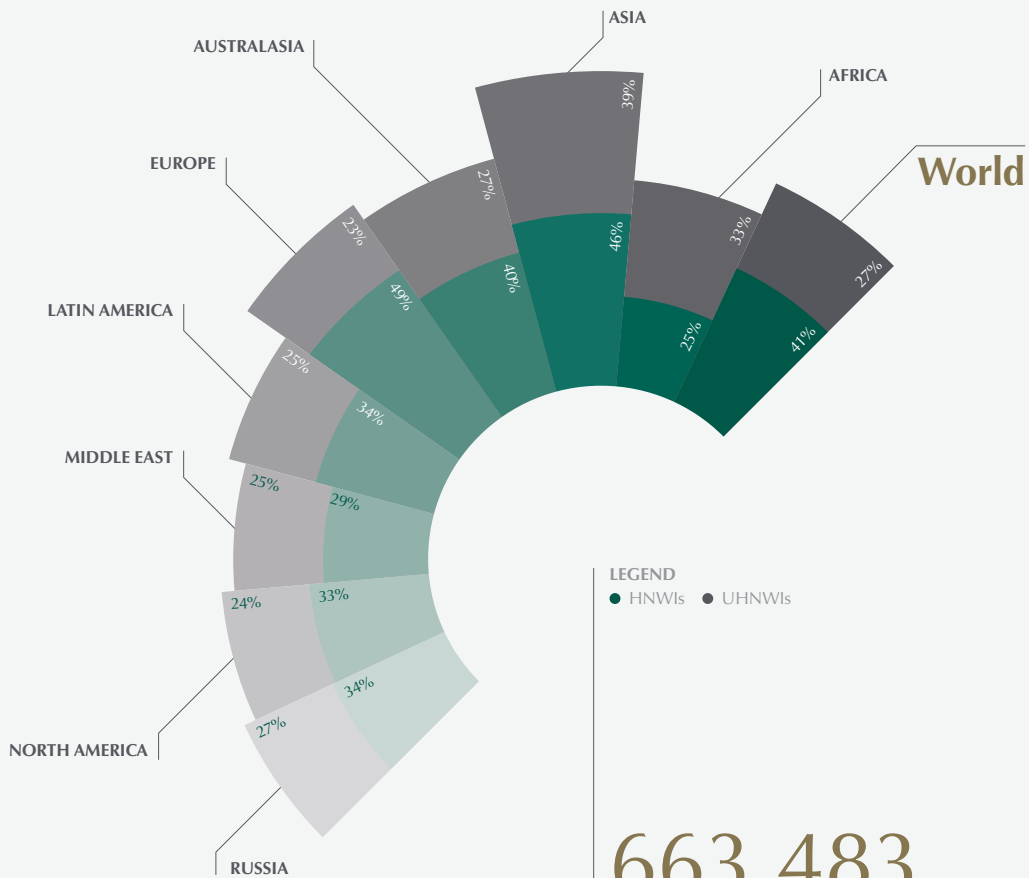
TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

LET'S LIFT THE
BONNET ON OUR
BUSINESS...

ASTON MARTIN AND THE LUXURY MARKET

MARKET MOMENTUM

FIVE YEAR GROWTH FORECASTS BY WEALTH BAND BY GEOGRAPHY



LEGEND
 ● HNWIs ● UHNWIs

663,483

Forecast global UHNWI population in 2025

27%

Forecast growth in UHNWIs between 2020 and 2025

Source: Knight Frank Wealth Report 2021

ASTON MARTIN MEGATRENDS

| MEGATREND | THE ISSUE/OPPORTUNITY | WHAT WE'RE DOING | STATISTICS |
|--|---|---|---|
| THE GLOBAL LUXURY MARKET | Growth in the global market for luxury goods as the world's UHNW population increases | <ul style="list-style-type: none"> Operating as an ultra-luxury brand aligning demand to supply, destocking our dealers, and embracing a build-to-order business model Investing in our brand and international marketing to appeal to luxury consumers | 27% expected growth of UHNW households globally 2020-2025 |
| MARKET EXPANSION | Expand Aston Martin's brand presence and market share in established markets with high wealth density such as the USA, and rapidly expanding markets for luxury cars such as China | <ul style="list-style-type: none"> Strengthening regional leadership to deliver our strategic growth plans for key markets Reconnecting with dealers and customers in the USA through Aston Martin's highest-profile presence at the iconic Pebble Beach Concours d'Elegance Expanding our dealer network into new markets Expanding our SUV portfolio to cater for the global desires of customers Launching market-exclusive derivatives like the DBX Straight-Six in China that match the local demands of customers with a bespoke Aston Martin product Growing our brand awareness and desirability through the global platform of Formula One™ | 24% proportion of UHNWIs in Asia by 2025, up from 17% a decade earlier Asia is already home to more billionaires than any other region ¹ |
| PERSONALISATION AND CUSTOMISATION | Rising demand for unique and bespoke personalised products amongst luxury consumers | <ul style="list-style-type: none"> Offering 'Q by Aston Martin – Commission' – our ultimate bespoke personalisation service, providing our customers the ability to personalise their Aston Martin beyond the scope of the core option range, and even commission their own unique model Launching special, limited-edition products for our most distinguished customers, including our era-defining hypercar Aston Martin Valkyrie, hybrid supercar Valhalla and V12 Vantage, thereby increasing the average selling price of our products Launching our online configurator, enabling customers to personally select their own unique specification for each Aston Martin model | 88% of Aston Martin Valkyrie orders customised through our enhanced 'Q by Aston Martin – Commission' service |
| COVID-19 PANDEMIC | Ongoing impact of the COVID-19 pandemic on business operations and changes to customer behaviours | <ul style="list-style-type: none"> Maintaining our production and business operations through diligent workplace practices including on-site COVID-19 testing Strengthening our liquidity position to protect the business during times of economic uncertainty Expanding our online presence to cater for the changing needs of customers, through new services like our online configurator | 127,306 COVID-19 tests carried out by the Company in 2021 |
| VEHICLE ELECTRIFICATION | Transition away from the internal combustion engine to a range of technologies that use electricity to propel vehicles, including plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV) | <ul style="list-style-type: none"> Signing our enhanced technology agreement with Mercedes-Benz AG, providing access to advanced technologies Investing in electrification skills across our business Recruiting new talent, including a new team of highly-skilled powertrain experts Introducing hybrid technology through our products such as Aston Martin Valkyrie and DBX Straight-Six Preparing to deliver our first PHEV, Valhalla, in 2024 and targeting the launch of the first Aston Martin BEV in 2025 | 2026 all new car lines to have the option of an electrified powertrain by 2026 (PHEV or BEV) 2030 fully electrified Sport/GT and SUV portfolio by 2030 |
| SUSTAINABILITY | Accelerating need for all businesses to act on climate change in an effort to restrict the rise in global average temperatures to 1.5°C by 2100 | <ul style="list-style-type: none"> Creating our new ESG strategy with ambitious commitments to become a world-leading sustainable ultra-luxury automotive business Progressing our electrification roadmap with the introduction of electrified powertrains Making a signed commitment to the Science Based Targets initiative (SBTi) Net-Zero Standard Powering our UK manufacturing operations with 100% certified renewable energy Exploring use of recycled and sustainable materials in our products | 44% reduction in emissions intensity to 2.78 tCO ₂ e per unit between 2020 and 2021 |

1. Source: Knight Frank Wealth Report 2021

BUSINESS MODEL

CREATING FUTURE VALUE

1

WHAT WE PUT IN**BRAND AND HERITAGE**

Iconic ultra-luxury British brand with over 100 years of heritage, synonymous with style, performance and exclusivity. Aston Martin fuses the latest technology, time-honoured craftsmanship and beautiful styling to produce its critically-acclaimed luxury models.

PEOPLE, SKILLS AND INNOVATION

World-class management team complemented with key management hires throughout the entire business, spanning operational to commercial functions, and a highly-skilled and flexible manufacturing workforce. Aston Martin has its own in-house academy dedicated to training and up-skilling our manufacturing technicians, as well as a global online learning and development platform for all employees.

EXTENSIVE DEALER NETWORK

Third-party dealership network of 168 dealers across 56 countries at the year-end, delivering a world-class luxury customer experience and consistent brand presentation.

INNOVATIVE PARTNERSHIPS

Carefully chosen strategic collaborations with partners such as Mercedes-Benz AG, signed in October 2020, and Racing Point F1™ Team Sponsorship Agreement, signed in February 2020, to strengthen and enrich product excellence, while harnessing the latest technology in a unique Aston Martin way to push new boundaries in British engineering mastery.

WORLD-CLASS SUPPLY BASE

High-quality strategic suppliers identified and sourced across multiple platforms.

TRANSFORMATIONAL JOURNEY

Aston Martin is well advanced on its journey to become one of the greatest engineering-led, performance-oriented ultra-luxury brands in the world, having taken significant steps to deliver high-performance vehicles, increase brand and product desirability, and achieve a more efficient operational footprint.

PRODUCT PORTFOLIO

- A breathtaking and performance-driven product portfolio that targets the ultra-luxury automotive market, and creates desire, excitement and individuality in our product and brand
- Portfolio includes the most thrilling front-engine Sport/GT cars with assertive styling, dynamics and exhilarating performance, and an SUV range that has one of the world's fastest and most dynamic luxury SUVs, representing the height of design, beauty and style
- Our mid-engine range will define new boundaries within the hypercar and supercar segments, delivering unique design, astonishing levels of performance and cutting-edge dynamic capabilities

OUR SUSTAINABLE APPROACH

Electrification of our model range is fundamental to our product strategy. We expect to launch our first PHEV by 2024, targeting our first BEV in 2025 and will have a fully electrified Sport/GT and SUV portfolio by 2030.

2

PRODUCT DEVELOPMENT

- Cutting-edge innovation and high levels of in-house engineering expertise with established teams for Vehicle Engineering, Procurement, Powertrain and Programme Office, while using a cross functional commodity structure to foster innovation
- Key long term strategic supply partnerships with Tier 1 suppliers to enhance quality and technological capabilities
- Investment in key technologies that will be deployed across the entire model range and Specials
- Focused on delivering engineering efficiencies and material cost reductions to build products with clear unique selling points, outstanding performance and irresistible character

OUR SUSTAINABLE APPROACH

The Aston Martin Valhalla mid-engine supercar will be built with an all-new cutting-edge hybrid powertrain, which utilises a pair of E-Motors – one mounted on the front axle and the other on the rear axle. When driven in EV mode, battery power is directed exclusively to the front axle, and in certain situations, 100% of battery power can be sent to the rear axle, supplementing with the full force of its V8 engine for maximum performance.

3

OPERATIONAL EXCELLENCE

- Optimised manufacturing operations to establish enhanced efficiency levels, including consolidation of paint shops and all Sport/GT manufacturing into one centre of excellence at Gaydon, providing flexibility to support medium-term volume targets
- Transformation projects in advanced stages to deliver agile and efficient systems across Quality, Aftersales, Manufacturing, Logistics and Site Strategy
- Quality structure strengthened with highly-experienced management hires throughout the function, focusing on swift problem resolution and improved customer satisfaction
- Restructuring of supply chain and logistics framework with key strategic partners to stabilise the production line and reduce operational cost
- New Enterprise Resource Planning (ERP)/ Product Lifecycle Management (PLM) and Product Creation systems that underpin delivery with start-up agility and quality that is reliable and durable

OUR SUSTAINABLE APPROACH

We are passionate in moving towards a better future as demonstrated by our commitment to the SBTi's Corporate Net-Zero Standard. Through this framework, we will be setting validated science-based targets that will deeply reduce our emissions and counterbalance the impact of any emissions that remain.

4

GO-TO-MARKET

- Unique products fit for the ultra-luxury customer segment, offering one of the broadest product ranges across the segment
- Alignment of supply to demand of our products, re-establishing a demand-driven business model that strengthens the order book and supports stronger pricing dynamics
- Strong global distribution network in all key growth markets, fit for our brand ambition and product portfolio in the ultra-luxury segment
- Bespoke class-leading customer service, offering an ultra-luxury blend of physical and digital experience
- Strategic marketing initiatives to drive new levels of brand awareness, including Aston Martin Cognizant Formula One™ Team, product launches, key motoring events, product placement and media campaigns

OUR SUSTAINABLE APPROACH

In addition to plans to transform our portfolio over the next decade, digital customer concierge services and digital touchpoints are fundamental to the environmentally conscious ultra-HLS consumer. We have already embarked on this journey by the introduction of Aston Martin's best-in-class online configurator tool, which will help save a trip to the dealership and help reduce carbon footprint.

5

"I AM ASTON MARTIN"

- World-class technically-skilled and highly experienced leadership team with strong automotive, luxury, design and engineering expertise
- Key strategic management hires have been made throughout the entire business, spanning operational to commercial functions
- Fostering engineering excellence and passion within our corporate DNA
- Building an F1™-inspired performance-driven workforce culture and mindset, harnessing agility and speed
- Company-wide performance bonus approach to drive performance and a consistent "One Team" focus across the business, embedding key finance and quality measures and targets reflecting the mindset of a performance-driven ultra-luxury brand
- Our ultimate aim to is become a Best Place to Work

OUR SUSTAINABLE APPROACH

We recognise the importance to our people and our business of a commitment to valuing diversity and creating an inclusive culture for all. We are committed to building a workplace and culture where all our people feel connected to Aston Martin's purpose, that they have a voice and can develop to reach their full potential. A diverse workforce enhances our culture and our ability to deliver our business strategy and objectives.

THE VALUE WE CREATE**BRAND**

Increasing brand awareness, relevance and desirability ultimately increases brand value, which is the key goal of the Go-To-Market and Product pillars that underpin our commercial strategy.

CUSTOMERS

We have a passionate and fiercely-loyal customer base, who experience an emotional connection with the brand, as product design, performance and quality ensure an ultra-luxury, class-leading unique experience.

WORKFORCE

Investing in people and opportunity will continue to shape our future. We rely on the skills and dedication of a brilliant team: a team we must keep safe, a team we must support, and a team we must sustain for the long term. We are committed to building a workplace and culture where our workforce feels connected and valued, and thereby enhancing our ability to deliver our business strategy and objectives.

INVESTORS

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

SUSTAINABLE BUSINESS

We recognise it is time to accelerate action and escalate our ambition on tackling climate change, and we are committed to becoming a world-leading sustainable ultra-luxury business. Our ESG strategy addresses multiple aspects including a commitment to responsible and sustainable economic growth and conducting business in an ethical and transparent manner.



STRATEGIC PRIORITIES

TAKE-OFF INTO A NEW ERA FOR ASTON MARTIN

2021 was the first full year under new management chaired by Lawrence Stroll and carefully steered by our Chief Executive Officer, Tobias Moers.

This leadership has developed a new Vision and Strategy, focused on change targeted at every area of the business and building on the foundations put in place in 2020.

Our Vision is to be the world's most desirable ultra-luxury British performance brand, creating vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance, and a bespoke, class-leading customer experience.

To fulfil our ambition of becoming the world's most desirable ultra-luxury British performance brand, we are:

- adapting to customer needs and desires;
- responding to rapid market and environmental changes, opportunities and business requirements;
- anticipating and creating market opportunities, not simply seeking market share; and
- creating value for our employees, which will ultimately lead to increased value for the market, investors and other stakeholders.

We are now focused on strengthening our brand and operating at a world-class level through increased capability, state-of-the-art technology and modern processes, delivered to the highest quality.



FOUR KEY PILLARS UNDERPIN OUR STRATEGY:



BRAND

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



SUSTAINABILITY

The automotive sector is on a journey of radical transformation, and we are committed on that journey to transition Aston Martin to a world-leading sustainable ultra-luxury company. We recognise it is now time to accelerate action and escalate ambition, defining the goals we have established in our new ESG strategy, which addresses multiple aspects, from adapting our production processes to reduce our emissions, to investing in our people and creating a diverse and inclusive workplace that promotes and attracts the best talent.



PRODUCT INNOVATION

Our cars sit solely within the ultra-HLS car market segment, which is underpinned by award-winning design and engineering capabilities and access to world-class advanced technology, supported by our strategic relationships with key partners.

We have a breathtaking, distinctive and comprehensive core portfolio of front-engine Sport/GT cars and SUVs, and we will soon be entering the HLS mid-engine market with the launch of a core mid-engine supercar. This model will draw on the learning and technology developed by the era-defining Aston Martin Valkyrie hypercar and will be available with electrified plug-in hybrid technology. Electrification of our model range is fundamental to our product strategy, and we expect our first fully-electric model to be launched in 2025, with our Sport/GT and SUV portfolio to be fully electrified by 2030.



TEAM

The Group's new leadership team has a wealth of luxury and automotive experience and are focused on turning around performance. The strength of the Aston Martin brand continues to attract new talent to complement the skills of our existing world-class team.

STRATEGIC PRIORITIES CONTINUED

ACHIEVING OUR STRATEGY

To achieve our strategy, we completed an extensive transformation programme, Project Horizon, targeted at every area of the business to drive efficiency and push Aston Martin into a new era.

Create desire, excitement and individuality in the product and brand

Increase brand value through market-generated intelligence, from dealerships, customers, suppliers, events

Expand and strengthen our product portfolio with personalised Specials strategically embedded in our roadmap to becoming an ultra-luxury business

Deliver operational excellence, agility and efficiency

Deliver engineering efficiencies (controlling costs and investment) and implement technologies and electrification strategy

Establish a secure and structured supply chain and logistics framework to stabilise the production line and mitigate disruption

Prepare the dealership network for our future product portfolio in the ultra-luxury segment

Achieve financial stability and sustainability

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

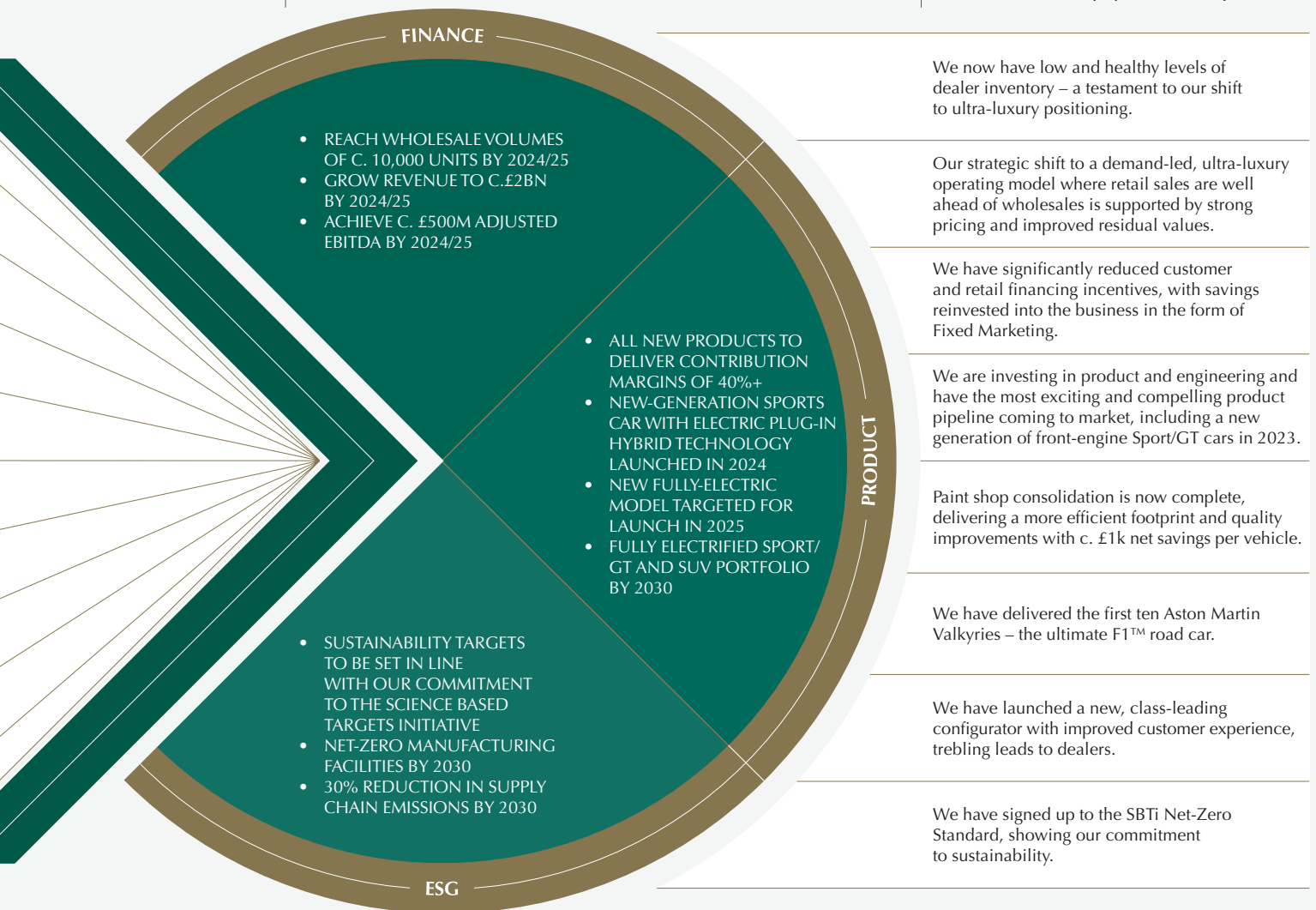
Become a 'Best Place to Work'

The main tasks for the transformation programme are set out here and will help us realise our strategic goals and reinforce our competitive position

PERFORMANCE TARGETS

ACHIEVEMENTS TO DATE

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



KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

FINANCIAL

REVENUE
(£'M)

| | |
|------|---------|
| 2021 | 1,095.3 |
| 2020 | 611.8 |
| 2019 | 980.5 |

DESCRIPTION

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

DEFINITION

Revenue is defined in note 2 of the Financial Statements

LINK TO STRATEGY



REMUNERATION LINKAGE

None

TARGET

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

WHOLESALE VOLUMES
(UNITS)

| | |
|------|-------|
| 2021 | 6,178 |
| 2020 | 3,394 |
| 2019 | 5,862 |

DESCRIPTION

This measures sales from the Company to its dealers, showing the appeal of our products across different segments, as well as actions taken to right-size dealer and Company inventories

DEFINITION

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

LINK TO STRATEGY



REMUNERATION LINKAGE

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

TARGET

The Company expects to generate wholesale volumes of c. 10,000 units by 2024/25

OPERATING PROFIT/
(LOSS) (£'M)

| | |
|------|---------|
| 2021 | (76.5) |
| 2020 | (322.9) |
| 2019 | (52.0) |

DESCRIPTION

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

DEFINITION

Net revenue, less Cost of Sales, less all other operational expenses (See note 33 of the Financial Statements)

LINK TO STRATEGY



REMUNERATION LINKAGE

None

TARGET

Not applicable

ADJUSTED EBITDA
(£'M)

| | |
|------|--------|
| 2021 | 137.9 |
| 2020 | (70.1) |
| 2019 | 118.9 |

DESCRIPTION

This measures our underlying operating profitability, stripping out the impact of adjusting items from operating profit/(loss) and non-cash measures

DEFINITION

Operating profit/(loss) before depreciation, loss on sale of fixed assets, amortisation, and adjusting items (See note 33 of the Financial Statements)

LINK TO STRATEGY



REMUNERATION LINKAGE

Represents 50% of the Group scorecard of performance measures for the annual bonus
Represents 80% of the scorecard of performance measures for LTIP

TARGET

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

NET DEBT
(£'M)

| | |
|------|-------|
| 2021 | 891.6 |
| 2020 | 726.7 |
| 2019 | 987.6 |

DESCRIPTION

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

DEFINITION

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

LINK TO STRATEGY



REMUNERATION LINKAGE

None

TARGET

Not applicable

LEGEND



BRAND



PRODUCT INNOVATION



SUSTAINABILITY



TEAM

NET DEBT TO ADJUSTED EBITDA (‘ADJUSTED LEVERAGE’)

| | |
|------|-----|
| 2021 | 6.5 |
| 2020 | N.M |
| 2019 | 8.3 |

DESCRIPTION

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

DEFINITION

Net Debt divided by Adjusted EBITDA over the last twelve months
(See note 33 of the Financial Statements)

LINK TO STRATEGY



REMUNERATION LINKAGE

None

TARGET

Not applicable

FREE CASHFLOW (£'M)

| | |
|------|---------|
| 2021 | (123.2) |
| 2020 | (539.3) |
| 2019 | (337.8) |

DESCRIPTION

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

DEFINITION

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

LINK TO STRATEGY



REMUNERATION LINKAGE

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

TARGET

The Company expects to turn free cashflow positive by 2023

NON FINANCIAL

HEALTH & SAFETY – ACCIDENT FREQUENCY RATE (AFR)

| | |
|------|------|
| 2021 | 1.01 |
| 2020 | 1.44 |
| 2019 | 1.04 |

DESCRIPTION

The AFR measures work related recordable injuries or illnesses (as defined by OSHA)

DEFINITION

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

LINK TO STRATEGY



REMUNERATION LINKAGE

None

TARGET

Ambition for continuous year-on-year reduction

QUALITY – CUSTOMER PERCEPTION AUDIT (CPA) QUALITY SCORE

Our intention is to report on this KPI from 2022

DESCRIPTION

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

DEFINITION

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

LINK TO STRATEGY



REMUNERATION LINKAGE

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

TARGET

The Company aims to improve CPA scores for Sport/GT cars and DBX by c.40% by the end of 2022

RISK MANAGEMENT

RISK AND VIABILITY REPORT

RISK GOVERNANCE

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

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

HOW WE MANAGE RISK

Our Internal Audit & Risk Management team maintain the ERMFS and coordinate risk management activities across the Group leveraging a network of functional Risk Champions embedded within the first line of defence (refer to page 114 for an explanation of our three lines of defence assurance model). Each principal risk has a risk mitigation plan incorporating management's assessment of gross, net and target risk and the effectiveness of mitigating controls and activities. These plans are updated routinely throughout the year with any changes being incorporated into the Corporate Risk Register.

The key elements and activities supporting our ERMFS include:

- annual review and approval of the ERMFS and Risk Management Policy;
- twice yearly review of all principal risks to assess the gross, target and net risks for potential impact and likelihood;
- maintenance of corporate and functional risk registers;
- undertaking top-down/bottom-up risk assessments including horizon scanning to identify emerging risks; and
- creating formal risk mitigation plans.

Internal Audit provide independent and objective assurance over the effectiveness of principal risk mitigation plans to the Audit and Risk Committee.

CHANGES TO ASTON MARTIN'S RISK PROFILE

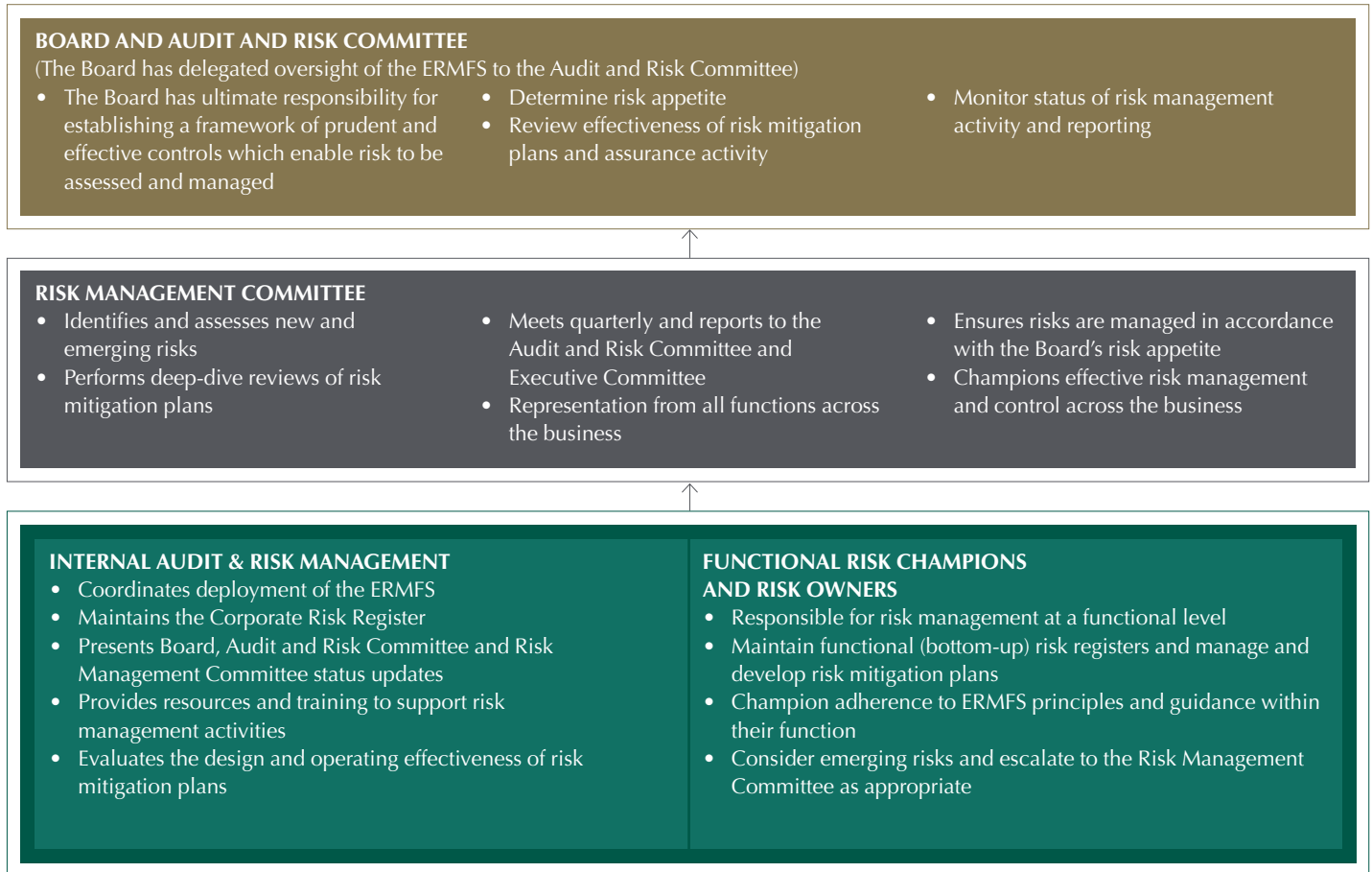
The most significant changes to the Group's principal and emerging risks in the year were:

- **SUPPLY CHAIN DISRUPTION** – risk increasing due to the ongoing pandemic, continued shortages of semi-conductors and the impacts associated with Brexit
- **PROGRAMME DELIVERY** – risk reducing due to rephasing of Aston Martin Valkyrie volumes, transition to a phased ERP implementation and good progress on the 2022 vehicle programme
- **CYBER-SECURITY AND IT RESILIENCE** – risk reducing due to investment in our Information Security team and associated controls, including the ERP implementation project

- **CLIMATE CHANGE** – new risk with the Taskforce for Climate-Related Financial Disclosures activity identifying significant climate-related risks associated with our planned transition to EV powertrains, managing the brand and reputational impact of continuing to sell Internal Combustion Engine (ICE) powered vehicles in the short to medium term and managing the financial impact of increasing carbon-related costs
- **TALENT ACQUISITION AND RETENTION** – risk increasing due to a progressively competitive local labour market
- **MACROECONOMIC UNCERTAINTY AND POLITICAL INSTABILITY** – risk reducing due to the less volatile ongoing impact of COVID-19 on the global dealer network, supply chain and our manufacturing operations

The COVID-19 Task Force established in 2020, comprising senior management from each function, remained in place through the year and continues to prioritise the safeguarding and wellbeing of our employees, contractors, suppliers, customers and their families. Key activities undertaken in the year included updating COVID-19 specific risk assessments, promoting and facilitating safe and secure remote working, creating Return to Work Guidelines including the need to conduct on-site lateral flow testing, and deploying social distancing measures in accordance with government guidelines. We continue to consider the impacts of the pandemic as a risk factor within each principal risk.

RISK MANAGEMENT GOVERNANCE STRUCTURE



RISK APPETITE

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

| RISK CATEGORY | RISK APPETITE |
|----------------|--------------------|
| COMPLIANCE | ZERO TOLERANCE |
| FINANCIAL | LOW TOLERANCE |
| STRATEGIC | MODERATE TOLERANCE |
| OPERATIONAL | MODERATE TOLERANCE |
| CLIMATE CHANGE | LOW TOLERANCE |

OUR PRINCIPAL RISKS

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

The following pages set out the Group’s principal and emerging risks, how they align

to our strategy, example risk factors and the primary mitigating actions implemented for each risk during the year ended 31 December 2021. 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.

RISK AND VIABILITY REPORT CONTINUED
PRINCIPAL RISK SUMMARY

STRATEGIC RISKS

MACROECONOMIC AND POLITICAL INSTABILITY

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

| | |
|--------------------|---------------------------|
| RISK MOVEMENT ↓ | RISK APPETITE MODERATE |
|--------------------|---------------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Global economic slowdown due to COVID-19
- Unfavourable movement in exchange rates
- Adverse economic global conditions could adversely impact our dealer network or supply chain

RISK MITIGATION

- Regular operational and financial reviews of the business
- Business Plan reset with consideration of current economic climate mid-pandemic
- Monitoring global market trends to target areas for future growth
- Routine monitoring of dealer stock levels to support build-to-demand strategy

BRAND/REPUTATIONAL DAMAGE

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Product recall or postponed delivery of previously-communicated and market-expected product delivery could impact customer confidence and loyalty
- Dealer network may not be effective in raising, maintaining and promoting brand awareness
- Inadequate dealer training in new products and technologies could impair the customer experience

RISK MITIGATION

- Standardised embedded quality procedures (e.g., 300 Call Procedure, Customer Perception Audit, Parts Approval Process) to maintain focus on vehicle quality
- Expanded dealer network and improved training to ensure delivery of a luxury customer experience
- Quality-led production ramp up for the Aston Martin Valkyrie programme

TECHNOLOGICAL ADVANCEMENT

It is essential to maintain pace with technological development to meet evolving customer expectations and remain competitive.

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Reliance on third parties to support development of new and emerging technologies
- Competitors may have better access to funding to develop new technology faster and be first to market
- Changing and more stringent regulations may make current technology obsolete and increase the risk of future non-compliance

RISK MITIGATION

- Strategic arrangements with key partners, including the Strategic Cooperation Agreement with Mercedes-Benz AG, to provide powertrain and electrical architecture
- Commodity strategy plans developed
- Development of modular architecture “Carry Over – Carry Across” approach for key systems and components

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 and taxes.

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↑ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

TRANSITION RISKS

- Policy – loss of small volume derogation status and increased carbon taxes and import tariffs
- Market – changing customer preferences towards non-ICE powertrains and an evolving view of what “luxury” means to different customer segments
- Technology – disruption from new technologies and new entrants and the increased demand for sustainable products
- Reputation – inability to create a credible sustainability proposition as we manage the transition from ICE to EV powertrains

PHYSICAL RISKS

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

RISK MITIGATION

- Development of our ESG strategy and the establishment of the Sustainability Committee to oversee its implementation
- Strategic Co-operation Agreement with Mercedes-Benz AG providing access to new powertrain technology
- Investment in R&D to develop PHEV/BEV powertrain capabilities to enable launch of our first PHEV in 2024 and targeting our first BEV launch in 2025
- Investment in R&D to reduce average fleet greenhouse gas (GHG) emissions
- Forward purchase/pooling of carbon credits to reduce exposure to carbon-related financial penalties and taxes
- Sourcing of 100% renewable energy within our operations
- Committing to the SBTi to establish and track GHG reduction targets to establish a credible roadmap to net-zero in our manufacturing facilities by 2030 and our supply chain by 2039
- Setting targets with plans to source green aluminium, reduce water and energy consumption and reduce waste

LEGEND

FINANCIAL RISKS

LIQUIDITY

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Significant leverage levels may inhibit our ability to raise additional capital
- COVID-19 impact could result in reduced demand and a reduction in available cash to support the product development plan
- Significant debt servicing requirements reduces cash available to support other operational needs

RISK MITIGATION

- Raising of additional capital through financing activities
- Daily management review of cash and working capital balances
- Weekly expenditure reviews held with the CEO and CFO and regular liquidity-focused Board reviews
- Ongoing transformation activity to deliver targeted cost savings and efficiencies

IMPAIRMENT OF CAPITALISED DEVELOPMENT COSTS

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Vehicle sales volumes fall below lifecycle plans and targets as a result of the impact of COVID-19 or other macroeconomic factors
- Vehicle pricing and contribution reduce to levels which no longer support the carrying value of the attributable capitalised costs
- Uncertainty of "Carry Over – Carry Across" utilisation on future vehicle models and derivatives

RISK MITIGATION

- Capitalisation policy and procedures reviewed annually
- Impairment reviews performed where triggering events have been identified
- Regular vehicle line reviews undertaken to monitor sales volume and contribution performance for all car lines with any concerns communicated to finance for consideration of potential impairment

COMPLIANCE RISKS

COMPLIANCE WITH LAWS AND REGULATIONS

Non-compliance with local laws or regulations may damage our corporate reputation and subject the Group to significant financial penalties.

| | |
|--------------------|-----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE ZERO |
|--------------------|-----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Non-compliance with emissions regulations could inhibit our ability to trade in certain markets
- Non-compliance with labour, human rights and environmental standards could result in financial penalty and/or brand/reputational damage
- Rapidly-evolving climate and environmental regulations could result in areas of non-compliance where not addressed in a timely manner

RISK MITIGATION

- Vehicle safety certification achieved for all markets and small volume derogation status for EU emissions compliance
- Standards of Corporate Conduct define our activities in relation to key compliance areas (e.g., anti-bribery and corruption, whistleblowing, data protection, equality and diversity, business ethics)
- In-house legal and compliance team that manages ongoing investigations.
- Enhanced GDPR and IT general controls

OPERATIONAL RISKS

TALENT ACQUISITION AND RETENTION

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

| | |
|--------------------|---------------------------|
| RISK MOVEMENT ↑ | RISK APPETITE MODERATE |
|--------------------|---------------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Failure to build the right capabilities and behaviours in our leadership team
- Failure to engage or equip our teams to deliver our strategy or address key capability gaps

RISK MITIGATION

- Remuneration Committee oversight of senior leadership remuneration to ensure it is aligned to the strategy and appropriate for staff retention
- Regular review of talent and resource risks leveraging succession plans and employee engagement survey results
- Benchmarking of bonus and remuneration packages to drive employee performance and behaviours and remain attractive to external candidates in a buoyant UK job market

OPERATIONAL RISKS

PROGRAMME DELIVERY

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↓ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Insufficient funds to support current programme investment requirements
- Inability to manage third-party delivery in line with programme timelines and milestones
- COVID-19 related issues may impact our ability to conduct testing or engineering development within required timescales

RISK MITIGATION

- Deployment of an established programme delivery methodology and regular Executive Committee status reporting and oversight
- Restructure of the business including engineering and project management functions
- Focus on increased levels of “Carry Over – Carry Across” to leverage existing core architecture across multiple applications to expedite delivery

ACHIEVING FINANCIAL AND COST-REDUCTION TARGETS

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↔ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- High levels of complexity across car lines can drive increased engineering requirements with associated increased resource and cash requirements
- Increasing raw material costs
- Instability in the supply base due to economic volatility
- Ultra-luxury positioning demands the necessary marketing spend to generate brand and product awareness to build desirability and create future demand

RISK MITIGATION

- Cross functional team transformation activity with agreed cost target process and regular CEO-led cost reviews
- Establishment of bi-monthly cost- and cash-focused Executive Committee meetings
- Synergies from leveraging common commodity strategies across platforms
- Increased focus on supply chain risk analysis
- Highly-targeted marketing activity with support from key external agencies to ensure the necessary return on investment is obtained from marketing spend

CYBER SECURITY AND IT RESILIENCE

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↓ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

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

RISK MITIGATION

- Project continuing to deliver a new ERP system during 2022 to transition away from end-of-life legacy systems and drive efficiency within the IT infrastructure
- Enhanced IT general controls for access management, network access controls, remote access (e.g., multi-factor authentication) and password management
- 24/7 vulnerability monitoring using security tools including Darktrace, Sentinel1 and cyber incident response procedures

SUPPLY CHAIN DISRUPTION

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

| | |
|--------------------|----------------------|
| RISK MOVEMENT ↑ | RISK APPETITE LOW |
|--------------------|----------------------|

LINK TO STRATEGY



IMPACT ON BUSINESS

- Suppliers may be unable to meet delivery schedules due to being in financial distress
- COVID-19 enforced closures continue to occur across the supply base
- Raw material shortages (including semi-conductors) due to increased demand and global supply chain issues could impact Aston Martin’s ability to meet planned production volumes

RISK MITIGATION

- Teams work closely with suppliers affected by COVID-19 enforced closures to mitigate any disruptions
- Cross functional weekly risk reviews with key departments to identify current supply issues and actions to resolve
- Supplier scorecards and performance metrics developed to drive improvement and encourage best practice
- Internal Customs team established to manage and mitigate procedural/policy changes post-Brexit

LEGEND



RISK MANAGEMENT ACTIVITIES IN 2021 AND PLANS FOR 2022

IDENTIFICATION OF RISKS

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

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

The corporate and functional risk registers have been maintained and updated to reflect changes in the business and the external environment. These continue to be periodically reviewed by the Risk Management Committee. The updated corporate risk register is reviewed and formally re-evaluated at the half and full year to identify any changes required to the disclosed principal risks. These changes and the summary of principal and emerging risks are then presented to the Audit and Risk Committee for review and approval.

RISK MANAGEMENT SYSTEM

The Aston Martin ERMFS continues to be deployed across the Group. This was subject to an annual review and approved by the Executive Committee and the Audit and Risk Committee. The Risk Management Committee met four times during 2021.

MANAGEMENT ACTIONS AND DEEP DIVES

The Internal Audit & Risk Management (IA&RM) team incorporates independent validation reviews of the principal risk mitigation plans within its annual Audit Plan, the purpose being to provide independent assurance to management, the Audit and Risk Committee and the Board on the effectiveness of management actions to mitigate risks.

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

During 2021 the following key risk management activities have been undertaken:

- Four Risk Management Committee meetings with deep-dive risk reviews covering:
 - talent acquisition and retention principal risk;
 - supply chain disruption principal risk;
 - fraud risk assessment; and
 - climate change emerging risks and opportunities (refer to the TCFD Report on pages 54-59).
- Climate risk and opportunity workshop undertaken to develop a qualitative assessment of the impact of climate change on the business in a 1.5°C, 2°C and 4°C warming scenario.
- Cyber Security Management System implementation project commenced.
- Twice-yearly formal validation and approval of corporate and functional risk registers.
- Executive Committee review and agreement of the Group's principal and emerging risks.
- Annual review of ERMFS.

The following principal risk reviews have been included within the 2022 Internal Audit plan:

- Cyber security and IT resilience; and
- Programme delivery.

VIABILITY STATEMENT

The Directors have carried out a robust review of the principal risks of the Group, which are set out on pages 40 to 42, identifying the nature and potential impact of those risks on the viability of the Group, together with the likelihood of them materialising.

This analysis has then been used to carry out an assessment of the ability of the Group to continue in operation and meet its obligations. The assessment covers the five-year period from January 2021 to December 2026. This was considered appropriate by the Directors because it aligns with the business plan, the Group's normal planning horizon and is indicative of the investment and development cycle of new products in the luxury car market. The assessment includes the costs anticipated in relation to our strategy and our views of the impact of climate change (see note 1 of the Financial Statements). Inevitably, the degree of certainty decreases over this period.

The assessment process consisted of stress testing the base case in the business plan for scenarios designed to reflect the potential impact

of the principal risks materialising in a compound scenario, including the following:

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

In the event of one or more risks occurring which has a particularly severe effect on the Group, the assessment assumed that all appropriate actions would be taken in a timely manner by management to mitigate as far as possible the impact of the risks. Potential mitigating actions

include constraining capital spending, seeking additional funding and/or a number of other adjustments to operations in the normal course of business.

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

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

The Directors have assessed the viability of the Group over the five-year period to 31 December 2026 and, based on this assessment and the assumptions stated above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2026.

STAKEHOLDER ENGAGEMENT

ENGAGING OUR STAKEHOLDERS

We believe that stakeholder engagement is a key element of delivering a sustainable business and this activity is undertaken across our business at different levels of the organisation. During the year much of our stakeholder engagement was driven by COVID-19 impacts as well as the significant steps the Company was taking to strengthen our leadership and capital structure. Information on our key stakeholders, their priorities and how we engaged with them during the year, is provided in the adjacent table and throughout this Report.

| | 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 base. | 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? | <ul style="list-style-type: none"> • Quality and safety of products • Car design and performance • Environmental commitment • Brand strength • After-sales service • Cost of ownership | <ul style="list-style-type: none"> • Job Security, personal development and career opportunities • Health and Safety • Engagement • Feeling valued • Reward and benefits • Diversity and inclusion • Environment and social responsibility |
| HOW WE ENGAGE AT BOARD LEVEL | <ul style="list-style-type: none"> • Executive Chairman and Chief Executive Officer at promotional events for VIP customers such as Pebble Beach and Goodwood Festival of Speed • Ongoing engagement by senior management with key members of press | <ul style="list-style-type: none"> • Roundtables between CEO, CFO and COO and employees • People Forum • Employee Townhalls • Skip Level Sessions • Consultation on employee benefits • Trade Union Business Review • Health and Safety Review • COVID-19 Task Force |
| HOW WE ENGAGE ACROSS THE GROUP | <ul style="list-style-type: none"> • Events, such as Valhalla global tour • Launch of market-leading configurator • Product-led campaigns such as DBX film • Talent-led campaigns such as Dave/Stormzy • F1™ customer hospitality • Global premiere of James Bond film <i>No Time to Die</i>, featuring four different Aston Martin cars • Engagement with automotive and lifestyle press • Leveraging Aston Martin content across social media channels | <ul style="list-style-type: none"> • Global I AM Engaged employee survey • Focus groups supporting the co-creation of our I AM culture and to deep dive engagement topics • Aston Martin internal communications platform and AM People newsletter • Aston Martin's Diversity and Inclusion Working Group • Local Health and Safety Committees • Online hub for topics important to employees: e.g. COVID-19, Wellbeing, Working from Home • Local Trade Union Meetings |
| OUTCOMES OF ENGAGEMENT | <ul style="list-style-type: none"> • 50% of customers new to brand • Double digit uplift in traffic to Aston Martin website over F1™ race weekends • Aston Martin Cognizant F1™ team connecting the brand with a highly engaged audience, with c. 2.8 billion impressions since March 2021 • Reduced need for variable marketing support to dealers, with 4x reduction in variable marketing spend over prior year • Brand equity research shows increasing brand perception and buying intent among luxury car buyers, particularly in China and USA • Increased sales | <ul style="list-style-type: none"> • Employee feedback from the I AM Engaged survey has shaped both our Company level engagement priorities and driven action planning globally to improve the employee experience • Development of our core values and behaviours • Development of our 5-year D&I priorities and plan • Implementation of the all-employee bonus scheme • Embedding safety at every level of our operations team • Employees connected to our Showroom of the Future |

| 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. | SUPPLIERS AND OTHER PARTNERSHIPS Our suppliers are fundamental to our business, particularly ensuring their quality and efficiency. Carefully chosen partnerships provide us with an important source of technical expertise and brand enhancement. | LOCAL COMMUNITIES Building positive relationships with those we impact enables us to maintain trust and to support our communities. | INVESTORS Continued access to capital is vital to the long-term performance of our business. Our focus is to ensure investors understand our strategy, performance, ambition and culture and for us to understand their priorities. |
|---|---|--|---|
| <ul style="list-style-type: none"> • Brand strength & Company support • Programs to identify & support increased sales opportunities • Increased customer satisfaction & retention targeting ultra-luxury segment • Dealer profitability | <ul style="list-style-type: none"> • Responsible procurement, trust, ethics and open dialogue • Operational improvement • Competitiveness • Strong relationships • Financial performance • Building capability and expertise • Design and technical expertise | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Delivery of the Company's strategy • Financial performance • Sustainability • Governance and transparency • Confidence in the leadership • Stability and predictability, with no surprises |
| <ul style="list-style-type: none"> • CEO and Board engagement to strengthen dealer relationships and support demand driven strategy • Attendance (physical or virtual) at local dealer conferences held during the year • Strengthening of central and regional senior management, supporting closer dealer relationship | <ul style="list-style-type: none"> • Strategic Cooperation Agreement with Mercedes-Benz AG securing access to technologies critical to our long-term plans • Sponsorship of Aston Martin Cognizant F1™ team to provide direct global marketing platform targeting key customers and enhancing the brand • Ongoing partnership with Red Bull Advanced Technologies to create the Aston Martin Valkyrie and Aston Martin Valkyrie Spider • Dedicated Supplier Quality Development team manages supplier quality and performance | <ul style="list-style-type: none"> • The Board is very supportive of our projects with local communities, however face-to-face engagement opportunities have been limited during the pandemic | <ul style="list-style-type: none"> • Webcasts, presentations and meetings by the Executive Chair, CEO, CFO and Director of Investor Relations • Gaydon site visit for analysts and large investors held in November, to showcase the efficiency work undertaken |
| <ul style="list-style-type: none"> • Roll out of dealer network programmes to monitor performance aligned to increased brand standards and sales growth opportunities • Transfer of Aston Martin Academy Training programmes into virtual class delivery, together with upgrade of eLearning courses • Upgrade within digital platforms, supporting increased engagement and elevated brand representation | <ul style="list-style-type: none"> • Roll out of the new Responsible Procurement Policy with our suppliers as part of our ESG strategy • Supply chain champions working closely with suppliers to resolve ongoing issues • Commodity Team structure established and being used effectively • Supplier risk meeting cadence working cross-functionally to mitigate potential risks to production • Collaboration with suppliers to deliver innovation and economic improvement • Using supplier scorecards to identify areas for performance improvement | <ul style="list-style-type: none"> • Outreach programmes with local schools near our Gaydon and St Athan factories, delivered remotely during the pandemic, whereby Aston Martin apprentices promote STEM career choices for young people | <ul style="list-style-type: none"> • Focused investor relations programme delivered both remotely and in person • Retail shareholders engaged via direct communications, our website, press activities, Annual Reports and Annual General Meetings (AGM) • For more information see our Governance Report on page 88 |
| <ul style="list-style-type: none"> • Positive dealer sentiment with increased new and pre-owned sales, leading to a significant reduction in year-end inventory • Increased dealer profitability, with over 81% of reporting dealers recording positive return-on-sales • Higher rate of online enquiries | <ul style="list-style-type: none"> • Improved supplier relationships that promote a culture of collaboration and innovation • Better understanding of Aston Martin supply chain issues and how to resolve and learn from previous issues • Commodity teams now incorporate the required departments to aid the effective progression of design and sourcing • Supplier Risk Meetings working at identifying issues and implementing mitigation plans before it affects production • Supplier scorecards continue to engage suppliers in how they are performing to our standards | <ul style="list-style-type: none"> • Whilst outcomes in this area are not easy to measure, Aston Martin takes a long term approach and will be looking to increase our engagement in 2022, as pandemic restrictions are eased, including an Early Careers recruitment drive launching in H1 | <ul style="list-style-type: none"> • Shareholders have provided valuable feedback in relation to the trading of the Company's shares and bonds • Long term shareholders remain supportive of the Company's strategy • Key shareholders have increased their positions in recent months |

SECTION 172 STATEMENT

Section 172 statement: The Directors have a duty under s.172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members. In doing so, they must have regard to the interests of the employees, the business relationships with our suppliers and customers, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

To be able to fulfil their s.172 duty when making decisions, it is essential that the Directors understand what matters to our stakeholders. Details of our key stakeholder groups and how the business and the Board have engaged with them during the year are set out on pages 44-45. Much of the stakeholder engagement by the Company is carried out at a business level. The Board receives details of stakeholder engagement and their interests through presentations from the Executive Directors and senior management and the Board papers.

A key responsibility for the newly-formed Board Sustainability Committee in 2022 will be overseeing stakeholder engagement on behalf of the Board. The Committee will receive updates on stakeholder engagement and report to the Board on stakeholder engagement activities and outcomes following each meeting. In addition, the Directors also engage directly with our investors (see page 93 for more detail) and our employees. Board employee engagement is described on page 94 and will be conducted through Anne Stevens, our nominated Non-Executive Director for Workforce Engagement. Site visits also provide an opportunity for direct engagement with employees. However, during the year this has been restricted due to COVID-19.

The Company's approach to stakeholder engagement is set out in more detail on page 93. However, the Board recognises that it is not possible for all of the Company's decisions to result in a positive outcome for every stakeholder interest. By considering the Company's purpose, vision and values, together with its strategic priorities, and the Company's overriding duty to promote the success of the Company, it is anticipated that stakeholders will be able to assess whether decisions are robust and for the benefit of the Company as a whole.

The table below sets out where further information can be found on how the Board has exercised its duties in line with s.172.

| SECTION 172 RESPONSIBILITIES | STRATEGIC REPORT | PAGE | GOVERNANCE REPORT | PAGE |
|--|-------------------------------------|------|--|------|
| (a) Likely consequences of long term decisions | Executive Chairman's Letter | 18 | Report of the Audit Committee | 108 |
| | CEO's Statement | 22 | Board Activities | 97 |
| | Business Model | 30 | Going Concern | 140 |
| | Key Performance Indicators | 36 | | |
| | Risks and Uncertainties | 38 | | |
| | Viability Statement | 43 | | |
| (b) The interests of the Group's employees | Business Model | 30 | Division of Responsibilities | 96 |
| | Purpose | 1 | Directors' Remuneration Report | 115 |
| | ESG | 48 | 2022 Directors' Remuneration Policy | 121 |
| | Stakeholder Engagement | 44 | Report of the Audit Committee | 108 |
| | Employee Engagement | 65 | Purpose, Values and Culture | 90 |
| | Diversity and inclusion | 64 | Employee Engagement | 94 |
| | Gender Pay Gap Report | 62 | Diversity and Inclusion | 106 |
| | Purpose, Values and Culture | 64 | Gender Pay Gap Report www.astonmartinlagonda.com | |
| (c) Developing the Group's business relationships with suppliers, customers and others | Business Model | 30 | Stakeholder Engagement | 92 |
| | ESG | 48 | | |
| | Stakeholder Engagement | 44 | | |
| (d) The impact of the Group's operations on the community and the environment | ESG | 48 | | |
| | Climate Change Risks | 40 | | |
| | TCFD Disclosures | 54 | | |
| (e) Maintaining high standards of business conduct | ESG | 48 | Board roles | 96 |
| | Non-Financial Information Statement | 70 | Governance Framework | 90 |
| | Modern Slavery | 69 | Purpose, Values and Culture | 90 |
| | | | Whistleblowing | 114 |
| | | | Modern Slavery | 95 |
| | | | Modern Slavery Statement www.astonmartinlagonda.com | |
| (f) Acting fairly between members of the Company | Stakeholder Engagement | 44 | Engagement with shareholders | 92 |
| | | | Board Roles | 96 |
| | | | Shareholder Rights | 142 |

HOW THE BOARD FULFIL THEIR S.172 DUTIES

HOW THE BOARD FULFIL THEIR S.172 DUTIES

Each of the Directors is aware of their directors' duties and has received training on s.172

→ BOARD INFORMATION

The Board receives details of stakeholder engagement and their interests through presentations from the Executive Directors, the Board papers and direct and indirect engagement with stakeholders.

→ BOARD STRATEGIC DISCUSSION

s.172 factors are considered in the Board's discussions on strategy, including how they underpin the Company's long term success. The Board considers the quality of information it has received and seeks assurance where appropriate.

→ BOARD DECISION

Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate.

THE BOARD'S APPROACH TO S.172

The following strategic decisions taken during the year are intended to provide some insight into the decision-making process at the Company.

BOARD APPOINTMENTS

During the year the Board approved the appointment of seven new Non-Executive Directors to the Board which ensured that the Company had the appropriate required expertise at Board level to support it in its future ambitions.

INVESTORS

The appointments enhanced the Board's collective skills and experience within the automotive and luxury sectors which will be key in executing the strategy of the business. Following the July appointments, the composition of the Board and its Committees were compliant with the Code and female representation on the Board (taken as a whole) was just under 30%.

EMPLOYEES

Although this decision had no direct impact on the Group's employees, with the addition of the skills and experience which the new Directors have brought to the Board, the Executive Committee will be able to call on this expertise in support of achieving the strategic targets which the business has set for itself.

STAKEHOLDERS

With the quality and calibre of the individuals joining the Board and their knowledge and experience of the automotive and luxury sectors, these appointments will have contributed to stakeholder confidence in the Company's ability to deliver its plans.

REPUTATION

A thorough process was undertaken by a third party search company to ensure that candidates with the appropriate and suitable skills and experience were selected for consideration and ultimately appointed to the Board to fill the positions.

BOND ISSUANCE

In February the Board approved the issuance of up to £70 million in gross proceeds of new notes under the First Lien Indenture dated 16 November 2020. These notes were US\$ denominated 10.50% Senior Secured Notes, and due for settlement in 2025. With the trading performance of the existing notes issued under the First Lien Indenture, this presented an opportunity to secure additional liquidity at a more favourable rate.

INVESTORS

In securing medium-term financing at more favourable rates this decision ensured that the Group had additional liquidity which was considered valuable in the market environment prevailing at the time of the issuance, given the ongoing uncertainty due to the impact of COVID-19. Securing this financing supported the continued investment in the business and the future product pipeline to enable the delivery of the strategic goals set out in the Company's long-term business strategy.

EMPLOYEES

Although this decision had no direct impact on the Group's employees, it did however, improve the liquidity position for the business and was within the interests of all employees including those employees who are also Company shareholders.

STAKEHOLDERS

This decision, which improved the liquidity position of the business, enhanced the confidence of suppliers and customers regarding the strength of the balance sheet and the Company's resilience, with the Company having the necessary funds to support its product development plans and therefore its ability to achieve its medium-term targets. The additional financing also reduced the risk of the Company having to raise additional funding under stressed market conditions and was therefore fully aligned with the interests of all stakeholders.

REPUTATION

A thorough process was carried out to identify institutional investors who were able to lend to the Company, their pricing expectations and the key terms under which they would lend. An active dialogue was maintained with all such investors during this process, which resulted in a competitive financing outcome for the Company.

NEW ESG STRATEGY

In December the Board approved the new ESG strategy for the business (as set out on pages 71-75 of this Report) which aims to establish the Company as a world leading sustainable ultra-luxury automotive company.

INVESTORS

This decision ensured that the Company has a comprehensive sustainability strategy which is both fully aligned to, and integrated into, our wider corporate strategy and is key to the long term success of the business. With the increasing investor focus on companies' efforts in the area of sustainability, as part of their ongoing stewardship of their investments, this will become increasingly important in enabling ongoing access to capital and to promote the future success of the business.

EMPLOYEES

With this decision employees can be confident of the future direction of the Company. This strong message on tackling both the environmental and social impact of the organisation will help to attract and retain key talent, whilst employees can continue to feel proud of the Company they work for. In addition, by raising the profile of ESG through the approval of the new ESG strategy and the formation of a new Sustainability Committee for senior oversight, this underscored the importance the Company places on these issues for its ongoing success.

STAKEHOLDERS

This decision will also look to enhance relationships with suppliers, who are themselves looking to address their carbon neutral footprint in these areas, while at the same time for customers the clear, integrated ESG strategy will further support the strength of the brand and differentiation in the long term.

ENVIRONMENT AND COMMUNITIES

This decision will have a direct impact on the environment and communities as the Company's ESG targets will look to reduce its environmental footprint and contribute to the UK governments net-zero targets.

REPUTATION

In formulating the ESG strategy a thorough process was undertaken to review how our investors, stakeholders and competitors were also engaging in this area to ensure that the Company developed a credible and ambitious plan as it transitions into a low-carbon future. The creation of the new Sustainability Committee will provide clear focus and oversight over the implementation of the new ESG strategy and its targets and broader stakeholder engagement on behalf of the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

DESIGNING THE FUTURE



During 2021 Aston Martin has delivered significant achievements across all aspects of Environmental, Social and Governance ('ESG'). These range from continuing to keep our employees safe by pioneering industry-leading best practice during the pandemic to progressing our work with organisations such as The Prince's Trust, which transforms lives and creates opportunities for thousands of young people. We also developed a new ESG strategy that aims to establish Aston Martin as a world-leading sustainable ultra-luxury

automotive company. This important milestone was agreed by the Board in December and is now a key pillar of our wider corporate strategy. To make sure we are equipped to achieve our ambitious goals, 2021 saw a significant focus on acquiring new capabilities and adapting our organisation, including setting up a new committee of the Board, the Sustainability Committee, and intensifying the work of eight dedicated ESG working groups, covering areas ranging from energy to diversity and inclusion.

2021 HIGHLIGHTS

ENVIRONMENTAL

44%

reduction in emissions intensity to 2.78 tCO₂e per unit as production volumes increased between 2020 and 2021

100%

renewable energy powering UK manufacturing operations

NEW

Strategic Energy Action Plan to continue to minimise energy use

COMMITTED

to the Science Based Targets initiative (SBTi) Net-Zero Standard

100%

waste diverted from landfill

SOCIAL

10TH

consecutive British Safety Council Sword of Honour

DECREASE

in Accident Frequency Rate from 1.44 in 2020 to 1.01 in 2021

92.04% BELOW

the UK vehicle automotive manufacturing injury rate average

24

apprentices graduated from Aston Martin's industry-leading apprenticeship scheme

CHARITY

£500,000 raised for The Prince's Trust by auctioning an Aston Martin Vantage through the Omaze prize draw

STEM

Regular engagement with local schools to promote science, technology, engineering and maths as well as careers in manufacturing

GOVERNANCE

NEW STRATEGY

New ESG strategy approved

ESTABLISHED

Board Sustainability Committee

POLICIES

9 policies updated including 2 new policies on Anti-Slavery & Human Trafficking and Diversity & Inclusion

WORKING FOR A BETTER ENVIRONMENT

Since 2002, the average CO₂ emissions from our cars has fallen by c. 40%¹, and we have continued to drive our progress through ongoing investment in technology and engineering innovation. In 2024 Aston Martin will launch a next-generation PHEV followed by our first BEV targeted for launch in 2025, and a fully electrified Sport/GT and SUV portfolio by 2030. We have also advanced a number of initiatives that will continue to drive down the greenhouse gas emissions arising from our supply chain and how we manufacture our products. These include exploring the use of green aluminium alloy and developing a new Strategic Energy Action Plan. To make sure we build and execute a robust plan to continue to reduce our greenhouse gas emissions, we have committed to set near term and long term Company-wide emission reductions in line with science-based net-zero with the SBTi.

“In 2024 Aston Martin will launch a next-generation Plug-In Hybrid Electric Vehicle followed by our first Battery Electric Vehicle targeted for launch in 2025.”

Complementary to our work targeting reductions in greenhouse gas emissions, we have also intensified our work on reducing and minimising other environmental impacts. In December 2021, employees completed a comprehensive waste streams mapping exercise including a deep-dive analysis to provide enhanced data on waste generated by Aston Martin’s production processes and operations. This enabled improvements to waste segregation and reduction, as well as the use of a new online waste management portal that will allow us to harvest more categorised data in real time.



¹ Based on EU retail sales and NEDC data

↑ Aston Martin is investing in future technologies

HOW WE WORK

Our Environmental Policy guides all aspects of our approach to the environment, and will be reinforced by our new ESG strategy (see pages 71-75). The core elements of our Environmental Policy are:

- Comply as a minimum with all relevant environmental legislation as well as other environmental requirements, while continuing to strive beyond these targets wherever possible
- Commit to ongoing reductions in energy, water and other resource consumption in the manufacture and operation of our vehicles, and an ongoing reduction in our carbon footprint
- Assess through a risk-based approach the threats and opportunities of climate change to the Company, our activities, products and services and prepare appropriately. The environmental risk register is reviewed with senior management quarterly and significant risks aligned with the corporate risk register
- Set, monitor and strive to meet all objectives and targets for managing our environmental performance, including energy, water and waste consumption, to ensure strict control over the environmental aspects of all products, processes and facilities
- Minimise the impact of the Company's activities, products and services on the environment through effective waste management, working closely with its Total Waste Management Contractor
- Give due consideration to environmental issues and energy performance in acquisition, design, refurbishment, location and use of buildings
- Promote sustainable product design and construction with consideration from a lifecycle perspective, using low-carbon and renewable energy resources wherever possible
- Operate and maintain an environmental management system in line with ISO 14001:2015 that is externally audited annually by accredited auditors
- Communicate our environmental policy internally and externally, working with our employees, suppliers and partners to promote improved environmental performance and encourage feedback
- Have in place arrangements for potential and actual environmental incident investigations and provisions have been made for the effective control of contractors' activities while on Aston Martin sites
- Measure and review our overall environmental performance in order to identify trends. Preventive and corrective measures will be produced to reverse adverse trends and move towards implementing best practice through continuous improvement
- Review our environmental management system performance, objectives and targets and environmental policy annually to check they are in line with ISO 14001:2015, that they are appropriate, and to ensure continual improvement of the environmental management system

OUR IMPACT

GREENHOUSE GAS EMISSIONS

Our greenhouse gas emissions for the entire Group reported here are in accordance with the Greenhouse Gas Protocol Corporate Standard for the year to 31 December 2021. These are monitored throughout the year to enable us to make continued improvements wherever possible. The intensity ratio is measured as tonnes of GHG Scope 1 & 2 CO₂e emissions per vehicle manufactured as it reflects the energy intensive nature of our business and the impact of the growth of our business on our immediate surroundings.

METHODOLOGY

We calculate our greenhouse gas emissions in the following way:

Scope 1 – Includes emissions of gas, petrol on site, diesel used for emergency heating and firing pumps, refrigerant refill, LPG and fuel from Company pool cars. Figures are obtained through utility bills, direct from suppliers and through the Company's internal systems. The DEFRA emissions factor for 2021 is then used to calculate the figures.

TOTAL GREENHOUSE GAS EMISSIONS

| | 2018 | 2019 | 2020 | 2021 |
|--|-----------|-----------|-------------------------|-------------------------|
| GHG Emissions Under Scope 1 (tCO ₂ e) | 6,950.92 | 8,981.40 | 9,200.67 [^] | 8,705.35 [^] |
| GHG Emissions Under Scope 2 (tCO ₂ e) – Location based* | 7,493.70 | 8,683.50 | 7,545.86 ^{**^} | 7,366.72 ^{**^} |
| GHC Emissions Under Scope 2 (tCO ₂ e) – Market based* | 5,899.90 | 3,484.61 | 687.28 ^{**^} | 192.38 ^{**^} |
| GHG Emissions Under Scope 3 (tCO ₂ e) | 13,331.11 | 8,806.94 | 6,620.37 [^] | 6,446.74 [^] |
| UK Total Gross Scope (Scope 1 & Scope 2) | 14,444.61 | 17,664.90 | 16,642.17 [^] | 15,984.15 [^] |
| ROW Total Gross Scope (Scope 1 & Scope 2) | – | – | 104.36 [^] | 101.82 [^] |
| Total Gross Scope (Scope 1 & Scope 2) | 14,444.61 | 17,664.90 | 16,746.53 [^] | 16,085.97 [^] |

* Market-based and Location-based approach adopted to quantify Scope 2 GHG emissions from 2018

** Scope emissions calculations include ROW operations

[^] Values assured by ERM CVS

“We constantly strive to go beyond minimising our impact on biodiversity guided by our Biodiversity Action Plan.”

Scope 2 – The Location-based Assessment includes emissions from electricity consumption, sourced direct from utility bills, while the Market-based Assessment includes emissions from electricity consumption based on sources of electricity. The DEFRA/IEA emissions factor for 2021 is then used to calculate these figures.

Scope 3 – Includes emissions from business air travel, management car miles, personal car mileage, employee commuting figures and water. The DEFRA emissions factor for 2021 is then used to calculate the figures.

ENERGY EFFICIENCY

Our emissions intensity decreased by 44% to 2.78 tCO₂e per unit between 2020 and 2021. This was mainly driven by a recovery in production levels, as the total number of vehicles manufactured rose from 3,343 in 2020 to 5,778 in 2021.

BIODIVERSITY

Aston Martin has a detailed understanding of biodiversity around six operational sites. The sites cover a variety of habitats, including species-rich grassland, hedgerows, trees, drainage ditches and disturbed ground, all of which have a high wildlife value. Examples of the wide variety of flora recorded include yellow sedge (*Carex Viridula Oedocarpa*) and bee orchid (*Ophrys Apifera*). Species of wildlife that can be found range from bird species such as the Grasshopper Warbler (*Locustella Naevia*) to butterfly species such as the Common Blue (*Polyommatus Icarus*).

As well as complying with strict statutory environmental regulations and best-practice standards such as ISO 14001:2015, we constantly strive to go beyond minimising our impact on biodiversity guided by our Biodiversity Management Plan and corporate leadership to create net positive biodiversity gain at our manufacturing facility locations. For example, we have wilderness areas with long un-cut grass to encourage wildlife, have enhanced natural habitats for a range of species including the creation of protective habitats for our great crested newts at our Gaydon site, and we are planning for our own Aston Martin bee hives in early 2022. Our site at Gaydon is home to a nature conservation area, which includes a trail for employees and customers. In 2022 we will update our Biodiversity Management Plan and explore the opportunity to align this with the Science-Based Target Network Action Framework for Nature.

GREENHOUSE GAS EMISSIONS PER UNIT

| | 2018 | 2019 | 2020 | 2021 |
|----------------------------------|-------|-------|--------------------|--------------------|
| Manufactured Volume (units) | 6,432 | 6,176 | 3,343 [^] | 5,778 [^] |
| Total Scope 1 Emissions per unit | 1.08 | 1.45 | 2.75 [^] | 1.51 [^] |
| Total Scope 2 Emissions per unit | 1.17 | 1.41 | 2.26 [^] | 1.27 [^] |

[^] Values assured by ERM CVS

TOTAL ENERGY CONSUMPTION WITHIN ORGANISATION

| | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------|-----------|--------------------------|--------------------------|
| Electricity (MWh) | 26,472.94 | 33,973.01 | 32,144.15 ^{**^} | 34,506.66 ^{**^} |
| Gas (MWh) | 33,733.53 | 43,574.51 | 44,796.00 [^] | 43,923.02 [^] |
| Diesel (MWh)~ | – | 14.92 | 4.34 [^] | 72.93 [^] |
| Gasoline (MWh) | 3,236.56 | 2,712.98 | 1,779.25 [^] | 2,450.28 [^] |
| LPG (MWh) | – | 563.60 | 43.52 [^] | Nil [^] |
| UK Total Consumption | 63,433.03 | 80,839.02 | 78,573.14 [^] | 80,952.90 [^] |
| ROW Total Consumption | – | – | 194.11 | 230.96 |
| Total (MWh) | 63,433.03 | 80,839.02 | 78,767.26 | 81,183.86 |

~ Values in this table have been restated as we do not have any direct diesel usage within the organisation

[^] Values assured by ERM CVS

** Includes ROW operations in calculation

PRODUCT SAFETY

Product Safety is among our top priorities when developing our vehicles, with the safety of both our customers and other road users in mind. The safety features installed in our vehicles are developed to enable the highest standards of performance without compromising safety.

All our products are compliant in all markets in which they are sold. Certification is achieved respecting the applicable requirements in each of the respective countries or markets. The vehicle certification in each of the respective countries is maintained and supported by our conformity of production activities.

PRODUCT SUSTAINABILITY

We continually look to make improvements to the CO₂ footprint of our products, while investing in new technologies to further reduce their carbon impact. We understand that having hybrid and electric options for our vehicles is imperative to the Company's future in this industry, and our partnership with Mercedes-Benz AG is fundamental to this.

We are targeting to launch our BEV in 2025. All new car lines will have the option of an electrified powertrain by 2026 (PHEV or BEV).

By 2030, our Sport/GT and SUV portfolio will be fully electrified, and we expect more than 90% of the cars we sell to be PHEV and BEV. Whilst developing alternatives to the internal combustion engine, we may continue to make some vehicles based on customer demand.

WASTE MANAGEMENT

The management of Aston Martin's waste is governed by a stringent regulatory framework and we operate in line with best practice industry standards such as ISO 14001:2015 Environmental Management Systems. Over recent decades we have continued to focus on reducing waste as part of a wider commitment to minimising our impact on the environment. This has enabled Aston Martin to continue to successfully divert 100% of our waste from landfill.

Our Waste Working Group has delivered a number of critical actions during 2021 to make sure we are equipped to achieve a step-change in waste management performance going forward. In 2021, our Environment Team completed a comprehensive waste streams mapping exercise, including a deep dive analysis to provide enhanced data on waste generated by Aston Martin's production processes and

operations. This has enabled improvements to waste segregation and reduction, as well as the use of a new online waste management portal that will allow us to harvest more categorised data in real time and, backed by new KPIs, will enable more agile decision-making to achieve our objectives.

Other key elements of our ongoing drive towards reducing waste include rigorous internal and external audits, employee training and sustainable procurement.

WATER CONSUMPTION

Water consumption continues to be a focus for the business following the introduction in 2018 of a water management system to measure and monitor our water consumption, recycling and discharge levels. This system has enabled us to identify areas of high usage and to implement water saving measures.

During 2021, our dedicated Water Working Group developed a Water Savings Opportunities Action Plan, which is now being implemented across our operations. The Action Plan sets out new KPIs based on a more holistic suite of baseline data and a range of measures that will support our drive towards a 15% reduction in water usage by 2025 (against a 2019 baseline, due to unusually low water usage in 2020 as a result of COVID-19 lockdowns). These measures include developing an enhanced water-usage monitoring capability integrated with all aspects of Aston Martin's manufacturing operations, exploring opportunities for investing in new rainwater capture, improving efficiencies in manufacturing processes utilising water and installing water saving devices.

PRODUCT CO₂ EMISSIONS

| | CO ₂ (G/KM)# |
|------------------------------|-------------------------|
| Vantage Coupe | 264 |
| Vantage Roadster | 263 |
| DB11 V8 Coupe | 254 |
| DB11 V8 Volante | 257 |
| DB11 V12 Coupe | 303 |
| DBS Superleggera V12 | 306 |
| DBS Superleggera V12 Volante | 306 |
| DBX V8 | 323 |
| V12 Speedster | 298 |
| Valkyrie | 543 |

* Figures based on WLTP test cycle

WASTE MANAGEMENT

| | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|----------|----------|--------|--------|
| Total waste (tonnes) | 1,800.00 | 1,566.02 | 394.39 | 858.62 |
| Reused (tonnes) | 43.11 | 40.21 | 8.72 | 6.40 |
| Recycled (tonnes) | 1,262.86 | 987.81 | 243.82 | 380.60 |
| Recover (tonnes) (Waste to Energy) | 494.03 | 538.01 | 141.85 | 471.62 |

WATER CONSUMPTION (M3)

| | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Water consumption (M ³) | 54,029.25 | 59,233.78 | 34,477.65 | 64,681.40 |

Note: These figures represent the water consumption at our UK sites only.

“During 2021, our dedicated Water Working Group developed a Water Savings Opportunities Action Plan, which is now being implemented across our operations.”

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Aston Martin is committed to becoming the world's most desirable ultra-luxury British performance brand, and the Board recognises the scale of the climate emergency and its potential impact on the automotive industry. We believe businesses have an important role to play in taking decisive action to fight climate change and achieve the Paris Agreement's objective of reducing global average temperature increases to well below 2°C by 2100, and we have a clear commitment to set near- and long-term Company wide emission reductions in line with science-based net-zero with the SBTi.

We have implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and this, our first TCFD Report, provides an update for each of the four TCFD pillars: Governance, Strategy, Risk Management and Metrics and Targets. We established a TCFD Working Group who conducted a thorough assessment of the physical and transitional risks and opportunities that we face which could affect our strategy and business model under three different warming scenarios, a 1.5°C, 2°C, and 4°C average increase in global temperatures by 2100.

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

We have already commenced a number of actions to reduce the Company's impact on the environment including:

- sourcing 100% renewable energy (since 2019);
- exploring the use of sustainable materials (e.g., green aluminium) within production;
- implementing initiatives to reduce plastic waste and water consumption within our operations;
- eliminating waste being sent to landfill (since 2019);
- reducing average fleet emissions across our vehicle portfolio; and
- committing to our journey towards electrification with the planned launch of our first PHEV in 2024 and targeting BEV launch in 2025, with a fully electrified Sport/GT and SUV portfolio by 2030.

This Report, together with cross references to other sections of this report and the Sustainability Report where appropriate, outlines how we have complied with the 11 recommended disclosures, or explained where further work is required to do so, as prescribed by the TCFD. As our scenario assessment matures we shall provide further disclosure regarding the resilience of our strategy under certain modelled scenarios.

GOVERNANCE

During the year Aston Martin established a Sustainability Committee whose purpose is to oversee and monitor on behalf of the Board the implementation of the Company's ESG strategy and to provide a general oversight of sustainability initiatives across the Company. The Committee will meet at least twice a year and will be responsible for governance of climate-related risks and opportunities. The Committee is chaired by Anne Stevens, Independent Non-Executive Director, and provides strategic guidance on climate and environmental matters with regular reporting to the Board. Significant climate risks are also fed into the Risk Management Committee to be managed using our business-wide enterprise risk management procedures and incorporated into the corporate risk register where appropriate (refer to the Risk and Viability Report on pages 38-43 for more information on how we manage risk within the Group).

The work of the Committee influences Board strategic decisions in areas such as the development

of the future product portfolio with the planned transition to electrified powertrains across the portfolio by 2030, identifying areas to reduce energy and water consumption, and sourcing of 100% renewable energy within our operations.

A cross functional TCFD Working Group has been established, with representation from Risk Management, Supply Chain, Finance, Sustainability, Sales and Marketing and Manufacturing to lead our activities to ensure compliance with the TCFD requirements. Significant climate-related risks which have been identified by the Group are assigned to functional Risk Champions to develop appropriate risk mitigation plans. The Audit and Risk Committee then provide oversight of the corporate climate-related risks. Each function maintains a comprehensive risk register which is reviewed twice a year by the Risk Management Committee.

STRATEGY

We have undertaken scenario analysis modelling to assess the potential impact of climate change

on our Company, considering qualitative and quantitative factors in three different warming scenarios through to 2050. The results of our assessment show that in the short (next two years) and medium (two to five years) term the Company is more exposed to transition risks arising from changing policy and regulations, changing consumer preferences and accelerated technology change as the move to electrification and other non-carbon solutions intensifies. Physical risks become more relevant in the longer term (beyond five years) with the potential impact of more severe and frequent weather events on our supply chain and distribution network.

The TCFD Working Group engaged a third-party consultancy SME to build our scenario analysis model. The model evaluated the potential impacts of both transition and physical risks and opportunities on Aston Martin with risks being categorised in accordance with TCFD recommendations in three warming pathways as shown in the table below:

SCENARIO PATHWAYS

| SCENARIO | STEADY PATH TO SUSTAINABILITY | MIDDLE OF THE ROAD | FOSSIL-FUELLED GLOBAL GROWTH |
|-------------------|--|---|---|
| SSP/RCP* | SSP 1/RCP 2.6 | SSP 2/RCP 3.4 | SSP 5/RCP 8.5 |
| DESCRIPTION | Globally-coordinated efforts to reduce emissions to net-zero by 2050 and avert the worst effects of climate change | Imperfect efforts to reduce emissions lead to moderate progress but exacerbate inequalities | Global collaboration focused on protecting the population from a changing climate (as opposed to reducing human-induced climate change) |
| SOCIETAL RESPONSE | Proactive | Proactive | Reactive |
| GLOBAL DYNAMICS | Open, collaborative, global | Independent, regional | Open, collaborative, global |
| TEMPERATURE RISE | 1.5°C | 2-2.4°C | 4°C |
| LIKELIHOOD | LOW | HIGH | MEDIUM |

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Key inputs into the model included the physical geographical footprint of the Company, supply chain and global dealer network; historical and predicted sales volumes by market; Scope 1, 2 and 3 greenhouse gas emissions data and vehicle material content. We used the Representative Concentration Pathways (RCPs) as our framework for modelling

different emissions pathways and the associated impact on the climate. To explore the associated market and customer trends underpinning Aston Martin's commercial resilience we also considered different socioeconomic futures, known as the Shared Socioeconomic Pathways (SSPs).

The key significant risks and opportunities which have been assessed and incorporated within the scenario analysis are shown in the table below. The risks have been summarised within the Climate Change principal risk on page 40.

**PHYSICAL RISKS**

Related to the physical impacts of climate change over time (e.g., increased rainfall, sea level rise, prolonged drought, increased frequency and severity of extreme weather events)

Supply chain disruption exacerbated by reliance on single-source vendors for certain components

Increasing insurance costs due to a hardening Property Damage and Business Interruption market caused by additional climate-related damage claims

TRANSITION RISKS

Related to the transition to a lower-carbon economy over time (e.g., policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change)

Inability to maintain pace with technological advancement and remain competitive (e.g., transition to electrified powertrains and incorporation of sustainable materials in the product)

Brand/reputational damage arising from association with unethical supply chain activities (e.g., precious metal sourcing and continued use of leather)

Lack of a globally-coordinated transition to EVs may result in increased market segmentation and the need for a more diverse product portfolio

Aston Martin EV portfolio is not price competitive due to its low volume strategy and inability to drive material/component costs down

Implications of not keeping pace with regulations across key markets, in particular potential loss of small volume derogation

Increasing carbon related taxes/import duties designed to limit the use of high-emissions vehicles, particularly within urban areas

Restricted access to affordable capital due to not meeting ESG criteria for potential investors

Inability to attract and retain appropriate talent caused by a more competitive and progressive, ESG-orientated local labour market

Inability to convert traditional ICE customer base to an Aston Martin EV vehicle proposition

Market disruption from technology-orientated corporates/new entrants developing non-ICE alternative powertrain vehicles

Changes in social norms towards environmentally-friendly buying decisions may reduce demand for current product portfolio faster than expected

Inability to attract new customers who have an alternative perception of luxury to our historical/traditional customer base

Inability to create a credible sustainability narrative while continuing to sell ICE vehicles

OPPORTUNITIES

Climate change presents opportunities in several areas including resource efficiency, transition to renewable energy sources, new products and services, new markets and customer groups

Potential for strategic partnerships with other organisations, for example to provide carbon offset schemes at point of customer purchase

Develop a reputation for building a strong, credible ESG narrative and sustainability focus across the value chain

Maximise revenue and profit opportunity from the sale of the last generation of core ICE vehicles

Secure operational cost efficiencies through waste reduction, more efficient use of water and more efficient energy consumption

| POTENTIAL FINANCIAL IMPACT | TIME HORIZON | WARMING SCENARIOS (risk/opportunity relevant to this scenario) | | | TCFD RISK CLASSIFICATION |
|---|--------------|---|-----|-----|--------------------------|
| | | 1.5°C | 2°C | 4°C | |
| <ul style="list-style-type: none"> Increased operating costs Decreased revenue | Short-term | ● | ● | ● | Physical Acute & Chronic |
| <ul style="list-style-type: none"> Increased operating costs | Long-term | | ● | ● | Physical Acute |
| <ul style="list-style-type: none"> Increased capex/R&D Asset write-offs/impairment | Short-term | ● | ● | | Technology |
| <ul style="list-style-type: none"> Decreased revenue | Short-term | ● | ● | | Reputation |
| <ul style="list-style-type: none"> Increased operating costs Increased capex/R&D Asset write-offs/impairment | Medium-term | ● | ● | ● | Market, Policy & Legal |
| <ul style="list-style-type: none"> Decreased margins Decreased revenue | Short-term | ● | ● | ● | Market |
| <ul style="list-style-type: none"> Increased operating costs | Short-term | ● | ● | | Policy & Legal |
| <ul style="list-style-type: none"> Increased operating costs Decreased revenue | Short-term | ● | ● | | Policy & Legal |
| <ul style="list-style-type: none"> Increased financing costs Decreased capex/R&D | Short-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Increased operating costs | Short-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Decreased revenues | Medium-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Decreased revenues Increased capex/R&D Asset write-offs/impairment | Medium-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Decreased revenues Increased capex/R&D Asset write-offs/impairment | Short-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Decreased revenues | Short-term | ● | ● | | Market |
| <ul style="list-style-type: none"> Decreased revenues | Short-term | ● | ● | | Reputation |
| <ul style="list-style-type: none"> Decreased operating costs Increased revenues | Short-term | ● | ● | ● | |
| <ul style="list-style-type: none"> Increased revenues | Medium-term | ● | ● | ● | |
| <ul style="list-style-type: none"> Increased revenues Increased margins | Short-term | ● | ● | ● | |
| <ul style="list-style-type: none"> Decreased operating costs | Short-term | ● | ● | ● | |

RISK MANAGEMENT

Refer to pages 38-43 of the Risk and Viability Report where we outline how risks and opportunities, including those specifically related to climate change, are identified, assessed and managed through the deployment of the Aston Martin Enterprise Risk Management Framework and System. Our climate-related risks and opportunities have been classified using the TCFD recommended classifications as summarised in the table on the previous page.

The financial and strategic resilience impacts of our scenario analysis modelling of climate-related risks and opportunities will be further assessed during 2022.

A summary of some of the key mitigating activities that have been taken, or are planned to be taken, to manage the significant climate-related risks are disclosed below.

Significant climate-related risks have been incorporated into the appropriate functional risk registers where we maintain a description of the risk, assess its likelihood and impact, assign a risk owner and identify and track mitigating activities.

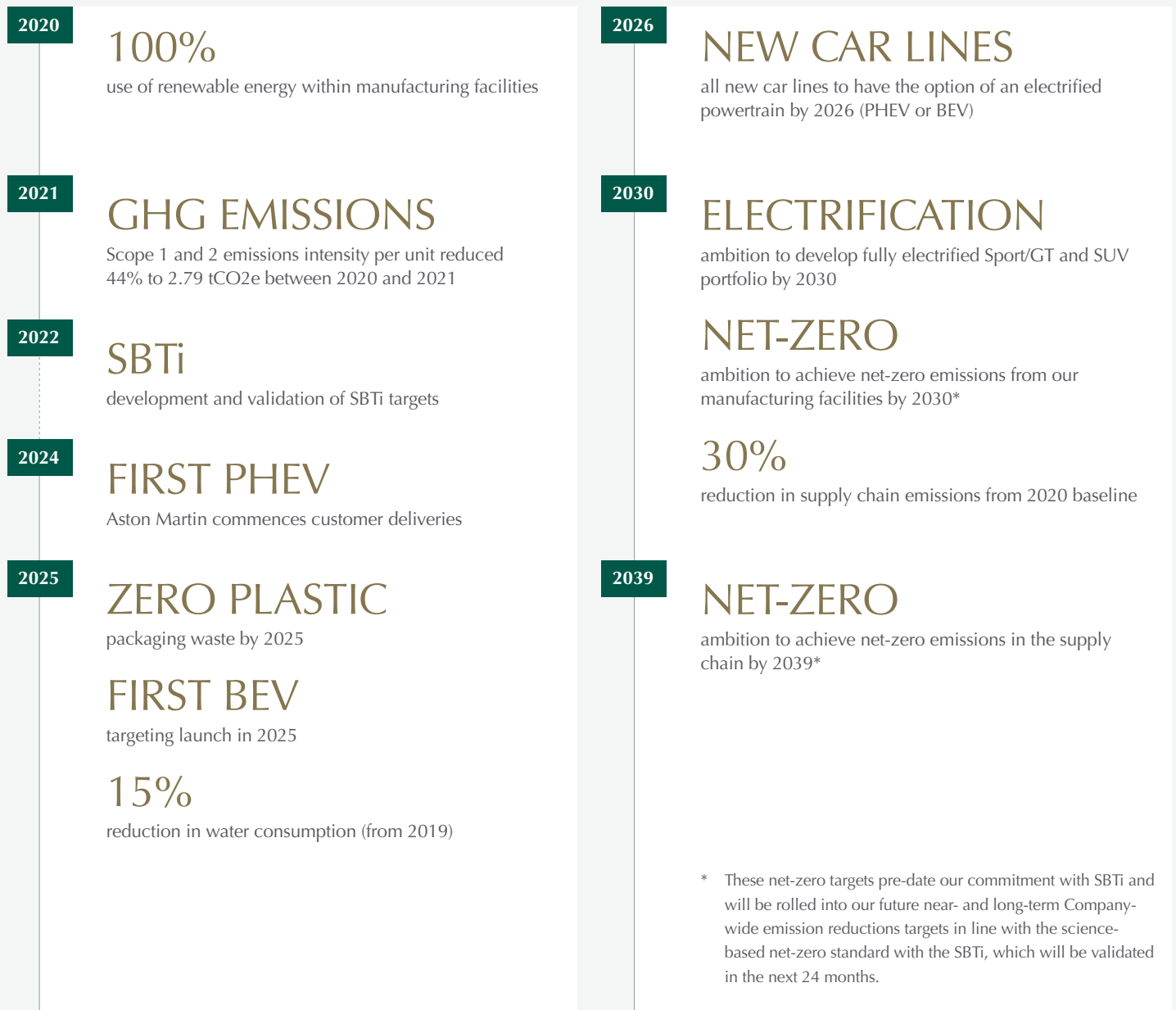
METRICS AND TARGETS

Our ESG strategy includes a number of climate-related ambitions and targets which demonstrate the Company's commitment to tackling climate change in the short, medium and longer term. We are committed to the Science Based Targets initiative (SBTi) Net-Zero Standard and are committed to setting near- and long-term Company-wide emission reduction targets in line with the SBTi. These targets will be validated by the SBTi over the next 24 months.



| TRANSITION RISKS | MITIGATING ACTIONS TAKEN/PLANNED TO BE TAKEN TO ADDRESS RISKS | | |
|--|--|---|---|
| POLICY Managing our exposure to changes in legislation | <ul style="list-style-type: none"> R&D investment to develop lower fleet emissions portfolio Maintenance of small volume derogation status exemptions where available | <ul style="list-style-type: none"> Establishment of emissions-pooling agreements with third parties to manage exposure to carbon pricing | <ul style="list-style-type: none"> Consideration of forward purchasing of carbon offsets to manage exposure to increased pricing and reduced capacity |
| TECHNOLOGY Modifying our product offering | <ul style="list-style-type: none"> R&D investment in EV technology Improving energy efficiency in our manufacturing plants | <ul style="list-style-type: none"> Strategic co-operation agreement with Mercedes-Benz AG to provide access to EV powertrains | <ul style="list-style-type: none"> Investment in use of alternative sustainable materials within vehicles |
| MARKET Adapt to meet customer needs and desires | <ul style="list-style-type: none"> Continued focus on waste reduction and elimination Zero plastic waste target to be achieved by 2025 | <ul style="list-style-type: none"> Working with our supply chain to reduce global emissions and waste | <ul style="list-style-type: none"> Development of electrified options within the product portfolio to meet customers' ICE and EV needs |
| REPUTATION Positioning Aston Martin as an ultra-luxury sustainable brand | <ul style="list-style-type: none"> Development of our ESG strategy to respond proactively to climate change Transparent disclosure of our GHG emissions through publication of our Sustainability Report | <ul style="list-style-type: none"> Enhanced communication of actions already taken to address climate change Development of credible plans to achieve net-zero carbon emissions within our plants by 2030 | <ul style="list-style-type: none"> Clear strategy to electrify our product portfolio and increase use of sustainable materials (including green aluminium) |

Refer to the Environmental, Social and Governance Report (page 48) for details of our GHG Scope 1, 2 and 3 emissions and our 'Sustainability Report' for more detail relating to targets we have set and monitor in relation to climate change. In summary, these include:



This concludes the TCFD section of the report.

STRATEGIC ENERGY ACTION PLAN HIGHLIGHTS

1

Onsite renewable energy generation, including reviewing options for Solar Photovoltaic (Solar PV) installation and generation at our manufacturing sites and, over the longer term, exploring feasibility of combined heat and power using low carbon fuels.

2

Investing in advanced energy management systems to dynamically optimise production efficiency by using real-time energy usage data and improved heating, ventilation, and air conditioning controls.

3

Adopting industry best practice, including utilising the net-zero Science-Based Targets initiative (SBTi) standard as a framework for achieving a robust carbon reduction roadmap towards net-zero.

4

Innovating new manufacturing processes, including investigating heat cross transfer from compressor and paint shop operations, and maximising the use of 3D printing.

5

New training programmes to ensure all employees are concentrated on the need to minimise energy usage across all functions.

SOLAR PV GENERATION FOR ST ATHAN



In 2021 Aston Martin progressed a major project that will deliver 6.4MW of onsite Solar PV generation capacity at our St Athan plant. Subject to planning approval and agreement on connection to the national electricity distribution network, during 2022 over 14,000 solar panels will be installed, capable of generating around 20% of the plant's total annual demand. We are also continuing to explore the potential installation of up to 2.5MW of Solar PV at our Gaydon site.

14,000

solar panels at St Athan will generate around 20% of the plant's total annual electricity demand

CARING FOR OUR PEOPLE

SOCIAL

HEALTH AND SAFETY SAFETY

During 2021, we continued our industry-leading track record on safety and in December received our tenth consecutive British Safety Council Sword of Honour. The British Safety Council Five Star Audit is a comprehensive, contemporary, quantified audit process, which allows health and safety performance to be tested against the latest legislation, recognised standards and best-practice techniques. It provides a quantified outcome with detailed recommendations against a contemporary best-practice specification (including the requirements of ISO 45001) over and above current Occupational Health and Safety Management Systems standard requirements. The audit specification model includes six best practice indicators which are continually assessed throughout the audit process:

- Leadership;
- Stakeholder engagement;
- Risk management;
- Organisational health and safety culture;
- Continual improvement; and
- Wellbeing.

Each year, only those organisations that have achieved a five-star result are invited to apply for a Sword of Honour, with only a select few attaining this prestigious award.



The safety and wellbeing of our staff has been a key business priority during the COVID-19 pandemic ↑

Aston Martin has been recognised for pioneering best-practice to keep our employees safe while successfully maintaining production and positive change across the business.

Throughout 2021 we continued to maintain our COVID-secure guidelines in order to protect our people and build on our existing COVID-19 corporate update portal, providing the latest information and Company actions in one place, accessible to all employees at all times.

We continued to work closely with employees and trade unions to further develop and implement protocols to protect employee health and safety in our production facilities in line with the evolving government advice.

WELLBEING AND HEALTH AND SAFETY (AS AT 31 DECEMBER 2021)

| | 2019 | 2020 | 2021 |
|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Accident Frequency Rate*# | 1.04 | 1.44 | 1.01 |
| Sword of Honour Award | 8 TH CONSECUTIVE TIME | 9 TH CONSECUTIVE TIME | 10 TH CONSECUTIVE TIME |
| BSC Health and Safety audit score | 94.44% | 94.40% | 94.29% |

* Accident Frequency Rate (AFR) – for Aston Martin Lagonda UK employees/200,000 manhours (or per 100 employees)

This figure only includes UK employees

This included maintaining a safe environment to enable people who needed to be on-site to return to work, while still supporting those who could work from home to do so effectively. We removed the temperature checks on arrival and brought in twice-weekly lateral flow testing for those working at our sites initially administered by a nurse, healthcare professional or first aider, and latterly, successfully moved to self-testing in the last quarter of the year. The rapid flow antigen test (lateral flow) has proven effective in providing rapid results, helping to stop the spread of the virus among our employees and their families.

We continued to mandate the use of masks throughout the year when moving around our UK facilities, working on the shop floor and in situations where social distancing was not possible, even if this meant going beyond UK Government advice. We also encouraged the continuation of social distancing, and hand sanitiser remained available throughout 2021.

WELLBEING

Our relentless focus on safety mirrors our wider commitment to supporting the wellbeing of our employees. During the pandemic we have extended this commitment to build on the comprehensive range of benefits available to employees across the Company, including dedicated healthcare provision, on-site health assessments, discounted gym membership and a free, confidential helpline offering access

to counselling. Mental health has been a key priority with a number of new initiatives delivered, including new tools provided through the 'Thrive' employee app and mental health training delivered to Aston Martin's leadership team.

SUSTAINING A WORLD-BEATING TEAM SKILLS AND TRAINING

Making sure our employees are equipped with the right skills and can advance their professional development is a key part of making sure Aston Martin continues to have a world-beating team ready to drive our future success. In 2021, 24 apprentices graduated from our four-year apprenticeship programme and we have 44 apprentices currently in our programme, with a first tranche of 18 new apprentices expected to start the programme and their early career in September 2022.

Every employee at Aston Martin can access training opportunities tailored to their needs and aspirations. This includes enabling employees to work towards Chartered Institute of Management and MBA qualifications. In 2021 we continued to increase the courses available to employees through our e-learning platform which now has over 200 courses.

PROMOTING STEM

In order to sustain a world-beating team it is essential to inspire young people about the exciting possibilities of a career in manufacturing. This underpins Aston Martin's

extensive engagement and long-standing partnerships with local schools. During 2021, we successfully maintained our work with young people, with a continuing focus on promoting science, technology, engineering and mathematics ('STEM'). Encouraging the uptake of STEM subjects not only helps ensure young people are equipped to pursue careers in manufacturing but also enables Aston Martin to recruit people with the skills we need over the long term.

DIVERSITY AND INCLUSION

We are committed to creating, delivering and incentivising an inclusive employee experience that aligns with what the Company needs in order to deliver our strategy. Diversity is core to our principles of fairness and respect and drives creativity, innovation and strategic decision making. Developing and growing our diverse workforce is critical to our future success by better equipping us to deliver the needs of our customers now and in the future. We recognise that we have work to do in this area and that consistent and continuous actions to push a greater balance of diversity are vital. Broadening our diversity and inclusivity agenda has been a key priority for the Company in 2021, as part of our "I AM Aston Martin" workstream, which aims to make sure that employees can be their authentic selves at work. A priority for 2022 will be the inauguration of our Employee Inclusion Network.

EMPLOYEES BY GENDER (AS AT 31 DECEMBER 2021)^

| | MALE | FEMALE | % FEMALE |
|------------------------|-------|--------|----------|
| Senior management team | 6 | - | 0.0% |
| Senior leadership team | 47 | 11 | 19.0% |
| Other employees | 1,836 | 307 | 14.3% |
| Total | 1,889 | 318 | 14.4% |

EMPLOYEES BY REGION (AS AT 31 DECEMBER 2021)^

| | MALE | FEMALE | % FEMALE |
|--------------|-------|--------|----------|
| Asia Pacific | 21 | 16 | 43.2% |
| EMEA | 40 | 7 | 14.9% |
| UK | 1,807 | 287 | 13.7% |
| Americas | 21 | 8 | 27.6% |
| Total | 1,889 | 318 | 14.4% |

Note: Data by gender and region is shown for 2,207 permanent Company employees only

^ Values assured by ERM CVS

EXTERNAL ASSURANCE OF RESPONSIBILITY AND PEOPLE DISCLOSURES

ERM CVS has provided limited assurance over selected metrics in the Environmental, Social and Governance sections of the Annual Report and Accounts, as indicated by the "^^" Symbol. This is in accordance with the International Auditing and Assurance Standards Board's (ISAE3000 (Revised)) international standard. To see the ERM CVS assurance statement please visit www.astonmartinlagonda.com.

DRIVING FORCE



As part of our commitment to promoting diversity and inclusion, and as a sponsor of the ITV series *Driving Force*, Aston Martin worked with series Director-Creator Rosemary Reed to organise an event at Whitchurch High School in Cardiff to inspire girls to work in male-dominated industries. Five female Aston Martin apprentice engineers joined Aston Martin Cognizant F1™ Team Driver Ambassador, racing and stunt driver, Jess Hawkins to speak to pupils aged 11 to 16 about their experiences. The event was also supported by Girls on Track UK, a joint initiative between the Fédération Internationale de l'Automobile (FIA) and Motorsports UK to inspire girls and women into seeing and believing that there is a rightful and valuable place for them in the motorsports industry and show that there are opportunities for all, regardless of interests, gender and race. The Driving Force event further reflected Aston Martin's ongoing commitment to promoting science, technology, engineering and maths (STEM).



Aston Martin Cognizant F1™ Team Driver Ambassador, racing and stunt driver, Jess Hawkins joins five female Aston Martin apprentice engineers on a visit to Whitchurch High School in Cardiff as part of a national effort to inspire girls to work in male-dominated industries

During 2021, the work of our Diversity and Inclusion Working Group, chaired by the Director of Reward and Policy, continued. This working group wrote the new Diversity and Inclusion Policy, which was approved by the Board at its meeting in December. The working group has set itself a number of targets including a commitment to collect and publish a wider set of demographic data and a relaunch of the Aston Martin Female Advisory Board.

We also appointed in the course of the year three women to the Board, Natalie Massenet, Marigay McKee and Anne Stevens, and have committed to achieve the Parker Review recommendation that at least one Director on the Board is from an ethnic minority background, by 31 December 2024.

We remain committed to offering equal job opportunities for all, irrespective of gender, and continue to invest in initiatives to attract and retain the best possible talent for our organisation. Operating within the manufacturing and engineering industry has historically led to a higher proportion of men than women in our workforce. Our gender diversity figures are set out in the table on page 62,

and our Gender Pay Gap (GPG) report is available at www.astonmartinlagonda.com. Our mean pay gap has increased from 2.6% in 2020 to 6.9% in 2021, largely due to the temporary salary and fee waivers taken by Board members and senior management received during 2020. The full GPG report sets out and explains our numbers in detail, together with the initiatives we operate to focus on addressing gender diversity in our workforce. The findings from our GPG report help to enable us to continue to drive and evolve our initiatives to ensure we are able to promote diversity across the business, ensuring we are able to recruit, develop and retain talented men and women. We will continue to monitor our pay gap and recognise that it will take time for the full impact of our initiatives to be evident in these figures. We are committed to focusing on and exploring the best ways to encourage and enable our employees to develop and succeed at Aston Martin, including into the most senior positions.

In 2021 we also started a process to commit to 'Valuable 500', a global business collective innovating together for disability inclusion, and in 2022 will be delivering plans as part of being

a committed member of the UK Government's Disability Confident scheme. We have also progressed our engagement with 'Racing Pride', an innovative movement developed to promote LGBTQ+ inclusivity within the motorsport industry and among its technological and commercial partners.

EQUAL OPPORTUNITIES

We are committed to building and maintaining a workplace and culture where all our people feel connected to Aston Martin's purpose, that they have a voice, will receive equal treatment and can develop to reach their full potential irrespective of their gender, gender identity or expression, ethnicity, race, nationality, origin, religion or belief, age, sexual orientation, disability, marital status, or any other characteristic protected by law.

OUR PEOPLE VISION

Our people vision is 'to create a fulfilling and rewarding experience that enables our people to flourish' and is part of our People strategy.

The People strategy has been developed to accelerate progress in creating and sustaining a world-class employee experience. The pillars of our strategy centre around our I AM culture and include aspects such as embedding our I AM values, driving improvements to diversity and inclusion, a focus on employee engagement, clear communication and growing our team to meet the business's future capability needs.

Delivery of the People strategy is overseen by the People Forum, which meets on a monthly basis. The Forum, chaired by our Director of HR, assumes responsibilities previously overseen by the 'People Committee'.

OUR VALUES

Our organisational values are: honest, transparent, accountable and courageous. We are currently partnering with employees from across the organisation to develop a deep understanding of how our values are lived. Through a series of focus groups, employees have shared their experiences of what makes Aston Martin unique and their vision for the future. Alongside the feedback from the I AM Engaged survey, this has been an important step in co-creating what Aston Martin stands for.



↑ Aston Martin's apprenticeship programme forms a key part of the Company's commitment to supporting the next generation of British talent and skills



← The return of Town Hall events has allowed employees the chance to hear directly from leadership

EMPLOYEE ENGAGEMENT

During 2021, work has continued on 'I AM Aston Martin', our culture transformation programme. In 2021 we conducted our global I AM Engaged survey, receiving feedback from 80% of employees.

Following the survey, our priorities for engagement were set as:

- delivering a shared vision; and
- strengthening a high-performance culture.

In December 2021, CEO Tobias Moers shared the future vision for the Company with all employees, followed by an exclusive employee event to reveal our 'Showroom of the Future'. Round Table events have enabled employees to hear first-hand the thoughts and perspectives of the CEO and have been a key mechanism to continue the dialogue on the experiences and engagement of our people.

Aston Martin employees have also been engaged in shaping our organisation values. An open invitation saw employees from across all parts of the business come together in focus groups to help shape the behaviours which will help Aston Martin succeed in the future. The launch of the values will continue into 2022 to become part of how we attract, grow and develop our people.

TRAINING AND EMPLOYEE DEVELOPMENT

Aston Martin offers a four-year apprenticeship programme to equip new employees with the skills they need to fulfil a range of roles across

the business. Every colleague at Aston Martin can access training opportunities tailored to their needs and aspirations. This includes enabling employees to work towards Chartered Institute of Management Level 3 in Management and Level 5 in Leadership and Management, as well as APM Level 4 in Project Management, Data Analytics Level 4, and MBA qualifications.

REWARDS AND BENEFITS

Passionate, motivated and professional people are critical to the success of Aston Martin and, to attract and retain the best talent available, our pay and benefits must be competitive. Our aim is to foster a culture where everybody feels valued, motivated and rewarded to achieve their best work. Our reward offering is overseen by the Remuneration Committee which, as well as having responsibility for senior executive pay, considers remuneration across the whole Company.

The philosophy and principles that apply to remuneration at the Company are applied consistently throughout the organisation, with an emphasis on a pay for performance approach. All employees are eligible for an annual bonus based on performance and at a senior level, there is a greater emphasis on long-term, sustainable performance and alignment with the shareholder experience. The key difference between executive remuneration and that for the wider workforce is therefore that a higher proportion is at risk and dependent on Company performance.

Pay, terms and conditions for Non-Management grades are subject to Trade Union negotiation, with any changes, including any general increases, agreed on a regular basis. In 2021, the Company introduced a new Company-wide annual bonus with a Group scorecard of performance measures to better reflect annual progress on the business plan and latest KPIs. The Group scorecard was cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus and a 'One Team' approach. As part of the 2021 agreement, the Company also agreed a grade protection policy, offering protection for restructure/organisational job changes or long-term ill health, and a home-working policy, to support employees who can effectively work from home.

During 2021, the Company reviewed the Aston Martin Lagonda Limited Pension Scheme (the Defined Benefit Scheme) and proposed to close this scheme to future accrual. A consultation process with affected employees (c. 400 members) was carried out during 2021, and the Company also engaged with the Trade Union on the proposals. Following this consultation, the Company decided to close the Defined Benefit Scheme to future accrual on 31 January 2022, with all employees who were active Defined Benefit Scheme members immediately before the closure becoming deferred members and automatically joining the Company's competitive Defined Contribution plan (of which the majority of employees are already members).





“Our partnership with Aston Martin has been invaluable. Thanks to Aston Martin’s support, the life chances of thousands of young people who we work with have been transformed.”

BEN MARSON
DIRECTOR OF PARTNERSHIPS
THE PRINCE'S TRUST



SUPPORT FOR COMMUNITIES AND CHARITIES

All of Aston Martin’s sites provide invaluable employment opportunities and contribute to the economic wellbeing of surrounding communities. However, our contribution to supporting the communities we are part of goes much further. In addition to our partnerships with local schools to promote careers in STEM, Aston Martin works to support local charities and good causes chosen by employees across the business. Although difficult circumstances during 2021 meant we could not undertake a number of activities, we are planning to rebuild our support for local charities during the year ahead.

The Company is also committed to supporting communities and helping those in need nationally. In 2021 we reignited our work with The Prince’s Trust, a youth charity that helps vulnerable young

people aged 11 to 30 to access employment, education and training. Since 2016, Aston Martin has helped to raise over £2 million for The Trust. As well as direct gifts, support and sponsorships totalling more than £200,000, in 2021 we donated an Aston Martin Vantage that helped raise £500,000 for The Trust via the Omaze prize draw.

WORKING WITH OUR STAKEHOLDERS

Aston Martin proactively engages with a wide range of stakeholders. In addition to local communities and charities, we also engage industry bodies such as the Society of Motor Manufacturers and Traders, the leading representative body for the UK automotive sector, parliamentarians, and stakeholders across the UK and Welsh governments. For further information on stakeholder engagement, see pages 44-45.

GOVERNANCE

As a signatory of the UN Global Compact we are committed to doing business in an ethical and transparent way. This approach is essential to ensure that our growth is sustainable and provides shared value for our stakeholders. We are committed to comply with the regulatory context of all countries in which the Company operates and to ensure our cars are compliant with the regulation for the markets in which they are sold.

Our Standards of Corporate Conduct apply to all full and part time employees of the Group, and to all temporary, contract and all other individuals and companies that act on behalf of the Group.

The Standards of Corporate Conduct established a series of principals and guidelines of conduct that ensures ethical and responsible behaviour in a number of areas such as: Anti-Bribery and Corruption, Confidential Reporting and Whistleblowing, Modern Slavery, Responsible Procurement and Diversity & Inclusion. The Internal Audit team investigates possible violations of the Standards of Corporate Conduct during periodic audits.

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.

SUSTAINABLE SUPPLY CHAIN RESPONSIBLE PROCUREMENT POLICY

With our aim to improve the social, environmental and economic impact of our operations, we are committed to building a responsible supply chain with our partners. Our policies and practices are designed to promote quality and maintain high standards of sustainable and ethical sourcing.

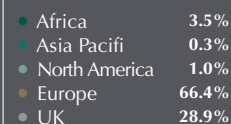
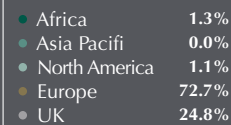
The Aston Martin Responsible Procurement Policy was revised in 2021 to cover conflict minerals and our commitment to elimination of any identified breaches, as well as the core principles of Green Procurement, and also expanded our commitment to environmentally-friendly products and ISO14001 in line with our new ESG strategy. The Policy sets out the Company's commitment to the application of social, ethical and environmental principles in the supply chain. These principles are supported by Aston Martin procurement policies and practices, standard terms of conditions of supply and the standards for all Company employees, suppliers and sub-suppliers.

We seek commitment from the Company's existing suppliers and sub-suppliers as well as future suppliers to engage, communicate and promote the principles outlined within the Policy, including but not limited to our expectations around working conditions, regulatory compliance, safety, ethical and environmental commitments and eradicating any forms of slavery or human trafficking in line with the UK's Modern Slavery Act.

Our supply chain management process enables us to work closely with our suppliers to ensure all requirements are understood and supported, with performance monitored and tracked. A detailed overview of the Aston Martin Responsible Procurement Policy can be found on the Company's website: www.astonmartinlagonda.com.

SUPPLIERS BY REGION

The Company continues to be focused on sourcing the best suppliers globally, which includes increasing local spend, but also moving further afield than Western Europe. The reliance on Europe and the UK suppliers in 2020 was largely due to the impact of COVID-19.



HUMAN RIGHTS AND MODERN SLAVERY

Modern slavery, together with its components of forced labour and human trafficking, is a hidden crime and a growing world-wide issue exacerbated by the rapid rise in global migration, affecting an estimated 40.3 million people. This issue transcends age, gender and ethnicities. It includes victims trafficked from overseas and vulnerable people in the UK who are forced illegally to work against their will across many different sectors such as agriculture, hospitality, construction, retail and manufacturing.

Our new Anti-Slavery and Human Trafficking Policy provides employees, contractors and other business partners direction on our approach to and measures we have in place to prevent acts of modern slavery and human trafficking in the business and supply chain. These measures include training, issuing the Responsible Procurement Policy, conducting due diligence and regular audits of suppliers, and mitigation activities to address supply chain risks. We are required to publish an annual 'Slavery and Human Trafficking Statement' detailing the steps we have taken to ensure that slavery or human trafficking is not taking place in our supply chain.

To address this, we have established a cross functional Modern Slavery Working Group including representation from Human Resources, Legal, Procurement and Supply Chain, Internal Audit and Corporate Responsibility, who are responsible for implementing and maintaining the relevant policies, communication and training to combat modern slavery.

Over the course of 2021 no human rights violations were reported within the Group or our wider supply network. A copy of our Modern Slavery Act Statement can be found on our website at www.astonmartinlagonda.com.

WHISTLEBLOWING

We are committed to creating an environment of trust which is open, safe and secure, and it is important that our employees feel that they are able to raise genuine concerns of suspected wrongdoing without fear of suffering detriment or being victimised. Our Confidential Reporting and Whistleblowing policy has been developed with the aim of encouraging employees to voice any concerns they may have about any known or suspected wrongdoing in strict confidence and outlines the procedure to follow to bring this to

the Company's attention. The policy is widely available, and there is also annual mandatory training on this policy. Any concerns raised are managed by the Internal Audit and Risk Management team, and investigation reports are received and reviewed by the Chief Executive Officer as well as the HR Director and Chair of the Audit and Risk Committee.

There were four whistleblowing reports received in the year, three relating to potential breaches of Company policy/procedures and one potential conflict of interest. One case remains open at year-end. 50% of the reports received were reported directly to executive management with the other 50% reported via the online web reporting portal.

POLITICAL DONATIONS

It is the Company's policy not to make political donations and no such political donations were made during the period.

TAX STRATEGY

We are committed to complying with our statutory obligations in relation to the payment of tax including full disclosure of all relevant facts to the appropriate tax authorities. In managing our tax affairs, we recognise our responsibilities as a taxpayer and the need to protect the corporate reputation inherent in the brand.

The Board has ultimate responsibility for the Group's tax strategy although the day-to-day management rests with the Executive Committee which comprises the senior operational personnel of the Group. The Chief Financial Officer is the Executive Committee member with ultimate responsibility for tax matters and is the Senior Accounting Officer of the Group. The Chief Financial Officer advises the Board on the tax affairs and risks of the Group to ensure: (i) the proper control and management of tax risk; (ii) the tax position is planned in line with the Group's strategic objectives; (iii) the tax charge is correctly stated in the statutory accounts and tax returns; and (iv) all tax compliance is completed in a timely manner to HMRC and other tax authorities.

Further information on the Group's Tax Strategy is available on our website at www.astonmartinlagonda.com.

MEMBERSHIP OF ASSOCIATIONS DURING THE PERIOD

The Company is a member of a number of industry bodies and trade associations around the world, which enables the Company to create synergies with other organisations to improve business and to efficiently and sustainably develop industry and society.

AUTOMOTIVE COUNCIL

BRITISH SAFETY COUNCIL

CDP

CONFEDERATION OF BRITISH INDUSTRY (CBI)

EUROPEAN SMALL CAR MANUFACTURERS ALLIANCE (ESCA)

FÉDÉRATION INTERNATIONALE DE L'AUTOMOBILE (FIA)

FTSE4GOOD

ROYAL WARRANT HOLDERS ASSOCIATION

SOCIETY FOR MOTOR MANUFACTURES & TRADERS (SMMT)

UN GLOBAL COMPACT

WELSH AUTOMOTIVE FORUM

NON-FINANCIAL INFORMATION STATEMENT

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

Company website where further information can be found. The majority of policies can be found on our website: www.astonmartinlagonda.com.

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

| REPORTING REQUIREMENTS | POLICIES AND STANDARDS WHICH GOVERN OUR APPROACH | WHERE MATERIAL INFORMATION CAN BE FOUND |
|--|---|--|
| Environmental Matters | <ul style="list-style-type: none"> Environmental Policy | <ul style="list-style-type: none"> ESG Disclosure, pages 50-60 Sustainability Report, www.astonmartinlagonda.com Stakeholder Engagement, pages 44-45 |
| Employees | <ul style="list-style-type: none"> Diversity and Inclusion Policy Group Health and Safety Policy Confidential Reporting and Whistleblowing Policy Gender Pay Gap Report | <ul style="list-style-type: none"> Caring for our People and Stakeholder Engagement, pages 61-67 Gender Pay Gap, page 64 Governance Report, pages 82-137 Audit and Risk Committee Report, pages 108-114 Remuneration Report, pages 115-137 Gender Pay Gap Report, www.astonmartinlagonda.com |
| Anti-Bribery and Corruption | <ul style="list-style-type: none"> Anti-Bribery and Corruption Policy Group Conflicts of Interest Policy Hospitality and Gifts Policy Anti-Money Laundering Policy | <ul style="list-style-type: none"> ESG Disclosures, page 48-75 Governance Report, pages 88-101 Audit and Risk Committee Report, pages 108-114 |
| Human Rights | <ul style="list-style-type: none"> Anti-Slavery and Human Trafficking Policy Modern Slavery Statement | <ul style="list-style-type: none"> Modern Slavery, page 69 Modern Slavery Statement, www.astonmartinlagonda.com |
| Stakeholder | <ul style="list-style-type: none"> Responsible Procurement Policy Data Protection Policy | <ul style="list-style-type: none"> ESG Disclosure, pages 68-69 Stakeholder Engagement, pages 44-45 s.172 Statement, pages 146 Board Activities, pages 97 |
| Social | <ul style="list-style-type: none"> Environmental Policy | <ul style="list-style-type: none"> ESG Disclosure, pages 50-60 Stakeholder Engagement, pages 44-45 |
| Non-Financial Key Performance Indicators | | <ul style="list-style-type: none"> Key Performance Indicators, pages 36-37 Strategic Report, pages 5-81 |
| Principal Risks | | <ul style="list-style-type: none"> Our Approach to Risk, pages 38-39 Principal and Emerging Risks, pages 40-42 Business Model, pages 30-31 |
| Business Model | | <ul style="list-style-type: none"> Business Model, pages 30-31 |

DRIVING AMBITION: OUR NEW ESG STRATEGY

Our new Environmental, Social and Governance (ESG) strategy builds on our previous Environmental Policy and aims to establish Aston Martin as a world-leading sustainable ultra-luxury automotive business by embedding five core principles: tackling climate change; creating a better environment; investing in people and opportunity; exporting success; and delivering the highest standards. These principles reflect Aston Martin's long-standing approach to ESG, aligned with UN Sustainable Development Goals, as well as a deepened understanding of the issues that our customers, investors and stakeholders care about.



“Our new ESG strategy aims to establish Aston Martin as a world-leading sustainable ultra-luxury automotive business.”

Accelerating action on tackling climate change is a key focus, with last year's UN Climate Change Conference underlining the urgent need for further action. As the business moves into a new era, now is the time to challenge ourselves to make a bigger difference.

By 2024 we will launch a next-generation PHEV and we are targeting the launch of our first BEV in 2025, with a fully electrified Sport/GT and SUV portfolio by 2030. Whilst embracing electrification, we also believe our sustainability ambitions must be broader than producing emissions-free vehicles. We want to ensure our own manufacturing footprint is sustainable and produce products with the least environmental impact possible. As well as transforming our products, we are also transforming how they are manufactured, and aim to achieve net-zero emissions arising from our manufacturing facilities by 2030, reduce supply chain emissions by 30% by 2030, and achieve net-zero across our supply chain by 2039. By 2025, we aim to eliminate plastic packaging waste and reduce water consumption by 15% compared to 2019, whilst maximising our use of sustainable materials and enhancing biodiversity across sites.

Other key goals of our ESG strategy include aiming for zero accidents and to have one quarter of leadership positions occupied by women within the next five years. We recognise the work that we still need to do alongside many of our peers in the automotive sector to boost female representation and promote diversity and inclusion more broadly.

Our new ESG strategy marks the start of a journey towards achieving a new level of ambition and will continue to develop over time. Our success in delivering its goals will be driven by a long term commitment that is powered by our enduring purpose, constantly reaching for new heights in performance by pioneering innovation and crafting perfection.

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

A WORLD-LEADING SUSTAINABLE ULTRA-LUXURY AUTOMOTIVE COMPANY

UNDERSTANDING WHAT MATTERS

A robust understanding of the issues our customers, investors and stakeholders care about has always been at the centre of Aston Martin's approach to ESG and is an important foundation of our new ESG strategy. In 2021 we commissioned a new Materiality Assessment that provided an up-to-date view of their sustainability issues and priorities.

METHODOLOGY

The Materiality was based on a three-stage process: desktop research, stakeholder engagement and analysis and findings.

DESKTOP RESEARCH

The desktop research enabled us to gain a deep understanding of issues that are frequently cited by stakeholders in reporting frameworks, benchmarks, ranking and indices, and investor reports. Over the course of the desktop research, we reviewed over 60 internal and external documents resulting in an initial ranking of issues.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement was conducted to understand the relevance and importance of sustainability issues through:

- Survey sent to 40 stakeholders who collectively represent a broad range of Aston Martin's diverse stakeholder groups and geographic markets*
- Interviews with seven internal and external stakeholders
- Facilitation of two internal focus groups.

The direct engagement also enabled us to identify the nuances around material issues, emerging trends and transversal challenges.

ANALYSIS AND FINDINGS

The final stage involved a detailed review of the insights gathered from the stakeholder engagement stage and a re-evaluation of the scores for the issues identified in the first stage.

A final materiality list was prepared to show the hierarchy of material issues via a material issues framework.

TACKLING CLIMATE CHANGE

- Climate risks and opportunities
- Emissions from products
- Emissions from production and operation
- Resource use and circular economy
- Sustainability governance and risk management
- Innovation
- Supply chain and sourcing

SUSTAINABLE DEVELOPMENT GOALS



* Survey responses were based on the Likert Scale, ranking from 1 (Not significant at all) to 5 (Very Significant).

CREATING BETTER ENVIRONMENT

- Climate risks and opportunities
- Emissions from products
- Resource use and circular economy
- Sustainability governance and risk management
- Innovation
- Biodiversity

INVESTING IN PEOPLE AND OPPORTUNITY

- Occupational health and safety
- Employee engagement, talent retention, welfare and benefit
- Fair and ethical conduct
- Innovation
- Diversity and inclusion
- Human and labour rights
- Communities, social impact and wellbeing

EXPORTING SUCCESS

- Emissions from products
- Emissions from production and operation
- Innovation

THE HIGHEST STANDARDS

- Corporate governance and risk management
- Product quality and safety
- Fair and ethical conduct
- Sustainability governance and management
- Human and labour rights
- Transparency and disclosure
- Engagement and consultation

SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS



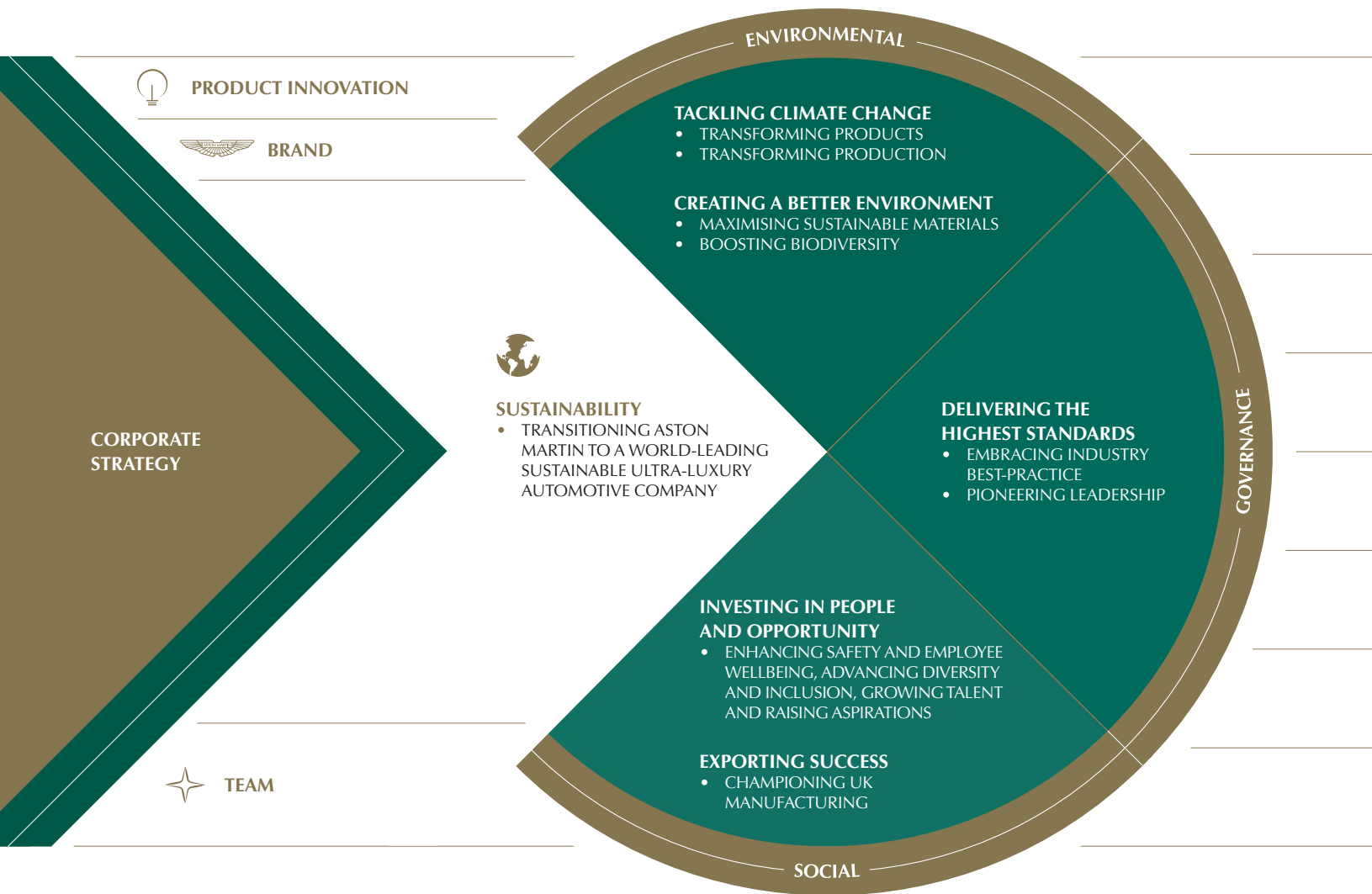
SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS

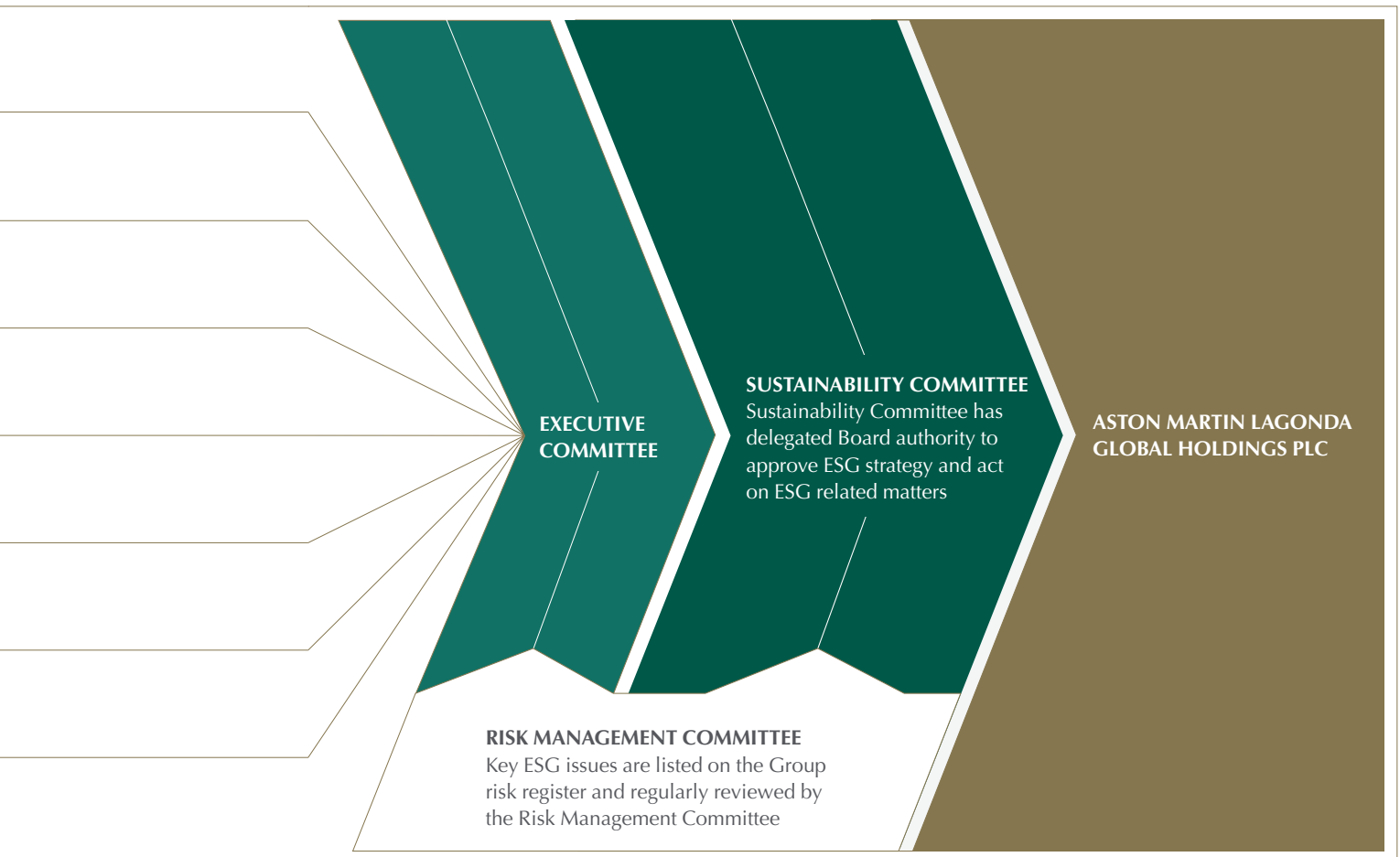


OUR NEW ESG STRATEGY



**EQUIPPED TO DELIVER:
A NEW FOCUS ON ESG**

During 2021 we established a new Board Sustainability Committee to oversee and monitor the delivery of our new ESG strategy. We also intensified the work of eight working groups that harness leadership and expertise from across the Company to achieve our ESG objectives by developing and executing credible plans for action.



CHIEF FINANCIAL OFFICER'S STATEMENT

GROWING OUR AMBITIONS

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

The financial position of the Company has improved substantially over the past year. In early 2021 we completed destocking our dealer network and have since benefitted from strong retail demand and pricing. Operationally, we have executed on Project Horizon, driving efficiency throughout the business. Through these actions we have significantly improved our profitability and reduced our cash outflow to help deliver on our growth ambitions and medium term plan.



“Trading performance in 2021 showed significant improvement over the prior year, continuing the progress we started 18 months ago. The Company has a healthy dealer stock, an improved, more efficient operating footprint, and a balance sheet to support the medium term plan.”

“Through Project Horizon, the Company took actions on costs, including a 20% reduction in manufacturing cost per unit.”

2021 brought a challenging operating environment both due to COVID-19 and supply chain constraints. We successfully navigated these challenges and continued to make strong progress on the medium term plan.

Wholesale volume increased 82% in 2021 compared to the prior year due to stronger front-engine customer demand and healthier stock levels, a full year of DBX wholesales and fewer lockdowns globally due to COVID-19. In addition, retail and customer financing decreased substantially after successfully rebalancing our supply to demand. Together, these factors drove revenues to £1,095m, a 79% increase over the prior year.

Through Project Horizon, the Company took actions on costs, including a 20% reduction in manufacturing cost per unit, thanks to efficiency work conducted at Gaydon and St Athan during the year. This impact, combined with increased revenues, drove gross margin to 31% (2020: 18%). Adjusted EBITDA increased to £138m (2020: £(70)m).

Free cashflow improved by £416m over the prior year to £(123)m, comprising a £117m net financing cost as well as lower-than-expected capital expenditure of £185m, as we took a controlled and disciplined ramp up in investment spend. A working capital inflow of £56m was driven by a deposit inflow of £71m related to strong demand for our new Special vehicles, including the Valhalla and Aston Martin Valkyrie Spider, and a reduction in inventory of £8m as a result of efficiency work.

The Company made the prudent decision to issue incremental Senior Secured Notes in early 2021, contributing £77m of gross proceeds. This,

in combination with the improved free cashflow, maintained the strong liquidity position from last year with £419m cash on the balance sheet at year-end (2020: £489m). Net debt was higher at £892m (2020: £727m), partly as we faced FX headwinds on our US dollar denominated notes. As always, we will continue to monitor our liquidity needs and maintain a prudent approach to managing our balance sheet strength.

In summary, trading performance in 2021 showed significant improvement over the prior year, continuing the progress we started 18 months ago. The Company has a healthy dealer stock, an improved, more efficient, operating footprint, and a balance sheet to support the medium-term plan. Our focus continues to be on executing on Project Horizon through controlling costs, improving efficiency, and launching exciting new products to maximise shareholder value and become the world's most desirable ultra-luxury British performance brand.

As this is my last letter as Chief Financial Officer of Aston Martin Lagonda, I would like to thank the entire team at the Company, as well as all of our partners and shareholders for their support. I am proud of what we have accomplished in my time here and it has been an honour to play my part in shaping the Company's future direction, helping to establish a clear roadmap to profitability and financial stability.

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

“Revenue increased to £1.1bn largely due to substantial volume growth, driven by customer demand, and strong pricing dynamics.”

£1.1bn

Revenue

FINANCIAL HIGHLIGHTS

- Wholesales increased 82% as more normal operations were resumed following COVID-19 restrictions in 2020 and completed rebalance of dealer inventory in Q1
 - Achieved core targets and delivered over 3,000 DBXs in first full year
 - Transition to ultra-luxury operating model successfully completed with retails well ahead of wholesales
- Revenue increased to £1.1bn largely due to substantial volume growth, driven by customer demand, and strong pricing dynamics; represents 12% growth on 2019 revenues of £981m pre-COVID and strategic shift to ultra-luxury
 - Core ASP of £150k up from £136k in 2020 and a 14% improvement versus 2019 (£132k)
- Adjusted EBITDA of £138m an improvement of more than £200m versus 2020 and £19m on 2019, with a 13% margin; Q4 Adjusted EBITDA margin of 18% reflecting strength of trading, Specials deliveries and Project Horizon efficiencies
 - Reduced operating loss of £77m despite increased investment in brand and marketing activities, higher depreciation and amortisation and non-repeat of 2020 £13m furlough credit
- Positive cash inflow from operations of £179m; Free cash outflow of £123m, a £416m improvement on the prior year (£215m improvement on 2019), with rephased capital expenditure aligned to business plan deliverables
- Strong liquidity, year-end cash of £419m (2020: £489m); Net debt of £892m (2020: £727m)

SALES AND REVENUE ANALYSIS

| NUMBER OF VEHICLES | FY-21 | FY-20 | % CHANGE |
|---------------------------|--------------|-------|----------|
| Wholesale | 6,178 | 3,394 | 82% |
| Core (excluding Specials) | 6,080 | 3,351 | 81% |
| By region: | | | |
| UK | 1,109 | 820 | 35% |
| Americas | 1,984 | 923 | 115% |
| EMEA ex. UK | 1,270 | 865 | 47% |
| APAC | 1,815 | 786 | 131% |
| By model: | | | |
| Sports | 1,479 | 691 | 114% |
| GT | 1,589 | 1,116 | 42% |
| SUV | 3,001 | 1,516 | 98% |
| Other | 11 | 28 | (61%) |
| Specials | 98 | 43 | 128% |

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

+131% +115%

growth in APAC wholesales volume

growth in Americas wholesales volume

Total wholesales grew 82% to 6,178 units, driven by strong demand across the portfolio and a return to a more normal operating environment post COVID-19 restrictions on manufacturing in 2020 and a successfully completed rebalancing of dealer inventory. Q4 was the largest quarter and skewed towards December given supply chain constraints. Signifying the start of our core electrification journey, deliveries of the mild-hybrid DBX Straight-Six launched seamlessly in China in Q4.

Geographically, both APAC and the Americas delivered triple-digit growth over the prior year, up 131% and 115% respectively, as SUV demand skewed towards these regions as expected. Combined they now represent c.60% of total volumes.

The 98 Specials included 10 Aston Martin Valkyrie programme vehicles.

Revenue grew to £1.1bn (2020: £612m), driven mainly by increased wholesales along with strong pricing dynamics. Sales of parts and servicing increased as dealers returned to more normal operations in most markets for the majority of the year – with the prior year significantly impacted by COVID-19 related restrictions on operations.

Pricing dynamics were strong, following the successful rebalancing of dealer inventory completed in Q1, reflecting significantly reduced customer and retail financing support. With demand ahead of supply and positive geographic and product mix, core ASP increased to £150k (2020: £136k). Total ASP of £162k reflected the 98 Specials in the year compared with 43 in the prior year (2020: £157k).

REVENUE BY CATEGORY

| £M | FY-21 | FY-20 | % CHANGE |
|-----------------------|----------------|-------|----------|
| Sale of vehicles | 1,005.4 | 535.1 | 88% |
| Sale of parts | 65.5 | 56.6 | 16% |
| Servicing of vehicles | 10.6 | 6.6 | 61% |
| Brand and motorsport | 13.8 | 13.5 | 2% |
| Total | 1,095.3 | 611.8 | 79% |

Adjusted EBITDA was £138m, an improvement of £208m over the prior year, with a margin of 13%. This included a £5m trade debtor write down in Q2 related to legal action as announced on 22 June. The improved trading performance led to a significantly reduced operating loss of £77m (2020: £323m loss) and reflected:

- The flow through of revenue growth, a higher number of Specials and manufacturing efficiency actions contributing to a gross margin of 31% (up from 18% in 2020), offsetting the non-repeat of £13m of furlough credits received in the prior year;
- Increased brand investment as events such as Goodwood Festival of Speed and Pebble Beach Concours d'Elegance resumed post-pandemic, as well as events associated with F1™ and the release of the James Bond film *No Time To Die*;
- Higher depreciation and amortisation (D&A) charges of £212m, up £57m on the prior year, principally due to a full year of DBX, the start of Aston Martin Valkyrie programme deliveries and in Q4, accelerated depreciation of capitalised development costs ahead of next generation Sport/GT cars in 2023. 2021 D&A was lower than previously guided (£225m-£235m) due to re-timing of some Aston Martin Valkyrie programme cars; and
- A £14m benefit from exchange rate movements.

FINANCIAL REVIEW CONTINUED

Adjusting operating items of £2m predominantly related to ERP implementation costs (2020: £98m – predominantly impairment of capitalised development costs).

Net adjusted financing costs of £171m were up from £75m in the prior year reflecting a full year of the £1.1bn equivalent US\$ notes issued in October 2020 and the £70m equivalent notes issued in February 2021. The charge also includes a £12m adverse FX charge given the US\$ denomination of the notes (2020 included a £31m FX benefit). Adjusted loss before tax was £246m (2020: £299m loss). The adjusting net finance credit of £34m related to fair value movements of outstanding warrants (2020: adjusting net finance charge of £69m), leading to a reduced loss before tax of £214m (2020: £466m).

The tax credit on the adjusted loss before tax is £16m. The effective tax rate at 6.6% is lower than the 19% standard UK tax rate mainly due to movements in unprovided deferred tax related to losses and a restriction on the amount of interest that can be deducted for tax purposes. Tax on adjusting items was recognised as appropriate and resulted in a net tax credit of £8m, giving an overall tax credit of £25m.

The total share count at 31 December 2021 was 116 million following the exercise of 1.5 million warrants linked to the second lien notes. The weighted average number of shares in 2021 was 116 million. 4.8 million warrants remain outstanding and are exercisable until December 2027. The Company is embedding the first tranche of technology from Mercedes-Benz AG into its product renewal and expansion pipeline. There are currently no plans to issue additional shares to Mercedes-Benz AG until early 2023.

SUMMARY INCOME STATEMENT AND ANALYSIS

| £M | FY-21 | FY-20 |
|---|----------------|---------|
| Revenue | 1,095.3 | 611.8 |
| Cost of sales | (751.6) | (500.7) |
| Gross profit | 343.7 | 111.1 |
| Gross margin % | 31.4% | 18.2% |
| Operating expenses ¹ | (418.0) | (336.0) |
| of which depreciation & amortisation | 212.2 | 154.8 |
| Adjusted operating loss² | (74.3) | (224.9) |
| Adjusting operating items | (2.2) | (98.0) |
| Operating loss | (76.5) | (322.9) |
| Net financing expense | (137.3) | (143.1) |
| of which adjusting financing items | 34.1 | (68.6) |
| Loss before tax | (213.8) | (466.0) |
| Taxation | 24.5 | 55.5 |
| Loss for the period | (189.3) | (410.5) |
| Adjusted EBITDA^{1,2} | 137.9 | (70.1) |
| Adjusted EBITDA margin | 12.6% | n.m. |
| Adjusted loss before tax¹ | (245.7) | (299.4) |
| EPS (pence) | (165.9) | (543.0) |
| Adjusted EPS (pence)² | (200.8) | (369.9) |

1. Excludes adjusting items;

2. For definition of alternative performance measures please see note 33 of the Financial Statements

Net cash inflow from operating activities was £179m (2020: £199m outflow) including a net working capital inflow of £56m. The largest movement was receivables, a £75m increase, given the phasing of Q4 deliveries due to supply chain constraints in the quarter; this has substantially unwound in the first eight weeks of 2022. There was an offsetting £71m deposit inflow highlighting strong demand for Aston Martin Valkyrie Spider and Valhalla and a £53m payables inflow principally associated with future product rollout plans. Inventories reflected the working capital benefits of the manufacturing consolidations completed during the year, £8m lower despite the step up for Aston Martin Valkyrie build and the expanded product portfolio.

Capital expenditure was £185m, lower than the c.£215m-£230m previously guided, as product development plans mature, aligned to medium-term business plan objectives. Investment was focused on DBX derivatives, the next generation of front-engine vehicles due to launch in 2023 and Aston Martin Valkyrie programme vehicles.

Free cashflow of £(123)m was significantly improved on the prior year (2020: £(539)m) reflecting the improved trading performance, demand for Specials, tight working capital control and planned capital expenditure phasing.

Cash inflow from financing (excluding interest) of £52m included gross proceeds from note issuance of £77m in February. The net cash outflow of £72m resulted in a closing cash balance of £419m at 31 December 2021 (31 December 2020: £489m).

CASH FLOW AND NET DEBT

| £M | FY-21 | FY-20 |
|--|----------------|----------------|
| Cash generated/(used) from operating activities | 178.9 | (198.6) |
| Cash used in investing activities (excl. interest) | (185.2) | (260.7) |
| Net cash interest paid | (116.9) | (80.0) |
| Free Cash outflow | (123.2) | (539.3) |
| Cash inflow from financing activities (excl. interest) | 51.5 | 922.5 |
| (Decrease)/increase in net cash | (71.7) | 383.2 |
| Effect of exchange rates on cash and cash equivalents | 1.2 | (1.7) |
| Cash balance | 418.9 | 489.4 |

| £M | FY-21 | FY-20 |
|---------------------------------------|------------------|------------------|
| Loan Notes ¹ | (1,074.9) | (965.0) |
| Inventory financing | (19.7) | (38.2) |
| Bank loans and overdrafts | (114.3) | (119.8) |
| Lease liabilities (IFRS 16) | (103.4) | (103.0) |
| Gross debt | (1,312.3) | (1,226.0) |
| Cash balance | 418.9 | 489.4 |
| Cash not available for short-term use | 1.8 | 9.9 |
| Net debt | (891.6) | (726.7) |

1. US\$ notes of £1.1bn equivalent (First lien of £840m at 10.5% interest maturing in November 2025; Second lien of £259m at 15.0% split interest (8.9% cash; 6.1% PIK) with detachable warrants maturing in November 2026). These instruments carry no-call options of three years for the second lien and four years for the first lien.

Cash at 31 December 2021 of £419m included £77m gross proceeds from the note issuance completed in February. Net debt at 31 December 2021 was £892m (31 December 2020: £727m) reflecting the free cash outflow. With the exercise of some of the warrants attached to the second lien notes, the Company received cash of £15m in the year.

Gross debt includes £80m drawn down on the RCF, broadly unchanged year-on-year (2020: £79m), reduced inventory financing of £20m (2020: £38m) as the Company tightly managed working capital requirements, and a £12m FX revaluation of the US\$ denominated notes.

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

TOBIAS MOERS
CHIEF EXECUTIVE OFFICE
22 FEBRUARY 2022

“IT HAS BEEN A PIVOTAL YEAR FOR THE COMPANY WITH SIGNIFICANT PROGRESS MADE AND TRANSFORMATIONAL CHANGES ACHIEVED.”



DEAR SHAREHOLDERS

2021 has been a pivotal year for the Company with significant progress made and transformational changes achieved in positioning the business as an ultra-luxury brand. My continuing priorities along with those of the Board, were to: strengthen the Board and the executive management and to support management actions to bring our new products to market with the launch of the Valhalla, our first plug-in hybrid mid-engine supercar, the Aston Martin Valkyrie Spider AMR Pro hypercar, the DBX Straight-Six hybrid in China and the Aston Martin Valkyrie, and to aggressively destock the dealer network and rebalance supply to demand. I am pleased to report that we have delivered on these promises against the backdrop of COVID-19.

BOARD CHANGES

Once again, this year has been a time of significant change for the Board. We previously disclosed the appointment of four Independent Non-Executive Directors, Robin Freestone, Richard Parry-Jones, Antony Sheriff and Anne Stevens, to the Board in February, and the stepping down of Independent Non-Executive Directors William (Bill) Tame in January 2021 and Peter Espenhahn and Lord Matthew Carrington in May 2021.

We also announced the appointment of Non-Executive Director Stephan Unger, the Representative Director for MBAG. Sadly, we learnt of the death of Richard Parry-Jones in a tragic accident on 16 April 2021.

In July 2021 we appointed to the Board three additional Independent Non-Executive Directors, Natalie Massenet, Marigay McKee and Amedeo Felisa, and Franz Reiner as the Representative Director of MBAG, following Stephan Unger's resignation from the role. In February 2021 Amr Abou El Seoud stepped down from the Board followed by Stephan Unger in

July 2021. I would like to thank all the former Board members for their significant contributions and support during their time on the Board.

We also announced on 14 January 2022 that we had appointed Doug Lafferty as our new Chief Financial Officer who will join the Company on 1 May 2022 and replaces Kenneth Gregor who for personal reasons has decided to step down from the Board. Over the last 18 months Kenneth has played a pivotal role in rebuilding Aston Martin Lagonda's financial position and setting the business on a strong pathway for the future. I would like to thank him for his significant contribution and wish him the very best for the future.

BOARD DIVERSITY

I am pleased to report that the composition of the Board and its Committees are now compliant with the Code and female representation on the Board is just under 30%. Under our Board Diversity Policy, the Board seeks to maintain a balance so that, as a minimum, one third of the Board not subject to significant shareholder appointments are women. That percentage under the policy is currently is 38%. However, the Board plans to continue to improve its diversity and is committed to achieve the Parker Review recommendation that at least one Director on the Board is from an ethnic minority background by 31 December 2024.

SUSTAINABILITY COMMITTEE

In support of our new ESG strategy, see pages 71-75, in December 2021, we established a Sustainability Committee at Board level which will oversee the delivery of the Company's ESG strategy and also oversee broader stakeholder engagement on behalf of the Board. Further details of the Sustainability Committee can be found on page 91. The Committee will ensure that the Directors give clear focus and support to the Company's sustainability strategy, and understand the actions required for the Company to achieve its targets and develop relevant and reliable reporting metrics, in line with the growing body of standards in this area.

I would like to thank Board members for their significant efforts and valuable contributions during what has been, once again, a very busy year. I would also like to thank our shareholders, employees, customers and business colleagues for your continued support.

Yours sincerely,

LAWRENCE STROLL
EXECUTIVE CHAIRMAN
22 FEBRUARY 2022
GOVERNANCE REPORT

GOVERNANCE AT A GLANCE

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

MAJOR BOARD DECISIONS TAKEN BY THE BOARD

UP TO £70M

gross proceeds of new note issuance under the First Lien Bond Indenture

NEW ESG STRATEGY**APPOINTMENT OF**

seven new Non-Executive Directors

NEW CHIEF FINANCIAL OFFICER

Appointed

CLOSURE OF

Defined Benefit Pension Scheme to future accrual

GOVERNANCE IMPROVEMENTS

REVISED

Terms of Reference of Audit and Risk Committee

NEW

Share Dealing Code and Procedures adopted

NEW

Diversity and Inclusion Policy, and Anti-Slavery & Human Trafficking Policy adopted

CREATED NEW BOARD COMMITTEES

Sustainability and Product Strategy

UPDATED POLICIES

relating to the Responsible Procurement, Environment, Health & Safety, Confidential Reporting and Whistleblowing and Anti-Bribery and Corruption

BOARD CHANGES

28 JANUARY

William Thame stepped down from the Board

1 FEBRUARY

Robin Freestone, Antony Sheriff and Anne Stevens were appointed to the Board as Independent Non-Executive Directors

18 FEBRUARY

Amr About El Seoud stepped down from the Board

25 FEBRUARY

Robin Freestone and Anne Stevens became Chairs of the Audit and Risk and Remuneration Committees respectively and Antony Sheriff was appointed as the SID

25 MAY

Lord Matthew Carrington and Peter Espenhahn stepped down from the Board

8 JULY

Amedeo Felisa, Natalie Massenet and Marigay McKee were appointed to the Board as Independent Non-Executive Directors and Franz Reiner was appointed as the Representative Non-Executive Director of MBAG

2 DECEMBER

Kenneth Gregor, decided to step down from the Board as Chief Financial Officer and will leave the Company by the end of June 2022

14 JANUARY 2022

It was announced that Doug Lafferty would join the Board as the new Chief Financial Officer

BOARD OF DIRECTORS

LAWRENCE STROLL
EXECUTIVE CHAIRMAN

 20 April 2020

COMMITTEES**SKILLS AND RELEVANT EXPERIENCE**

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

Lawrence began his career over 30 years ago when he purchased the licence to sell Polo Ralph Lauren apparel in Canada and Europe, which was followed by the acquisition of Pepe Jeans Limited, in 1991, where he was the Group Chief Executive Officer from 1993 to 1998, and the subsequent acquisition in 1992 of the Tommy Hilfiger Corporation, where he served on the Board and was Co-Chairman from 1998 to 2002. From 2003 to 2011, Lawrence served as Co-Chairman of Michael Kors Holdings Limited and led the successful IPO of the company, serving as a member of the Board until 2014.

EXTERNAL APPOINTMENTS

Member of Yew Tree Consortium
Co-owner Aston Martin Cognizant F1™ team
AMR GP Services Limited
AMR GP Limited
Owner of Circuit Mont-Tremblant, Canada

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

 1 August 2020

COMMITTEES**SKILLS AND RELEVANT EXPERIENCE**

Tobias brings to the Board his extensive experience in the automotive industry and has an established track record of implementing business transformation in a competitive environment. Prior to joining the Company, Tobias spent more than 25 years in senior roles at Daimler AG, the German-based global automotive OEM, including most recently as the Chairman of the Management Board and Chief Executive Officer and Acting Chief Technical Officer of Mercedes-AMG GmbH.


For over seven years Tobias led Mercedes-AMG's operating and profitable portfolio expansion and cross company efficiency, which delivered significant margin expansion to Mercedes, and a clear pipeline of further expansion opportunities, in particular in the electrification of powertrains in the performance segment.

Tobias is an industrial engineer and was awarded his degree from the University of Applied Science, Offenburg.

EXTERNAL APPOINTMENTS

None

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

 22 June 2020

COMMITTEES**SKILLS AND RELEVANT EXPERIENCE**

Kenneth brings significant financial management and business transformation expertise to the Board, and has a strong leadership track record, with more than 20 years of automotive experience. Prior to joining the Company, Kenneth spent 20 years in senior financial roles at Jaguar Land Rover latterly as its Chief Financial Officer.

For eleven years as Chief Financial Officer of Jaguar Land Rover from 2008, Kenneth oversaw the evolution of the finance group into a strong business partner to support the delivery of shareholder value and the company's growth ambitions. Kenneth was one of the executives responsible for leading the transition of the worldwide commercial activities of Jaguar and Land Rover from Ford Motor Company Inc to Tata Motors Limited, following the latter's acquisition of the business in 2008.

Before this Kenneth worked in investment banking for HSBC in London advising on mergers, acquisitions and privatisations. Kenneth holds a BSc (Hons) in Applied Mathematics from the University of St Andrews and an MBA from Cranfield University.

EXTERNAL APPOINTMENTS

None

ANTONY SHERIFF
SENIOR INDEPENDENT DIRECTOR

  1 Feb 2021

COMMITTEES**SKILLS AND RELEVANT EXPERIENCE**

Antony is an experienced automotive and luxury sector executive whose experience and skillset span product development, marketing and business strategy. Antony is currently the Executive Chairman and Chief Executive Officer of Princess Yachts Limited.

Antony started his career at McKinsey & Company in 1988 and then held a number of executive positions at Fiat Auto S.p.A. from 1995 to 2003. From 2003 to 2013 Antony was the Chief Executive Officer and Managing Director of McLaren Automotive Ltd, where he created and built the sports car business. Since 2014, Antony has also held several non-executive and advisory positions with innovative start-ups in the automotive and aerospace businesses which are listed below.


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

EXTERNAL APPOINTMENTS

Princess Yachts Limited
Pininfarina S.p.A.
(Independent Non-Executive Director)
Bugatti Rimac d.o.o.
(Independent Non-Executive Director)

AMEDEO FELISA
INDEPENDENT
NON-EXECUTIVE DIRECTOR



 8 July 2021

COMMITTEES



SKILLS AND RELEVANT EXPERIENCE

Amedeo brings to the Board his extensive automotive industry and technical and commercial experience. Amedeo spent 26 years of his career with Ferrari S.p.A, in senior management roles, the last eight years of which as the Chief Executive Officer.

Amedeo was the Deputy General Manager of Ferrari S.p.A (2006-2008) and as General Manager of the Ferrari GT division (1996-2005), Amedeo coordinated the product development, powertrains and vehicle departments of both Ferrari and Maserati. While as a Technical Senior Vice President of Ferrari (1990-1995), Amedeo oversaw the planning, coordination and management of the entire technical and product development departments, which included defining new business model plans, supervising the development of both innovation and products and ensuring employee growth.


Prior to joining Ferrari, Amedeo was a product development team leader at Alfa Romeo S.p.A. Amedeo currently holds a number of non-executive positions in the automotive sector which are listed below. Amedeo was awarded a degree in mechanical engineering from the Milan Polytechnic University.

EXTERNAL APPOINTMENTS

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

ROBIN FREESTONE
INDEPENDENT
NON-EXECUTIVE DIRECTOR



 1 February 2021

COMMITTEES



SKILLS AND RELEVANT EXPERIENCE

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

Robin has wide non-executive director experience and currently holds a number of non-executive positions encompassing medical devices, online services and luxury fashion which are listed below and was previously a non-executive director at eChem Limited, Chair of the 100 Group and Senior Independent Director and Chair of the Audit Committee of Cable & Wireless Communications plc. Robin holds a BA in Economics from Manchester University.

EXTERNAL APPOINTMENTS

Moneysupermarket.com (Chair and Nomination Committee Chair)
Smith & Nephew plc
(Senior Independent Director)
Capri Holdings Ltd (Lead Director)
ICAEW's Corporate Governance Committee (Chair)

DAME NATALIE MASSENET, DBE
INDEPENDENT
NON-EXECUTIVE DIRECTOR



  8 July 2021

COMMITTEES



SKILLS AND RELEVANT EXPERIENCE

Dame Natalie brings her wealth of luxury retail sales, marketing and commercial experience to the Board. Natalie is the co-founder and managing partner of Imaginary Ventures, a capital firm focusing on innovations at the intersection of retail and technology which invests in and helps create the next generation of consumer brands, retail platforms and enterprise businesses leading the way in the consumer ecosystem.

Previously, Natalie revolutionised luxury retail when she founded Net-A-Porter in 1999, and subsequently, the Outnet and Mr Porter growing the group of brands into one of the world's most influential fashion businesses operating across retail, media and publishing platforms, while in the process shaping an extraordinary experience for the global luxury fashion consumer.

Natalie began her career as a journalist and fashion editor, working at Women's Wear Daily and Tatler (1993-1999) before setting up Net-A-Porter. Natalie has also held several non-executive and advisory positions as a Director of NuOrder Inc (2021), a Director and Co Chairman of Farfetch Inc (2017-2020), and the Chairman of British Fashion Council (2012-2017). Her current external appointments are listed below.

In 2016 she was made Dame Commander of the British Empire in recognition of her contributions to the UK fashion and retail industry. Natalie was also named as one of the 100 most influential people by TIME magazine.

EXTERNAL APPOINTMENTS

Imaginary Ventures (Managing Partner)
Everlane Inc (Director)


LEGEND

-  Chair
-  Observer
-  Audit and Risk Committee
-  Disclosure Committee
-  Nomination Committee
-  Product Strategy Committee
-  Remuneration Committee
-  Sustainability Committee
-  Warrant Share Committee

BOARD OF DIRECTORS CONTINUED

MARIGAY MCKEE, MBE
INDEPENDENT
NON-EXECUTIVE DIRECTOR



 8 July 2021

COMMITTEES
None

SKILLS AND RELEVANT EXPERIENCE

Marigay has extensive retail sales, marketing and luxury brand experience. In 2018, Marigay co-founded a venture fund specializing in consumer tech called Fernbrook Capital LLC where she's a managing partner. Fernbrook specialises in early stage tech investing in good for you, good for the planet brands and is based in New York and Los Angeles.

Marigay started her career at Estée Lauder in Europe, and then joined Harrods in 1999 as Head of its beauty department. In her 14 years at Harrods, she spent the last six years as Chief Merchant Officer where she developed and executed a strategic vision to make Harrods the gold standard for the exclusive launch of luxury and premium brands. In 2013, Marigay joined Saks Fifth Avenue in New York as its President rebuilding Saks's luxury launch platform for new and emerging and international brands entering the US, where she delivered significant market growth. In 2015 Marigay created MM Luxe Consulting providing strategic retail advisory services, with her leading clients being Related, Blackstone, Edens, and Value Retail which complements her work at Fernbrook.


Marigay currently holds a number of non-executive positions which are listed below. In the recent 2022 Queen's New Year's Honours list, Marigay was awarded an MBE in recognition of her services to British retail overseas.

EXTERNAL APPOINTMENTS

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

DR ANNE STEVENS
INDEPENDENT
NON-EXECUTIVE DIRECTOR



 1 February 2021

COMMITTEES


SKILLS AND RELEVANT EXPERIENCE

Anne brings to the Board her significant operational, commercial and transformational experience in global businesses. Anne is an engineer who started her career in the chemical industry with Exxon Corporation (1980-1990), where she held roles in engineering, product development, and sales and marketing, before moving to automotive with the Ford Motor Company (1990-2006). During her 16-year tenure at Ford, Anne held a number of senior positions, culminating in her being the Chief Operating Officer for the Americas. On retiring from Ford, Anne joined Carpenter Technology Corporation (2006-2009) as its Chairman, President and Chief Executive Officer.

Anne has extensive non-executive director experience and has previously served as Chairman, CEO and Principal of SA IT (2011-2014), as a Non-Executive Director on the board of XL Group (2014-2018) (where she chaired the Operations and Technology Committee and served on the Risk and Finance and Audit Committees) and Lockheed Martin (2002-2017) (where she chaired the Management Development and Compensation Committee and served on the Audit, Ethics and Sustainability, and Nominations committees) before joining GKN plc (2017-2018) as a non-executive director where she was briefly CEO (2018) during the hostile takeover by Melrose plc.

Anne's current external appointments are listed below. Anne received a BS in Materials and Mechanical Engineering from Drexel University in 1980 and was elected to the National Academy of Engineering in 2004.

EXTERNAL APPOINTMENTS

Anglo American plc
(Remuneration Committee Chair and member of the Audit and Nomination Committees)
Harbour Energy plc
(Remuneration Committee Chair)

MICHAEL DE PICCIOTTO
NON-EXECUTIVE DIRECTOR
(YEW TREE CONSORTIUM
REPRESENTATIVE)



 24 April 2020

COMMITTEES


SKILLS AND RELEVANT EXPERIENCE

Michael is a prominent investor and businessman who has extensive experience in asset management, private banking and trading. From March 2016 to September 2021 Michael was the Vice-Chairman of the Supervisory Board of Engel & Volkërs AG, a Hamburg-based real estate group founded in 1977, having been an important shareholder in the firm since 2014. In September 2021, the business was sold to Permira, the blue-chip London-based Private Equity firm, and Michael left the company.

Michael started his career at RBC Dominion Securities, a global Canadian investment bank, in 1982 where he was co-head of the Capital Markets department in Paris and London from 1986 to 1988. He then joined Union Bancaire Privée (UBP), a family-owned Swiss private bank in London and Geneva where he worked for 27 years until 2015. During his tenure at UBP, Michael held a number of senior leadership positions including responsibility for UBP's global financial activities as well as running the High Net Worth, Treasury and Trading divisions and the London branch and the Asian chapter. Michael also served as a long-standing member of the Executive Board of Union Bancaire Privée and remains a shareholder in the bank.


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

EXTERNAL APPOINTMENTS

Member of Yew Tree Consortium

FRANZ REINER
NON-EXECUTIVE DIRECTOR
(MERCEDES-BENZ AG
REPRESENTATIVE)



 8 July 2021

COMMITTEES


SKILLS AND RELEVANT EXPERIENCE

Franz is an industrial engineer and has a wealth of executive experience and a deep understanding of the global automotive industry. Franz joined Daimler in 1992 and in his 29 years with the Daimler Group he has held various senior and Management Board positions within sales, product management, banking and financial services, in his career to date.

In his current role of Chairman of Daimler Mobility AG and the Daimler Mobility division, he promotes Daimler's transformation into an integrated, digitised financial services provider through strategic partnerships and investments in start-ups by providing financial, mobility and transport services as well as developing mobility and transport service concepts of all kinds.

EXTERNAL APPOINTMENTS

Daimler Mobility AG
(Chairman of the Board)

EXECUTIVE COMMITTEE

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

For more information see page 84



KENNETH GREGOR
CHIEF FINANCIAL OFFICER

For more information see page 84



MICHAEL STRAUGHAN
CHIEF OPERATING OFFICER

 7 December 2020

SKILLS AND RELEVANT EXPERIENCE


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

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

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



MAREK REICHMAN
CHIEF CREATIVE OFFICER

 1 May 2005

SKILLS AND RELEVANT EXPERIENCE


Marek joined Aston Martin Lagonda in 2005 and is the Chief Creative Officer responsible for all design developments for the Company.

During his professional career he has held design roles at Ford, BMW, Land Rover, Rover Cars and Nissan and Chief Designer for the reinvention of Rolls Royce Motor Cars. Prior to joining Aston Martin Lagonda, he was Design Director at Ford North America.

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



MICHAEL MARECKI
GENERAL COUNSEL

 2 July 2007

SKILLS AND RELEVANT EXPERIENCE

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

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

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



MARCO MATTIACCI
GLOBAL CHIEF BRAND
AND COMMERCIAL OFFICER

 1 October 2021

SKILLS AND RELEVANT EXPERIENCE

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

Marco has over 30 years of automotive experience gained all over the world. Marco spent the first 10 years of his career at Jaguar Cars in the UK and then moved to Ferrari, where he spent over 15 years in the roles of CEO of Ferrari North America, CEO of Ferrari Asia Pacific and Managing Director and Team Principal of the Scuderia Ferrari Formula One™ racing team.

In 2016, Marco joined Faraday Future in the USA, as their Global Chief Brand Officer and Chief Commercial Officer. Since leaving Faraday in 2017, Marco has been advising automotive clients with McKinsey & Company.



GOVERNANCE REPORT

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OVERVIEW

This Report sets out the Board's corporate governance structures and work from 1 January 2021 to 31 December 2021. Together with the Directors' Remuneration Report on pages 115-137, it includes details of how the Company has applied and complied with the principles and provisions of the 2018 UK Corporate Governance Code (the Code). The Code is published by the Financial Reporting Council (FRC) and further information can be found on its website, (www.frc.org.uk). The Code is supported by the FRC's Guidance on Board Effectiveness, which the Board uses to support its approach to governance and decision making. The Governance Report has been organised to reflect the structure and principles (A-R) of the Code and sets out how the Code Principles have been applied and how the Company has complied with the provisions.

BOARD LEADERSHIP AND COMPANY PURPOSE COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Code requires companies to describe in their Annual Report how they have applied the main principles of the Code and also any areas where companies do not comply with the Code provisions. The Directors consider that the Company has been compliant with the Code provisions as applied during the year ended 31 December 2021, other than the exceptions as set out below. It is noted that the composition of the Board is impacted by the rights of the significant shareholders under their respective Relationship Agreements (see the Directors' Report, page 142).

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

Lawrence Stroll assumed the position of Executive Chairman on 20 April 2020 and was not independent on appointment as he is a member of the Yew Tree Consortium.

Code provision 11 recommends that at least half the board of directors of a UK-listed company (excluding the chair) should comprise 'independent' non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement.

While the number of Independent Non-Executive Directors comprised at least half the Board from 8 July 2021 onwards, in January 2021 and from late May until 8 July, with the retirement of a number of independent Non-Executive Directors both in January and in May, the Company was not in compliance with this provision. Following a comprehensive detailed search process to strengthen Board membership and improve the diversity on the Board to achieve Code compliance, as previously announced this process culminated in the appointment of Robin Freestone, Richard Parry-Jones, Antony Sheriff and Anne Stevens, as Independent Non-Executive Directors with effect from 1 February 2021. With a further announcement of the appointment of Marigay McKee, Natalie Massenet and Amedeo Felisa as Independent Non-Executive Directors on 8 July 2021, the Company now complies with this provision. Further information regarding the search and selection process and the appointments is set out on page 104.

Code provision 21 recommends that there should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair, and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.

The Board evaluation was due to be externally facilitated in 2021. With the extensive number of Board changes in the year it was considered that there would be little benefit from such an evaluation and a decision was taken to facilitate the evaluation internally instead, with a view to an external evaluation being undertaken in 2022. Further details can be found on page 101.

EFFECTIVE BOARD AND ITS ROLE

The Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to the Board. The Directors and their biographies and skills and experience are set out on pages 84-86.

The composition of the Board has undergone significant evolution during 2021. Details of the changes to the Board during 2021 are set out in the table on the adjacent page. At the date of this Report the Board comprises 11 members: the Executive Chairman, the Chief Executive

Officer, the Chief Financial Officer and eight Non-Executive Directors, of whom six are considered independent for the purposes of the Code.

The Directors are appointed by the Board and are subject to annual re-election by shareholders. The Company's significant shareholder groups, in line with the respective Relationship Agreements, have nominated Directors who have been appointed to the Board; further details of these arrangements are set out on page 142 of the Directors' Report.

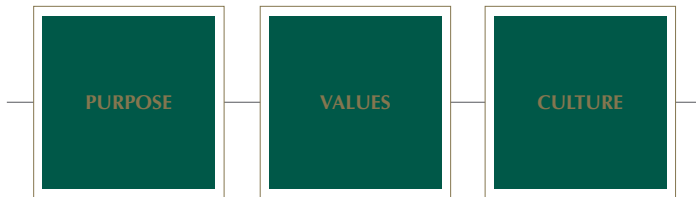
The Board is satisfied that there is a sufficient balance between Executive and Non-Executive Directors on the Board to ensure that no one individual has unfettered decision making powers and that Directors are able to discharge their duties and responsibilities.

| DIRECTORS AS AT 31 DECEMBER 2021 | MEETING ATTENDANCE |
|--|--|
| EXECUTIVE CHAIRMAN Lawrence Stroll | 15/15 |
| EXECUTIVE DIRECTORS Tobias Moers (Chief Executive Officer) Kenneth Gregor (Chief Financial Officer) | 15/15 14/15⁸ |
| NON-EXECUTIVE DIRECTORS Michael de Picciotto Franz Reiner ¹ | 15/15 8/8 |
| INDEPENDENT NON-EXECUTIVE DIRECTORS Amedeo Felisa ¹ Robin Freestone ² Marigay McKee ¹ Natalie Massenet ¹ Antony Sheriff ² Anne Stevens ² | 8/8 12/14⁹ 7/8⁹ 8/8 14/14 14/14 |
| FORMER DIRECTORS Amr Abou El Seoud ³ Lord Matthew Carrington (Chair, Remuneration Committee) ⁴ Peter Ian Espenhahn (Chair, Audit and Risk Committee) ⁴ Richard Parry-Jones ⁵ William Tame ⁶ Stephan Unger ⁷ | 1/1 5/5 5/5 3/3 1/1 4/7⁹ |

1. Joined the Board on 8 July 2021
2. Joined the Board on 1 February 2021
3. Ceased to be to be a Director on 18 February 2021
4. Ceased to be Directors on 25 May 2021
5. Died on 16 April 2021
6. Ceased to be a Director on 28 January 2021
7. Joined the Board on 1 February 2021 and ceased to be a Director on 7 July 2021
8. Kenneth Gregor recused himself from the 1 December 2021 meeting when his resignation was discussed
9. Directors unable to attend unscheduled meetings due to short notice and other prior engagements

In accordance with the Code the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society. To ensure sufficient time for discussion, the Board utilises its Committees to effectively manage its time (see page 91). At each Board meeting the agenda ensures sufficient time for the Committee Chairs to report on the contents of discussions, any recommendations to the Board which require approval and the actions taken.

The Board's role is also to support management in the Company's strategic aims in the best interests of our shareholders and wider stakeholders. It leads and provides direction in the setting of strategy and overseeing its implementation by management. The specific activities undertaken by the Board during the year are set out on page 97. The Board also monitors the Group's operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters. This is discussed further in the Risk and Viability Report on pages 38-43.



PURPOSE, VALUES AND CULTURE

It is the responsibility of the Board to establish the Company's purpose and to satisfy itself that the Company's purpose, values and strategy are aligned with its culture. The Company's purpose is "to create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading customer experience", which sits alongside the Company's vision "to be the world's most desirable ultra-luxury British performance brand".

The purpose communicates the Company's strategic direction and intentions to our employees, and wider stakeholders, and it is regularly reviewed to ensure it continues to reflect the Board's strategy, values and desired culture. The progress towards achieving the Company's purpose during 2021 can be reviewed on pages 5-26.

The Company's I AM values, honest, transparent, accountable and courageous articulate the qualities it embodies and its underlying approach to doing business. The values are embedded in the operational practices through the policies approved by the Board (see page 95) and the direct oversight and involvement of the Executive Directors.

The Company's culture has developed from our values and is a key strength of the business. The Board reinforces the culture and values through its decisions, strategy and conduct. Further information on how our Board factors stakeholders into its decisions is on pages 44-45 and in its section 172(1) statement on pages 46-47.

The Board monitors and assesses the culture of the Company by the following means:

- regular meetings with management and inviting employees to present at Board and committee meetings
- measuring the culture, such as the lost time injury rate and reviewing the outcomes of employee engagement
- assessing cultural indicators such as: – the businesses attitude to risk; – compliance with the Group's policies and procedures and – key performance indicators (KPI's) including staff retention and engagement;
- health and safety data
- feedback from our wider stakeholders, including our investors;
- messages received via the Group's confidential reporting and whistleblowing system
- training data and spend.

The annual employee survey, in addition to a question asking our employees to describe our culture, also provides valuable insights into what is valued and seen as corporate norms. Further information on Board engagement with employees is on page 94. The Executive Committee has

been delegated responsibility for ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the business.

GOVERNANCE FRAMEWORK

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

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

All Board and Committee meetings are minuted and formally approved at the next meeting. Board minutes contain details of the Directors' decision-making processes and any follow-up actions or concerns raised by the Directors.

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

- the Group's strategic aims, objectives and commercial strategy;
- review of performance relative to the Group's business plans and budgets
- major changes to the Group's corporate structure, including acquisitions and disposals
- financial statements and the Group dividend policy including any recommendation of a final dividend
- major changes to the capital structure including tax and treasury management
- major changes to accounting policies or practices
- the system of internal control and risk management policy
- the Group's risk appetite
- the Group's corporate governance and compliance arrangements.

The Executive Chairman works closely with the Company Secretary to plan and schedule Board and Committee meetings. A key area of focus continues to be enhancing the Board and Committee agendas and work plans to ensure that financial, regulatory and governance requirements are met throughout the year as well as providing sufficient time to focus on strategy and key areas of the business.

In addition, the Executive Chairman and the Company Secretary work to ensure that information is made available to Board members on a timely basis and is of a quality appropriate to enable the Board to carry out its duties effectively.

THE BOARD

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

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

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

SUSTAINABILITY COMMITTEE

Oversees the Company's ESG strategy and broader stakeholder engagement on behalf of the Board

WARRANT SHARE COMMITTEE

Responsible for approval of the allotment and the issue of Warrant Shares in accordance with the terms of the Warrant Instrument

NOMINATION COMMITTEE

Reviews Board composition and diversity, proposes new Board appointments and reviews succession planning and talent development

DISCLOSURE COMMITTEE

Responsible for the identification and disclosure of inside information and comprises the Chief Executive Officer, Chief Financial Officer, General Counsel, Company Secretary, and the Director of Investor Relations, Director of Internal Audit & Risk Management, Director of Accounting Banking & Tax and Director of Finance, Financial Planning and Analysis

REMUNERATION COMMITTEE

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

PRODUCT STRATEGY COMMITTEE

Oversees the Company's product strategy and product planning

EXECUTIVE COMMITTEE

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

An agenda and accompanying pack of detailed papers are circulated to the Board in advance of each Board meeting. Currently these include reports from the Executive Directors, other members of senior management and external advisers. Members of senior management may be invited to present relevant matters to the Board. All Directors are able to request additional information on any of the items to be discussed. The Board and the members and observers of the Audit and Risk Committee also receive further regular and specific reports from the Internal Auditors to allow the monitoring of the adequacy of the Group's systems of internal controls and reports from the External Auditors.

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

FURTHER BOARD COMMITTEES

During the year further Board Committees were created to better manage the Board's time as follows:

SUSTAINABILITY COMMITTEE

The Sustainability Committee was established in December 2021 to ensure that the Directors provide a clear focus and support to the Company's ESG strategy and targets, and understand the actions required for the Company to achieve its targets and develop relevant and reliable reporting metrics, in line with the growing body of standards in this area.

The role of the Committee is to oversee, on behalf of the Board, the Company's ESG strategy, which focuses on five strategic pillars: creating a better environment; tackling climate change; investing in people and opportunity; exporting success; and delivering the highest standards. The Committee will also oversee broader stakeholder engagement on behalf of the Board. The Committee will meet at least twice a year.

GOVERNANCE REPORT CONTINUED

The Committee's responsibilities are set out in its terms of reference which can be found at www.astonmartinlagonda.com/investors and include:

- reviewing and making recommendations to the Board on the annual Sustainability Report
- monitoring progress and receiving updates on the targets contained in the ESG strategy
- reviewing and approving the annual stakeholder engagement plan;
- monitoring progress and receiving updates on the stakeholder engagement plan
- reviewing and making recommendations to the Board on the Group's ethical policies and procedures
- receiving updates on the Company's sustainability ratings and accreditations
- receiving updates on sustainability reporting requirements and changes to Government's strategy, policies and laws impacting sustainability.

The members of the Committee are Independent Non-Executive Directors Anne Stevens (Chair) and Antony Sheriff and the Chief Executive Officer, Tobias Moers. This Committee's first report will appear in the Company's 2022 Annual Report.

PRODUCT STRATEGY COMMITTEE

A further Board committee, the Product Strategy Committee was established in January 2022 to ensure that the Directors provide a clear focus and support to the Company's product strategy, and product planning activities.

The role of the Committee is to oversee, on behalf of the Board, the Company's product strategy and product planning in particular in relation to its technology and engineering activities as well as providing assurance on the identification and management of key engineering, technology and strategic product risks and execution issues. The Committee will meet at least six times a year.

The Committee's responsibilities are set out in its terms of reference which can be found at www.astonmartinlagonda.com/investors and include:

- formulating, reviewing and implementing the product strategy and product planning of the Company, in particular in relation to its technology and engineering activities
- reviewing the wider strategic direction in relation to the products;
- providing assurance on the identification and management of key engineering, technology and strategic risks and execution issues.

The members of the Committee are Independent Non-Executive Directors Amedeo Felisa (Chair) and Antony Sheriff, and the Executive Chairman, Lawrence Stroll, the Chief Executive Officer, Tobias Moers, the Chief Creative Officer, Marek Reichman, and the Global Chief Brand and Commercial Officer, Marco Mattiacci. This Committee's first report will appear in the Company's 2022 Annual Report.

WARRANT SHARE COMMITTEE

In October 2020 the Board established the Warrant Share Committee to approve the allotment and issue of Warrant Shares in accordance with the terms of the Warrant Instrument. The members of the Committee are Executive Chairman, Lawrence Stroll, Chief Executive Officer, Tobias Moers, Chief Financial Officer, Kenneth Gregor, and Non-Executive Director, Michael de Picciotto. In December 2020 the Company issued warrants pursuant to a warrant instrument (the Warrant Instrument) to warrant holders to subscribe for ordinary shares in the Company (the Warrant Shares). The Committee met four times this year to allot and issue Warrant shares. See note 22 of the Financial Statements for further details.

STAKEHOLDER ENGAGEMENT RELATIONSHIP WITH SHAREHOLDERS, EMPLOYEES AND OTHER STAKEHOLDERS

The Board recognises that our business and our behaviours impact our shareholders and other stakeholders, and that stakeholder engagement is a key element of delivering a sustainable business. This activity is taken across our business at different levels of the organisation with steps taken to ensure that the Board is aware of this activity and who can also engage with stakeholders as appropriate. The Board receives regular updates from the Chief Executive Officer and the Chief Financial Officer on these matters, as well as from senior executives within the business with particular expertise or responsibility for dealing with the stakeholders involved. Examples of how the Board considered stakeholder interests during the year are set out in the Board's s.172 statement is on page 46.

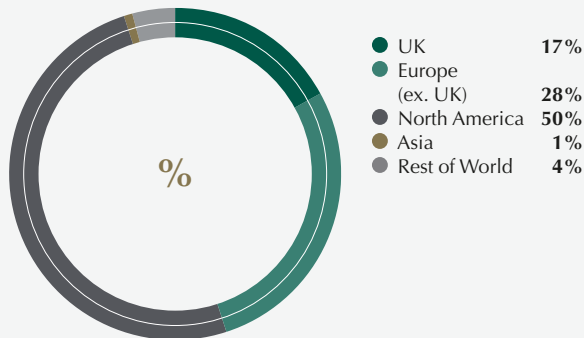
SHAREHOLDER ENGAGEMENT

The Board is committed to maintaining good communications with existing and potential shareholders. Shareholders play a valuable role in safeguarding the Group's governance through, for example, the annual re-election of Directors, monitoring and rewarding their performance and engagement and constructive dialogue with the Board. The Group aims to be as transparent as possible with the information it provides to investors and welcomes face-to-face interaction. However, COVID-19 restrictions have curtailed much of this activity, in the earlier part of the period, replacing it with a significant increase in virtual meetings and conferences.

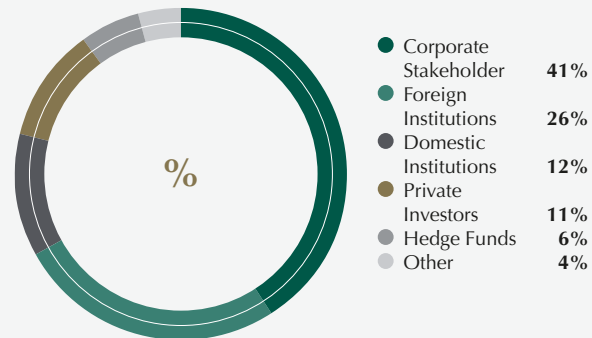
The Board's primary contact with existing and prospective institutional shareholders is through the Director of Investor Relations who is responsible for all primary contact with shareholders, potential investors and equity research professionals. The Executive Chairman, Chief Executive Officer, and Chief Financial Officer provide regular engagement support together with other executive management team members. Details of shareholder engagement activities in 2021 are set out in the table opposite.

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

GEOGRAPHIC DISPERSION



SHAREHOLDER TYPES



MAIN METHODS OF ENGAGEMENT WITH SHAREHOLDERS

| | |
|------------------------------------|--|
| SHAREHOLDER CONSULTATIONS | The Executive Chairman, Chief Executive Officer and Chief Financial Officer met during the year, in line with COVID-19 protocols, a large number of shareholders after each announcement relating to the Company's financial performance. The Executive Chairman has engaged with institutional shareholders to discuss the Company's performance and Board governance matters and communicated their views to the Board. The Company will always seek to engage with shareholders when considering material changes to either our Board, strategy or remuneration policies. In 2021 the Remuneration Committee consulted with the largest shareholders on our revised Remuneration Policy, a summary of which is on pages 121-126. |
| INVESTOR MEETINGS | During 2021 the Company held over 650 investor meetings with 348 individual existing and potential investors and analysts. Due to the pandemic the majority of these were virtual meetings. The meetings were attended by a combination of the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Investor Relations team and with many also including the executive management team. The Director of Investor Relations was a regular Board attendee to provide feedback from these meetings and updates on other market matters. In November, 37 investors and analysts were given a tour of the manufacturing plant and the design studio at Gaydon to see at first hand the changes that had occurred through Project Horizon. |
| INVESTOR PRESENTATIONS | During 2021, the Group hosted virtual webcasts for all reported results and market updates and took questions from investors and analysts ensuring an open dialogue with the market. Due to the pandemic, roadshow activity was severely restricted. |
| INVESTOR CONFERENCES | Due to the COVID-19 pandemic, the majority of conferences moved to a virtual format. 15 conferences were attended by the Investor Relations Team during 2021 with the Chief Executive Officer presenting at eight of these conferences. |
| AGM | <p>The AGM provides an opportunity for private shareholders, in particular, to question the Directors and the Chairs of each of the Board Committees. It was necessary to hold the 2021 AGM virtually due to the UK Government's lockdown restrictions, however proceedings included a Q&A session for any shareholder or interested stakeholder to ask questions of the Board. We were able to make the proceedings of our AGM available by video to shareholders who had registered in advance.</p> <p>Information on the 2022 AGM is on page 139. The Notice of AGM is issued at least 20 working days in advance of the AGM date, to provide shareholders with the appropriate time, as set out in the FRC's guidance on Board Effectiveness, to consider matters.</p> |
| ANNUAL REPORT | The Company's Annual Report is available to all shareholders. Through our electronic communication initiatives, we look to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post or PDF copies via email or from our website. |
| CORPORATE WEBSITE | The corporate website, www.astonmartinlagonda.com , has a dedicated Investors section which includes our Annual Reports, results presentations (which are made to analysts and investors at the time of the interim and full year results) along with all results and other regulatory announcements as well as further information for investors including our financial calendar for the upcoming year. |
| SENIOR INDEPENDENT DIRECTOR | If shareholders have any concerns, which the normal channels of communication to the Chief Executive Officer, Chief Financial Officer or Executive Chairman have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director is available to address them. |

EMPLOYEE ENGAGEMENT

The Company has an experienced, diverse and dedicated workforce which is recognised as a key asset of the business. The Board and its Committees routinely invite members of the management team to join meetings to present on the matters being discussed, enabling their input into discussions. In order to reach all employees (including individuals engaged under contracts of service, agency workers and remote workers), the Board utilises a combination of formal and informal engagement methods which are detailed below.

NON-EXECUTIVE DIRECTOR ENGAGEMENT WITH OUR EMPLOYEES

As part of the Board's work to better understand the views of its employees, Anne Stevens, the Workforce Independent Non-Executive Director, as the Company's chosen method of workforce engagement under the Code, is responsible to the Board for directly engaging with the Company's workforce. During the period, measures taken in response to

COVID-19 made face-to-face engagement difficult, but other methods of engagement were adopted to ensure that the workforce continued to receive regular communications about the business and concerning workforce health and safety in response to the pandemic. Workforce engagement during this period was led by the Chief Executive Officer and Directors of HR and Reward who provided updates to the Board and Committees. In 2022, the Workforce Independent Non-Executive Director proposes to actively engage with the workforce through a series of activities including attendance at Town Hall meetings, regularly meeting with the Company's employee representatives, and reviewing the outcome of employee surveys and monitoring the effectiveness of employee engagement programmes. More information on our workforce engagement is set out in the table below.

The Board remains committed to a constructive two-way dialogue with the workforce, to enable the Board to better reflect their interests in future Company and strategic decisions, and to help ensure that the Company is a great place to work.

HOW WE ENGAGE WITH OUR EMPLOYEES

| | | | |
|--|--|--------------------------------------|---|
| <p>DEDICATED NON-EXECUTIVE DIRECTOR</p> | <p>Anne Stevens is the dedicated Independent Non-Executive Director for gathering the views of the workforce. In 2022 Anne will oversee and receive updates on our employee engagement methods. Further information on Anne's role is detailed above and on page 96.</p> | <p>TOWN HALL MEETINGS</p> | <p>The Chief Executive Officer regularly hosts Town Hall meetings to ensure all employees are kept informed of business activity and engaged. Due to COVID-19, virtual Town Halls were held, and when restrictions were lifted, they were held in-person.</p> |
| <p>EMPLOYEE SURVEYS</p> | <p>The Company regularly gathers feedback from employees to assess their levels of engagement. The Company conducts a formal annual employee survey, designed and developed in conjunction with an independent provider and sponsored by the Executive Directors.</p> | <p>WHISTLEBLOWING</p> | <p>The Company's confidential reporting and whistleblowing facility offers an anonymous Global reporting facility for employees to raise any concerns, via telephone or online web-reporting. Further information can be found on page 114.</p> |
| <p>INTRANET</p> | <p>Our intranet is used as a popular platform for employees to access the Company policies and be kept fully informed of the latest Company news. In addition, during the lockdown restrictions, the intranet was used to share links to useful information on social and wellbeing, culture and entertainment, health and safety and virtual quizzes.</p> | <p>WORKING GROUPS</p> | <p>The Company currently operates a Diversity and Inclusion Working Group which is comprised of employees from across the business and chaired by the Director of Reward and Policy. The ideas and comments raised are fed directly into the Board. A working group is also established after each formal employee survey with the aim of making recommendations to the Executive Committee on matters raised or areas where changes could be made to further improve employee engagement and satisfaction.</p> |



←
Employee engagement has been a key focus in 2021

WORKPLACE POLICIES AND PRACTICES

The Board and Executive Committee review and approve all key policies and practices which could impact on the workforce and drive their behaviours. All policies are checked to ensure they support the Company's purpose and reflect our values (see page 90 purpose values and culture).

Policies are published on the intranet and form part of the employee handbook. Employees are required to confirm their understanding of the Standards of Corporate Conduct upon recruitment and on an annual basis. Employees are notified if there are any changes to these policies.

To ensure policies are embedded in our business practices, the Company operates a mandatory training programme which aims to reinforce key compliance messages in areas such as code of conduct, anti-bribery and corruption, confidential reporting and whistleblowing, modern slavery, equality, diversity and inclusion and conflicts of interest.

All employees and the Board are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of potential conflicts of interest is regularly reviewed to ensure it remains up to date. The Board is satisfied that potential conflicts have been effectively managed throughout the year (see page 96).

There is an appropriate mechanism for employees and contractors to report any concerns regarding suspected wrongdoing or misconduct. The "Confidential Reporting and Whistleblowing" policy and procedures are included within our employee handbook, on our Group intranet and staff noticeboards, together with annual mandatory training. In addition, there is an independent telephone line and online portal for anonymous reporting of concerns.

Following receipt of a whistleblowing report there are procedures in place to ensure an independent and proportionate investigation led by the Director of Internal Audit & Risk Management with support from Human Resources and/or Legal teams depending on the nature of the concern, with any significant findings reported to the Audit and Risk Committee and Board. The Audit and Risk Committee receives regular updates from the Director of Internal Audit & Risk Management with details of any such reports and on the operation of the whistleblowing procedures. Further information on this can be found in the Audit and Risk Committee Report on page 114.

The Board approves the Remuneration Policy for the Executive Directors and, through the Remuneration Committee, has oversight of the wider workforce remuneration practices (further information can be found on pages 121-126).

GOVERNANCE REPORT CONTINUED

DIVISION OF RESPONSIBILITIES

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

EXECUTIVE CHAIRMAN

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

CHIEF EXECUTIVE OFFICER

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

CHIEF FINANCIAL OFFICER

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

SENIOR INDEPENDENT DIRECTOR ("SID")

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

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. They monitor the performance and delivery of the strategy within the risk parameters and control framework set by the Board.

WORKFORCE NON-EXECUTIVE DIRECTOR

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

THE COMPANY SECRETARY

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

INDEPENDENCE OF THE BOARD

The Board has identified which Directors are considered to be independent on page 89.

As at 31 December 2021, 60% of the Board (excluding the Chair) are Independent Non-Executive Directors. The Independent Non-Executive Directors play an important role in ensuring that no individual or group dominates the Board's decision making and therefore it is of paramount importance that their independence is maintained. The Board has reconfirmed that the Independent Non-Executive Directors remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgement.

In the year, the Chair met with the Independent Non-Executive Directors without executive management being present. Such meetings are useful to safeguard the independence of the Non-Executive Directors by providing them with time to discuss their views in a more private environment.

RELATIONSHIP AGREEMENTS

At the start of the financial year, the Company had three groups of significant shareholders, namely, the Adeem/PW Shareholder Group, the Yew Tree Consortium and Mercedes-Benz AG (MBAG). The Adeem/PW Relationship Agreement terminated on 18 February 2021, as the Adeem/PW Shareholder Group ceased to hold 7% of the voting rights attaching to the ordinary shares.

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

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

Further information on the Relationship Agreements is set out in the Directors' Report on page 142.

EXTERNAL DIRECTORSHIPS

It is recognised that Non-Executive Directorships can provide a further level of experience for executives that can benefit the Company. As such, Executive Directors may usually take up one non-executive directorship (broadly equivalent in terms of time commitment to a FTSE 350 Non-Executive Directorship role) subject to the Board's approval as long as there is no conflict of interest. Neither of the Executive Directors currently has any other directorship outside the Group.

Directors are required to consult with the Chair and obtain Board approval before taking on any additional appointments. As part of the selection process for any new Board candidates, any significant external time commitments are considered before an appointment is agreed.

All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively (see table on page 89 for Board meeting attendance).

DIRECTORS' CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company unless that conflict is first authorised by the Board. As permitted under the Companies Act 2006, the Company's Articles of Association allow Directors to authorise conflicts of interest and, in accordance with its terms of reference, the Board has established a policy and set of procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. This is monitored by the Nomination Committee.

Prior to approval of this Report, the Committee has reviewed all situational conflicts that it has authorised and concluded that the potential conflicts had been appropriately authorised, no circumstances existed which would necessitate that any prior authorisation be revoked or amended, and the authorisation process continued to operate effectively.

KEY ACTIVITIES OF THE BOARD

The Board met for nine scheduled Board meetings and an additional six unscheduled meetings which were convened to consider the appointment of Independent Non-Executive Directors; the approval of the AGM Notice of Meeting; the extension of the F1™ Sponsorship Agreement; the renewal of the insurance programme; and the resignation of the Chief Financial Officer. Board attendance for the Board meetings during 2021 is set out on page 89.

KEY ACTIVITIES OF THE BOARD DURING THE YEAR

The Board's key activities are shown below. The Company's Section 172 Statement can be found on page 46.



STRATEGY

- Received reports from the Chief Executive Officer at each Board meeting covering business and Project Horizon transformation plans, market and trading performance, investor feedback and discussions from Executive Committee meetings
- Reviewed, discussed and adopted the Group's long term business strategy, the Group's ESG strategy and the Group's new Corporate & Brand strategy
- Discussed information on COVID-19 and its continuing impact across the business focusing in particular on the impact on the Group's workforce, the business plan, operational and financial performance and necessary mitigation actions
- Reviewed and approved the £70m Bond issue



FINANCIAL PERFORMANCE

- Received reports from the Chief Financial Officer at each Board meeting covering Group performance for each period, market data, budgets, outlook, cash flow and liquidity
- Consideration and approval of the Company's quarterly trading updates, half-year and full-year results and market announcements, including the going concern and viability statements
- Reviewed payment of a dividend
- Approved the Annual Report and Accounts for the financial year ended 31 December 2020
- Reviewed and approved the Group's financing strategy and budget for 2022
- Approved the Group's annual insurance renewal



ENVIRONMENT

- Science Based Target Accreditation application ratified
- Approved the creation of a new Board Sustainability Committee



PEOPLE & CULTURE

- On the recommendation of the Nomination Committee, approved the appointment of Amedeo Felisa, Robin Freestone, Natalie Massenet, Marigay McKee, Richard Parry-Jones, Antony Sheriff and Anne Stevens as new Independent Non-Executive Directors, and Stephan Unger and Franz Reiner as the Non-Executive Directors Representing MBAG and in January 2022, the appointment of the new Chief Financial Officer
- Regular updates provided on people and wellbeing covering engagement survey results, and progress against the key areas of focus
- Reports received from the Chair of the Remuneration Committee on its activities regarding remuneration of the Executive Directors and Executive Committee, and the fees paid to the Chair and Non-Executive Directors
- Reports received from the Chair of the Nomination Committee on its activities concerning Board appointments and succession
- In January 2022 approved the closure of the Company Defined Benefit Pension Scheme



GOVERNANCE, COMPLIANCE AND REGULATORY

- Reviewed and adopted updated Group policies relating to Confidential Reporting and Whistleblowing, Anti-Bribery and Corruption, Responsible Procurement, Environmental, Health and Safety, Tax
- Approved new Diversity and Inclusion and Anti-Slavery & Human Trafficking Policies, and new Share Dealing code and procedures
- Reviewed and adopted revised Audit and Risk Committee terms of reference
- Conducted the annual Board evaluation in respect of the effectiveness of the Board and its Committees and discussed the actions to be taken in the upcoming year
- Approved the resolutions to be put to shareholders at the AGM
- Received updates on material litigation



INTERNAL CONTROLS AND RISK MANAGEMENT

- Reviewed and approved the Risk Management Policy
- Approved the principal risk assessment for interim and year-end reporting purposes
- Received updates on Information Technology strategy and cyber security including the progress on Project Agile, being the introduction and implementation of a new enterprise resource planning system (ERP)
- Information received on the Internal Controls Assurance Programme ahead of any proposed new financial reporting regime (UK SOx)



STAKEHOLDERS

- Received reports from Investor Relations on investor activity, recent investor/analyst engagement and investor views and feedback from investor roadshows
- Undertook Gaydon manufacturing and design studio site visits as part of workforce engagement activities
- Received reports from the Executive Committee on customers and market share data
- Reviewed and discussed the current and future products range
- Received regular updates on people and wellbeing covering engagement survey results and progress against the key areas of focus

FAIR, BALANCED AND UNDERSTANDABLE

The Annual Report and Accounts is required, as a whole, to be "fair, balanced and understandable" and to provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Audit and Risk Committee considered, on behalf of the Board, whether the "fair, balanced and understandable" statement could properly be given on behalf of the Directors. The Committee considered the associated assurance processes (as set out on page 112) and provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors. Based on this recommendation, our Board is satisfied that it has met this obligation.

A summary of the Directors' responsibilities in relation to the Financial Statements is set out on page 144. The report of the external auditors on pages 145-153 includes a statement concerning their reporting responsibilities.

COMPOSITION, SUCCESSION AND EVALUATION

APPOINTMENT AND ELECTION OF DIRECTORS TO THE BOARD

All of the Directors have service agreements or letters of appointment and the details of their terms are as set out in the Directors' Remuneration Report. The Executive Chairman and Non-Executive Directors are expected to devote the necessary time to perform their duties properly. This is expected to be approximately 30 days each year for the Non-Executive Directors. The Executive Chairman and Senior Independent Director may be required to spend additional time over and above this to carry out their extra responsibilities. As discussed in relation to Board attendance, Directors devoted significantly more time to Board matters during the year.

The Board considers all Directors to be effective and committed to their roles and to have sufficient time to perform their duties. All Directors will be offering themselves for election or re-election as appropriate at the Company's Annual General Meeting ("AGM").

The service agreements and letters of appointment are available for inspection at the Company's registered office during normal business hours. No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested existed during or at the end of the financial year other than the Relationship Agreements with significant shareholders the Yew Tree Consortium and MBAG as set out on page 142, the F1™ Sponsorship Agreement as set out in the Prospectus dated 27 February 2020 and the Supplementary Prospectus dated 13 March 2020.

The Adeem/PW shareholder group ceased to be a related party for the purposes of the Listing Rules during the year ended 31 December 2020, and their Relationship Agreement with the Company terminated on 18 February 2021.

BOARD SUCCESSION AND DIVERSITY

Board succession planning is focused on ensuring the right mix of experience and skills is retained by the Board. All new appointments are based on merit, keeping in mind that to deliver our strategy the Company needs a Board which is diverse and inclusive. Consequently, the Company believes in the importance of diverse Board membership, including in relation to gender, social and ethnic backgrounds, cognitive and personal strengths, tenure and relevant experience.

At the date of this Report, the Company has two significant shareholder groups with rights to nominate representative directors to the Board under their respective Relationship Agreements with the Company, as set out on page 142. In formulating the Board Diversity Policy which was adopted in 2019, the Board recognised the Davies Report and the Hampton-Alexander Review target for women to represent 33% of boards by 2020 while also being cognisant of the Company's Relationship Agreements.

Accordingly, under the Policy the Board agreed its aim to maintain a balance so that, as a minimum, one-third of Board members not subject to significant shareholder appointments are women, provided this is consistent with the prevailing skills and diversity requirements of the Company as and when seeking to appoint a new Director. As a result of the appointment of Marigay McKee, Natalie Massenet and Anne Stevens to the Board during the year, under the Board Diversity Policy, as at the date of this Report, there are three woman out of eight relevant Board members

(being the two Executive Directors and six Independent Non-Executive Directors), thereby comprising 38% of the Board.

The Board will continue to focus on Board composition and to continue to improve diversity, with the Board aiming to achieve the Parker Review recommendation that at least one Director on the Board is from an ethnic minority background, by 31 December 2024.

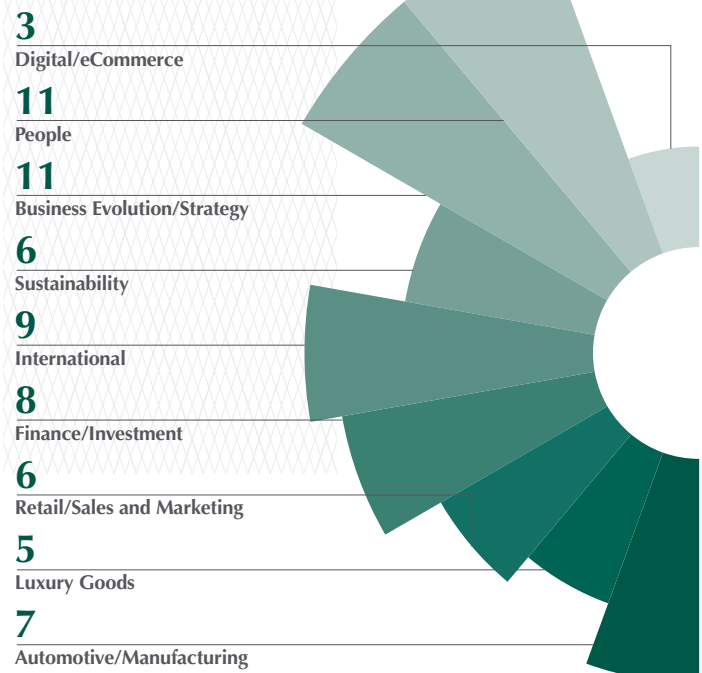
BOARD SKILLS EXPERIENCE AND KNOWLEDGE

An effective Board requires the right mix of skills and experience. The Board is a diverse and effective team focused on promoting the long-term success of the Group for the benefit of all stakeholders. The Directors' biographies are available on pages 84-86 and the chart below provides an overview of the skills and experience of our Directors as at 31 December 2021.

TRAINING

Tailored induction programmes were put in place for all the new Non-Executive Directors who joined the Board during the year. These included visits to the main operational locations, meetings with senior management and information about the key areas of the business. Further details are included on page 106. Continuing training and education is available to all Directors to enable them to fulfil their responsibilities as Directors and to develop their understanding of the business.

BOARD SKILLS AND EXPERIENCE Number of Directors



BOARD VISIT TO GAYDON MANUFACTURING PLANT AND DESIGN STUDIO



In October 2021 the Board visited the Company's Gaydon manufacturing site and the Car Design Studio, which gave the Board the opportunity to meet the teams responsible for the design and production of the Aston Martin Valkyrie and front-engine Sport/GT car models in 2021.

PRODUCTION FACILITY

The Board were taken around the production facility in small groups, to see at first hand each step in the manufacture of an Aston Martin vehicle and at each milestone of production, specialists from the shopfloor using explanatory teaching boards provided a detailed overview of the manufacturing process. The small groups allowed for questions and easy interaction with the employee stakeholders. The Board were able to see the impact of the Project Horizon transformation at the site including the consolidation of the assembly line into one fully flexible line capable of producing all six Sport/GT car variants and the development of the hybrid bay build process to improve flexibility and agility of manufacturing.

DESIGN STUDIO TOUR

The production facility visit was followed by a tour of the tailor-made Design Studio, which is adjacent to the production facility. The studio is equipped with five full-size 'plates' that enable full-scale vehicle designs to be worked on ergonomically, while also offering the studio the opportunity to retain and develop designs over a longer period. Senior members of the design team explained how an Aston Martin vehicle was designed from the inception ideas and drawings to a full-scale model of the car sculpted in clay. The Board was also provided with a detailed briefing on each of the current Aston Martin models and the future designs for the next generation of vehicles.

"The benefits of getting to talk to employees on the ground at one of our major UK sites were enormous. Not only did we get a detailed view of the manufacturing process and the site transformation but having the opportunity to talk to a variety of colleagues in different roles in an informal setting was an excellent way to get an insight into the Company and its culture."

FRANZ REINER
NON-EXECUTIVE DIRECTOR



SILVERSTONE DRIVE EXPERIENCE

To appreciate fully the luxury, and experience of driving an Aston Martin all the Non-Executive Directors were given the opportunity to go to the Stowe Circuit at Silverstone, following their visit to Gaydon, to drive the latest models of Aston Martin cars. After receiving one-to-one professional coaching which focused on exploring the performance and dynamic handling capabilities of the cars, the Non-Executive Directors got behind the wheel and put the cars through their paces as they lapped the circuit.

“What an amazing experience. These are truly unique cars, which exude British craftsmanship in every detail wherever you look. The performance, handling and sound of the engine roar made for a truly unforgettable experience.”

ANNE STEVENS
NON-EXECUTIVE DIRECTOR

BOARD AND COMMITTEE EVALUATION AND EFFECTIVENESS

2021 BOARD AND COMMITTEE REVIEW

There is an annual requirement for an evaluation of the Board and its Committees to monitor their performance and the effectiveness of their activities and the quality of their decisions. This evaluation is conducted through a formal performance evaluation which considers the work of the Board and its Committees. At least once in every three years, in line with the Code, this evaluation should be externally facilitated. In 2019 and 2020 the evaluations were internally facilitated.

The 2021 evaluation process should have been externally facilitated. However, the Board decided, given the appointment of all the Independent Non-Executive Directors to the Board since the beginning of the year, that an externally facilitated evaluation was unlikely to yield significant benefits and that such an evaluation should be scheduled for 2022. As a result, the 2021 performance evaluation was facilitated by the Company Secretary by an internally-led questionnaire, in consultation with the Executive Chairman, Chief Executive Officer and Committee Chairs.

BOARD AND COMMITTEE FINDINGS

Overall, it was the collective view of the Directors that the Board is effective in discharging its responsibilities, operating with an open culture that allows challenge and debate. Details of the evaluation process, its findings, commentary and actions for progression in 2022 are set out in the table below.

The evaluation of the Board Committees' performance confirmed that each Committee was effective in providing Board support. Specific findings and the agreement of actions were overseen by each Committee Chair, with the consideration of the overall Board findings where such findings, were relevant to the Committees' work. Progress will continue to be monitored and assessed by each Committee.

CHAIR PERFORMANCE

The performance of the Chair was evaluated by the Non-Executive Directors led by the Senior Independent Director, without the Chair being present. The consolidated feedback, which was wholly positive in nature, was discussed with Lawrence Stroll.

2020 BOARD AND COMMITTEE REVIEW

Due to the significant matters facing the Board, the considerable changes to the Executive Committee and the Board and the impact of COVID-19, it was considered appropriate to adopt an ongoing dialogue on Board and Committee effectiveness in 2020.

2021 INTERNAL BOARD AND BOARD COMMITTEE EVALUATION PROCESS

The evaluation process of the Board and its Committees during 2021 was divided into three stages:

1

EVALUATION DESIGN

Questionnaires for the Board and its Committees for completion by Directors were developed by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer and Committee Chairs. Questions were set in consideration of the relevant findings from the ongoing dialogue in 2020 and in line with best practice and revised guidance such as the Code and Guidance on Board Effectiveness.

Directors were also encouraged in responding to the questionnaires to provide additional comments where appropriate.

The anonymised responses were collated by the Company Secretary, who then prepared draft reports which summarised the findings and included proposed recommendations for discussion and actions for the forthcoming year. These reports were reviewed by the Executive Chairman and relevant Committee Chairs for feedback and comment.

2

EVALUATION PROCESS

Questionnaires were issued to the Board members, the Company Secretary and to those who regularly attend various Board Committees such as the External Auditors, the remuneration consultants and the Director of Internal Audit and Risk Management.

Directors were asked to score each question using a scale of 1 (extremely dissatisfied) to 10 (extremely satisfied).

3

DISCUSSION AND ACTIONS

The relevant report with the findings of the respective evaluations was presented at the corresponding Board and Committee meetings on 16 December 2021. Following a review and discussion of the findings and the recommendations, actions were agreed for the forthcoming year to improve areas noted by the evaluations.

FINDINGS AND ACTIONS

The evaluations covered areas including Board composition and expertise, the Company's performance, culture, risk management and internal controls and Board and Committee governance.

The findings of the evaluations indicated that overall, the Board and its Committees performed well. However, the evaluations highlighted that there were areas of further improvement and the Board agreed a number of actions to improve the effectiveness of the Board to support the business over the next year:

- Additional focus on culture, diversity and inclusion and internal talent and succession planning
- Building on the existing understanding of the views and expectations of stakeholder population
- Arranging deep dives and discussion time for certain topics relevant to the Board
- Building on its existing understanding of the processes for assessing and ensuring the alignment of the Company's corporate culture and operational practices with its purpose, strategy and values

GOVERNANCE REPORT CONTINUED

NOMINATION COMMITTEE REPORT



“It’s our ambition that by 2026 least 25% of the leadership positions in the Company will be occupied by women.”

DEAR SHAREHOLDER

On behalf of the Nomination Committee I am pleased to present the Committee’s Report for the year ended 31 December 2021. The Report details the role of the Committee and describes how the Committee has carried out its responsibilities during the year.

BOARD APPOINTMENTS

As previously reported, following the significant changes to the Board in 2020, we announced in January 2021 the appointment of four Independent Non-Executive Directors Anne Stevens, Robin Freestone, Richard Parry-Jones and Antony Sheriff.

We also announced the appointment of Non-Executive Director Stephan Unger, the Representative Director for Mercedes-Benz AG, and that Peter Espenhahn (Audit and Risk Committee Chair) and Lord Matthew Carrington (Remuneration Committee Chair) would be stepping down from their Chair roles on the publication of our annual results on 25 February 2021 and from the Board at the close of the AGM on 25 May 2021. Richard Parry-Jones was tragically killed in an accident on 16 April 2021.

The key focus of the Committee following these appointments was to further strengthen the Board and improve its diversity by recruiting an additional number of Non-Executive Directors with relevant automotive or luxury industry experience and a track record in either an executive or non-executive capacity, combined with Board-relevant qualities and skills.

This search culminated in the announcement in July 2021 of the appointment to the Board of three Independent Non-Executive Directors, Amedeo Felisa, Natalie Massenet and Marigay McKee. We also announced the appointment of Non-Executive Director Franz Reiner, the Representative Director for Mercedes-Benz AG, following the resignation of Stephan Unger from that role.

It was further announced on 2 December 2021, that Kenneth Gregor had decided to step down from the Board as Chief Financial Officer for personal reasons and following a successful search for his successor we announced on 14 January 2022 the appointment of Doug Lafferty as the new Chief Financial Officer, who will join the Board on 1 May 2022.

DIVERSITY

The Board has been working towards achieving the recommendations of the Hampton-Alexander Review to have 33% female representation on its Board, and I’m pleased to report that with the recent Non-Executive Director appointments this target has been achieved in line with the Company Board Diversity Policy. However, it is recognised by the Board that the gender balance of the leadership positions in the Company remains an area for further improvement, and the Company has set itself a target that at least 25% of the leadership positions will be occupied by women within the next five years.

LOOKING AHEAD

In 2022, the Committee will continue to consider succession planning for the executive and senior management positions together with the improvement of diversity for the senior management in the Company and the Board, with the Committee aiming to achieve the Parker Review recommendation that at least one Director on the Board is from an ethnic minority background by 31 December 2024.

I look forward to reporting on our further progress in 2022.

LAWRENCE STROLL
CHAIR, NOMINATION COMMITTEE
22 FEBRUARY 2022

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

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

KEY RESPONSIBILITIES INCLUDE:

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

| DIRECTORS AS AT 31 DECEMBER 2021 | MEETING ATTENDANCE |
|----------------------------------|--------------------|
| Lawrence Stroll | 3/3 |
| Amr Abou El Seoud ¹ | 1/1 |
| Matthew Carrington ² | 1/1 |
| Peter Espenhahn ² | 1/1 |
| Robin Freestone | 2/2 |
| Franz Reiner | 1/1 |
| Antony Sheriff | 2/2 |
| Anne Stevens | 2/2 |
| William Tame ³ | 1/1 |
| Stephan Unger ⁴ | |

1. Amr Abou El Seoud stepped down from Board on 18 February 2021

2. Matthew Carrington and Peter Espenhahn stepped down from the Board on 25 May 2021

3. William Tame stepped down from the Board on 28 January 2021

4. Stephan Unger did not attend any Committee meetings and stepped down from the Board on 8 July 2021

COMMITTEE MEMBERSHIP AND COMMITTEE MEETINGS

The Committee currently consists of the Executive Chairman Lawrence Stroll who is Chair of the Committee, and three Independent Non-Executive Directors, Robin Freestone, Antony Sheriff and Anne Stevens who were all appointed to the Committee on 1 February 2021.

In addition as the Relationship Agreements with the significant shareholder groups (see page 142) provide that each may appoint a Director to the Committee, Franz Reiner was appointed to the Committee as the Representative Director for Mercedes-Benz AG, on 8 July 2021.

Former members of the Committee who have since resigned during the year are detailed in the table above. Richard Parry-Jones joined the Committee on 1 February 2021 but died in an accident on 16 April 2021.

Attendance at each meeting comprises the Committee members, the Company Secretary who is secretary to the Committee and at the request of the Committee, the Chief Executive Officer, General Counsel, Director of HR, Director of Reward, and other members of the senior management team and external advisors who may be invited to attend all or part of any meeting, as and when appropriate.

The Committee meets at least twice a year and has formal terms of reference which can be viewed on the Company's website, www.astonmartinlagonda.com. The Committee met three times during the year, with all meetings held via video conference. The Committee members' attendance for the period is set out in the table above. Committee meetings usually take place prior to a Board meeting. The activities of the Committee and any matters of particular relevance were reported by the Committee Chair to the subsequent Board meeting.

NOMINATION COMMITTEE REPORT CONTINUED

KEY ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Committee discussed the following key matters during the year:

- Reviewed the size, structure and composition of the Board and the Executive Committee with respect to the needs of the business
- The appointment of seven Independent Non-Executive Directors and the appointment of two Representative Directors from MBAG, to the Board
- Reviewed the Board Diversity Policy
- Reviewed the findings of the 2021 Board evaluation with respect to the composition of the Board and its Committees (refer to page 101)
- Reviewed the findings of the Committee evaluation report
- Reviewed Directors' potential conflicts of interest and independence
- Reviewed and approved revised Committee terms of reference

BOARD AND COMMITTEE COMPOSITION**BOARD COMPOSITION**

The Committee led the selection and appointment process for the recruitment of the additional Independent Non-Executive Directors to the Board. As previously reported the Committee retained a specialist search firm, Savannah Group, to conduct a wide-ranging Independent Non-Executive Director search. Savannah Group was also engaged by the Company in connection with recruitment of senior management positions during 2021. Savannah Group does not have any other connection with the Company or individual Directors. The brief, which was in line with the Board's composition and diversity principles, was to identify candidates with relevant automotive or luxury industry experience and track record in either an executive or non-executive capacity, combined with Board-relevant qualities and skills. These factors were considered critical to support the Company in its future ambitions as well as to meet its aims relating to Code compliance and diversity.

As a result of this process, in January 2021 the Company announced the appointment of four Independent Non-Executive Directors Robin Freestone, Richard Parry-Jones, Antony Sheriff and Anne Stevens. It also announced the appointment of Non-Executive Director Stephan Unger, the Representative Director for Mercedes-Benz AG, and that Peter Espenhahn (Audit and Risk Committee Chair) and Lord Matthew Carrington (Remuneration Committee Chair) would step down from their Chair roles on the publication of the 2020 annual results on 25 February 2021 and from the Board at the close of the AGM on 25 May 2021. Richard Parry-Jones died in an accident on 16 April 2021.

In continuing the search to strengthen the Board and improve its diversity, the Company made a further announcement on 8 July 2021 that it had appointed to the Board three further Independent Non-Executive Directors, Amedeo Felisa, Natalie Massenet and Marigay McKee. In addition, it also announced the appointment of Non-Executive Director Franz Reiner, the representative director for Mercedes-Benz AG, following the resignation of Stephan Unger from that role.

Following the announcement on 2 December 2021 that Kenneth Gregor had decided to step down from the Board as Chief Financial

Officer for personal reasons, a search process led by the Committee Chair commenced which saw the engagement of Odgers Berndtson to undertake a comprehensive search for a new Chief Financial Officer. Odgers Berndtson was not engaged by the Company for any other purpose during 2021 and Odgers does not have any other connection with the Company or individual Directors. The brief was to find a candidate to support the Company in its future ambitions with the required professional financial skills who had served in a public company and had experience of the automotive or luxury sectors. On 14 January 2022 the Company announced the appointment of Doug Lafferty as the new Chief Financial Officer. Mr Lafferty will join the Board on 1 May 2022.

The Board and Committees composition are currently compliant with the Code (see page 89 of the Governance Report).

The Committee intends to continue to focus on Board composition and improve its diversity, with the Board looking to achieve the Parker Review recommendation that at least one director on the Board is from an ethnic minority background by 31 December 2024.

COMMITTEE COMPOSITION

The composition of the Company's Board Committees is designed to ensure that there is alignment between skillset and specific Committee responsibilities, and thus prevent undue reliance on the capacity of any one Director and to comply with recognised guidance including the Code. Changes are recommended following Directorate appointments and succession, or in response to formal review. In the year, the Board approved recommendations resulting in the changes below:

- Anne Stevens joined the Audit and Risk, Nomination and Remuneration Committees on 1 February 2021 and became Chair of the Remuneration Committee on 25 May 2021 and Chair of the Sustainability Committee on 16 December 2021
- Robin Freestone joined the Audit and Risk, Nomination and Remuneration Committees on 1 February 2021 and became Chair of the Audit and Risk Committee on 25 May 2021
- Antony Sheriff joined the Audit and Risk, Nomination and Remuneration Committees on 1 February 2021, the Sustainability Committee on 16 December 2021 and the Product Strategy Committee on 17 January 2022
- Amedeo Felisa joined the Audit and Risk Committee on 8 July 2021 and was appointed Chair of the Product Strategy Committee on 17 January 2022
- Natalie Massenet joined the Remuneration Committee on 8 July 2021
- Tobias Moers joined the Sustainability Committee on 16 December 2021 and the Product Strategy Committee on 17 January 2022
- Lawrence Stroll joined the Product Strategy Committee on 17 January 2022

The membership of the three principle Committees, Audit & Risk, Remuneration and Nomination, is currently compliant with the Code (see page 89 of the Governance Report).

BOARD INDUCTION**MARIGAY MCKEE**

In July Marigay McKee was welcomed to the Board and she was offered a bespoke comprehensive induction programme, which is tailored to each Director's individual skills and experiences and their roles on the Board. The induction programme covered a range of areas across the business, including one-to-one meetings with senior executives to understand the roles played by the Company's senior employees and the specific challenges facing the business and the progress of Project Horizon.

Training was also provided by our lawyers, Freshfields Bruckhaus Deringer, explaining the legal and regulatory background to her role on the Board which covered Section 172 obligations and Directors' general duties, Market Abuse Regulations and Financial Conduct Authority requirements, UK Corporate Governance Code and Related Party Transactions. Most of the one-to-one meetings were held virtually due to the ongoing pandemic. However, Marigay was able to visit a number of locations in the USA, where she lives, and once restrictions were lifted participated in the Gaydon site visit, details of which can be found on page 99. Now that travel and meeting restrictions are lifted, Marigay will continue her induction programme with more site visits, meeting customers and employees and getting more familiar with all the latest models of Aston Martin cars.

A summary of Marigay's key induction visits and events is set out below.

"My induction was very comprehensive and I was so impressed with the level of training, the knowledge of the staff, and the iconic heritage of the brand was well highlighted and expressed with passion, pride and commitment by all. From our Chairman's vision for the brand to the manufacturing plant's commitment to excellence in quality, design, sophistication and technology, it reinforced for me why Aston Martin is the most iconic, luxury British brand today."

MARIGAY MCKEE
NON-EXECUTIVE DIRECTOR

TABLE OF EVENTS BY MONTH IN 2021

| | |
|------------------|---|
| July | <ul style="list-style-type: none"> • Individual meetings with Executive Chair, Executive Directors, other Non-Executive Directors • Directors' training provided by Freshfields Bruckhaus Deringer |
| August | <ul style="list-style-type: none"> • Attended the global launch of the new Aston Martin Valhalla and the Aston Martin Valkyrie Spider at the "Pebble Beach" Concours d'Elegance at Pebble Beach, California • Site visit to the Beverly Hills Aston Martin Dealership |
| September | <ul style="list-style-type: none"> • Individual meetings with Executive Committee members and senior management |
| October | <ul style="list-style-type: none"> • Operational site visits to the production facility at Gaydon and the Design Studio • Aston Martin Driving Experience at Silverstone |

NOMINATION COMMITTEE REPORT CONTINUED

DIRECTOR INDUCTION

Following appointment, all Directors receive a comprehensive and tailored induction programme which is designed through discussion with the Chair and the Company Secretary having regard to existing expertise and any prospective Board Committee roles. The induction includes but is not limited to face-to-face meetings with Board members and the Executive team as appropriate, briefings on the Company's strategy, investor relations, Board and Company policies, processes and procedures and training on the role of a director of a listed company. All new Directors are also provided with access to the Company electronic Board paper system which provides easy and immediate access to all key governance documents, including Board and committee papers, and terms of reference.

In addition, new Directors also undertake site visits to enhance and develop their understanding of the business and the workforce. Where appropriate, new Directors also meet with institutional investors, the Company's External and Internal auditors and remuneration consultants.

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

During the year, opportunities for the Board to meet individuals in person were limited due to COVID-19; however, the Board is looking forward to resuming these arrangements during 2022.

SUCCESSION PLANNING

The Board has a duty to ensure the long term success of the Company, which includes ensuring that it has a steady supply of talent for executive positions and established succession plans for Board positions. Throughout the year the Committee has reviewed and assessed the composition of the Board and its aggregate skills, experience and knowledge and the current and future needs of the Board as new appointments to the Board have been made, see page 104. The Committee will continue to consider the Group's succession planning on a regular basis to ensure that any further changes to the Board are proactively planned and coordinated.

The Committee monitors the development of the Executive team to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience. In late 2020 and in 2021 the Executive Committee was strengthened by the appointment of Michael Straughan as Chief Operating Officer and Marco Mattiacci as Global Chief Brand and Commercial Officer, respectively. Their biographies and those of the other members of the Executive Committee can be found on page 87.

As at 1 January 2022, the Executive Committee consists of six executives. Further information on the role of the Executive Committee is on page 91. The Executive Committee considers the adequacy of the Group's succession plans below the Board as part of its ESG strategy review and, through the Director of HR, it provides updates to the Committee. The Group's talent pipeline has been strengthened through a number of external appointments, including the recruitment of: Renato Bisignani

(Head of Global Marketing and Communications), Ralph Illenberger (Head of Powertrain Engineering), Drummond Jacoy (Head of Engineering and Procurement), Paul Smyth (Head of Sales Operations and Network Development), Adam Chamberlain (Regional President for Americas) and Patrick Marinoff (Regional President for EU & MENA).

CONFLICTS OF INTEREST AND INDEPENDENCE

Each Director has a statutory duty to disclose any actual or potential conflict of interest situations for consideration and approval by the Board as they arise. The Committee is responsible for reviewing the procedures for assessing, managing and, where appropriate, recommending the approval of any conflicts of interest to the Board. These procedures are supported by an annual conflicts authorisation process, whereby the Committee reviews the Directors' Conflicts of Interest Register and seeks confirmation from each Director of any changes or updates to their position.

Prior to the approval of this Report, the Committee has reviewed all situational conflicts of interest that the Board has authorised and concluded that the potential conflicts had been appropriately authorised and no circumstances existed which would necessitate that any prior authorisation be revoked or amended, and that the authorisation process continued to operate effectively during the year.

In the light of the above process, the Committee reviewed the independence of each Non-Executive Director and was satisfied that all Independent Non-Executive Directors remain independent under the definition in the Code. Furthermore, the Committee was also satisfied as part of this process that each of the Non-Executive Directors commits sufficient time to fulfil their Board responsibilities. Additional safeguards to support Director independence of thought and judgement include meetings between the Chair and the Non-Executive Directors, without the Executive Directors being present, to discuss areas relevant to the operation and performance of the Board and the Company, which enables the Non-Executive Directors to provide constructive challenge and separate and clearly defined roles for the Chair and the Chief Executive Officer.

COMMITTEE PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 101). The Committee also reviewed its own performance and was satisfied that it continued to perform effectively and was rated highly by the members and other respondents to the evaluation survey. The conclusion of the evaluation was that the Committee remains focused on key themes of succession planning and Board composition.

DIVERSITY AND INCLUSION

The Board acknowledges that the Board's perspective and approach can be greatly enhanced through diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, tenure and relevant experience. There is also a recognition that to deliver the Company strategy it is important to promote a high-performing culture, characterised by a diverse and inclusive workforce.

Diversity and inclusion bring new ideas and fresh perspectives which fuel innovation and creativity, and therefore we need to actively work to attract, retain and develop employees to improve our talent pipeline (further

information on page 62. The Diversity and Inclusion Working Group chaired by the Director of Reward and Policy, which reports to the Sustainability Committee, authored the new Diversity and Inclusion Policy, which was approved by the Board at its meeting in December. The working group has set itself a number of targets including a commitment to collect and publish a wider set of demographic data, to reach a target of 25% females in leadership positions by 2026, and relaunching the Aston Martin Female Advisory Board.

The Board recognises that a diversified Board brings constructive challenge and fresh perspectives to discussions. The Committee considers diversity, in its widest sense (and not limited to gender), during Board composition reviews and the development of recruitment specifications in connection with appointment of new Board members.

In formulating the Board Diversity Policy the Committee recognised the Davies Report and the Hampton-Alexander Review target for women to represent at least 33% of Boards by 2020, while also being cognisant of the Company's Relationship Agreements with its significant shareholder groups with rights to nominate Representative Directors to the Board see

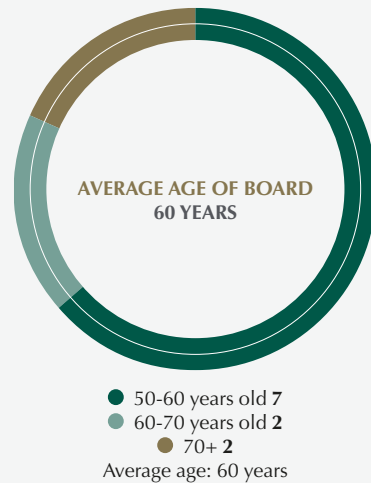
page 142). Accordingly, it was agreed that the Board intends to maintain a balance so that, as a minimum, one-third of Board members not subject to significant shareholder appointments are women, provided this is consistent with the prevailing skills and diversity requirements of the Company as and when seeking to appoint a new Director.

Consequently, under the Board Diversity Policy, as at the date of this Report, there are three woman out of eight relevant Board members (being the two Executive Directors and six independent Non-Executive Directors), thereby comprising 38% of the Board.

It is acknowledged that the Company needs to further improve its diversity balance on the Board, principally in the area of ethnic diversity, and the Board, and with assistance from the Committee, is committed to achieve the Parker Review recommendation that at least one Director on the Board is from an ethnic minority background, by 31 December 2024.

It is further acknowledged that the Company needs to do more in the area of diversity including in relation to the senior management positions of the Company, and this will be a continued focus for the Committee.

BOARD DIVERSITY AT A GLANCE



AUDIT AND RISK COMMITTEE REPORT



On behalf of the Audit and Risk Committee, I am pleased to present the Committee's Report for the year ended 31 December 2021. The Report details the role of the Committee and describes how the Committee has carried out its responsibilities during the year and provided assurance on the integrity of the 2021 Annual Report and Accounts.

COMMITTEE APPOINTMENTS

2021 has been a year of transition for the Committee, with Anne Stevens and Antony Sherriff and myself all being appointed members with effect from 1 February 2021. I took up the role of Audit and Risk Committee Chair on 25 February 2021. Peter Espenhahn stepped down from the Board together with Matthew Carrington, who was also a member of the Committee, on 25 May 2021. I would like to thank Peter and Matthew for their invaluable contributions to the work of the Committee. Subsequently on 8 July 2021 Amedeo Felisa, the former Chief Executive Officer of Ferrari, was appointed to the Board and joined the Committee.

COVID-19

The COVID-19 pandemic caused significant disruption and required adjustment to the way we work and provide oversight. This meant that the financial reporting and audit process had to adapt in the light of the COVID-19 restrictions. Despite the disruption that has been caused by the pandemic, the Committee was pleased with the work and commitment shown by the Company's finance team and the Internal and External Auditors.

"It has been a transitional year for the Committee where, against a backdrop of COVID-19, a good deal has been achieved."

CLIMATE CHANGE

The Company has implemented the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), and has presented its initial TCFD report which can be found on pages 54-59. As a premium listed PLC, we are required to include these disclosures within our Annual Report, together with a statement confirming that we have made disclosures consistent with the TCFD, or if not explain why. The Group is committed to being net-zero in its manufacturing facilities by 2030, in line with our new ESG strategy, see pages 71-75.

AUDIT AND FINANCIAL REPORTING REFORM

Looking ahead, the Committee will monitor audit and financial reporting governance reform recommendations and the Group's response. In particular, the Committee will monitor the preparation of an Audit and Assurance Policy.

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

ROBIN FREESTONE
CHAIR, AUDIT AND RISK COMMITTEE
22 FEBRUARY 2022

2022 AREAS OF FOCUS

- Continue to monitor the implementation of the business strategy and its impact on the Group's internal control and risk management framework
- Continue to monitor the Internal Audit findings and the status of open Internal Audit actions
- Oversee the delivery of the Internal Control improvement project and
- Project Agile Implementation

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's role is to provide oversight of the Company's financial and narrative reporting statements; to monitor the effectiveness of systems of internal control and risk management; and to monitor the integrity of the Group's external and internal audit processes. Key responsibilities include:

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

To enable the Committee to discharge its responsibilities, discussions on a broad range of topics and reports were held with management, Internal Audit and the External Auditors throughout the year. This provided the Committee with insight into the progress towards the Company's strategic goals and the challenges and risks, and how they are being managed.

The Committee has an open dialogue throughout the year with the Director of Internal Audit and Risk Management and the External Auditors in order to raise challenges and questions to support understanding while sharing experience and an independent perspective.

COMMITTEE MEMBERSHIP AND COMMITTEE MEETINGS

The Committee currently comprises four Independent Non-Executive Directors, Robin Freestone who is Chair of the Committee, Antony Sheriff and Anne Stevens, who all joined on 1 February 2021 and Amedeo Felisa

who joined on 8 July 2021. Former members of the Committee who resigned during the year are detailed in the table below. Richard Parry-Jones joined the Committee on 1 February 2021, but died in an accident on 16 April 2021.

In accordance with the Relationship Agreements with the significant shareholder groups (see page 142), each may appoint an observer of the Committee with no voting rights. Michael de Picciotto and Franz Reiner currently serve as observers. Stephan Unger ceased to be an observer on 7 July 2021.

The Committee meets at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committee has formal terms of reference which can be viewed on the Company's website, (www.astonmartinlagonda.com). This year the Committee met five times with all meetings held via video conference due to the on-going COVID-19 restrictions. The Committee members' attendance for the period is set out in the table below. Committee meetings usually take place prior to a Board meeting. The activities of the Committee and any matters of particular relevance were reported by the Committee Chair to the subsequent Board meeting.

There is time available at each meeting for the Committee to discuss matters with key individuals such as the External Auditor and the Director of Internal Audit and Risk Management, without members of management being present.

| DIRECTORS AS AT 31 DECEMBER 2021 | MEETING ATTENDANCE |
|----------------------------------|--------------------|
| Robin Freestone | 5/5 |
| Matthew Carrington ¹ | 2/2 |
| Peter Espenhahn ¹ | 2/2 |
| Amedeo Felisa | 3/3 |
| Richard Parry-Jones ² | 2/2 |
| Antony Sheriff | 5/5 |
| Anne Stevens | 5/5 |

1. Matthew Carrington and Peter Espenhahn stepped down from the Board on 25 May 2021

2. Richard Parry-Jones died on 16 April 2021

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

The Code stipulates that the Committee, as a whole, shall have competence relevant to the sector in which the Company operates. All Committee members have past employment experience in either finance, accounting or engineering roles and have knowledge of financial reporting and/or international businesses. As such the Board is satisfied that the Committee, as a whole, has the competence relevant to the business sector. At least one Committee member should have recent and relevant financial experience and Robin Freestone meets this requirement as he was previously Chief Financial Officer of Pearson plc and is a qualified chartered accountant.

Details of the Committee members' experience can be found in their biographies on pages 84-86.

The Committee is considered to be independent for Code purposes as it is made up solely of Independent Non-Executive Directors.

AUDIT AND RISK COMMITTEE CONTINUED

COMMITTEE'S MAIN ACTIVITIES DURING THE YEAR

The Committee focused on the following key areas.

| | |
|--|--|
| FINANCIAL REPORTING | <ul style="list-style-type: none"> • Considered and reviewed the UK Corporate Governance Code requirements relating to year-end matters including, among others, the review of the Group's accounting policies, key accounting judgements, significant financial reporting matters, principal risks, going concern and viability, the effectiveness of the Group's risk management and internal control systems and "fair, balanced and understandable" reporting in the 2020 Annual Report • Reviewed the half-year accounts, including the material judgements and estimates • Received and considered reports from the External Auditor on the full-year and half-year audits • Reviewed the Financial Statements, announcements and other financial reporting matters including the approval of the interim results announcement, trading updates and the review of the 2020 Annual Report |
| EXTERNAL AUDIT | <ul style="list-style-type: none"> • Assessed the External Auditor's independence, objectivity and effectiveness • Considered and recommended to the Board the re-appointment of the External Auditor • Considered External Auditor fees and terms of engagement • Reviewed the Non-Audit Services Policy • Reviewed the External Auditor non-audit services and fees |
| RISK MANAGEMENT AND INTERNAL CONTROLS | <ul style="list-style-type: none"> • Monitored the Company's risk register, including the identification and assessment of the Group's principal and emerging risks and movement in such exposures • Reviewed the effectiveness of the Group's Enterprise Risk Management Framework and System and internal control systems • Considered responses, and their timeliness, to audit findings and recommendations for control improvements • Reviewed the risk management and internal controls disclosures in the half-year accounts and Annual Report • Considered Confidential Reporting and Whistleblowing Policy and Procedures including an analysis of investigations undertaken during the year • Received regular reports on Project Agile which is the introduction and implementation of a new ERP system including the implementation plan, and reviewed the key challenges and risks of the project • Received regular reports on the Internal Controls Assurance Programme ahead of any proposed new financial reporting regime (UK SOx) • Reviewed fraud prevention and detection control activities • Received updates on material litigation |
| INTERNAL AUDIT | <ul style="list-style-type: none"> • Approved the annual Internal Audit plan and approach for 2022, including its alignment to the principal risks, emerging areas of risk, coverage across the Group and continuing review of the Group's processes and controls • Monitored and reviewed the effectiveness and independence of the Internal Audit function including consideration of key Internal Audit reports, and the implementation of Internal Audit recommendations • Reviewed Internal Audit reports and findings issued during the year and the status of implementation of recommended corrective actions |
| OTHER AREAS | <ul style="list-style-type: none"> • Reviewed and recommended to the Board approval of the revised Committee terms of reference • Reviewed the results of the evaluation of the effectiveness of the Committee • Approved TCFD disclosures for the Annual Report • Received an update on tax matters for the Group and reviewed and recommended to the Board approval of the Group's annual Tax Strategy and publication on the Company website • Received a Treasury update • Approved Committee annual calendar and agenda planning • Received updates on COVID-19 impacts, the pension scheme and the renewal of the Group's insurance programme • Considered the activities of the Disclosure Committee and reviewed its minutes |

FINANCIAL REPORTING

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS AND ESTIMATES

One of the Committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Group's Financial Statements, including the Annual Report and the Interim Results Statement. The Annual Report seeks to provide the information necessary to enable an assessment of the Company's position and performance, business model and strategy.

The Committee assists the Board with the effective discharge of its responsibilities for financial reporting, and for ensuring that appropriate accounting policies have been adopted and that management has made appropriate estimates and judgements.

In preparing the Financial Statements for the period, there were a number of areas requiring the exercise of a high degree of estimation. These areas have been discussed with the External Auditors to ensure the Group reaches appropriate conclusions and provides the required level of disclosure. The significant issues considered by the Committee in respect of the Annual Report are set out below.

FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes.

The financial reporting internal control system covers the financial reporting process and the Group's process for preparing consolidated accounts. It includes policies and procedures which require the following:

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

| SIGNIFICANT MATTERS FOR THE YEAR ENDED 31 DECEMBER 2021 | HOW THE COMMITTEE ADDRESSED THESE MATTERS |
|---|--|
| IMPAIRMENT ASSESSMENT OF FINITE LIFE INTANGIBLE ASSETS | <ul style="list-style-type: none"> • The Committee considered the Group's process in determining whether assets, covered within the scope of IAS 36 Impairment of Assets, requires impairment. The Committee considered whether there were any indicators of impairment of assets with a finite life and concluded that the assumptions made, conclusions reached, and disclosures given were appropriate. |
| ACCOUNTING FOR DEFINED BENEFIT PENSION OBLIGATIONS | <ul style="list-style-type: none"> • The Committee considered the financial statement disclosures in respect of the defined benefit pension scheme including the judgements made and the sensitivity analysis in relation to actuarial assumptions including discount rates, inflation and longevity as set out in note 25 to the Financial Statements. The Committee noted that the judgements, including the impact of future committed pension contributions, made on the pension scheme were all based on advice from the Group's pension adviser. The final calculations in respect of the Group's Defined Benefit Pension Scheme liability were performed by the pension scheme actuary. The Committee discussed with the External Auditor the assumptions applied, in particular the findings of the External Auditor's own pension specialist, and concluded that the assumptions made, and disclosures given were appropriate. |
| GOING CONCERN AND VIABILITY STATEMENT REPORTING | <ul style="list-style-type: none"> • The Committee discussed the Group's considerations in assessing the appropriateness of adopting the going concern basis of accounting and considered the financial statement disclosures in respect of adopting the going concern basis in preparing the financial information. The Committee concluded that adopting the going concern basis and the disclosures given were appropriate. • The Committee discussed the key assumptions used in evaluating the long term viability of the Group, the time period for the Viability Statement and the stress and reverse stress testing used as a basis for conducting the overall assessment. The Committee concluded that the assumptions made, and the wording included in the viability statement were appropriate. |
| OTHER MATTERS | <ul style="list-style-type: none"> • At the December 2021 and February 2022 meetings, the Committee also considered management's papers on the following subjects and concluded that the assumptions made, and the approaches adopted were appropriate: <ul style="list-style-type: none"> – Capitalisation and amortisation of development costs; – Recognition and measurement of deferred tax assets; – The Group's revenue recognition policies; – Recognition and measurement of the Group's warranty provision; and – Recognition and measurement of adjusting items. |

AUDIT AND RISK COMMITTEE CONTINUED

FAIR, BALANCED AND UNDERSTANDABLE ASSURANCE FRAMEWORK

The Board recognises its duty to ensure that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. To enable the Board to have confidence in making this statement, it requested that the Audit and Risk Committee undertake a review and report to the Board on its assessment.

The key elements of the assurance framework for the assessment by the Committee were as follows:

- the process by which the Annual Report and Accounts were prepared, including detailed project planning and a comprehensive review process;
- review of the drafting and verification processes for the Annual Report and Accounts by the Disclosure Committee;
- comprehensive reviews undertaken by the Executive Directors, members of the Executive Committee and other members of senior management comprising the Annual Report and Accounts drafting team to consider content accuracy, regulatory compliance, messaging and balance;
- the review of the Annual Report and Accounts by the Audit and Risk Committee placing reliance on the experience of the Committee members;
- reports prepared by senior management regarding critical accounting judgements, estimates and key financial areas; and
- discussions with, and reports prepared by, the External Auditor.

The Committee received confirmation from management that the assurance framework had been adhered to for the preparation of the 2021 Annual Report and Accounts.

The Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors. The Board's confirmation is set out on page 144.

FINANCIAL REPORTING COUNCIL

The Company received a letter from the Financial Reporting Council (FRC) in September 2021 which related to its thematic review of companies' disclosures relating to provisions, contingent liabilities and contingent assets under IAS 37. Based on its review, there were no questions or queries that the FCA wished to raise with the Company, other than to notify the Company that the FRC intended to include some of the disclosures from the Company's 2020 Annual Report as an example of better practice in the published results of their thematic review.

In January 2022, the FRC's Audit Quality Review Team (AQRT) completed a review of EY's audit of the Company's financial statements for the period ended 31 December 2020. The Committee considered the final inspection report, which did not raise any significant findings, and discussed the results with the lead audit partner. The Committee noted the overall assessment by the AQRT, which was consistent with its own positive view of the quality and effectiveness of the external audit in respect of 2020.

COMMITTEE'S OVERSIGHT OF EXTERNAL AUDIT

The Committee oversees the work undertaken by EY. EY were appointed as External Auditors with effect from 24 April 2019, following an audit tender process. Shareholders approved EY's reappointment at the Company's AGM on 25 May 2021.

The Committee's responsibilities include making a recommendation on the appointment, re-appointment and removal and remuneration of the External Auditor. The Committee assesses the qualifications, expertise, resources and independence of the External Auditors and the effectiveness of the audit process. The Committee Chair also has regular contact with the external audit partner outside of Committee meetings without the presence of management. During the period the Committee approved the External Audit plan, the proposed audit fee and terms of engagement of EY for FY 2022. It has reviewed the audit process and the quality of the audit delivery and the quality and experience of the audit partners engaged in the audit and has also considered the extent and nature of challenge demonstrated by the External Auditor in its work and interactions with management. The Committee has considered the objectivity of the External Auditor including the nature of other work undertaken for the Group as set out below.

INDEPENDENCE AND RE-APPOINTMENT OF THE EXTERNAL AUDITOR

The Committee reviewed the independence and objectivity of the External Auditor during the year and confirmed that it considers EY to remain independent. The Committee also considers that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. The External Auditor is required to rotate the audit engagement partner every five years. The current engagement partner, Simon O'Neill, began his appointment at the commencement of the 2019 financial year.

Based on the Committee's recommendation, the Board is proposing that EY be re-appointed to office at the AGM on 25 May 2022.

NON-AUDIT SERVICES

The Committee recognises that the independence of the External Auditors is an essential part of the audit framework and the assurance that it provides. The Committee adopted a policy which sets out a framework for determining whether it is appropriate to engage the Group's auditors for permissible non-audit services and for pre-approving non-audit fees. The overall objective of the policy is to ensure that the provision of non-audit services does not impair the External Auditors' independence or objectivity. This includes, but is not limited to, assessing:

- any threats to independence and objectivity resulting from the provision of such services;
- any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the Auditor's independence and objectivity;
- the nature of the non-audit services; and
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service.

The total value of non-audit services that can be billed by the External Auditor is normally restricted by a cap set at 70% of the average audit fees for the preceding three years. This cap will become effective for the year commencing 1 January 2022 at which point the current External Auditors will have been engaged for the previous three years.

The approval of the Committee must be obtained before the External Auditor is engaged to provide any permitted non-audit services. For permitted non-audit services that are clearly trivial, the Committee has pre-approved the use of the External Auditor for cumulative amounts totalling less than £200,000 on the approval of the Chief Financial Officer and Chair of the Committee. During FY 2021 the Company's External Auditor was engaged to provide permitted non-audit services to support the £70m bond issue (for a fee of £100,000), and the half-year review (for a fee of £50,000). The Committee considered the nature and level of non-audit services provided by the External Auditor and was satisfied that the objectivity and independence of the External Auditor was not compromised by the non-audit work undertaken during the year.

Details of the fees paid to the External Auditor during the financial year can be found in note 4 to the Financial Statements.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is ultimately responsible for the Group's system of internal controls and risk management and it discharges its duties in this area by determining the nature and extent of the principal risks it is willing to accept in achieving the Group's strategic objectives (the Board's risk appetite); and challenging management's implementation of effective systems of risk identification, assessment and mitigation.

The Committee is responsible for reviewing the effectiveness of the Group's internal control framework and risk management arrangements. The system of internal controls is designed to manage rather than eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. This process complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. It also accords with the provisions of the Code.

Details of the Group's risk management process and the management and mitigation of principal risks together with the Group's viability statement can be found in the Risk and Viability Report on pages 38-43.

The Board, through the Committee, has carried out a robust assessment of the principal risks facing the Group and agreed the nature and extent of the principal risks it is willing to accept in delivering the Group's strategy (the Board's risk appetite). It has considered the effectiveness of the system of internal controls in operation across the Group for the period covered by the Annual Report and up to the date of its approval by the Board. This review covered the material controls, including financial, operational and compliance controls and risk management arrangements.

During the year the management team have enhanced the procedures and controls associated with budget and forecasting. Transformation workstreams were established last year to further improve business performance, manage finished vehicle inventory to successfully reduce Group and dealer stock levels, and enhance the controls deployed to manage the authorisation, monitoring and effectiveness of marketing expenditure. These workstreams successfully concluded in H1 this year.

A project was commenced in 2020 to replace a number of the Group's core IT systems with a new ERP system to enhance the underlying IT general controls and drive better process efficiencies across a number of core areas and activities. Phase 1 of the project is due to complete within the first half of 2022. A further project commenced in the summer, the Internal Controls Assurance Programme, to review and improve the Group's internal controls ahead of any proposed new financial reporting regime (UK SOx).

CONTROL ENVIRONMENT – INTERNAL CONTROL FRAMEWORK

The internal control framework is built upon established entity-level controls which include mandatory training in relation to the Group's Code of Conduct (which consists of 14 Standards of Corporate Conduct). The Group defines its processes and ways of working through documented standards and procedures which guide the way the Group operates. The key corporate policies include the following areas:

- Confidential Reporting and Whistleblowing
- Conflicts of Interest
- Responsible Procurement Policy
- Anti-Slavery & Human Trafficking Policy
- Anti-Bribery and Corruption
- Gifts and Hospitality
- Anti-Money Laundering
- Diversity and Inclusion

There are established procedures for the delegation of authority to ensure that decisions are made at an appropriate level within the business dependent on either the magnitude or nature of the decision. In particular, access to the Company IT systems and applications is provided subject to formal access provisioning processes with the objective being to limit access, as appropriate, to enable an individual to perform their role and to enforce appropriate segregation of duties within business processes.

In 2021 the Company was re-awarded ISO 9001 accreditation for its quality management system which ensures that policies, standards and procedures are appropriate for the business, that they are reviewed on a regular basis and made available to applicable employees and contractors through the Group intranet. On joining the Group all employees are provided with the Standards of Corporate Conduct policies and are asked to confirm that they have read and understood them. Existing employees are required to annually re-certify that they have read and understood these policies.

ENTERPRISE RISK MANAGEMENT FRAMEWORK AND SYSTEM

The Group continues to strengthen the control environment by embedding the Enterprise Risk Management Framework and System which is supported by Risk Champions within each function. A summary of the key risk management activities undertaken by the Group is included within the Risk and Viability Report on pages 38-43.

The Internal Audit & Risk Management function is responsible for administering the Enterprise Risk Management Framework and System and for providing independent assurance to the Board, the Committee and senior management.

AUDIT AND RISK COMMITTEE CONTINUED

The Group has developed its three lines of defence assurance model with the objective of embedding effective risk management and control throughout the business and providing assurance to the Board and the Committee of the effectiveness of internal control and risk management across the organisation.

This comprises the following:

FIRST LINE OF DEFENCE – Functional management who are responsible for embedding risk management and internal control systems into their business processes.



SECOND LINE OF DEFENCE – Functions which oversee or specialise in risk management and compliance-related activity. They monitor and facilitate the implementation of effective risk management and control activities by the first line. These functions include Financial Internal Control, Quality Audit, Security, IT, Health and Safety, Legal and the risk management activities performed by the Internal Audit & Risk Management team.



THIRD LINE OF DEFENCE – Functions which provide independent objective assurance to the Board, Audit and Risk Committee and senior management regarding the effectiveness of the first and second lines of defence. This includes Internal Audit & Risk Management and the External Audit and other external providers of assurance including those which provide assurance over Dealer adherence to operating standards and assurance over data within our Sustainability Report.

INTERNAL AUDIT

The vision and mission for the Internal Audit & Risk Management function was approved by the Committee under its Internal Audit & Risk Management Charter, which is consistent with the Institute of Internal Auditors guidance. The Charter is subject to annual review and approval by the Committee.

The Internal Audit & Risk Management function provides independent, objective assurance and advice to the Board, the Committee and senior management on whether the existing control and governance frameworks are operating effectively to meet the Group's strategic objectives and to help the Company identify and mitigate any potential control weaknesses and identify any emerging risks. The Director of Internal Audit & Risk Management reports to the Chief Financial Officer with an independent reporting line to the Committee Chair. The Director provides regular reports to the Committee on the function's activities, which detail significant audit findings, progress of and any changes to the internal audit plan and updates on agreed management actions to rectify control weaknesses. Where appropriate the Director will provide a deep dive into an issue where either the Committee has requested more information, or the Director considers it pertinent. The Committee assesses the effectiveness of the Internal Audit & Risk Management function on an annual basis.

To ensure that it is meeting its objectives, the Internal Audit & Risk Management function has an annual work plan comprising risk-based cyclical audits, reviews of risk mitigation plans and assessments of

emerging risks and business change activity, together with work mandated for compliance purposes. Prior to the start of the new financial year, the audit plan for 2022 was approved by the Committee and the Committee will monitor progress against the plan in the coming year, as well as whether the plan remains focused on the evolving key risks facing the business. Such reviews will consider any changes to risk registers, current hot topics and emerging risks in the industry as well as changes based on engagement with the business.

The Internal Audit team continued to operate through the year despite the restrictions imposed by the COVID-19 pandemic and took a risk based approach, and established new ways of working until the restrictions were lifted, with a number of audits being conducted remotely, or deferred until 2022 where appropriate. The audit plan for 2022 has considered and incorporated existing and emerging risks and those audits deferred from 2021.

CONFIDENTIAL REPORTING AND WHISTLEBLOWING

The Group has established procedures to ensure there is an appropriate mechanism for employees and other stakeholders to report any concerns regarding suspected wrongdoing or misconduct. The Confidential Reporting and Whistleblowing policy sets out the procedures for raising concerns in strict confidence. This policy is made available to all employees and contractors on joining the business and is included within the employee handbook and published on the Group intranet and employee noticeboards. There is also annual mandatory training on this policy.

Any concerns raised are managed by the Director of Internal Audit & Risk Management and investigated with support from Human Resources and/or Legal teams depending on the nature of the concern. The workforce can raise concerns through their line manager, senior management and through a third party managed global hotline and an online confidential reporting tool and a mobile telephone application to facilitate reporting of concerns. This hotline provides for global confidential reporting, where required. The investigation reports are received and reviewed by the Chief Executive Officer, the General Counsel, the Director of HR and the Chair of the Committee. The investigation outcomes, significant findings and status are reported to the Committee on a regular basis, with all significant whistleblowing matters being reported directly to the Board. During the year four new reports were submitted via the confidential reporting and whistleblowing facility.

COMMITTEE PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on pages 89-92). The Committee also reviewed its own performance and was satisfied that it continued to perform effectively and was rated highly by the members and other respondents to the evaluation survey.

The focus of the Committee for the forthcoming year will be to continue to monitor the implementation of the business strategy and its impact on the Group's internal control and risk management framework, and to continue to monitor the status of Internal Audit actions.

DIRECTORS' REMUNERATION REPORT



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DEAR SHAREHOLDER,

I am pleased to present the Directors' Remuneration Report (DRR) for the year ending 31 December 2021, which has been approved by both the Remuneration Committee (the Committee) and the Board.

I became Chair of the Remuneration Committee in February 2021, alongside other all-new Committee members Robin Freestone and Antony Sheriff, when we took over from the previous Committee. The Company also announced a number of further new appointments to the Board in the summer of 2021 and as a result, the Committee was further strengthened when Natalie Massenet joined us in July. I would like to thank the former Committee members for all their hard work and also my current Committee colleagues for their contributions and support during 2021 and so far into 2022.

As set out by both the Executive Chairman and CEO in their statements, 2021 has been a pivotal year for Aston Martin, with significant progress

made and transformational changes achieved to put the right foundations in place for the Company's future success, positioning the business as an ultra-luxury brand and strengthening the financial resilience of the business. We have made excellent progress on Project Horizon as we drive efficiency and agility throughout every aspect of the Company. Our technical teams are focused on developing our future pipeline of compelling products, having overcome significant challenges to deliver cars to customers under the Aston Martin Valkyrie programme and increased electrification skills and resources within the business as we embark on our journey from combustion to hybrid to electric. Our new Environmental, Social and Governance Strategy has been developed during the year and we have established the Sustainability Committee of the Board.

COVID-19 AND FURLOUGH

We continued to grow the business during the pandemic, maintaining our operations whilst protecting the health and safety of our colleagues through diligent working practices. As we continued to manage the impact of COVID-19 into 2021, financial support through the Coronavirus Job Retention Scheme (CJRS) was accessed during the early part of the year, with a number of employees furloughed during and post the further UK winter lockdown. The Board reviewed the need for this funding following the end of the first half of the year and, after careful consideration, we decided to repay all furlough funding claimed during 2021 and no further support was accessed through the scheme during the second half of the year.

LEADERSHIP CHANGES

As we announced in January, we will be welcoming a new CFO to the Board on 1 May 2022, when Doug Lafferty joins the Company, taking over from Kenneth Gregor who has decided to step down for personal reasons. Doug is a seasoned financial professional with strong experience gained across manufacturing, automotive racing and retail. The Committee approved the remuneration package for Doug Lafferty in line with our Remuneration Policy. Full details are set out on page 133.

Kenneth Gregor will step down from the Board on 1 May 2022 and remain with the Company until 30 June 2022, while he will continue to be available to assist with the transition of responsibilities to Doug. Details of Kenneth's arrangements are set out on page 133. He will receive no additional payments in relation to his cessation and the Committee has applied discretion to treat Kenneth as a good leaver with respect to his outstanding incentives, in line with the policy and plan rules.

FY 2021 ANNUAL BONUS APPROACH AND OUTCOME

The Committee introduced a new Group scorecard of performance measures for the 2021 annual bonus to better reflect annual progress on the new business plan and KPIs. For 2021, the scorecard was weighted 80% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 10% on Wholesale volumes) and 20% on Quality performance. To earn any bonus, the threshold level of Adjusted EBITDA that had been set by the Committee had to be achieved. 2021 Adjusted EBITDA was impacted as a result of the timing change

DIRECTORS' REMUNERATION REPORT CONTINUED

around deliveries of Aston Martin Valkyrie hypercars, with these moving into 2022. With the resulting 2021 Adjusted EBITDA outcome of £138m, the threshold target set for the bonus was not achieved and so no bonus is payable to the Executive Directors (in respect of any measure).

2022 DIRECTORS' REMUNERATION POLICY

Our current Remuneration Policy (approved in 2019) will reach the end of its three-year life at our 2022 AGM and so we are seeking approval for a new policy at the AGM this year.

The Committee has reviewed the policy to ensure it is designed to support our strategy to create a world-class, self-sustaining ultra-luxury automaker. As we developed the 2022 policy, we kept a number of important context factors firmly in mind, including the nature of the global markets in which we operate, practice in the automotive and luxury industries from where we are recruiting our executive talent, our Company vision and purpose, the employee experience of our wider workforce and evolving governance and best practice trends.

Our previous policy was designed with good flexibility and has proved broadly fit-for-purpose. We are not proposing to make any changes to the policy quantum and incentive limits. The changes we now need to make are not major but intend to further support our strategy and these are set out in summary on pages 118-120, and the full 2022 policy is set on pages 121-126. In particular there is a small amendment to the operation of our annual bonus, to facilitate the inclusion of ESG metrics when we are ready, as we embed our new ESG strategy and as it evolves over time.

FY 2022 REMUNERATION APPROACH

The Committee has decided to operate the annual bonus in 2022 in-line with the Company-wide approach introduced in 2021, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. For 2022, the scorecard will be weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow, 15% on volumes – split equally between Wholesale and Retail) for all, and 15% on Quality performance. The Committee believes these are the right measures to make annual progress during 2022 towards delivering our long-term strategy. There is no change to the bonus opportunity for the Executive Directors. Full details of the 2022 annual bonus approach are set out on page 128.

The Committee has decided to operate the 2022 Long-Term Incentive Plan (LTIP) on the same basis as in 2021, albeit with updated Adjusted EBITDA targets which reflect the new three-year period (1 January 2022 to 31 December 2024) of the business plan. There is no change to the LTIP opportunity for the Executive Directors, and 2022 LTIP awards for the CEO and new CFO will be subject to a 2-year post vesting holding period, in-line with our 2022 remuneration policy. Full details of the 2022 LTIP approach are set out on page 130.

BROADER WORKFORCE REWARD

Passionate, motivated and professional people are critical to the success of Aston Martin and, to attract and retain the best talent available, our pay and benefits must be competitive. When considering the remuneration of the Executive Directors and the Executive Committee, the Committee considers remuneration across the whole Company.

The Committee was kept fully informed of the key areas of focus around Aston Martin's people during 2021. These were around the continued response to the COVID-19 pandemic and focus on the health, safety and well-being of Aston Martin's people, communicating and engaging with

our people and the progress made on the 'I AM Aston Martin' turnaround workstream, with a new People strategy developed and establishing Aston Martin's performance culture.

On workforce reward more specifically, during the year the Committee considered information on the policies and practices which are in place throughout the Company. In particular, it considered the review of the Aston Martin Lagonda Limited Pension Scheme (the Defined Benefit Scheme) and the Company's proposal to close this scheme to future accrual. A consultation process with affected employees (c.400 members) was carried out during 2021, and the Company also engaged with the trade union (Unite) on the proposals. Following this consultation, the Company decided to close the Defined Benefit (DB) Scheme to future accrual on 31 January 2022, with all employees who were active DB Scheme members immediately before the closure becoming deferred members and automatically joining the Company's Defined Contribution (DC) plan (of which the majority of employees are already members).

The Committee also reviewed the Aston Martin employee population, salary increases and ranges, incentive approach (including the cascade of the new Group KPI bonus scorecard) and opportunities, DC pension and other non-cash benefits. The new Group KPI scorecard applied to 2021 bonus for all employees and while no bonus is payable to the Executive Directors, the Committee considered the impact on the wider workforce and decided that a bonus should be paid to other employees to recognise the significant efforts of the team over the year, further information on this is set out on page 128. We also discussed our approach to, and results of, Aston Martin's Gender Pay Gap reporting. Our aim is to foster a culture where everybody feels valued, motivated and rewarded to achieve their best work – detailed information on our people, including our GPG figures, can be found on page 64. There is also information on the Board's engagement with our workforce in the Social section of the Environmental, Social and Governance report and with our other stakeholders in the Governance report on page 92.

ENGAGEMENT WITH SHAREHOLDERS

We take the views of our shareholders very seriously and the Committee seeks to establish close engagement relationships with our larger shareholders to ensure we understand your views and are able to best reflect these as we make our decisions as a Committee. We have engaged with our larger shareholders during the past six months, welcoming views on any aspect of executive remuneration – both in general and at Aston Martin – and in particular, we wanted to ensure these were considered by the Committee as we developed our new remuneration policy, ahead of seeking shareholder approval for this at the 2022 AGM. In particular, the Committee reflected on feedback around a two-year post vesting holding period with respect to LTIP awards which had not been applied to 2020 and 2021 awards and decided that this would apply to LTIP awards going forward under the 2022 policy.

I would like to thank shareholders for the feedback and views shared with the Committee and for your continued support. If you have any questions on any element of this report, please email company.secretary@astonmartin.com in the first instance and I hope we can rely on your support at our forthcoming AGM.

ANNE STEVENS
CHAIR, REMUNERATION COMMITTEE
22 FEBRUARY 2022

EXECUTIVE DIRECTORS' REMUNERATION AT A GLANCE

Our 2022 Remuneration Policy will be put to shareholders for approval at the AGM on 25 May 2022.

This section explains the outcomes from the implementation of our existing Policy during FY 2021 and summarises our new Policy and the changes we are proposing to make for 2022.

REMUNERATION OUTCOMES FOR FY 2021

FY 2021 TOTAL SINGLE FIGURE REMUNERATION FOR EXECUTIVE DIRECTORS

The table below sets out the 2021 single figure of total remuneration received by the Executive Directors.

| ELEMENT | TOBIAS MOERS CEO (£'000s) | KENNETH GREGOR CFO (£'000s) |
|--------------|---------------------------|-----------------------------|
| SALARY | 850 | 425 |
| BENEFITS | 115 | 13 |
| PENSION | 90 | 45 |
| ANNUAL BONUS | 0 | 0 |
| TOTAL | 1,055 | 483 |

2021 ANNUAL BONUS APPROACH AND OUTCOME

The CEO and CFO were eligible to receive an annual bonus of up to 200% and 150% of salary respectively, subject to performance. The table below sets out the Group KPI targets that applied for the 2021 annual bonus, the performance achieved and the level of pay out as a % of maximum for each element. To earn any bonus, the threshold level of Adjusted EBITDA had to be achieved and so no bonus is payable to the Executive Directors in respect of any measure as the FY 2021 Adjusted EBITDA outcome of £138m is below £150m.

| PERFORMANCE MEASURE (WEIGHTING) | THRESHOLD (20%) | TARGET (50%) | MAXIMUM (100%) | FY 2021 ACHIEVED | FY 2021 BONUS PAYMENT (% OF MAXIMUM) |
|---|---|--------------|----------------|--|--------------------------------------|
| To earn any bonus under any measure, at least the threshold level of Adjusted EBITDA must be achieved | | | | | |
| ADJUSTED EBITDA (50%) | £150M | £200M | £225M | £138M | 0% |
| FREE CASH FLOW (20%) | (£210M) | (£160M) | (£135M) | (£123M) | 0% |
| WHOLESALE VOLUMES (10%) | 5,500 | 6,280 | 6,750 | 6,178 | 0% |
| QUALITY (20%) | INTERNAL: 1. CPA – Customer Perception Audit – an audit of a car that has completed all the production processes and is intercepted as it would be handed over to the outbound transport company 2. PDI – Pre-Delivery Inspection – a fixed series of checks/ processes that a dealer completes on a new car when it is received External – Warranty at 12 months in service: 1. CPU – Cost Per Unit 2. DPU – Defects Per Unit | | | Significant progress made but stretching target level not achieved | 0% |
| | | | | Significant progress made but stretching target level not achieved | 0% |

ALIGNMENT BETWEEN EXECUTIVE DIRECTORS AND SHAREHOLDERS

The CEO and CFO are subject to shareholding guidelines of 300% and 200% of salary respectively, which drives long-term alignment with investors. As at 31 December 2021, the CEO held 8,815 shares owned outright and 1,866 deferred bonus shares (total value of £145k) and the CFO held 884 deferred bonus shares (total value of £12k). The CEO bought shares in the market during 2021 in order to make progress towards his shareholding guideline and the CFO will be stepping down from the Board and as CFO on 1 May 2022.

DIRECTORS' REMUNERATION REPORT CONTINUED

**2022 REMUNERATION POLICY SUMMARY,
INCLUDING CHANGES AND IMPLEMENTATION IN FY 2022**

NON-INCENTIVE ELEMENTS

| ELEMENT | 2019 REMUNERATION POLICY | 2022 POLICY – CHANGES | IMPLEMENTATION/STRATEGY ALIGNMENT |
|---------------------|---|--|--|
| BASE SALARY | <ul style="list-style-type: none"> Any increases generally in line with wider workforce Take account of role, performance, experience, business performance, external environment, cost to Company, wider workforce and comparable roles at relevant comparators | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> CEO £875k (2.9% increase) from 1 January 2022/ current CFO £425k/incoming CFO £450k Set at levels to align with strategy to recruit and retain best of global automotive/ manufacturing/luxury talent |
| PENSION | <ul style="list-style-type: none"> Maximum of 12% of salary DC scheme or cash allowance in lieu of pension (employer's NI deducted for cash allowance) | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> In line with maximum pension contribution available to majority of employees |
| OTHER BENEFITS | <ul style="list-style-type: none"> Typically include participation in car schemes, private mileage entitlement, private health, travel and life insurance Other benefits may be offered, e.g. allowances for relocation | <ul style="list-style-type: none"> Fit for purpose – no change | |
| SHAREHOLDING POLICY | <ul style="list-style-type: none"> CEO – 300% of salary CFO (other Executive Directors) – 200% Requirement to retain at least 75% of any shares (net of tax) vesting under LTIP/ deferred bonus until guideline met Expectation for guideline to be built up within 5 years of appointment Post-cessation – All Executive Directors required to retain 50% of guideline above for two years post-cessation of employment | <ul style="list-style-type: none"> Change – removal of shareholding guidelines which applied to former CEO and CFO (800% and 300% of salary respectively) which were put in place to reflect significant legacy LTIP awards granted at IPO No change to guidelines relevant to current CEO and CFO | <ul style="list-style-type: none"> Shareholder alignment |
| MALUS AND CLAWBACK | <ul style="list-style-type: none"> Malus and clawback provisions operated at discretion of the RemCo in respect of both annual bonus and LTIP where it considers that there are exceptional circumstances May include serious reputational damage, failure of risk management, error in available financial information or personal misconduct Clawback may be applied for a period of up to three years from payout/vesting | <ul style="list-style-type: none"> Fit for purpose – no change | |

ANNUAL BONUS

| ELEMENT | 2019 REMUNERATION POLICY | 2022 POLICY – CHANGES | IMPLEMENTATION/STRATEGY ALIGNMENT |
|--|--|---|--|
| MAXIMUM OPPORTUNITY | <ul style="list-style-type: none"> CEO – up to 200% of salary CFO – up to 150% | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> Set at levels to align with strategy to recruit and retain best of global automotive/ manufacturing/ luxury talent |
| AWARD VEHICLE | <ul style="list-style-type: none"> Cash 50% in deferred shares (where shareholding guideline not met) | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> Shareholder alignment |
| PERFORMANCE MEASURES | <ul style="list-style-type: none"> To be reviewed annually, based on a combination of financial, operational, strategic and individual measures | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> New Company-wide bonus approach implemented in 2021 based on Group KPI scorecard 2022 Group KPI scorecard (to be 50% Adjusted EBITDA, 20% FCF, 15% volumes – split equally between Wholesale and Retail – and 15% Quality) to align with roadmap to achieve medium-term plans and targets: <ul style="list-style-type: none"> Volumes of c.10k units by 2024/2025 c.£500m EBITDA (25%+) by 2024/2025 FCF positive during 2023 and sustainable thereafter Quality aligned to ultra-luxury British performance brand |
| PERFORMANCE WEIGHTING | <ul style="list-style-type: none"> To be reviewed annually, with at least 80% of bonus to be based on financial measures Up to 20% of bonus could be based on operational, strategic and/ or individual measures | <ul style="list-style-type: none"> Change to weighting – ‘at least 70% of bonus to be based on financial measures’ | <ul style="list-style-type: none"> To increase flexibility for life of policy To accommodate sustainability targets from 2023 to align with new clear strategy underscoring commitment to ESG |
| PAYOUT SCHEDULE FOR EACH MEASURE (AS % OF MAX) | <ul style="list-style-type: none"> Threshold – 20% Maximum – 100% | <ul style="list-style-type: none"> Fit for purpose – no change | |
| PERFORMANCE PERIOD | <ul style="list-style-type: none"> 1 year – aligned with the financial year (1 Jan to 31 Dec) | | <ul style="list-style-type: none"> Annual targets to align with roadmap to achieve medium-term plans and targets |
| COMMITTEE DISCRETION | <ul style="list-style-type: none"> To adjust bonus outcomes to ensure they reflect underlying business performance/ any other relevant factors | | |

DIRECTORS' REMUNERATION REPORT CONTINUED

LONG-TERM INCENTIVE PLAN (LTIP)

| ELEMENT | 2019 REMUNERATION POLICY | 2022 POLICY – CHANGES | IMPLEMENTATION/STRATEGY ALIGNMENT |
|--------------------------------|---|---|--|
| MAXIMUM OPPORTUNITY | <ul style="list-style-type: none"> CEO – up to 300% of salary CFO – up to 200% | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> Set at levels to align with strategy to recruit and retain best of global automotive/manufacturing/luxury talent |
| AWARD VEHICLE | <ul style="list-style-type: none"> Shares (granted as nil-cost options or conditional share awards) | | <ul style="list-style-type: none"> Shareholder alignment |
| PERFORMANCE MEASURES | <ul style="list-style-type: none"> To be determined ahead of each award, based on a combination of financial, investor return and strategic performance measures | <ul style="list-style-type: none"> Change – remove 'combination' from wording – 'based on financial, shareholder return and/or strategic performance measures' – to increase flexibility for life of policy to base awards on a single measure if needed | <ul style="list-style-type: none"> 2020 and 2021 LTIP subject to Adjusted EBITDA (80%) and relative TSR vs. 11 luxury peers (20%) 2022 approach to be consistent with 2021 to align with roadmap to achieve medium-term plans and targets: <ul style="list-style-type: none"> c.£500m EBITDA (25% +) by 2024/2025 TSR out-performance of luxury peers aligned to becoming an ultra-luxury British performance brand |
| PERFORMANCE WEIGHTING | <ul style="list-style-type: none"> To be reviewed annually, no specified minimum, 'combination' stipulates at least 2 measures | | |
| VESTING SCHEDULE (AS % OF MAX) | <ul style="list-style-type: none"> Threshold – 20% Maximum – 100% | <ul style="list-style-type: none"> Fit for purpose – no change | |
| PERFORMANCE PERIOD | <ul style="list-style-type: none"> Usually measured over 3 financial years | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> 3 years to align with roadmap to achieve medium-term plans and targets |
| HOLDING PERIOD | <ul style="list-style-type: none"> 2 years post vesting | <ul style="list-style-type: none"> Fit for purpose – no change | <ul style="list-style-type: none"> 2-year holding period to apply to 2022 LTIP awards and going forward Shareholder alignment |
| COMMITTEE DISCRETION | <ul style="list-style-type: none"> To adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors | | |

DIRECTORS' REMUNERATION POLICY

Aston Martin's Directors' Remuneration Policy as set out in this report (the 2022 Remuneration Policy) will be put to shareholders for approval at the 2022 AGM to be held on 25 May 2022. It is the Committee's intention that the 2022 Remuneration Policy will apply to payments made from the date of the 2022 AGM.

The Committee believes that Aston Martin's executive remuneration should be simple and transparent while being linked to business performance and strategic direction, taking into account the global markets in which the Company operates and from which it recruits talent, as well as our approach to remuneration throughout the whole workforce. The views of shareholders and their advisory bodies are very important and so the Committee engaged with larger shareholders to understand their views during the development of this Policy and its intended implementation. The Committee takes its duty to shareholders seriously and will continue to seek to maintain an open and constructive dialogue on our approach to remuneration.

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS

| PURPOSE AND LINK TO STRATEGY | OPERATION | MAXIMUM OPPORTUNITY | PERFORMANCE MEASURES |
|---|---|---|--|
| BASE SALARY | | | |
| <p>To attract and retain executives of the right calibre to successfully develop and execute the business strategy.</p> <p>To recognise the market value and responsibilities of the role, experience, ability and personal contribution.</p> | <p>Typically base salaries will be reviewed annually, with any increases normally effective from 1 January.</p> <p>Base salary levels and any increases take account of:</p> <ul style="list-style-type: none"> the individual's role, performance and experience; business performance, the external environment and cost to the Company; salary increases for other employees; and salary levels for comparable roles at relevant comparators. <p>No recovery or withholding applies.</p> | <p>While there is no prescribed maximum, salary increases will generally be in line with those of the wider workforce.</p> <p>Increases may be made above this level where the Committee considers it appropriate including (but not limited to) a significant increase in the scale, scope, market comparability or responsibilities of the role.</p> <p>Where an individual has been appointed on a salary lower than market levels, increases above those of the wider workforce may be made to recognise experience gained and performance in the role. Such increases will be explained in the relevant Annual Report on Remuneration.</p> | <p>Both Company and individual performance are considered when determining Executive Directors' base salaries and any increases.</p> |
| BENEFITS | | | |
| <p>To offer market competitive benefits.</p> | <p>Benefits typically include participation in car schemes, private mileage entitlement, private health insurance, travel insurance and life insurance. Where appropriate, other benefits may be offered including, but not limited to, allowances for relocation.</p> <p>Executive Directors are eligible to participate in all-employee share plans on the same basis as other employees in line with prevailing HMRC limits.</p> <p>No recovery or withholding applies.</p> | <p>Benefits provided may vary by role and individual circumstance and are reviewed periodically.</p> <p>There is no overall maximum.</p> | <p>None</p> |
| PENSION (OR CASH ALLOWANCE) | | | |
| <p>To offer market competitive retirement benefits in line with the wider workforce.</p> | <p>Executive Directors may participate in a defined contribution scheme. Individuals may receive a cash allowance in lieu of some or all of their pension contribution.</p> <p>No recovery or withholding applies.</p> | <p>Maximum of 12% of salary. The employer's National Insurance contribution is typically deducted for a cash allowance. This is in line with the current maximum pension contribution available to the majority of employees.</p> | <p>None</p> |

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS CONTINUED

| PURPOSE AND LINK TO STRATEGY | OPERATION | MAXIMUM OPPORTUNITY | PERFORMANCE MEASURES |
|--|--|---|--|
| ANNUAL BONUS | | | |
| To focus Executive Directors on, and reward them for, the successful delivery of the annual strategic business priorities. | <p>The bonus is earned based on the achievement of one year performance targets and is delivered in cash or a combination of cash and deferred shares.</p> <p>If an Executive Director does not meet their shareholding guideline, 50% of any bonus will be deferred into shares, typically for a period of three years. Dividend equivalents may be accrued on deferred shares.</p> <p>Malus and clawback provisions may be applied in exceptional circumstances as detailed in the notes to this table.</p> | <p>Maximum (as % of salary):</p> <ul style="list-style-type: none"> • CEO – 200% • Other Executive Directors – 150% | <p>The bonus will be based on a combination of financial, operational, strategic and individual measures.</p> <p>Performance measures and weightings are reviewed annually to ensure they continue to support the achievement of the Company's key strategic priorities. At least 70% of the bonus will be based on financial measures.</p> <p>The bonus pays out from 20% at threshold to 100% at maximum performance.</p> <p>The Committee retains discretion to adjust the bonus outcomes to ensure they reflect underlying business performance and any other relevant factors. The Committee will consult with shareholders where appropriate before the use of discretion to increase the outcome.</p> |
| LONG-TERM INCENTIVE PLAN (LTIP) | | | |
| To focus Executive Directors on, and reward them for, long-term delivery of sustained performance and value creation. | <p>LTIP awards will typically be made annually, and awards may be in the form of nominal or nil-cost options or conditional shares.</p> <p>Vested shares are typically subject to a holding period of up to two years (shares may be sold at vesting to satisfy any tax-related liabilities).</p> | <p>Maximum (as % of salary):</p> <ul style="list-style-type: none"> • CEO – 300% • Other Executive Directors – 200% | <p>LTIP awards will be based on financial, shareholder return and/or strategic performance measures aligned with the business priorities, usually measured over a three-year period. The Committee prior to award will determine the targets, measures and weightings.</p> <p>For threshold performance, vesting is 20% of maximum.</p> |
| To provide longer term alignment with the shareholder experience. | <p>Dividend equivalents may be accrued on shares that vest.</p> <p>Malus and clawback provisions may be applied in exceptional circumstances as detailed in the notes to this table.</p> | | <p>The Committee retains discretion to adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors. The Committee will consult with shareholders where appropriate before the use of discretion to increase the outcome.</p> |
| SHAREHOLDING POLICY | | | |
| To provide alignment between the interests of Executive Directors and shareholders over the longer term. | <p>Executive Directors (as % of salary):</p> <ul style="list-style-type: none"> • CEO – 300% • Other Executive Directors – 200% <p>Executive Directors are required to retain at least 75% of the shares (net of tax) vesting under the LTIP or deferred bonus until the shareholding guideline is met. They are expected to build up their shareholding guideline within a 5 year period from their date of appointment to the Board.</p> <p>POST-CESSATION SHAREHOLDING POLICY All Executive Directors are typically required to retain 50% of the shareholding guideline for Executive Directors (or full actual holding if lower) for two years post-cessation of employment, therefore 150% of salary for the CEO and 100% of salary for other Executive Directors.</p> <p>Appropriate enforcement mechanisms exist.</p> | Not applicable. | Not applicable. |

NOTES TO THE REMUNERATION POLICY TABLE

OPERATION OF INCENTIVE PLANS

The incentive plans will be operated within the Policy at all times and in accordance with the relevant plan rules and the Listing Rules. There are a number of areas over which the Committee retains flexibility as detailed below:

- Participants in each plan;
- Timing and size of an award and/or payment;
- Performance measures, weightings and targets that will apply each year and any adjustments thereof;
- Treatment of awards in the event of a change of control, restructuring or other corporate event;
- Treatment of leavers; and
- Amendments of plan rules in accordance with their terms.

In the case of Executive Directors, any use of discretion by the Committee will be disclosed in the relevant Annual Report on Remuneration and may be subject to consultation with the Company's shareholders.

PERFORMANCE MEASURES AND TARGETS

Pay for performance and rewarding sustainable success delivered over the longer term are central to the Company's remuneration philosophy and the Committee gives careful consideration to performance measures and targets for the incentive plans each year to ensure they are aligned with the Company's latest strategy, performance and the shareholder experience.

The annual bonus measures are selected to provide a balance between rewarding operational excellence and successful execution of the strategy, which are fundamental to the Company's future growth. For the LTIP, the performance measures will align participants with the generation of long-term sustainable value for shareholders with a focus on the key long-term objectives of the Company.

Targets for the incentive plans are set taking into account a number of reference points including the strategic plan, long-term business goals and external consensus forecasts for the Company and the market to ensure the level of performance required is appropriately stretching.

Conditions applying to the LTIP may be varied if the Committee considers this appropriate. If they are varied, they must, in the opinion of the Committee be fair, reasonable and materially no less or more challenging than the original conditions.

MALUS AND CLAWBACK PROVISIONS

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Committee in respect of both the annual bonus and LTIP where it considers that there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management, an error in available financial information, which led to the award being greater than it would otherwise have been or personal misconduct. Clawback may be applied for a period of up to three years from payout or vesting for any bonus and LTIP awards.

LEGACY ARRANGEMENTS

Payments may be made to satisfy commitments made prior to the approval of this Remuneration Policy. This may include, for example, payments made to satisfy legacy arrangements agreed prior to an employee (and not in contemplation of) being promoted to the Board of Directors. All outstanding obligations may be honoured, and payment will be permitted under this Remuneration Policy.

MINOR AMENDMENTS

The Committee may make minor amendments to the Policy (for example for tax, regulatory, exchange control or administrative purposes) without obtaining shareholder approval.

REMUNERATION POLICY TABLE FOR THE NON-EXECUTIVE CHAIR AND NON-EXECUTIVE DIRECTORS

| PURPOSE AND LINK TO STRATEGY | OPERATION | MAXIMUM OPPORTUNITY | PERFORMANCE MEASURES |
|---|---|---|----------------------|
| FEES | | | |
| To attract and retain high calibre and experienced individuals to serve on the Board by offering market competitive fee arrangements. | <p>A Non-Executive Chair receives an annual fee.</p> <p>Non-Executive Directors receive an annual base fee. They may receive further fees for additional responsibilities including:</p> <ul style="list-style-type: none"> • Senior Independent Director • Committee Chair • Committee member <p>Fees are subject to review taking into account time commitment, responsibilities and market practice.</p> <p>Non-Executive Directors are entitled to be reimbursed for reasonable expenses incurred during the performance of their duties, including any tax due on these benefits.</p> | Total fees paid will be within the limit stated in the Articles of Association. | None |

Non-Executive Directors do not participate in incentive or share schemes or receive a pension provision.

DIRECTORS' REMUNERATION REPORT CONTINUED

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

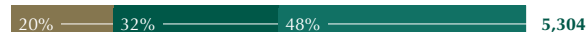
The charts below provide estimates of the potential remuneration opportunity for the CEO (Tobias Moers) and the CFO (Doug Lafferty) and the split between the three different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'. In line with the reporting regulations, a scenario assuming 50% share price growth over the three-year LTIP performance period is also shown below (for the maximum performance scenario). The assumptions used for these charts are set out in the table below. Although technically required, a chart has not been included for the Executive Chair as he has elected to take a nominal fee of £1 only.

CEO TOTAL REMUNERATION (£'000)

MAX +50% SHARE PRICE GROWTH



MAXIMUM



TARGET



MINIMUM



● Fixed pay ● Annual bonus ● LTIP ● LTIP share price growth

CFO TOTAL REMUNERATION (£'000)

MAX +50% SHARE PRICE GROWTH



MAXIMUM



TARGET



MINIMUM



● Fixed pay ● Annual bonus ● LTIP ● LTIP share price growth

| | |
|--|---|
| MINIMUM PERFORMANCE | <ul style="list-style-type: none"> Fixed remuneration (salary, pension and benefits) only. No payout under the annual bonus or LTIP. |
| TARGET PERFORMANCE | <ul style="list-style-type: none"> Fixed remuneration. 50% of the maximum payout under the annual bonus. 50% of the maximum vesting under the LTIP. |
| MAXIMUM PERFORMANCE | <ul style="list-style-type: none"> Fixed remuneration. 100% of the maximum payout under the annual bonus. 100% of the maximum vesting under the LTIP. |
| MAXIMUM PERFORMANCE + 50% SHARE PRICE GROWTH | <ul style="list-style-type: none"> Fixed remuneration. 100% of the maximum payout under the annual bonus. 100% of the maximum vesting under the LTIP. 50% assumed share price growth over three-year LTIP performance period. |

Other than the 'Maximum performance + 50% share price growth' scenario, no share price growth or dividend assumptions have been included in the charts above.

SERVICE AGREEMENTS

The Executive Directors are employed under contracts of employment with Aston Martin Lagonda Limited. Consistent with the Company's policy, Executive Directors have service contracts with a notice period of 12 months from the Company and the Executive Director.

The Non-Executive Directors have letters of appointment, as would a Non-Executive Chair. The notice period for a Non-Executive Chair and the Non-Executive Directors is three months.

The appointment of a Non-Executive Chair and each Non-Executive Director may be terminated immediately in certain circumstances such as committing a material breach of duties.

The appointment of the Executive Chair and non-Independent Non-Executive Directors may be terminated in accordance with the Relationship Agreement by the relevant shareholder that appointed them. The Company may also terminate their appointment if the relevant Relationship Agreement is terminated.

The service contracts and letters of appointment are available for inspection at the Company's registered office.

POLICY ON PAYMENTS FOR LOSS OF OFFICE

The Company may require the Executive Director to work their notice period or may choose to place the individual on 'garden leave' if this is the most commercially sensible approach. In the event of termination certain restrictions may apply for a period of up to 12 months to protect the business interests of the Company.

Payment in lieu of notice may be made for the unexpired portion of the notice period which is limited to the Executive Director's base salary and is subject to mitigation. The Company may make such payments in monthly instalments. The employment of each Executive Director is terminable with immediate effect and without payment in lieu of notice in certain circumstances including gross misconduct.

The treatment of any outstanding incentive awards will be determined based on the relevant plan rules as summarised in the table below.

| ELEMENT | POLICY AND OPERATION |
|---------------------------------------|---|
| ANNUAL BONUS | There is no entitlement to a bonus payment in the event of termination. The Remuneration Committee may exercise its discretion to pay a bonus depending on the circumstances of departure. Generally, leavers will lose entitlement to a bonus unless the individual is considered a 'good leaver'. Good leavers are eligible to be considered for a bonus depending on whether performance conditions have been met and any payment will usually be pro-rated for the period of employment and, where the shareholding guideline has not been met, deferred into shares on the same basis as for a continuing director, with Committee discretion to treat otherwise. |
| DEFERRED BONUS SHARE PLAN (DBSP) | Deferred bonus shares will lapse on leaving in the case of summary dismissal by the Company or voluntary resignation, with Committee discretion to treat otherwise. In other circumstances, awards will normally be released at the usual time, although the Committee can apply discretion to allow earlier release. On death, awards typically vest immediately. |
| LTIP | <p>The default treatment is that any outstanding awards lapse on cessation of employment. In certain circumstances "good leaver"¹ status can be applied. In these circumstances a participant's awards will usually vest subject to the satisfaction of the relevant performance criteria and, ordinarily, on a time pro-rated basis with the Committee's discretion to treat otherwise. The balance of the awards will lapse. Unless the Committee decides otherwise, any holding period will continue to apply.</p> <p>Outstanding shares subject to a holding period will not generally lapse unless the individual is subject to summary dismissal.</p> <p>On death, awards will typically vest subject to the satisfaction of performance conditions as determined by the Committee and no holding period will apply.</p> |
| CORPORATE EVENT/ CHANGE IN CONTROL | <p>In the event of a change of control or winding up of the Company (other than an internal reorganisation), LTIP Awards will vest subject to the extent to which the performance conditions have been satisfied. Pro-rating for service will apply unless the Committee decides otherwise. Outstanding deferred bonus awards will vest in full as soon as practicable.</p> <p>In the event of an internal corporate reorganisation, deferred bonus and LTIP awards may (with consent from any acquiring Company) be replaced by equivalent awards. Alternatively, the Committee may decide that deferred bonus and LTIP awards will vest as in the case of a change of control described above.</p> <p>In the event of a demerger, special dividend or other corporate event that will materially impact the share price the Committee may, at its discretion, allow deferred bonus and LTIP awards to vest on the same basis as for a change of control as described above. Alternatively, an adjustment may be made to the number of shares if considered appropriate.</p> |

1. For the purpose of the table above, a good leaver is generally defined as a participant that ceases employment due to ill-health, injury, disability (in each case evidenced to the satisfaction of the Remuneration Committee), retirement with the agreement of the Company, the participant's employing Company ceasing to be a Group Company, the business or part of the business to which the participant's employment related being transferred to a person who is not a Group Company or any other reason at the Committee's discretion.

The Committee reserves the right to make other payments in connection with an Executive Director's cessation of employment. Any such payment may include paying a reasonable level of fees for outplacement assistance and/or the Director's legal or professional advice fees in connection with his cessation of employment.

No payments are made on termination to any Non-Executive Director of the Company.

DIRECTORS' REMUNERATION REPORT CONTINUED

POLICY ON RECRUITMENT

Talent is key to the success of the Company and our remuneration framework needs to be able to attract talent of the right calibre to successfully execute the Group's business strategy. When determining remuneration on recruitment, the Committee will take into account an individual's role, experience and relevant data points such as market data and internal relativities. The Committee is mindful to pay no more than is necessary to facilitate recruitment of the right talent. On appointment, remuneration will generally be in line with the Policy and the maximum aggregate value of incentives (excluding buyouts) will be no more than the maximums in the Policy table. The approach on recruitment is summarised below.

| ELEMENT | POLICY AND OPERATION |
|---------------|---|
| BASE SALARY | Base salary will be determined with reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current base salary. Salaries may be set at a level lower than the prevailing market rate with increases made at a higher than usual rate as the individual gains experience and performs in the role. |
| PENSION | Participation in the Company's defined contribution pension plan or cash alternative in line with the Policy. |
| BENEFITS | Benefits in line with the Policy, including relocation benefits if appropriate. |
| ANNUAL BONUS | The structure described in the Policy table will normally apply for new appointees with the relevant maximum typically pro-rated to reflect service during the year. For the first year of appointment, the Committee may determine that the annual bonus may be subject to modified terms considered appropriate in the context of the recruitment. |
| LTIP | LTIP awards will normally be on the same terms as other executives, as described in the Policy table. |
| BUYOUT AWARDS | The Committee recognises that it may be necessary, in certain circumstances, to provide compensation for amounts forfeited from a previous employer. Generally any buyout awards will be made on a like-for-like basis in terms of commercial value, form, application of performance conditions and timing of receipt to ensure that they reflect the incentives they are replacing. |

The approach for an internal promotion will be consistent with the policy outlined above. Where an individual has contractual commitments or outstanding awards made prior to their promotion, the Company will honour these legacy arrangements.

For interim positions a cash supplement may be paid rather than salary (for example a Non-Executive Director taking on an executive function on a short-term basis).

On appointment of a new Non-Executive Director or Chair, the information set out in the Policy table will apply.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

At a senior level, there is a greater emphasis on long-term, sustainable performance and alignment with the shareholder experience and LTIP awards are made at these levels with delivery in shares. The remuneration arrangements for Executive Directors outlined above are consistent with those for other senior executives, although quantum and award opportunities vary by level. The key difference between executive remuneration and that for the wider workforce is therefore that a higher proportion is at risk and dependent on Company performance.

The philosophy and principles that apply to remuneration at the Company are consistent throughout the organisation. In line with the UK Corporate Governance Code, the Committee is fully informed of and considers wider employee remuneration and related policies including the following as they apply to the wider workforce:

- salary increases;
- opportunities and payments under annual bonus plans;
- operation of incentive plans; and
- total remuneration levels.

The Company believes open communication with employees is very important and, while the Committee does not formally consult with employees in respect of the design of the Directors' remuneration policy, our employees are able to communicate their views and ask questions on any topic, including remuneration through either all-employee townhall sessions or the Trade Union for Non-Management grades, both of which meet regularly or by using the confidential employee helpline. Pay and terms and conditions for this group are subject to Trade Union negotiation and any increases reflect the competitive market for skilled labour within the automotive and engineering industries.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee takes the views of and its responsibility to shareholders very seriously and we are committed to building and maintaining a relationship that allows for an open and constructive dialogue on a wide-range of areas, including executive remuneration. Both the general views of and any direct feedback we receive from our shareholders and their representative bodies is considered by the Committee when determining the appropriate approach to remuneration arrangements for the Company.

ANNUAL REPORT ON REMUNERATION

FY 2021 TOTAL SINGLE FIGURE REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

The table below sets out the single figure of total remuneration received by the Executive Directors in respect of FY 2021 (and the prior financial year). The subsequent sections detail additional information for each element of remuneration.

Shown in £'000s

| EXECUTIVE DIRECTOR | SALARY | BENEFITS | PENSION | TOTAL FIXED | ANNUAL BONUS | LTIP | TOTAL VARIABLE | TOTAL | PRIOR COMPANY INCENTIVE BUYOUT ¹ | TOTAL |
|---------------------------------------|----------|----------|---------|-------------|--------------|------|----------------|-------|---|----------|
| LAWRENCE STROLL² | | | | | | | | | | |
| Year to 31 December 2021 | £1 (ONE) | | | £1 (ONE) | | | | | | £1 (ONE) |
| Year to 31 December 2020 | £1 (ONE) | | | £1 (ONE) | | | | | | £1 (ONE) |
| TOBIAS MOERS | | | | | | | | | | |
| Year to 31 December 2021 | 850 | 115 | 90 | 1,055 | – | N/A | – | 1,055 | – | 1,055 |
| Year to 31 December 2020 ³ | 354 | 48 | 37 | 439 | 142 | N/A | 142 | 581 | 901 | 1,482 |
| KENNETH GREGOR | | | | | | | | | | |
| Year to 31 December 2021 | 425 | 13 | 45 | 483 | – | N/A | – | 483 | – | 483 |
| Year to 31 December 2020 ⁴ | 224 | 7 | 24 | 255 | 67 | N/A | 67 | 322 | – | 322 |

Notes:

- As compensation for incentives he forfeited on leaving his previous employer, Tobias Moers received a cash payment of €500,000 on joining and a further €500,000 on 1 August 2021 – the full amount was recognised in 2020, his year of appointment. The buyout is subject to clawback provisions should Tobias leave the Company under certain circumstances and full details are set out in the 2020 DRR
- Lawrence Stroll has elected to receive a nominal salary only, of £1 per annum, and receives no other elements of remuneration
- 2020 remuneration for Tobias Moers relates to the period since joining, 1 August to 31 December 2020
- 2020 remuneration for Kenneth Gregor relates to the period since joining, 22 June to 31 December 2020

SALARY (AUDITED)

From appointment in 2020, Tobias Moers's salary was £850,000 and Kenneth Gregor's was £425,000 and no increases were applied to their salaries during 2021.

The Committee reviewed the CEO's salary for 2022 and decided to increase his salary to £875,000 (a 2.9% increase). This is the first increase to the CEO's salary since he joined the business in August 2020 and is lower than the general workforce 2022 pay increase of 6% which was agreed with the trade union in February 2022.

Doug Lafferty will take over the CFO role and join the Company on 1 May 2022 with a salary of £450,000. This will be first reviewed in 2023.

The Committee recognises that the CEO and CFO salaries appear high in a UK FTSE250 context and continues to benchmark remuneration against global automotive and luxury companies, as these are the most relevant peers. The Committee considers these salary levels to be appropriate, as they reflect the experience these executives have as proven talented automotive and manufacturing leaders, and were required to secure the individuals with the skills required to deliver the turnaround of the business to achieve its full potential.

In his role as Executive Chairman, Lawrence Stroll has elected to receive a nominal salary only, of £1 per annum, and receives no other elements of remuneration.

PENSION (AUDITED)

Each Executive Director receives a cash allowance in lieu of participation in the defined contribution scheme. They receive an allowance of 12% of salary with a deduction for an amount equal to the employer's National Insurance contribution.

As disclosed in our Remuneration Policy, the Executive Directors' pension allowances are in line with the majority of employees. The maximum level of employer pension contribution throughout the organisation is the same regardless of seniority, at 12% of salary.

No Director has a prospective entitlement to receive a defined benefit pension.

ALLOWANCES AND BENEFITS (AUDITED)

| FY 2021 SHOWN IN £'000s | CAR ALLOWANCE AND PERSONAL MILEAGE | LIFE ASSURANCE | INSURANCE (PRIVATE MEDICAL AND TRAVEL) | RELOCATION ALLOWANCE ¹ | TOTAL |
|---------------------------|------------------------------------|----------------|--|-----------------------------------|-------|
| TOBIAS MOERS ¹ | 17 | 2 | 5 | 91 | 115 |
| KENNETH GREGOR | 8 | 3 | 2 | – | 13 |

- Tobias Moers receives an annual cash allowance of £50,000 as relocation assistance. This will be paid for a period of 5 years from his start date and the Company also meets the tax payable on this allowance.

DIRECTORS' REMUNERATION REPORT CONTINUED

ANNUAL BONUS**ANNUAL BONUS OUTCOMES FOR FY 2021 (AUDITED)**

The Committee introduced a new Group scorecard of performance measures for the 2021 annual bonus to better reflect annual progress on our new business plan and latest KPIs. This Group scorecard was cascaded throughout the Company and applied to annual bonus for all employees, to provide strong alignment of focus and a 'One Team' approach.

For 2021, the scorecard was weighted 80% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 10% on Wholesale volumes) and 20% on Quality performance. The performance targets for each measure were set by the Committee at the start of the year, considering the business plan for 2021 and market expectations. The table below sets out the Group KPI targets, the performance achieved and the level of payout of the bonus as a % of maximum for each element. To earn any bonus, the threshold level of Adjusted EBITDA had to be achieved and so no bonus is payable to the Executive Directors in respect of any measure as the FY 2021 Adjusted EBITDA outcome of £138m is below £150m.

| PERFORMANCE MEASURE (WEIGHTING) | THRESHOLD (20%) | TARGET (50%) | MAXIMUM (100%) | FY 2021 ACHIEVED | FY 2021 BONUS PAYMENT (% OF MAXIMUM) |
|---|---|--------------|----------------|--|--------------------------------------|
| To earn any bonus under any measure, at least the threshold level of Adjusted EBITDA must be achieved | | | | | |
| ADJUSTED EBITDA (50%) | £150M | £200M | £225M | £138M | 0% |
| FREE CASH FLOW (20%) | (£210M) | (£160M) | (£135M) | (£123M) | 0% |
| WHOLESALE VOLUMES (10%) | 5,500 | 6,280 | 6,750 | 6,178 | 0% |
| QUALITY (20%) | INTERNAL: (1) CPA – Customer Perception Audit – an audit of a car that has completed all the production processes and is intercepted as it would be handed over to the outbound transport company (2) PDI – Pre-Delivery Inspection – a fixed series of checks/processes that a dealer completes on a new car when it is received | | | Significant progress made but stretching target level not achieved | 0% |
| | EXTERNAL – Warranty at 12 months in service: (1) CPU – Cost Per Unit (2) DPU – Defects Per Unit | | | Significant progress made but stretching target level not achieved | 0% |

The new Group KPI scorecard applied to 2021 bonus for all employees and while no bonus is payable to the Executive Directors, the Committee considered the impact on the wider workforce and whether any bonus should be paid to other employees to recognise the significant efforts of the team over the year. Given the Adjusted EBITDA threshold had not been achieved due to the impact of the timing of the Aston Martin Valkyrie deliveries, the Committee considered what the bonus outcome would have been based on the performance achieved against the other three measures only. Based on actual FCF, wholesale volumes and quality performance against the targets set for those measures, the bonus outcome would have been 25% of maximum bonus level. On balance, to recognise how hard the team had worked and the significant progress made on both the business plan and turnaround programme during 2021, the Committee decided it was important to pay some bonus and applied discretion to pay a bonus to all employees (except to the CEO and CFO) at 25% of maximum level.

ANNUAL BONUS FOR FY 2022

The Committee has decided to operate the annual bonus in 2022 in-line with the Company-wide approach introduced in 2021, including a Group scorecard of performance measures to best reflect annual progress on our business plan and KPIs. This Group scorecard will again be cascaded throughout the Company to apply to annual bonus for all employees, providing strong alignment of focus and a 'One Team' approach. For 2022, the scorecard will be weighted 85% on financial measures (including a 50% weighting on Adjusted EBITDA, 20% on Free Cash Flow and 15% on volumes) and 15% on Quality performance for all. The Committee believes these are the right measures to make annual progress during 2022 towards delivering our long-term strategy. The 2022 Group KPI scorecard is set out below, the actual targets remain commercially sensitive and will be disclosed retrospectively in the 2022 DRR, when the 2022 performance year is complete.

| AREA | GROUP KPI SCORECARD TO APPLY TO 2022 ANNUAL BONUS | | | |
|-----------|---|----------------------|--------------------------|-----------------------------------|
| | PROFIT | CASH | VOLUMES | QUALITY |
| MEASURE | ADJUSTED EBITDA | FREE CASH FLOW (FCF) | RETAIL/WHOLESALE VOLUMES | IN-HOUSE QUALITY/EXTERNAL QUALITY |
| WEIGHTING | 50% | 20% | 15% | 15% |

The Committee will continue to have the discretion to adjust bonus outcomes to ensure they are appropriate and reflect underlying business performance/ any other relevant factors.

LONG-TERM INCENTIVE PLAN

The following section sets out details of:

- 2021 LTIP awards granted during FY 2021
- 2021 DBSP awards granted during FY 2021
- Approach to 2022 LTIP awards

2021 LTIP AWARDS GRANTED DURING FY 2021 (AUDITED)

The approach to 2021 LTIP awards was set out in detail in the 2020 DRR, ahead of the grant date (in June 2021). The table below summarises the LTIP share awards that were granted to the Executive Directors during FY 2021.

| 2021 LTIP SHARE AWARDS | TYPE OF AWARD | BASIS OF AWARD | SHARES AWARDED | FACE VALUE AT GRANT (£'000s) |
|------------------------|------------------|----------------|----------------|------------------------------|
| TOBIAS MOERS | LTIP share award | 300% of salary | 126,865 | £2,550 |
| KENNETH GREGOR | | 200% of salary | 42,288 | £850 |

Notes:

1. The LTIP shares were granted on 14 June 2021 and will vest subject to the performance conditions and vesting schedule set out below
2. Awards were granted in the form of nil-cost options
3. The face value of each award was calculated using the 3-day average price prior to the date of grant (£20.10)
4. Adjusted EBITDA will be assessed over three financial years to 31 December 2023 and TSR will be measured over a three-year period from the date of grant to 13 June 2024
5. Subject to performance, the element of awards subject to Adjusted EBITDA performance will vest following the announcement of results for 2023 (early March 2024) and the element of awards subject to relative TSR performance will vest three years from grant, following the Remuneration Committee's determination of the performance outcome
6. The CEO and CFO will be required to hold at least 75% of any shares that vest (net of tax) until they have met their shareholding guidelines under the shareholding policy

The 2021 LTIP awards are subject to the performance conditions and malus and clawback provisions as detailed below.

2021 LTIP PERFORMANCE MEASURES AND TARGETS

| | | 2021 LTIP TARGETS | VESTING* (AS A % OF MAXIMUM) |
|--|-----------|--|------------------------------|
| ADJUSTED EBITDA (£M IN FY23) (80% OF AWARD) | THRESHOLD | 300 | 20% |
| | STRETCH | 425 | 80% |
| | MAXIMUM | 500 | 100% |
| RELATIVE TSR (VS. LUXURY PEERS) (20% OF AWARD) | THRESHOLD | RANK 6TH (MEDIAN) | 20% |
| | MAXIMUM | RANK 3RD OR ABOVE (80TH PERCENTILE) | 100% |

* Vesting will be on a straight-line basis between each of threshold and stretch, and stretch and maximum for the Adjusted EBITDA element and threshold and maximum for the TSR element

- TSR performance will be measured on a ranked basis against the following luxury companies: Burberry, Capri Holdings, Compagnie Financiere Richemont, Ferrari, Hermes International, Kering, LVMH, Moncler, Prada and Ralph Lauren.
- The Remuneration Committee retains discretion to adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors to ensure that the value at vesting is fully reflective of the performance delivered and executives do not receive unjustified windfall gains.

MALUS AND CLAWBACK:

- Malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of awards granted under the LTIP where it considers that there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management, an error in available financial information, which led to the award being greater than it would otherwise have been or personal misconduct.
- Clawback may be applied for a period of up to three years from vesting for any LTIP awards.

2021 DBSP AWARDS GRANTED DURING FY 2021 (AUDITED)

The following DBSP share awards were granted to the Executive Directors during FY 2021:

- Tobias Moers (CEO) – 1,866 shares
- Kenneth Gregor (CFO) – 884 shares

The DBSP awards are in relation to the 2020 annual bonus which, as disclosed in the 2020 Directors' Remuneration Report, was to be delivered 50% in cash and 50% in deferred shares. The number of shares granted reflects the net bonus amount (post tax and NI). Shares under the DBSP awards are deferred for a period of 3 years from grant and will be released, subject to continued employment, on 14 June 2024.

MALUS AND CLAWBACK:

- Malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of awards granted under the DBSP where it considers that there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management, an error in available financial information, which led to the award being greater than it would otherwise have been or personal misconduct.
- Clawback may be applied for a period of up to three years from release for any DBSP awards.

DIRECTORS' REMUNERATION REPORT CONTINUED

2022 LTIP AWARDS

Whilst the LTIP design has been agreed, the Remuneration Policy allows a degree of flexibility around a number of the LTIP design elements. This flexibility allows the Committee to determine the most appropriate approach to the performance measures, targets, ranges and payout schedules ahead of each annual award, to align to the latest business plan.

The Committee decided that Adjusted EBITDA continues to be the most appropriate measure of profit for the 2022 LTIP, given market and internal focus on this key metric, which is used to manage the business. The Committee believes strong performance in Adjusted EBITDA is key to delivering strong shareholder returns. The Adjusted EBITDA targets have been carefully calibrated based on Aston Martin's latest business plan and external expectations. The range has been set to be stretching (extremely so at the maximum vesting level) yet motivating in the context of our business plan and the continued uncertainty in the current environment. Total shareholder return (TSR) as the second measure, recognises the importance of shareholder alignment and also the self-calibrating nature of TSR as an objective measure of performance, particularly in a period of uncertainty. TSR will be measured on a relative basis, against a select group of luxury companies, which aims to incentivise elevation of the Aston Martin brand, by out-performance of these high-end luxury companies. Ultimately, the successful delivery of our business plan and strategy (detailed on pages 30 to 35) will be reflected in our Adjusted EBITDA and TSR performance.

It is anticipated that 2022 awards will be granted in June 2022, with awards at the following levels:

- Tobias Moers (CEO) – 300% of salary
- Doug Lafferty (CFO) – 200% of salary

The Committee has given considerable thought and discussed in detail the appropriate 2022 LTIP award levels to grant to the CEO and incoming CFO, given the external environment, the performance of the Company both in terms of financial outcomes and share price, and the need to incentivise new leadership and commitments made on appointment. The Committee has decided to grant 2022 LTIP awards at the levels set out above to recognise and incentivise the size of the task and effort required from these executives to continue the business turnaround.

2022 LTIP PERFORMANCE MEASURES AND TARGETS

| | | 2022 LTIP TARGETS | VESTING* (AS A % OF MAXIMUM) |
|--|-----------|--|------------------------------|
| ADJUSTED EBITDA (£M IN FY24) (80% OF AWARD) | THRESHOLD | 350 | 20% |
| | STRETCH | 450 | 80% |
| | MAXIMUM | 525 | 100% |
| RELATIVE TSR (VS. LUXURY PEERS) (20% OF AWARD) | THRESHOLD | RANK 6TH (MEDIAN) | 20% |
| | MAXIMUM | RANK 3RD OR ABOVE (80TH PERCENTILE) | 100% |

* Vesting will be on a straight-line basis between each of threshold and stretch, and stretch and maximum for the Adjusted EBITDA element and threshold and maximum for the TSR element

** TSR peers as per 2021 LTIP, detailed on page 129

- The Remuneration Committee retains discretion to adjust the vesting levels to ensure they reflect underlying business performance and any other relevant factors to ensure that the value at vesting is fully reflective of the performance.

PERFORMANCE PERIOD

Performance for both measures will be measured over three financial years to 31 December 2024. Subject to performance, awards will vest 3 years from grant, following the announcement of results for 2024 but subject to a further 2-year holding period post vest (net of tax).

The CEO and CFO will be required to hold at least 75% of any shares that vest (net of tax) until they have met their shareholding guidelines under the shareholding policy.

SHARE INTERESTS AND SHAREHOLDING GUIDELINES (AUDITED)

The CEO and CFO are subject to shareholding guidelines of 300% and 200% of salary respectively, which drives long-term alignment with investors.

The following table sets out the total beneficial interests of the Executive Directors (and their connected persons) in ordinary shares of Aston Martin Lagonda Global Holdings plc as at 31 December 2021, as well as the status against the shareholding guidelines. The table also summarises conditional interests in share or option awards.

The CEO made progress towards his guideline by buying shares in the market during 2021.

| AS AT 31 DECEMBER 2021 | SHARES OWNED OUTRIGHT | SHARES VESTED BUT SUBJECT TO FUTURE RELEASE ¹ | TOTAL SHARES OWNED OUTRIGHT OR VESTED ² | AS A % OF SALARY ³ | SHAREHOLDING GUIDELINE (AS % OF SALARY) | GUIDELINE MET? | LTIP AWARD SHARES UNVESTED AND SUBJECT TO PERFORMANCE ⁴ |
|------------------------------|--------------------------|--|---|----------------------------------|---|----------------|---|
| TOBIAS MOERS | 8,815 | 1,866 | 10,681 | 17.0% | 300% | NO | 338,483 |
| KENNETH GREGOR | – | 884 | 884 | 2.8% | 200% | NO | 112,827 |
| LAWRENCE STROLL ⁵ | 25,644,243 | – | 25,644,243 | N/A | | | N/A |

Notes:

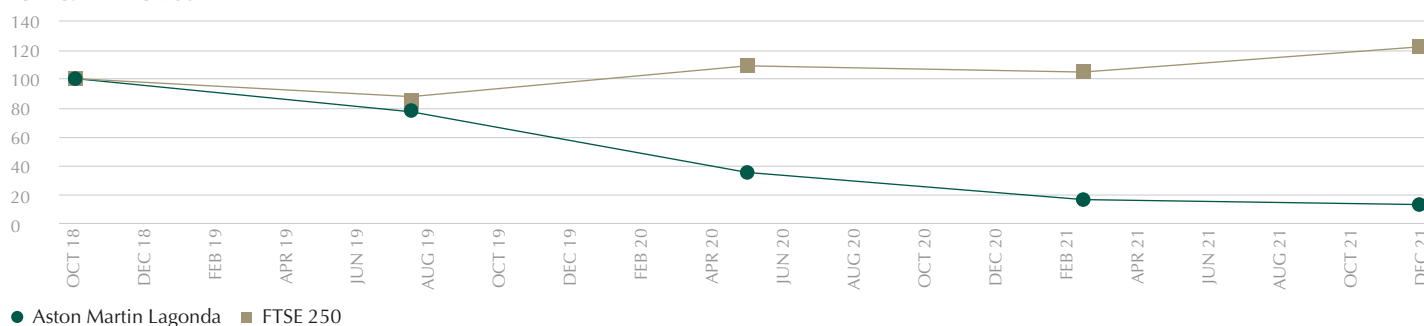
1. These shares were awarded under the DBSP in respect of 50% of the net (post tax and NI) 2020 annual bonus payment
2. There have been no changes in the period up to and including 22 February 2022
3. Based on the closing share price on 31 December 2021 of £13.53
4. These shares were granted under the 2020 and 2021 LTIP awards
5. The number of shares shown for Lawrence Stroll includes both direct and indirect interests

TSR PERFORMANCE GRAPH AND CEO REMUNERATION

The Company's shares started trading on the London Stock Exchange's main market for listed securities on 8 October 2018.

The graph below shows the TSR performance of £100 invested in the Company's shares since listing, compared to the FTSE 250 index which has been chosen because the Company has been a constituent of this index since listing.

TSR VS. THE FTSE250



The table below shows the total remuneration earned by the incumbent CEO over the same period, along with the percentage of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as used for the single figure of total remuneration for FY 2021 on page 127.

CEO TOTAL REMUNERATION

| FY (CEO ³) | 2018 ¹ (AP) | 2018 ² (AP) | 2019 (AP) | 2020 (AP) | 2020 (TM) | 2021 (TM) |
|----------------------------------|---------------------------|---------------------------|--------------|--------------|--------------|--------------|
| TOTAL REMUNERATION (£'000s) | 407 | 1,347 | 1,353 | 476 | 1,482 | 1,055 |
| BONUS (% OF MAXIMUM) | 0% | 0% | 0% | 0% | 20% | 0% |
| LTIP ³ (% OF MAXIMUM) | N/A | N/A | N/A | N/A | N/A | N/A |

- Notes:
- FY 2018 remuneration shown is for the period 8 October to 31 December 2018, annual bonus was restated to zero as set out in the 2019 DRR
 - The amounts shown for FY 2018 in the second column have been annualised, as if the Remuneration Policy operated since IPO had been in place for the full year (as disclosed in the 2018 DRR, with bonus restated to zero)
 - Tobias Moers (TM, CEO from 1 August 2020), Dr Andy Palmer (AP, CEO to 25 May 2020)

DIRECTOR REMUNERATION RELATIVE TO EMPLOYEES

The table below compares the total salary/ fees, benefits and bonus received by each Director during FY 2021 compared to the prior year. The year-on-year change is also shown for the UK employee population. For comparison purposes, only Directors who had periods of service in both 2020 and 2021 have been included and amounts have been adjusted to reflect a full year equivalent to enable a meaningful reflection of year-on-year change.

| YEAR-ON-YEAR CHANGE (%) | AVERAGE EMPLOYEE | EXECUTIVE DIRECTORS | | | NON-EXECUTIVE DIRECTORS | | |
|-------------------------|---------------------|---------------------|-----------------|-------------------|-------------------------|----------------------------|--------------------|
| | | LAWRENCE STROLL | TOBIAS MOERS | KENNETH GREGOR | AMR ABOU EL SEOUD | LORD MATTHEW CARRINGTON | PETER ESPENHAHN |
| SALARY/FEEES | 0% | 0% | 0% | 0% | 0% | 12% | 12% |
| BONUS | 0% | N/A | -100% | -100% | N/A | N/A | N/A |
| BENEFITS | 0% | N/A | 0% | -11% | N/A | N/A | N/A |

- Notes:
- The comparator group includes all UK employees. This group represents the majority of Aston Martin employees and is the same group used for the pay ratio reporting below.
 - For the comparator group of employees, the salary year-on-year change is shown for non-management employees only and includes the annual salary review from 1 January 2021 but excludes any additional changes made in the year, for example on promotion. Non-management employees received a lump-sum payment of £500 in lieu of a general salary increase, as agreed with the trade union. Management employees did not receive either a general salary increase or an equivalent lump-sum during 2021.
 - The increase to NED fees year-on-year reflects a fee waiver that applied during April, May and June 2020.
 - The year-on-year change in bonus is also shown for non-management employees only – this population received their contractual annual bonus payments in 2021. Management bonuses were limited to 20% of opportunity for 2020 and will be 25% of maximum for 2021
 - For benefits, there were no changes to benefit policies or levels during the year

DIRECTORS' REMUNERATION REPORT CONTINUED

CEO PAY RATIOS

The ratios, set out in the table below, compare the total remuneration of the incumbent CEO (as included in the single figure table on page 127) to the remuneration of the median UK employee as well as employees at each of the lower and upper quartiles.

| | 25TH PERCENTILE | MEDIAN | 75TH PERCENTILE |
|---------------------------|-----------------|---------|-----------------|
| FY 2021 | (P25) | (P50) | (P75) |
| CEO PAY RATIOS (OPTION A) | 27 TO 1 | 23 TO 1 | 19 TO 1 |

The ratios are calculated using 'option A' as set out in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50 and P75) were determined based on total remuneration for FY 2021 using a calculation approach consistent with that used for the incumbent CEO in the single figure table on page 127. The Committee chose to use option A on the basis that it would provide the most accurate approach to identifying the median, lower and upper quartile employees. The calculation was undertaken on a full-time equivalent basis, adjusting pay for part-time workers to a 39-hour week equivalent. The total remuneration in respect of FY 2021 for the employees identified at P25, P50 and P75 was £39k, £45k, and £55k, respectively. The base salary for FY 2021 for the employees at P25, P50 and P75 was £38k, £43k and £54k respectively.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout Aston Martin, pay is positioned to be fair and market competitive in the context of the relevant talent market for each role.

RELATIVE IMPORTANCE OF SPEND ON PAY FOR FY 2021

The table below sets out the total payroll costs for all employees for FY 2021 compared to distributions to shareholders by way of dividend and share buyback. Adjusted EBITDA is also shown as context.

| | | FY 2021 | FY 2020 |
|---------------------------------|----------|---------|---------|
| ADJUSTED EBITDA | £M | 138 | (70) |
| | % CHANGE | N/A | |
| DISTRIBUTIONS TO SHAREHOLDERS | £M | 0 | 0 |
| | % CHANGE | 0% | |
| PAYROLL COSTS FOR ALL EMPLOYEES | £M | 152 | 150 |
| | % CHANGE | +1.3% | |

SERVICE AGREEMENTS

The table below sets out information on service agreements for the Executive Directors.

| EXECUTIVE DIRECTOR | TITLE | EFFECTIVE DATE OF SERVICE AGREEMENT | NOTICE PERIOD TO AND FROM THE COMPANY |
|--------------------|----------------------------------|-------------------------------------|--|
| LAWRENCE STROLL | EXECUTIVE CHAIRMAN | 20 APRIL 2020 | Mr Stroll's appointment is terminable in accordance with the Yew Tree Relationship Agreement |
| TOBIAS MOERS | CHIEF EXECUTIVE OFFICER | 25 MAY 2020 | 12 MONTHS |
| KENNETH GREGOR | CHIEF FINANCIAL OFFICER | 20 JUNE 2020 | 12 MONTHS |
| DOUG LAFFERTY | INCOMING CHIEF FINANCIAL OFFICER | 13 JANUARY 2022 | 12 MONTHS |

The service agreements for Executive Directors are available for inspection by shareholders at the registered office of the Company.

EXTERNAL APPOINTMENTS

It is recognised that Non-Executive Directorships can provide a further level of experience that can benefit the Company. As such, Executive Directors may usually take up one Non-Executive Directorship (broadly equivalent in terms of time commitment to a FTSE 350 Non-Executive Directorship role) subject to the Board's approval as long as there is no conflict of interest. A Director may retain any fee received in respect of such Non-Executive Directorship. Neither the CEO nor the CFO has any Non-Executive Directorships.

FURTHER INFORMATION ON REMUNERATION FOR INCOMING AND OUTGOING EXECUTIVE DIRECTORS

REMUNERATION FOR THE INCOMING CFO (DOUG LAFFERTY)

Doug Lafferty's remuneration for his role as CFO (from 1 May 2022) is detailed below:

- Base salary of £450,000 reflecting his experience as a seasoned financial professional with a strong leadership track record gained across manufacturing, automotive racing and retail
- A pension allowance of 12% of salary (with a deduction for an amount equal to the employer's NI) and other non-cash benefits in accordance with the Remuneration Policy
- Annual performance-based bonus opportunity of up to 150% of salary, pro-rata for period of employment in 2022
- Annual award under the Long-Term Incentive Plan of up to 200% of salary

BUYOUT AWARDS

In order to secure Doug Lafferty's appointment and to allow him to join Aston Martin at the earliest opportunity, and as disclosed on appointment, the Committee agreed to buyout awards forfeited on leaving his previous employer.

Doug will receive buyout awards in cash and shares to compensate him for outstanding annual bonus and LTIP awards with his current employer which are due to become payable/ vest in FY 2022 and FY 2023 and that he will forfeit on joining Aston Martin. The Committee has taken a best practice approach to these buyout awards which are structured to reflect actual outcomes (once determined by the current employer) and timing of the outstanding incentives being forfeited by Doug and will be disclosed in full in the 2022 DRR, once they have been awarded.

The buyout awards are subject to clawback provisions and Doug will be required to repay the awards in full if he resigns or is terminated for cause within 12 months of each relevant payment or award date. In addition, if subsequently any award under the outstanding incentives is paid to Doug by his current employer, the buy-out awards will be reduced by the same amount.

REMUNERATION FOR THE OUTGOING CFO (KENNETH GREGOR)

Kenneth Gregor will step down as Chief Financial Officer and as an Executive Director on 1 May 2022, when Doug Lafferty joins the business. The Board approved a termination date of 30 June 2022, and between 1 May 2022 and 30 June 2022, Kenneth will continue to be available to the Company to assist with the transition of responsibilities to Doug. The following leaver terms have been agreed by the Committee in connection with the termination of Kenneth's employment:

- Kenneth Gregor will continue to be paid salary, pension and receive benefits as an employee in the period to 30 June 2022
- Salary, pension and benefits will cease following the termination date and no payment in lieu of notice will be made for the unserved notice period beyond the termination date
- 2021 bonus – no bonus payment is due in respect of 2021, as detailed on page 128
- 2022 bonus – the Committee has decided to apply discretion to treat Kenneth as a good leaver. Kenneth will remain eligible for any bonus on a pro-rata basis for his period of 2022 service to the termination date. Any 2022 annual bonus due (subject to 2022 performance) will be delivered 50% in cash and 50% in deferred shares under the DBSP
- In respect of his outstanding 2020 and 2021 LTIP awards, the Committee has decided to apply discretion to treat Kenneth as a good leaver and these awards will be pro-rated based on period of service from grant date to the termination date. The pro-rata number of shares under each award (2020 LTIP award – 46,510 shares and 2021 LTIP – 15,946 shares) will remain subject to the original performance conditions and vesting dates
- No 2022 LTIP award will be granted
- In respect of his outstanding 2021 DBSP award, the Committee has decided to apply discretion to treat Kenneth as a good leaver and this award will be released in full on the original release date (884 shares on 14 June 2024)
- Kenneth will be required to retain all those shares in the Company that he holds as at 30 June 2022 (including shares under the DBSP awards) for a period of two years until 30 June 2024
- Kenneth will continue to be covered by the Company's D&O insurance and received a contribution towards his legal advice of £3,000 plus VAT
- No payments for loss of office will be paid to Kenneth

DIRECTORS' REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' REMUNERATION (AUDITED)

The Policy on remuneration for Non-Executive Directors is set out on page 123.

The table below sets out the single figure of total remuneration received or receivable by the Non-Executive Directors in respect of FY 2021 (and the prior financial year).

Shown in £'000s

| NON EXECUTIVE DIRECTORS | TOTAL FEES |
|--------------------------------------|------------|
| MICHAEL DE PICCIOTTO | |
| Year to 31 December 2021 | - |
| Year to 31 December 2020 | - |
| AMEDEO FELISA ¹ | |
| Year to 31 December 2021 | 34 |
| ROBIN FREESTONE ² | |
| Year to 31 December 2021 | 71 |
| MARIGAY MCKEE ³ | |
| Year to 31 December 2021 | 30 |
| NATALIE MASSENET ⁴ | |
| Year to 31 December 2021 | 32 |
| FRANZ REINER ⁵ | |
| Year to 31 December 2021 | 29 |
| ANTONY SHERIFF ⁶ | |
| Year to 31 December 2021 | 83 |
| ANNE STEVENS ⁷ | |
| Year to 31 December 2021 | 78 |
| FORMER NON EXECUTIVE DIRECTORS | |
| AMR ABOU EL SEOUD ⁸ | |
| Year to 31 December 2021 | 8 |
| Year to 31 December 2020 | 55 |
| LORD MATTHEW CARRINGTON ⁹ | |
| Year to 31 December 2021 | 32 |
| Year to 31 December 2020 | 71 |
| PETER ESPENHAHN ¹⁰ | |
| Year to 31 December 2021 | 32 |
| Year to 31 December 2020 | 71 |
| RICHARD PARRY-JONES ¹¹ | |
| Year to 31 December 2021 | 16 |
| BILL TAME ¹² | |
| Year to 31 December 2021 | 25 |
| Year to 31 December 2020 | 39 |
| STEPHAN UNGER ¹³ | |
| Year to 31 December 2021 | 28 |

Notes:

- Amedeo Felisa joined the Board on 8 July 2021
- Robin Freestone joined the Board on 1 February 2021
- Marigay McKee joined the Board on 8 July 2021
- Natalie Massenet joined the Board on 8 July 2021
- Franz Reiner joined the Board on 8 July 2021
- Antony Sheriff joined the Board on 1 February 2021
- Anne Stevens joined the Board on 1 February 2021
- Amr Abou El Seoud stepped down from the Board on 18 February 2021
- Lord Carrington stepped down from the Board on 25 May 2021
- Peter Espenhahn stepped down from the Board on 25 May 2021
- Richard Parry-Jones sadly passed away on 16 April 2021
- Bill Tame stepped down from the Board on 28 January 2021
- Stephan Unger joined the Board on 1 February 2021 and stepped down from the Board on 8 July 2021

SUMMARY OF NON-EXECUTIVE DIRECTORS' FEES FOR FY 2022

The table below sets out the annual fee structure for the NEDs for 2022 (there are no changes to the fee levels that applied in 2021).

| NED ROLE | FY 2021 FEE (£'000s) | FY 2022 FEE (£'000s) |
|------------------|----------------------|----------------------|
| BASIC NED FEE | 60 | 60 |
| SID FEE | 15 | 15 |
| COMMITTEE CHAIR | 15 | 15 |
| COMMITTEE MEMBER | 5 | 5 |

As detailed in the Governance Report on page 91, the Sustainability Committee was established in December 2021, fees for the Chair and each non-executive member of this Committee were approved by the Board (excluding the Non-Executive Directors) at £15k and £5k p.a. respectively, in-line with the structure set out in the table above.

A further Board committee, the Product Strategy Committee, was established in January 2022. Detailed information on this Committee is also set out in the Governance Report on page 92. The Board (excluding the Non-Executive Directors) approved fees at the following levels for the Chair and non-executive member for 2022 operation of the Product Strategy Committee:

- Chair (Non-Executive Director) – £10,000 per meeting
- Member (Non-Executive Director) – £5,000 per meeting

NON-EXECUTIVE DIRECTOR SHAREHOLDINGS (AUDITED)

The table above summarises the total interests of the Non-Executive Directors (and their connected persons) in ordinary shares of Aston Martin Lagonda Global Holdings plc as at 31 December 2021 (or at the date of stepping down, if earlier).

| NON-EXECUTIVE DIRECTORS | TOTAL NUMBER OF SHARES OWNED ¹ |
|---------------------------------------|---|
| MICHAEL DE PICCIOTTO ² | 1,150,000 |
| AMEDEO FELISA ³ | 2,000 |
| ROBIN FREESTONE | 13,850 |
| MARIGAY MCKEE | – |
| NATALIE MASSENET | 4,000 |
| FRANZ REINER | – |
| ANTONY SHERIFF | – |
| ANNE STEVENS | 7,000 |
| FORMER NON-EXECUTIVE DIRECTORS | |
| AMR ABOU EL SEOUD | – |
| LORD MATTHEW CARRINGTON | – |
| PETER ESPENHAHN | 132 |
| RICHARD PARRY-JONES | – |
| BILL TAME | – |
| STEPHAN UNGER | – |

Notes:

1. Other than those stated below, there have been no changes in the period up to and including 22 February 2022
2. Held via St James Invest SA
3. Held via FA Consult

DIRECTORS' REMUNERATION REPORT CONTINUED

LETTERS OF APPOINTMENT

The Non-Executive Directors have letters of appointment. All Non-Executive Directors' appointments and subsequent re-appointments are subject to annual re-election at the AGM. Dates of the letters of appointment of the Non-Executive Directors as at the date of this report are set out in the table below.

The terms and conditions of appointment for Non-Executive Directors are available for inspection by shareholders at the registered office of the Company.

| NON-EXECUTIVE DIRECTORS | DATE OF APPOINTMENT | NOTICE PERIOD |
|-------------------------|---------------------|---------------|
| MICHAEL DE PICCIOTTO | 24 APRIL 2020 | 3 MONTHS |
| AMEDEO FELISA | 8 JULY 2021 | 3 MONTHS |
| ROBIN FREESTONE | 1 FEBRUARY 2021 | 3 MONTHS |
| MARIGAY MCKEE | 8 JULY 2021 | 3 MONTHS |
| NATALIE MASSENET | 8 JULY 2021 | 3 MONTHS |
| FRANZ REINER | 8 JULY 2021 | 3 MONTHS |
| ANTONY SHERIFF | 1 FEBRUARY 2021 | 3 MONTHS |
| ANNE STEVENS | 1 FEBRUARY 2021 | 3 MONTHS |

REMUNERATION COMMITTEE IN FY 2021**COMMITTEE MEMBERSHIP**

The following Directors served as members of the Committee during FY 2021:

- Anne Stevens (from 1 February 2021, Chair from 25 February 2021)
- Robin Freestone (from 1 February 2021)
- Antony Sheriff (from 1 February 2021)
- Natalie Massenet (from 8 July 2021)
- Lord Matthew Carrington (until 25 February 2021, Chair until this date)
- Peter Espenhahn (until 25 February 2021)
- Richard Parry-Jones (until 16 April 2021)
- Bill Tame (until 28 January 2021)

COMMITTEE REMIT

The Committee's terms of reference are published on www.astonmartinlagonda.com.

In addition to setting the remuneration of the Executive Directors, the Committee continues to directly oversee the remuneration arrangements for the other Chief-level roles (including Chief Operating Officer, Chief Creative Officer, Global Chief Brand and Commercial Officer, General Counsel).

SUMMARY OF MEETINGS

The Committee typically meets four to six times a year. During FY 2021, the Committee met six times and the agenda items discussed at these meetings are summarised below.

| | |
|-------------------|---|
| EARLY FEBRUARY | <ul style="list-style-type: none"> FY 2021 annual bonus approach FY 2021 LTIP approach Review of draft FY 2020 DRR Updated Committee terms of reference Committee effectiveness review |
| LATE FEBRUARY | <ul style="list-style-type: none"> Broader employee reward – pay negotiations update and review of DB pension Approval of 2020 annual bonus payment Approval of 2021 annual bonus approach Approval of 2021 LTIP approach Approval of CEO and CFO remuneration Approval of 2020 Directors' Remuneration Report Gender Pay Gap Report |
| MARCH | <ul style="list-style-type: none"> Approval of Global Chief Brand and Commercial Officer remuneration |
| JULY | <ul style="list-style-type: none"> Annual Remuneration Committee cycle summary 2022 Remuneration Policy review |
| SEPTEMBER | <ul style="list-style-type: none"> Update on external executive pay environment Broader employee reward update 2022 Remuneration Policy review |
| DECEMBER | <ul style="list-style-type: none"> 2022 Remuneration Policy review update Expected annual bonus outcome for 2021 FY 2022 incentives approach Update on DB pension closure Updated Committee terms of reference Remuneration Committee annual evaluation CFO leaver terms |

ATTENDANCE AT COMMITTEE MEETINGS

The following table sets out the number of meetings attended by each Committee member during FY 2021.

| DIRECTORS AS AT 31 DECEMBER 2021 | MEETING ATTENDANCE |
|--------------------------------------|--------------------|
| LORD MATTHEW CARRINGTON ¹ | 2/2 |
| PETER ESPENHAHN ¹ | 2/2 |
| ROBIN FREESTONE | 6/6 |
| RICHARD PARRY-JONES ² | 3/3 |
| NATALIE MASSENET ³ | 3/3 |
| ANTONY SHERIFF | 6/6 |
| ANNE STEVENS | 6/6 |
| BILL TAME ⁴ | 0/0 |

- Matthew Carrington and Peter Espenhahn stepped down from the Committee on 25 February 2021
- Richard Parry-Jones died on 16 April 2021
- Natalie Massenet joined the Committee on 8 July 2021
- Bill Tame stepped down from the Committee on 28 January 2021

COMMITTEE PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal effectiveness review of the Board and its Committees (details of which can be found on page 101). The Committee also reviewed its own performance and was satisfied that it continued to perform effectively and had worked constructively and collaboratively in year of many Committee changes and business activities and was rated highly by the members and other respondents to the evaluation survey.

The focus of the Committee for the forthcoming year will be to review the adequacy of the maintenance of dialogue with key institutional investors and their representatives and to improve the dialogue with and visibility of the external advisors and the Committee.

ADVICE TO THE COMMITTEE

The Chair of the Board and members of the management team are invited to attend Committee meetings where appropriate, except when their own remuneration is being discussed. During the year the Executive Chairman, CEO, CFO, General Counsel, Company Secretary and Director of Reward attended meetings at the Committee's invitation.

The Committee has received independent advice on remuneration from Willis Towers Watson (WTW). WTW is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice provided by WTW is independent and objective. WTW has no other connection with the Company. Total fees received by WTW in relation to remuneration advice provided that materially assisted the Committee during FY 2021 were £40,981, which had been charged on a time spent basis.

Freshfields Braukhaus Deringer also provided legal advice to the Committee in relation to the operation of the Company's share plans, employment law considerations and compliance with legislation.

REMUNERATION VOTING RESULTS

The table below shows the results of the shareholder votes at the 2021 AGM on the DRR and at the 2019 AGM on the Directors' Remuneration Policy.

| AGM VOTING RESULTS | VOTES FOR | VOTES AGAINST | VOTES WITHHELD |
|---|-------------------------|------------------------|----------------|
| 2021 AGM: TO APPROVE THE DRR FOR THE YEAR ENDING 31 DECEMBER 2020 | 56,014,841 (81.80%) | 12,461,411 (18.20%) | 277,313 |
| 2019 AGM: TO APPROVE THE DIRECTORS' REMUNERATION POLICY | 198,266,590 (93.39%) | 14,022,935 (6.61%) | 299 |

APPROVAL

This report has been approved by the Board and signed on its behalf by:

ANNE STEVENS
CHAIR, REMUNERATION COMMITTEE
22 FEBRUARY 2022

DIRECTORS' REPORT

ABOUT THE DIRECTORS' REPORT

This Directors' Report sets out the information required to be disclosed by the Company in compliance with the Act, the UK Listing Rules and the Financial Conduct Authority's Disclosure and Transparency Rules (DTR). It forms part of the management report as required under the DTR, along with the Strategic Report (pages 5-81) and other sections of this Annual Report and Accounts including the Corporate Governance Report (pages 82-137) all of which are incorporated by reference, as outlined in the table below.

| INFORMATION | REPORTED IN | PAGES |
|--|-----------------------------------|---------|
| Business Model | Strategic Report | 30-31 |
| Corporate Governance Framework | Corporate Governance Report | 90-92 |
| Community and Charitable Giving | Strategic Report | 67 |
| Directors' Conflicts of interest | Corporate Governance Report | 96 |
| Directors' Share Interests and Remuneration | Directors' Report on Remuneration | 127-137 |
| Director Training and Development | Corporate Governance Report | 98 |
| Diversity, Equality and Inclusion | Strategic Report | 62 |
| Employee Engagement | Strategic Report | 65 |
| Financial Instruments | Financial Statements (note 22) | 186-197 |
| Future Developments and Strategic Priorities | Strategic Report | 34-35 |
| Going Concern Statement | Financial Statements (note 1) | 157 |
| Greenhouse Gas Emissions | Strategic Report | 51-52 |
| Health & Safety | Strategic Report | 61 |
| Human Rights | Strategic Report | 69 |
| Modern Slavery Statement | Strategic Report | 69 |
| Principal Risks and Risk Management | Strategic Report | 38-43 |
| Post Balance Sheet Events | Financial Statements (note 31) | 205 |
| Non-Financial Information | Strategic Report | 70 |
| Results | Consolidated Income Statement | 152 |
| Risk Management and Internal Control | Strategic Report | 38-39 |
| Section 172 Statement | Strategic Report | 46-47 |
| Stakeholder Engagement | Strategic Report | 44-45 |
| Statement of Directors' Responsibilities | Directors' Report | 144 |
| Viability Statement | Strategic Report | 43 |

| NAME | DATE OF APPOINTMENT | DATE OF CESSATION |
|---------------------|---------------------|-------------------|
| ROBIN FREESTONE | 1 FEBRUARY 2021 | |
| RICHARD PARRY-JONES | 1 FEBRUARY 2021 | 16 APRIL 2021 |
| ANTONY SHERIFF | 1 FEBRUARY 2021 | |
| ANNE STEVENS | 1 FEBRUARY 2021 | |
| STEPHAN UNGER | 1 FEBRUARY 2021 | 7 JULY 2021 |
| AMEDEO FELISA | 8 JULY 2021 | |
| MARIGAY MCKEE | 8 JULY 2021 | |
| NATALIE MASSENET | 8 JULY 2021 | |
| FRANZ REINER | 8 JULY 2021 | |
| WILLIAM TAME | | 28 JANUARY 2021 |
| AMR ABOU EL SEOUD | | 18 FEBRUARY 2021 |
| MATTHEW CARRINGTON | | 25 MAY 2021 |
| PETER ESPENHAHN | | 25 MAY 2021 |

ANNUAL GENERAL MEETING

The Company's Annual General Meeting (AGM) will be held at 10:00am on Wednesday 25 May 2022 at the offices of Freshfields Bruckhaus Deringer. The Notice of the AGM accompanies the Annual Report and Accounts and is available on the Company's website at www.astonmartinlagonda.com/investors.

ARTICLES OF ASSOCIATION

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors, and the conduct of the Board and general meetings. Copies are available from the Company Secretary. In accordance with the Articles of Association, Directors can be appointed or removed by the Board or by shareholders in general meeting. Amendments to the Articles of Association must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles of Association, the Directors may exercise all the powers of the Company, and may delegate authorities to Committees, and may delegate day-to-day management and decision making to individual Executive Directors. Details of the Board Committees can be found on page 91.

The rules governing the appointment and removal of a Director are set out in the Articles of Association of the Company. Specific details relating to the significant shareholder groups and their right to appoint Directors are set out on page 142.

CORPORATE GOVERNANCE STATEMENT

Under the Disclosure Guidance and Transparency Rules ("DTRs"), a requirement exists for a corporate governance statement to be included in this Directors' Report. The corporate governance statement, explaining how the Group complies with the Governance Code, is set out on page 89. A description of the composition and operation of the Board and its Committees is set out on pages 89-101. Other than the areas of non-compliance identified on page 89, the Company has complied throughout the accounting period with the 2018 UK Corporate Governance Code.

DIRECTORS

The names and details of the Directors as at the date of this Report are set out on pages 84-86.

The names of the individuals who became or ceased to be Directors during the year ended 31 December 2021 are set out in the above table.

As stated elsewhere in the Annual Report, William Tame and Amr Abou El Seoud ceased to be Directors with effect from 28 January 2021 and 18 February 2021 respectively and Matthew Carrington and Peter Espenhahn both stepped down from the Board following the conclusion of the AGM on 25 May 2021. Anne Stevens, Robin Freestone, Richard Parry-Jones and Antony Sheriff joined the Board with effect from 1 February 2021. Stephan Unger as the Representative Director of MBAG joined the Board on 1 February 2021 and ceased to be a Director on 7 July 2021. Richard Parry-Jones died in an accident on 16 April 2021. Amedeo Felisa, Marigay McKee, Natalie Massenet and Franz Reiner joined the Board with effect from 8 July 2021.

Amedeo Felisa, Marigay McKee, Natalie Massenet and Franz Reiner will be offering themselves for election and all remaining members of the Board will be offering themselves for re-election at the AGM.

DIRECTORS' REPORT CONTINUED

DIRECTORS' INSURANCE AND INDEMNITIES

The Company's Articles of Association provide for the Directors and officers of the Company to be appropriately indemnified subject to the provisions of the Companies Act 2006. In addition, the Company maintains Directors' and Officers' liability insurance, which provides cover for legal actions brought against its Directors and officers. Neither the Company's indemnity nor insurance covers claims arising from dishonesty or fraud. In addition, each Director of the Company also has the benefit of prospectus liability insurance which provides cover for liabilities incurred by Directors in the performance of their duties or powers in connection with the issue of the following documents (as applicable):

- The Company's prospectus dated 20 September 2018 in relation to the Company's listing on the premium listing segment of the Financial Conduct Authority's Official List and admission to trading on the Main Market for listed securities of the London Stock Exchange.
- The Company's combined prospectus and circular dated 27 February 2020 (together with the two supplementary prospectuses) in relation to the placing of ordinary shares and the rights issue.

No amount was paid under any of these indemnities or insurances during the year other than the applicable insurance premiums. In accordance with section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the year ended 31 December 2021 and up to the date of this Report.

DISCLOSURE PURSUANT TO LISTING RULE LR9.8.4R

In accordance with LR9.8.4R, the table below sets out the location of the information required to be disclosed, where applicable.

| APPLICABLE SUB-PARAGRAPH WITHIN LR9.8.4R | PAGE(S) |
|--|---------|
| (1) Interest capitalised by the Group | N/A |
| (2) Unaudited financial information | N/A |
| (4) Long term incentive scheme only involving a Director | N/A |
| (5) Directors' waivers of emoluments | 127 |
| (6) Directors' waivers of future emoluments | N/A |
| (7) Non pro-rata allotments for cash (issuer) | 201 |
| (8) Non pro-rata allotments for cash (major subsidiaries) | N/A |
| (9) Listed company is a subsidiary of another company | N/A |
| (10) Contracts of significance involving a Director | 98 |
| (11) Contracts of significance involving a controlling shareholder | N/A |
| (12) Waivers of dividends | N/A |
| (13) Waivers of future dividends | 141 |
| (14) Agreement with a controlling shareholder | N/A |

DISCLOSURE OF INFORMATION TO THE COMPANY'S AUDITOR

Each person who is a Director at the date of approval of this Report and of the Financial Statements confirms that:

- so far as such Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- such Director has taken all the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIVIDEND AND RESULTS

Revenue from the continuing business during the period amounted to £1.1bn (2020: £612m). A review of the Group's consolidated results is set out from page 152.

It is the Directors' intention to retain the Group's cash flow to finance growth and to focus on delivery of its new business plan. The Directors intend to review, on an ongoing basis, the Company's dividend policy and will consider the payment of dividends as the Group's strategy matures, depending upon the Group's Free Cash Flow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF PERSONS WITH DISABILITIES

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

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

GOING CONCERN

After due enquiry, the Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future and to comply with its financial covenants. For these reasons, they continue to adopt the going concern basis in preparing the Financial Statements. Further details of the going concern statement for the Group are set out in note 1 of the Financial Statements and the Viability Statement is set out on page 43.

HEALTH AND WELLBEING

The health and wellbeing of employees is central to operating an effective and successful business. The Group also relies on the health and stability of the communities in which it operates. The Group recognises its responsibility and the opportunity to make a positive contribution and is actively engaged with local areas to foster a sense of partnership with the Group.

The Group continues to educate employees on its approach to, and specific requirements of, human rights in business operations. In 2021, no human rights violations within the Group were reported, nor were any relevant reports received regarding the supply network.

The health and safety of its workforce, visitors and the local community is of paramount importance. The Group aims to be a centre of excellence and for the Aston Martin Health and Safety Management System to be aligned with best practice within the automotive industry. Further details are set out on page 61.

POLITICAL DONATIONS

It is the Company's policy not to make political donations and no such political donations were made during the period. In line with 2021 and reflecting the practice of many other London-listed companies, the Board will be seeking shareholder approval for political donations at the forthcoming AGM. This is a precautionary measure, for the Company and its subsidiaries to be able to make donations and/or incur expenditure which may be construed as "political" by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of this year's AGM.

RESEARCH AND DEVELOPMENT

The Group spent £191m (2020: £182m) on research and development during the year. See note 4 to the Financial Statements.

RESTRICTIONS ON TRANSFER OF ORDINARY SHARES

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. All issued share capital of the Company at the date of this Annual Report is fully paid. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to closed periods) and requirements of the Market Abuse Regulation whereby Directors and certain employees of the Company require prior approval to deal in the Company's securities.

Under the Strategic Cooperation Agreement, MBAG has agreed not to dispose of any consideration shares issued and to be issued to it pursuant to the Strategic Cooperation Agreement until the earlier of: (i) 365 days after the date of admission of all such consideration shares to listing on the Official List of the Financial Conduct Authority and to trading on the Main Market for listed securities of the London Stock Exchange; (ii) the termination of the Strategic Cooperation Agreement; and (iii) 31 December 2023, subject to the exceptions set out in the Combined Prospectus and Circular dated 18 November 2020.

SHARE CAPITAL

Details of the issued share capital, together with details of movements in the issued share capital of the Company during the year, are shown in note 26 to the Financial Statements. This is incorporated by reference and deemed to be part of this Report.

At 31 December 2021, the Company had one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the premium listing segment of the Financial Conduct Authority's Official List and traded on the Main Market for listed securities of the London Stock Exchange. As at 31 December 2021, the Company had 116,459,513 ordinary shares of £0.10 in issue. The Company does not hold any shares in treasury.

Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are included within the Articles and such authorities must be submitted for approval by the shareholders, at the AGM each year (and were submitted and approved at the 2020 AGM).

Following shareholder approval at the general meeting on 4 December 2020, the Company issued warrants granting rights to subscribe for up to 126,647,852 ordinary shares of £0.009039687 (or, following completion of the capital reorganisation on 14 December 2020, 6,332,393 ordinary shares of £0.10) in accordance with the terms of the warrant instrument dated 7 December 2020. Warrants are exercisable during the period starting on 1 July 2021 and ending on 7 December 2027. The warrant instrument sets out the rights of warrant holders, including the right to receive shareholder documents and notifications and the right to requisition the Company to convene a meeting of warrant holders. Further information on the warrants is set out in the Combined Prospectus and Circular dated 18 November 2020 which can be found on the Company's website.

Since 1 July 2021, 30,318,600 subscription rights have been exercised by warrant holders and 1,525,926 new ordinary shares have been admitted to trading on the Main Market for listed securities of the London Stock Exchange. Further details are contained in note 22. to the Financial Statements.

On 31 December 2021 the Aston Martin Lagonda Global Holdings plc PSP plan held 74,526 shares issued but not allocated in the Employee Benefit Trust under the legacy IPO LTIP. The right to receive any dividend has been waived by the Trustee of the Employee Benefit Trust over the entire holding of the Trust.

DIRECTORS' REPORT CONTINUED

| SIGNIFICANT SHAREHOLDER GROUP | % OF VOTING RIGHTS TO NOMINATE 2 DIRECTORS | % OF VOTING RIGHTS TO NOMINATE 1 DIRECTOR | % OF VOTING RIGHTS TO NOMINATE 1 DIRECTOR AS A MEMBER OF THE NOMINATION COMMITTEE AND AN OBSERVER TO THE REMUNERATION AND AUDIT AND RISK COMMITTEES |
|-------------------------------|--|---|---|
| Yew Tree Consortium | 10% OR ABOVE | BETWEEN 7% AND 10% | 7% |
| Mercedes-Benz AG | 15% OR ABOVE | BETWEEN 7.5% AND 15% | 7.5% |

SHAREHOLDERS' RIGHTS

Holder of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's Annual Report and Accounts, attend and speak at general meetings, appoint proxies and exercise voting rights. No shareholder holds ordinary shares carrying special rights relating to the control of the Company and, other than as previously publicly disclosed in relation to the Yew Tree Consortium, the voting rights of which are exercised in accordance with instructions of Lawrence Stroll, the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights.

SIGNIFICANT CONTRACTS

At 31 December 2021, the Group had a Revolving Credit Facility of £90.6m which contains a change of control clause. The Group also had US\$ 1,184m of 10.50% Senior Secured Notes due 2025, and US\$355m Second Lien Split Coupon Notes which contain change of control provisions. In aggregate, these financing arrangements are considered significant to the Group and, in the event of a takeover (i.e. a change of control) of the Company, the amounts outstanding under the Revolving Credit Facility may be cancelled or become immediately payable and the holders of the Senior Secured Notes and Second Lien Notes may require the Group to repurchase their notes.

All the Company's share plans contain provisions relating to a change of control. In the event of a change of control or winding up of the Company (other than an internal reorganisation), LTIP awards will vest subject to the extent to which the performance conditions have been satisfied. Pro-rating for service will apply unless the Remuneration Committee decides otherwise. Outstanding deferred bonus awards will vest in full as soon as practicable.

In the event of an internal corporate reorganisation, deferred bonus and LTIP awards may (with consent from any acquiring company) be replaced by equivalent awards. Alternatively, the Remuneration Committee may decide that deferred bonus and LTIP awards will vest as in the case of a change of control described above.

In the event of a demerger, special dividend or other corporate event that will materially impact the share price the Committee may, at its discretion, allow deferred bonus and LTIP awards to vest on the same basis as for a change of control as described above. Alternatively, an adjustment may be made to the number of shares if considered appropriate.

The Company currently has two groups of significant shareholders, namely the Yew Tree Consortium and MBAG. The relationship between the Company and each of these significant shareholder groups is governed by two separate relationship agreements (Relationship

Agreements). The purpose of these Relationship Agreements is to ensure that the Company can carry on its business independently and for the benefit of shareholders as a whole.

The Relationship Agreements also provide that the Company will not take any action in relation to certain significant matters without the prior approval of at least two-thirds of the members of the Board present and entitled to vote. The Relationship Agreements will terminate upon the relevant significant shareholder group ceasing to have the entitlement to exercise a minimum percentage of the voting rights in the Company or the Company's shares ceasing to be admitted to the Official List of the Financial Conduct Authority and traded on the Main Market for listed securities of the London Stock Exchange.

Each of the Relationship Agreements provides that each significant shareholder group is entitled to nominate director(s) to the Board and the Nomination Committee and an observer to the Remuneration and Audit and Risk Committees, subject to the size of its respective interest in the voting rights of the Company as set out in the table above.

On 27 October 2020, the Company announced that it had entered into an enhanced strategic cooperation arrangement (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Company has agreed, over the period of time between December 2020 and the first quarter of 2023 and in several tranches, to issue 458,942,744 ordinary shares of £0.009039687 each (22,947,138 ordinary shares of £0.10 each following the share consolidation) to MBAG in exchange for access to certain technology and intellectual property to be provided to the Company by MBAG in several stages. The first tranche of 224,657,287 ordinary shares of £0.009039687 each (11,232,864 ordinary shares of £0.10 each following the share consolidation) were issued to MBAG on 7 December 2020. The Company is embedding the first tranche of technology from MBAG into its product renewal and expansion pipeline. There are currently no plans to issue additional shares to MBAG until early 2023. Further details of the terms of the Strategic Cooperation Agreement are set out in the Combined Prospectus and Circular dated 18 November 2020.

In addition to the terms agreed in the Strategic Cooperation Agreement, the Group has a long-standing technical partnership with Daimler for the provision of engines, electrical architecture and entertainment systems. This partnership began in 2013, when Daimler became one of Aston Martin Holdings (UK) Limited's shareholders. The agreements governing this relationship contain provisions that provide that where a strategic Daimler competitor or one of its affiliates acquires an interest in the Group, Daimler is entitled to terminate these operational agreements on three years' prior notice.

In early 2020, the Group entered into a 10 year initial term agreement under which the Racing Point F1™ team was re-launched as the Aston Martin Cognizant F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1™ grid for the first time since 1960. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with the Group's previous annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. The Group anticipates that this agreement will strengthen its brand presence without being associated with the direct costs of owning an F1™ team. Under the agreement, the Group will move to an enhanced presence by providing the chassis and the team name Aston Martin.

STRATEGIC REPORT

Aston Martin Lagonda Global Holdings plc is required by the Companies Act 2006 to prepare a Strategic Report that includes a fair review of the Company's business, the development and performance of the Company's business during the period, the position of the Company at the end of the year ended 31 December 2021, and a description of the principal risks and uncertainties faced by the Company. The Strategic Report on pages 5 to 81 is incorporated by reference and shall be deemed to form part of this Directors' Report.

SUBSTANTIAL SHAREHOLDINGS

The Company has received notifications of major interests in its issued ordinary share capital in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules. Details of the position as at the end of the financial year are as follows:

| SHAREHOLDER | NUMBER OF ORDINARY SHARES | % OF TOTAL VOTING RIGHTS |
|---------------------------------|---------------------------|--------------------------|
| Lawrence Stroll ¹ | 25,644,243 | 22.02% |
| Yew Tree Overseas Ltd | 19,050,922 | 16.98% |
| Mercedes-Benz AG | 13,615,299 | 11.69% |
| Invesco Limited | 10,157,104 | 8.72% |
| Permian Investment Partners, LP | 3,971,126 | 3.41% |

1. Includes 19,050,922 shares also disclosed by Yew Tree Overseas Ltd

In the period from 1 January 2022 to 22 February 2022, Invesco has increased their holding above the 10% disclosure level. Their holding as at 22 February 2022 is 12,077,847 shares representing 10.37%.

There have been no other changes notified to the Company in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules to the holdings as disclosed above.

TRANSACTIONS WITH RELATED PARTIES

Details of Related Party Transactions which have been undertaken in the year ended 31 December 2021 are included within note 30 to the Financial Statements.

TAX STRATEGY

The Group is committed to complying with its statutory obligations in relation to the payment of tax including full disclosure of all relevant facts to the appropriate tax authorities. In managing its tax affairs, the Group recognises its responsibilities as a taxpayer and the need to protect the corporate reputation inherent in the brand.

The Board has ultimate responsibility for the Group's tax strategy although the day-to-day management rests with the Executive Committee which comprises the senior operational personnel of the Group.

The Chief Financial Officer is the Executive Committee member with ultimate responsibility for tax matters and is the Senior Accounting Officer of the Group. The Chief Financial Officer advises the Board on the tax affairs and risks of the Group to ensure:

- the proper control and management of tax risk;
- the tax position is planned in line with the Group's strategic objectives;
- the tax charge is correctly stated in the statutory accounts and tax returns; and
- all tax compliance is completed in a timely manner to HMRC and other tax authorities.

Further information on the Group's tax strategy is available on the Company's website.

The Strategic Report (from pages 5 to 81) and the Directors' Report (as described above) have been approved by the Board on 22 February 2022.

By order of the Board

RACHAEL HAMBROOK
COMPANY SECRETARY AND
DIRECTOR OF GOVERNANCE

Aston Martin Lagonda Global Holdings Plc Registered Office: Banbury Road, Gaydon Warwick CV35 0DB

Registered in England and Wales Registered number: 11488166

GOVERNANCE REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report which includes the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Group and parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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

- select suitable accounting policies in accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the parent Company Financial Statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- for the Group Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- for the parent Company Financial Statements, state whether applicable UK accounting standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the parent Company Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

STATEMENT OF DIRECTOR RESPONSIBILITIES UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, at the date of this Report whose names and functions are listed on pages 84 to 86, confirm that, to the best of their knowledge:

- that the consolidated Financial Statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- that the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

These statements were approved by the Board on 22 February 2022 and signed on its behalf by:

| | |
|-------------------------|-------------------------|
| TOBIAS MOERS | KENNETH GREGOR |
| CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER |

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC

OPINION

In our opinion:

- Aston Martin Lagonda Global Holdings plc's Group Financial Statements and parent company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Aston Martin Lagonda Global Holdings plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise:

| GROUP | PARENT COMPANY |
|---|---|
| Consolidated statement of financial position as at 31 December 2021 | Balance sheet as at 31 December 2021 |
| Consolidated statement of comprehensive income for the year then ended | Statement of changes in equity for the year then ended |
| Consolidated statement of changes in equity for the year then ended | Related notes 1 to 6 to the Financial Statements including a summary of significant accounting policies |
| Consolidated statement of cash flows for the year then ended | |
| Related notes 1 to 33 to the Financial Statements, including a summary of significant accounting policies | |

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

BASIS FOR OPINION

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

INDEPENDENCE

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

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- Understanding and walking through management's process for and controls related to assessing going concern including discussion with management to ensure all key factors were taken into account;
- Obtaining management's going concern assessment, which covers the period to 30 June 2023, and which includes cashflow and liquidity forecasts, details of facilities available, forecast covenant calculations and the results of management's downside scenarios, and testing the integrity of the model, including clerical accuracy;
- Confirming to the debt agreements both the maturity profile of the debt and the covenants that are required to be met within the going concern period;
- Assessing the reasonableness of forecasts underpinning the going concern model which are based on the Board-approved budget and the Board-approved strategic plan. To do this we specifically considered forecast wholesale volumes compared to historical volumes, current confirmed orders and competitor volumes, sales margins and capital expenditure plans;
- Ensuring that these forecasts appropriately reflect the assessed impact of COVID-19 and climate change commitments;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2021 and 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 on note 1 of the Financial Statements, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario modelled in the going concern period is realistic;
- Performing reverse stress testing on the going concern model by independently determining what reduction in wholesale volumes would be required before liquidity would be exhausted. This included comparing this scenario to the downside scenario contemplated by management and considering the likelihood of the events required to exhaust available liquidity;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum particularly with respect to constraining capital spending if required; and
- Assessing the going concern disclosures in the Financial Statements to ensure they are in accordance with International Financial Reporting Standards.

We observed that the Group achieved the forecast total core wholesale volumes that it was targeting in 2021 and that the forecast core wholesale volumes for the going concern assessment period are reasonable compared to historic performance and the those reported by comparable brands in the luxury automotive sector. We observed the control exercised over capital expenditure in comparison to amounts forecast which corroborates management's assertion that in the event of the modelled downside occurring some of this expenditure could be deferred. Further, the Group has the borrowings disclosed in note 22 which includes details of the maturities of those facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 30 June 2023.

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

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

OVERVIEW OF OUR AUDIT APPROACH

| | |
|-------------------|---|
| Audit scope | <ul style="list-style-type: none"> We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further two components. The components where we performed full or specific audit procedures accounted for 100% of Adjusted EBITDA, 100% of Revenue and 100% of Total assets. |
| Key audit matters | <ul style="list-style-type: none"> Revenue recognition, specifically; <ul style="list-style-type: none"> There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements; and There is also a risk of overstatement of revenue through inappropriate manual journal entries. Capitalisation and amortisation of development costs Impairment of capitalised development costs |
| Materiality | <ul style="list-style-type: none"> Overall Group materiality of £3.5m which represents 2.5% of Adjusted EBITDA. |

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

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

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

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

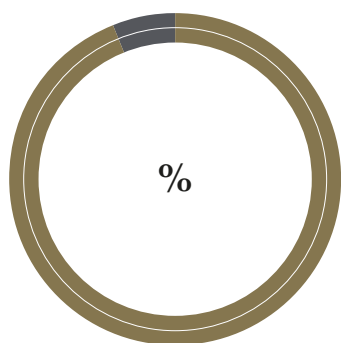
accounts in the Financial Statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% of the Group's Adjusted EBITDA (2020: 99% of the Group's Gross Margin, the basis for materiality in the prior year), 100% (2020: 100%) of the Group's Revenue and 100% (2020: 100%) of the Group's Total assets. For the current year, the full scope components contributed 94% of the Group's Adjusted EBITDA (2020: 94% of the Group's Gross Margin), 94% (2020: 99%) of the Group's Revenue and 98% (2020: 100%) of the Group's Total assets. The specific scope components contributed 6% of the Group's Adjusted EBITDA (2020: 5% of the Group's Gross Margin), 6% (2020: 1%) of the Group's Revenue and 2% (2020: 0%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of selected significant accounts of the Group.

The remaining one component that represents 0% of the Group's Adjusted EBITDA, we performed other procedures, including analytical review to respond to any potential risks of material misstatement to the Group Financial Statements.

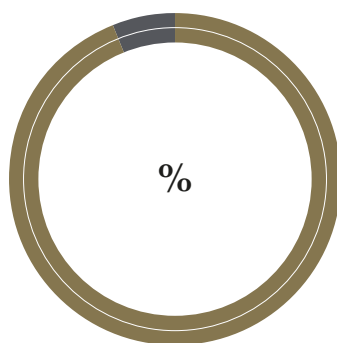
The charts below illustrate the coverage obtained from the work performed by our audit teams.

ADJUSTED EBITDA



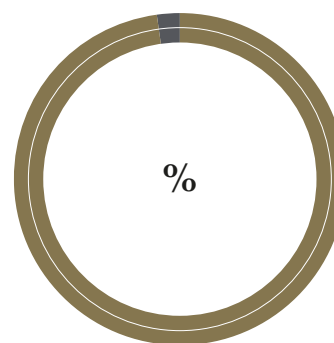
● Full scope components 94
● Specific scope components 6

REVENUE



● Full scope components 94
● Specific scope components 6

TOTAL ASSETS



● Full scope components 98
● Specific scope components 2

CHANGES FROM THE PRIOR YEAR

One component designated as full scope in the prior year was classified as specific scope in the current year as a result of a decrease in the level of contribution to the Groups' Adjusted EBITDA.

INVOLVEMENT WITH COMPONENT TEAMS

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

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor or his designate visits all full and specific scope components. In FY 2021, these visits were conducted virtually due to the COVID-19 pandemic. During the current year's audit cycle visits were undertaken by the primary audit team to the component teams in the UK and China. For China the component visit was virtual and for the UK the component team review was in person. These sessions involved meeting with our local component teams to discuss and direct their audit approach, understanding the significant audit findings in response to the key audit matters and reviewing key audit working papers. Specifically, in addressing the impact of COVID-19 government restrictions and safe working protocols on our audit, we interacted regularly with the component teams where appropriate during various stages of the audit. We ensured they had adequate time and resources to complete the audit procedures, reviewed selected working papers in significant risk areas and we were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group Financial Statements.

CLIMATE CHANGE

There has been increasing interest from stakeholders as to how climate change will impact Aston Martin Lagonda. The Group has determined that the most significant future impacts from climate change on its operations will be from the transition to EV ('Electric vehicle') powertrains, managing the brand/reputational impact of continuing to sell ICE ('Internal combustion engine') powered vehicles in the short to medium term and managing the financial impact of increasing carbon related costs in response to changes in legislation. These are explained on pages 54-59 in the required Task Force for Climate related Financial Disclosures and on pages 38-43 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently Financial Statements cannot capture all possible future outcomes as these are not yet known.

As explained in note 1 in preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year and the new sustainability goals including the stated net-zero targets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to June 2023 nor the viability of the Group over the next five years.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed on pages 38-43 have been appropriately reflected in asset values where values are determined through modelling future cash flows, being the impairment testing of capitalised development costs. Details of our procedures and findings on impairment are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the Group have stated their commitment to achieve net-zero carbon emissions from its factories by 2030 and net-zero carbon emissions across the entire value chain by 2039, the Group are currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these Financial Statements.

KEY AUDIT MATTERS

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

| RISK | OUR RESPONSE TO THE RISK | KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE |
|--|---|--|
| <p>Revenue Recognition (2021: £1,095.3m, 2020: £611.8m)</p> <p><i>Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)</i></p> <p>There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements whereby revenue is recognised on a completed vehicle before delivery is made to the customer based on the customer's request.</p> <p>There is also a risk of overstatement of revenue through inappropriate manual journal entries.</p> | <ul style="list-style-type: none"> We confirmed the existence and the design effectiveness of controls within the sales process, paying particular attention to those around cut-off and bill and hold transactions. For a sample of sales transactions we considered the terms per the contracts and deliveries to ensure revenue has been recognised in accordance with IFRS 15 and is recorded in the correct period. For a sample of bill and hold sales we have confirmed the vehicle was completed before year end by obtaining the signed quality check documentation. For that sample we also confirmed the transfer of control had occurred by confirming the transaction directly with the third-party dealer or by obtaining the customer requests to hold the vehicles on their behalf. We performed physical verification on the finished vehicles and agreed these to either the inventory or the bill and hold listings. We ensured the manufacturing process was complete for each vehicle and that the vehicle was not double counted in revenue and inventory. We performed cut-off testing by tracing a sample of transactions around the period end to third party delivery note documentation. We performed data analytical procedures of the double entries in the general ledger to test the postings from Revenue to Cash, correlating the cash conversion of sales. We investigated and obtained evidence for any unusual items identified. We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for unusual and/or material revenue journals. We performed audit procedures over this risk area in four full and specific scope locations, which covered 100% of the risk amount. | <p>Our audit procedures did not identify evidence of material misstatements in revenue recognition arising from the risk of cut-off, bill and hold or management override through journal entries.</p> |
| <p>Capitalisation and amortisation of development costs (Net book value of capitalised development costs: £833.3m, 2020: £784.1m, Amounts capitalised in the year: £178.2m, 2020: £177.6m, Amortisation charge £129.0m, 2020 £93.6m)</p> <p><i>Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)</i></p> <p>There is a risk that costs are capitalised which do not meet the criteria set out within IAS 38 or that the amortisation period is inappropriate.</p> <p>There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.</p> | <ul style="list-style-type: none"> We confirmed the existence and the design effectiveness of controls around the intangibles process and in particular around the approval of capitalised development expenditure. For a sample of costs capitalised we confirmed that the costs incurred were; capitalised against the correct project; measured correctly; eligible for capitalisation, and the timing of the expense capitalisation was appropriate. For a sample of projects we compared the actual spend against the budgeted spend to ensure the projects continue to meet the IAS 38 criteria for capitalisation and remain commercially viable. For capitalised development costs we confirmed the amortisation period was aligned to the period over which commercial benefits are expected to be received and is consistent with the Group's business plan. We considered the appropriateness of the amount/percentage of costs which are transferred between models as a result of the carry over carry across principle ('COCA'). We recalculated the amortisation recognised to confirm this was in line with expectations. We performed journal testing procedures to identify unusual journal entry postings. We obtained audit evidence for any unusual journals related to capitalised development costs. We performed full scope audit procedures over this risk area in one location, which covered 100% of the risk amount. | <p>Our audit procedures did not identify evidence of material misstatement in the amounts of development costs capitalised in the year or through inappropriate manual journal entries. Our audit procedures did not identify evidence of material misstatement of the amortisation charge for development costs recorded in the period.</p> |

| RISK | OUR RESPONSE TO THE RISK | KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE |
|--|---|--|
| <p>Impairment of capitalised development costs (Net book value of development costs: £833.3m, 2020: £784.1m, Impairment charge £nil, 2020 £69.4m)</p> <p><i>Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)</i></p> <p>There is a risk that the value of development costs is not supported by the future forecast cashflows from the sale of vehicles to which the costs relate.</p> | <ul style="list-style-type: none"> We confirmed the existence and the design effectiveness of controls around management's impairment assessment for capitalised development costs. We have examined management's methodology and impairment models for assessing the recoverability of the capitalised development costs to understand the composition of management's future cash flow forecasts, and the process undertaken to prepare them. This includes confirming the underlying cash flows are consistent with the Board approved business plan and reflect appropriately the effects of material climate risks as disclosed on pages 38-43. We have re-performed the calculations in the model to test the mathematical integrity. We have assessed the discount rate used by obtaining the underlying data used in the calculation and benchmarking it against comparable organisations and market data with the support of our valuation specialists. We have analysed the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience. We considered market data and the results of wider procedures in our audit in contemplation of whether any contra evidence existed. We calculated the degree to which the key assumptions would need to fluctuate before an impairment arose and considered the likelihood of this occurring. We have audited the disclosures in respect of impairment of capitalised development costs with reference to the requirements of IAS 36 and IAS 1 and confirmed their consistency with the audited impairment models. We performed audit procedures over this risk area in one full scope location, which covered 100% of the risk amount. | <p>Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.</p> |

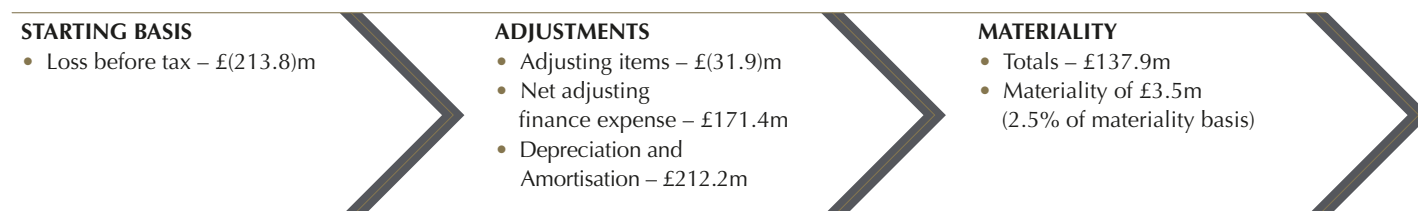
OUR APPLICATION OF MATERIALITY

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

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the Group to be £3.5 million (2020: £2.2 million), which is 2.5% of Adjusted EBITDA (2020: 2% of Gross Margin). We believe that Adjusted EBITDA provides us with an appropriate basis for materiality as it is a key metric used by investors and management in assessing the performance of the Group. The materiality basis has changed from Gross Margin in the prior year to Adjusted EBITDA in the current year as a result of the Group's improved profitability.

We determined materiality for the parent company to be £21.8 million (2020: £13.9 million), which is 1.5% (2020: 1.0%) of Equity.



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

PERFORMANCE MATERIALITY

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely £1.7m (2020: £1.1m). We have set performance materiality at this percentage due to the level of audit adjustments identified in the prior year.

Audit work at component locations for the purpose of obtaining audit coverage over significant Financial Statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.34m to £1.7m (2020: £0.24m to £1.1m).

REPORTING THRESHOLD

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

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.17m (2020: £0.11m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

OTHER INFORMATION

The other information comprises the information included in this 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.

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 140;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 43;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 43 and 140;
- Directors' statement on fair, balanced and understandable set out on page 97;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 113;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 113; and
- The section describing the work of the Audit and Risk Committee set out on page 110.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 144, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are frameworks which are directly relevant to specific assertions in the Financial Statements are those that relate to the reporting framework (UK adopted international accounting standards, FRS 101, the Companies Act 2006 and UK Corporate Governance Code). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the Financial Statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety and employee matters.
- We understood how Aston Martin Lagonda Global Holdings plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the Financial Statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; enquiries of legal counsel, Group management, internal audit, and full and specific scope management; reviewing internal audit reports and whistleblowing summaries provided to the Audit and Risk Committee and performing focused testing, as referred to in the key audit matters section above.
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. Further, the Group team communicated any instances of non-compliance with laws and regulations to component teams through regular interactions with local EY teams. There were no significant instances of non-compliance with laws and regulations.

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

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the Audit and Risk Committee we were appointed by the Company on 24 July 2019 to audit the Financial Statements for the year ending 31 December 2019 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the years ending 2019 to 2021.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

USE OF OUR REPORT

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

SIMON O'NEILL (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR
BIRMINGHAM
22 FEBRUARY 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 | | | 2020 | | |
|---|-------|----------------|---------------------------|----------------|----------------|---------------------------|----------------|
| | | Adjusted £m | Adjusting items* £m | Total £m | Adjusted £m | Adjusting items* £m | Total £m |
| Revenue | 3 | 1,095.3 | – | 1,095.3 | 611.8 | – | 611.8 |
| Cost of sales | | (751.6) | – | (751.6) | (500.7) | – | (500.7) |
| Gross profit | | 343.7 | – | 343.7 | 111.1 | – | 111.1 |
| Selling and distribution expenses | | (84.8) | – | (84.8) | (79.6) | – | (79.6) |
| Administrative and other operating expenses | | (333.2) | (2.2) | (335.4) | (256.4) | (98.0) | (354.4) |
| Operating loss | 4 | (74.3) | (2.2) | (76.5) | (224.9) | (98.0) | (322.9) |
| Finance income | 7 | 2.3 | 34.1 | 36.4 | 33.1 | 6.9 | 40.0 |
| Finance expense | 8 | (173.7) | – | (173.7) | (107.6) | (75.5) | (183.1) |
| Loss before tax | | (245.7) | 31.9 | (213.8) | (299.4) | (166.6) | (466.0) |
| Income tax credit | 9 | 16.2 | 8.3 | 24.5 | 22.6 | 32.9 | 55.5 |
| Loss for the year | | (229.5) | 40.2 | (189.3) | (276.8) | (133.7) | (410.5) |
| (Loss)/profit attributable to: | | | | | | | |
| Owners of the Group | | | | (191.6) | | | (419.3) |
| Non-controlling interests | | | | 2.3 | | | 8.8 |
| | | | | (189.3) | | | (410.5) |
| Other comprehensive income | | | | | | | |
| Items that will never be reclassified to the Income Statement | | | | | | | |
| Remeasurement of Defined Benefit liability | 25 | | | 3.8 | | | (59.1) |
| Taxation on items that will never be reclassified to the Income Statement | 9 | | | (1.0) | | | 12.3 |
| Effect of change in rate in taxation | 9 | | | 6.0 | | | – |
| Items that are or may be reclassified to the Income Statement | | | | | | | |
| Foreign currency translation differences | | | | 2.3 | | | 0.8 |
| Fair value adjustment – cash flow hedges | 22 | | | (0.3) | | | 6.6 |
| Amounts reclassified to the Income Statement – cash flow hedges | 22 | | | (4.3) | | | 9.7 |
| Taxation on items that may be reclassified to the Income Statement | 9 | | | 1.2 | | | (3.1) |
| Other comprehensive income/(loss) for the year, net of income tax | | | | 7.7 | | | (32.8) |
| Total comprehensive loss for the year | | | | (181.6) | | | (443.3) |
| Total comprehensive (loss)/income for the year attributable to: | | | | | | | |
| Owners of the Group | | | | (183.9) | | | (452.1) |
| Non-controlling interests | | | | 2.3 | | | 8.8 |
| | | | | (181.6) | | | (443.3) |
| Earnings per ordinary share | | | | | | | |
| Basic loss per share | 11 | | | (165.9p) | | | (543.0p) |
| Diluted loss per share | 11 | | | (165.9p) | | | (543.0p) |

All operations of the Group are continuing.

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

The notes on pages 159 to 210 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Group | Share Capital £m | Share Premium £m | Merger Reserve £m | Capital Redemption Reserve £m | Capital Reserve £m | Translation Reserve £m | Hedge Reserves £m | Retained Earnings £m | Non- controlling Interest £m | Total Equity £m |
|---|------------------------|------------------------|-------------------------|--|--------------------------|------------------------------|-------------------------|----------------------------|---------------------------------------|-----------------------|
| At 1 January 2021 | 11.5 | 1,108.2 | 144.0 | 9.3 | 6.6 | 0.4 | 10.9 | (503.1) | 16.3 | 804.1 |
| Total comprehensive loss for the year | | | | | | | | | | |
| (Loss)/profit for the year | - | - | - | - | - | - | - | (191.6) | 2.3 | (189.3) |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | - | - | - | - | - | 2.3 | - | - | - | 2.3 |
| Fair value movement – cash flow hedges (note 22) | - | - | - | - | - | - | (0.3) | - | - | (0.3) |
| Amounts reclassified to the Income Statement – cash flow hedges (note 22) | - | - | - | - | - | - | (4.3) | - | - | (4.3) |
| Remeasurement of Defined Benefit liability (note 25) | - | - | - | - | - | - | - | 3.8 | - | 3.8 |
| Effect of change in rate of taxation (note 9) | - | - | - | - | - | - | (0.8) | 6.8 | - | 6.0 |
| Tax on other comprehensive income (note 9) | - | - | - | - | - | - | 1.2 | (1.0) | - | 0.2 |
| Total other comprehensive income / (loss) | - | - | - | - | - | 2.3 | (4.2) | 9.6 | - | 7.7 |
| Total comprehensive income / (loss) for the year | - | - | - | - | - | 2.3 | (4.2) | (182.0) | 2.3 | (181.6) |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Warrant options exercised (note 26) | 0.1 | 15.1 | - | - | - | - | - | 14.8 | - | 30.0 |
| Credit for the year under equity settled share-based payments (note 28) | - | - | - | - | - | - | - | 3.1 | - | 3.1 |
| Effect of change in rate of taxation (note 9) | - | - | - | - | - | - | - | 4.7 | - | 4.7 |
| Tax on items credited to equity (note 9) | - | - | - | - | - | - | - | 0.1 | - | 0.1 |
| Reclassification (note 26) | - | 0.1 | (0.1) | - | - | - | - | - | - | - |
| Total transactions with owners | 0.1 | 15.2 | (0.1) | - | - | - | - | 22.7 | - | 37.9 |
| At 31 December 2021 | 11.6 | 1,123.4 | 143.9 | 9.3 | 6.6 | 2.7 | 6.7 | (662.4) | 18.6 | 660.4 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

| Group | Share Capital £m | Share Premium £m | Merger Reserve £m | Capital Redemption Reserve £m | Capital Reserve £m | Translation Reserve £m | Hedge Reserves £m | Retained Earnings £m | Non- controlling Interest £m | Total Equity £m |
|---|------------------------|------------------------|-------------------------|--|--------------------------|------------------------------|-------------------------|----------------------------|---------------------------------------|-----------------------|
| At 1 January 2020 | 2.1 | 352.3 | – | – | 6.6 | (0.4) | (2.3) | (42.8) | 14.1 | 329.6 |
| Total comprehensive loss for the year | | | | | | | | | | |
| (Loss)/profit for the year | – | – | – | – | – | – | – | (419.3) | 8.8 | (410.5) |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | – | – | – | – | – | 0.8 | – | – | – | 0.8 |
| Fair value movement – cash flow hedges (note 22) | – | – | – | – | – | – | 6.6 | – | – | 6.6 |
| Amounts reclassified to the Income Statement – cash flow hedges (note 22) | – | – | – | – | – | – | 9.7 | – | – | 9.7 |
| Remeasurement of Defined Benefit liability (note 25) | – | – | – | – | – | – | – | (59.1) | – | (59.1) |
| Tax on other comprehensive income (note 9) | – | – | – | – | – | – | (3.1) | 12.3 | – | 9.2 |
| Total other comprehensive income/(loss) | – | – | – | – | – | 0.8 | 13.2 | (46.8) | – | (32.8) |
| Total comprehensive income/(loss) for the year | – | – | – | – | – | 0.8 | 13.2 | (466.1) | 8.8 | (443.3) |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Issue of ordinary shares (note 26) | 18.7 | 755.9 | 144.0 | – | – | – | – | – | – | 918.6 |
| Capital reduction | (9.3) | – | – | 9.3 | – | – | – | – | – | – |
| Credit for the year under equity settled share-based payments (note 28) | – | – | – | – | – | – | – | 4.2 | – | 4.2 |
| Dividend paid to non-controlling interest (note 10) | – | – | – | – | – | – | – | – | (6.6) | (6.6) |
| Tax on items credited to equity (note 9) | – | – | – | – | – | – | – | 1.6 | – | 1.6 |
| Total transactions with owners | 9.4 | 755.9 | 144.0 | 9.3 | – | – | – | 5.8 | (6.6) | 917.8 |
| At 31 December 2020 | 11.5 | 1,108.2 | 144.0 | 9.3 | 6.6 | 0.4 | 10.9 | (503.1) | 16.3 | 804.1 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

| | Notes | 31 December 2021 £m | 31 December 2020 £m |
|---|-------|---------------------------|---------------------------|
| Non-current assets | | | |
| Intangible assets | 12 | 1,384.1 | 1,336.8 |
| Property, plant and equipment | 14 | 355.5 | 389.6 |
| Right-of-use lease assets | 15 | 76.0 | 71.4 |
| Trade and other receivables | 17 | 2.1 | 0.9 |
| Other financial assets | 19 | 0.5 | 0.1 |
| Deferred tax asset | 9 | 156.4 | 106.5 |
| | | 1,974.6 | 1,905.3 |
| Current assets | | | |
| Inventories | 16 | 196.8 | 207.4 |
| Trade and other receivables | 17 | 243.4 | 177.9 |
| Income tax receivable | | 1.5 | 0.2 |
| Other financial assets | 19 | 7.3 | 14.6 |
| Cash and cash equivalents | 18 | 418.9 | 489.4 |
| | | 867.9 | 889.5 |
| Total assets | | 2,842.5 | 2,794.8 |
| Current liabilities | | | |
| Borrowings | 22 | 114.3 | 113.5 |
| Trade and other payables | 20 | 721.0 | 578.9 |
| Income tax payable | | 5.5 | 1.2 |
| Other financial liabilities | 21 | 34.8 | 83.3 |
| Lease liabilities | 15 | 9.7 | 9.3 |
| Provisions | 24 | 19.9 | 22.1 |
| | | 905.2 | 808.3 |
| Non-current liabilities | | | |
| Borrowings | 22 | 1,074.9 | 971.3 |
| Trade and other payables | 20 | 9.8 | 7.5 |
| Lease liabilities | 15 | 93.7 | 93.7 |
| Provisions | 24 | 19.0 | 16.8 |
| Employee benefits | 25 | 78.7 | 92.5 |
| Deferred tax liabilities | 9 | 0.8 | 0.6 |
| | | 1,276.9 | 1,182.4 |
| Total liabilities | | 2,182.1 | 1,990.7 |
| Net assets | | 660.4 | 804.1 |
| Capital and reserves | | | |
| Share capital | 26 | 11.6 | 11.5 |
| Share premium | | 1,123.4 | 1,108.2 |
| Merger reserve | | 143.9 | 144.0 |
| Capital redemption reserve | | 9.3 | 9.3 |
| Capital reserve | | 6.6 | 6.6 |
| Translation reserve | | 2.7 | 0.4 |
| Hedge reserves | 22 | 6.7 | 10.9 |
| Retained earnings | | (662.4) | (503.1) |
| Equity attributable to owners of the group | | 641.8 | 787.8 |
| Non-controlling interests | | 18.6 | 16.3 |
| Total shareholders' equity | | 660.4 | 804.1 |

The Financial Statements were approved by the Board of Directors on 22 February 2022 and were signed on its behalf by

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER
COMPANY NUMBER: 11488166

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £m | 2020 £m |
|--|-------|----------------|----------------|
| Operating activities | | | |
| Loss for the year | | (189.3) | (410.5) |
| <i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i> | | | |
| Tax credit on operations | 9 | (24.5) | (55.5) |
| Net finance costs | | 137.3 | 143.1 |
| Other non-cash movements | | (0.1) | 2.2 |
| Depreciation and impairment of property, plant and equipment | 4 | 65.3 | 50.8 |
| Depreciation and impairment of right-of-use lease assets | 4 | 9.3 | 14.8 |
| Amortisation and impairment of intangible assets | 4 | 137.6 | 168.5 |
| Difference between pension contributions paid and amounts recognised in Income Statement | | (11.4) | (4.1) |
| Decrease/(increase) in inventories | | 7.7 | (4.8) |
| (Increase)/decrease in trade and other receivables | | (75.4) | 67.4 |
| Increase/(decrease) in trade and other payables | | 52.8 | (118.6) |
| Increase/(decrease) in advances and customer deposits | 20 | 70.7 | (52.8) |
| Movement in provisions | | (0.2) | 11.0 |
| Cash generated from/(used in) operations | | 179.8 | (188.5) |
| Decrease/(increase) in cash held not available for short term use | 19 | 8.1 | (0.9) |
| Income taxes paid | 9 | (9.0) | (9.2) |
| Net cash inflow/(outflow) from operating activities | | 178.9 | (198.6) |
| Cash flows from investing activities | | | |
| Interest received | 7 | 1.1 | 2.3 |
| Increase in loan assets | 17 | (1.4) | – |
| Decrease in loan assets | 17 | 0.9 | – |
| Payments to acquire property, plant and equipment | 14 | (40.7) | (81.0) |
| Payments to acquire intangible assets | 12 | (144.0) | (179.7) |
| Net cash used in investing activities | | (184.1) | (258.4) |
| Cash flows from financing activities | | | |
| Interest paid | 27 | (118.0) | (82.3) |
| Proceeds from equity share issue | | – | 812.8 |
| Proceeds from issue of equity warrants | | 15.3 | 34.6 |
| Proceeds from financial instrument utilised as part of refinancing transactions | | – | 6.9 |
| Principal element of lease payments | 27 | (9.9) | (12.2) |
| Repayment of existing borrowings | 27 | (37.3) | (1,092.3) |
| Proceeds from inventory repurchase arrangement | 20 | 19.0 | 76.8 |
| Repayment of inventory repurchase arrangement | | (40.0) | (80.0) |
| Proceeds from new borrowings | 27 | 108.5 | 1,252.7 |
| Transaction fees paid on issuance of shares | | (1.3) | (34.9) |
| Transaction fees paid on financing activities | 27 | (2.8) | (41.9) |
| Net cash (outflow)/inflow from financing activities | | (66.5) | 840.2 |
| Net (decrease)/increase in cash and cash equivalents | 23 | (71.7) | 383.2 |
| Cash and cash equivalents at the beginning of the year | | 489.4 | 107.9 |
| Effect of exchange rates on cash and cash equivalents | | 1.2 | (1.7) |
| Cash and cash equivalents at the end of the year | | 418.9 | 489.4 |

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF ACCOUNTING

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

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

CLIMATE CHANGE

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year and the new sustainability goals including the stated net-zero targets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to June 2023 nor the viability of the Group over the next five years. The following specific points were considered:

- The Group has a Strategic Co-operation 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, in particular, powertrain architecture for conventional, hybrid and electric vehicles as well as future electric/electronic architecture.
- The Group continues to invest in onsite renewable energy generation solutions for our facilities and the use of sustainable materials within production and the required capital investment is included in our five year forecasts to enable us to meet our target for net-zero manufacturing facilities by 2030.
- Management has considered the impact of climate change on a number of key estimates within the financial statements, including the estimates of future cash flows used in impairment assessments of the carrying value of non-current assets (such as capitalised development cost intangible assets) and the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK.

GOING CONCERN

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the principal risks that the Group faces, is given in the Strategic Report on pages 5 to 81. The debt facilities available to the Group and the maturity profile of this debt is shown in note 22 of the Financial Statements.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of \$1,184.0m of First Lien notes at 10.5% which mature in November 2025, \$335.0m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a revolving credit facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17 of the Financial Statements). Under the RCF the Group is required to comply with a liquidity covenant until May 2022 and a leverage covenant thereafter tested quarterly from June 2022.

The amounts outstanding on all the borrowings are shown in note 22 to the Group Financial Statements.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2023 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with the ultra-luxury performance-oriented strategy. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 25% reduction in DBX volumes from forecast levels and operating costs higher than the base plan.

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

1 BASIS OF ACCOUNTING CONTINUED GOING CONCERN CONTINUED

In addition, we also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by 40% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

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

2 ACCOUNTING POLICIES BASIS OF CONSOLIDATION

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

SUBSIDIARIES

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

FOREIGN CURRENCY TRANSLATION

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

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

cumulative amount recognised in the translation reserve relating to the foreign operation is recognised in the Income Statement.

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

REVENUE RECOGNITION

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

Sale of vehicles

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

The Group estimates the consideration to which it will be entitled in exchange for satisfaction of the performance obligation as part of the sale of a vehicle. Revenue is recognised at the wholesale selling price net of dealer incentives (variable marketing expense or "VME"). VME is estimated and accrued for at the time of the wholesale sale to the dealer, other than those elements of VME connected with retail sales by the dealer where there is also a contractual requirement for the dealer to make additional wholesale purchases at that time to receive the incentive, which is accrued at the time of the retail sale by the dealer to the end customer.

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

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

2 ACCOUNTING POLICIES CONTINUED

REVENUE RECOGNITION CONTINUED

Sales of parts

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

Servicing and restoration of vehicles

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

Brands and motorsport

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

Customer advance payments

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

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

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

FINANCE INCOME

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

FINANCE EXPENSE

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

Interest incurred on lease liabilities accounted for under IFRS 16 and interest charged in relation to significant financing components on customer advance payments are both recognised within finance expense.

CURRENT/NON-CURRENT CLASSIFICATION

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

Current liabilities include liabilities held primarily for trading purposes in line with the Group's identifiable normal operating cycle. These liabilities are expected to be settled as part of the Group's normal course of business. All other liabilities are classified as non-current liabilities.

GOODWILL

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

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

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

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

INTANGIBLE ASSETS

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Fair value adjustments are considered to be provisional at the first-year end date after the acquisition to allow the maximum time to elapse for management to make a reliable estimate.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

2 ACCOUNTING POLICIES CONTINUED

INTANGIBLE ASSETS CONTINUED

Purchased intellectual property

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

Brands

An acquired brand is only recognised in the Statement of Financial Position as an intangible asset where it is supported by a registered trademark, is established in the market place, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase price consideration of an acquired business between the underlying fair values of the tangible assets, goodwill, brands and other intangible assets acquired, using an income approach following the multi-period excess earnings methodology.

Acquired brands have an indefinite life when there is no foreseeable limit to the period over which the asset is expected to generate cash inflows.

Development costs

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

- the project's technical feasibility and commercial viability, based on an estimate of future cash flows, can be demonstrated when the project has reached a defined milestone according to the Group's established product development model;
- technical and financial resources are available for the project;
- an intention to complete the project has been confirmed; and
- 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 included at fair value.

Dealer network

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

Amortisation

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

| | Years |
|-----------------------|---------|
| Freehold buildings | 30 |
| Plant and machinery | 5 to 30 |
| Fixtures and fittings | 3 to 12 |
| Tooling | 1 to 15 |
| Motor vehicles | 5 to 9 |

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

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

2 ACCOUNTING POLICIES CONTINUED

GOVERNMENT GRANTS

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

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset.

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Amounts recognised in the statement of cash flows are presented net of proceeds of applicable government grants.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – IFRS 16

The Group adopted IFRS 16 using the modified retrospective approach in 2019.

Leases under which the Group acts as lessee

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

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

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

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

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

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

Short term leases and leases of low value assets

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

Leases under which the Group acts as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to the lease of the underlying right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease period forms a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases on a straight-line basis over the lease term in the Income Statement.

The Group has no sub-leases that qualify as finance leases.

IMPAIRMENT OF ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset, or cash-generating unit's, fair value less costs to sell and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement.

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.

2 ACCOUNTING POLICIES CONTINUED

IMPAIRMENT OF ASSETS CONTINUED

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. For service and restoration projects, net realisable value is the price at which the project can be invoiced in the normal course of business after allowing for the costs of realisation. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

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

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

CASH AND CASH EQUIVALENTS

Cash and short term deposits in the Statement of Financial Position comprise cash at banks, cash in hand and short term deposits with an original maturity of three months or less, subject to insignificant changes in value and readily convertible to known amounts.

DERIVATIVE FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS AND LIABILITIES

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

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

TRADE AND OTHER RECEIVABLES

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

TRADE AND OTHER PAYABLES

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

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

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

HEDGE ACCOUNTING

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

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

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

2 ACCOUNTING POLICIES CONTINUED

HEDGE ACCOUNTING CONTINUED

Derivative financial instruments

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

Financial Liability as a hedge

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

Subsequent accounting

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

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

BORROWINGS

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

PENSIONS

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

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

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

When the calculation results in a deficit for the Group, the recognised liability is adjusted for the discounted value of future deficit reduction contributions in excess of the calculated deficit.

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

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

SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

2 ACCOUNTING POLICIES CONTINUED

PROVISIONS

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

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

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

INCOME TAXES

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

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

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

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

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- 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; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

EQUITY INSTRUMENTS

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

ADJUSTING ITEMS

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED

CRITICAL ACCOUNTING ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY ESTIMATES

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

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

- impairment of finite life intangible assets;
- the measurement of Defined Benefit pension assets and obligations;

Impairment of finite life intangible assets

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

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

Measurement of pension assets and obligations

There are a range of assumptions that could be made, and the measurement of Defined Benefit pension assets and obligations is very sensitive to these. Note 25 provides information on these assumptions and the inherent sensitivities.

Measurement of Defined Benefit pension obligations requires estimation of future changes in salaries and inflation, mortality rates, the expected return on assets and suitable discount rates (note 25).

NEW ACCOUNTING STANDARDS

In 2021 the following standards were endorsed by the UK, became effective and adopted by the Group:

- *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16*

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

3 SEGMENTAL REPORTING

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

| Revenue | 2021 £m | 2020 £m |
|-----------------------------|----------------|------------|
| Analysis by category | | |
| Sale of vehicles | 1,005.4 | 535.1 |
| Sale of parts | 65.5 | 56.6 |
| Servicing of vehicles | 10.6 | 6.6 |
| Brands and motorsport | 13.8 | 13.5 |
| | 1,095.3 | 611.8 |

| Revenue | 2021 £m | 2020 £m |
|--|----------------|------------|
| Analysis by geographic location | | |
| United Kingdom | 231.3 | 106.0 |
| The Americas | 302.7 | 162.5 |
| Rest of Europe, Middle East and Africa | 233.8 | 184.9 |
| Asia Pacific | 327.5 | 158.4 |
| | 1,095.3 | 611.8 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 SEGMENTAL REPORTING CONTINUED

NON-CURRENT ASSETS OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS BY GEOGRAPHIC LOCATION

| As at 31 December 2021 | Right-of-use lease asset £m | Property, plant, equipment £m | Goodwill £m | Intangible assets £m | Other receivables £m | Total £m |
|------------------------|-----------------------------------|-------------------------------------|----------------|----------------------------|----------------------------|----------------|
| United Kingdom | 61.1 | 267.8 | 85.4 | 1,145.1 | – | 1,559.4 |
| The Americas | 7.4 | 0.7 | – | – | – | 8.1 |
| Rest of Europe | – | 86.8 | – | 153.6 | 2.1 | 242.5 |
| Asia Pacific | 7.5 | 0.2 | – | – | – | 7.7 |
| | 76.0 | 355.5 | 85.4 | 1,298.7 | 2.1 | 1,817.7 |

| As at 31 December 2020 | Right-of-use lease asset £m | Property, plant, equipment £m | Goodwill £m | Intangible assets £m | Other receivables £m | Total £m |
|------------------------|-----------------------------------|-------------------------------------|----------------|----------------------------|----------------------------|-------------|
| United Kingdom | 62.0 | 281.1 | 85.4 | 1,095.4 | – | 1,523.9 |
| The Americas | 0.1 | 1.6 | – | – | – | 1.7 |
| Rest of Europe | 0.1 | 104.1 | – | 156.0 | 0.9 | 261.1 |
| Asia Pacific | 9.2 | 2.8 | – | – | – | 12.0 |
| | 71.4 | 389.6 | 85.4 | 1,251.4 | 0.9 | 1,798.7 |

4 OPERATING LOSS

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

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Depreciation and impairment of property, plant and equipment (note 14) | 65.0 | 52.5 |
| Depreciation released from/(absorbed into) inventory under standard costing | 0.3 | (1.7) |
| Depreciation and impairment of right-of-use lease assets (note 15) | 9.3 | 14.8 |
| Amortisation and impairment of intangible assets (note 12) | 135.0 | 168.8 |
| Amortisation released from/(absorbed into) inventory under standard costing | 2.6 | (0.3) |
| Depreciation, amortisation and impairment charges included in administrative and other operating expenses | 212.2 | 234.1 |
| Increase in trade receivable loss allowance – administrative and other operating expenses (note 22) | 3.1 | 1.5 |
| Net foreign currency differences | 11.2 | (15.9) |
| Cost of inventories recognised as an expense | 641.4 | 372.7 |
| Write-down of inventories to net realisable value | 0.2 | 13.5 |
| (Decrease)/increase in fair value of other derivative contracts | (0.7) | 1.1 |
| Expenditure-related grant income* | – | (12.5) |
| Lease payments (gross of sub-lease receipts) | | |
| Plant, machinery and IT equipment** | 0.3 | 0.6 |
| Sub-lease receipts | (0.6) | (0.7) |
| Auditor's remuneration: | | |
| Audit of these Financial Statements | 0.3 | 0.3 |
| Audit of Financial Statements of subsidiaries pursuant to legislation | 0.3 | 0.3 |
| Audit-related assurance | 0.1 | 0.1 |
| Services related to corporate finance transactions | 0.1 | 0.4 |
| Other non-audit services | – | 1.0 |
| Research and development expenditure recognised as an expense | 13.0 | 4.5 |

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 OPERATING LOSS CONTINUED

| | 2021 £m | 2020 £m |
|---|------------|------------|
| Total research and development expenditure | 191.2 | 182.1 |
| Capitalised research and development expenditure (note 12) | (178.2) | (177.6) |
| Research and development expenditure recognised as an expense | 13.0 | 4.5 |

5 ADJUSTING ITEMS

| | 2021 £m | 2020 £m |
|---|------------|------------|
| <i>Adjusting operating expenses:</i> | | |
| Impairment of assets (note 14): | | |
| Development costs (note 13) ⁶ | – | (69.4) |
| Plant, machinery, fixtures and fittings (note 15) ⁷ | – | (3.8) |
| Tooling (note 15) ⁶ | – | (3.3) |
| Right-of-use lease assets (note 16) ⁷ | – | (2.8) |
| | – | (79.3) |
| Restructuring: | | |
| Employee restructuring costs ¹ | 2.4 | (12.4) |
| Motorsport exit costs ⁸ | – | (6.2) |
| Director settlement arrangements and incentive payments ⁹ | – | (2.7) |
| Lease early exit costs ² | (0.6) | – |
| ERP implementation costs ³ | (4.0) | – |
| Initial Public Offering costs: | | |
| Staff incentives ¹⁰ | – | 2.6 |
| | (2.2) | (98.0) |
| <i>Adjusting finance income:</i> | | |
| Foreign exchange gain on financial instrument utilised during refinance transactions ¹¹ | – | 6.9 |
| Gain on financial instruments recognised at fair value through Income Statement ⁴ | 34.1 | – |
| <i>Adjusting finance expenses:</i> | | |
| Premium paid on the early redemption of Senior Secured Notes ¹¹ | – | (21.4) |
| Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes ¹¹ | – | (7.6) |
| Loss on financial instruments recognised at fair value through Income Statement ⁴ | – | (45.3) |
| Professional fees incurred on refinancing expensed directly to the Income Statement ¹² | – | (1.2) |
| | 34.1 | (68.6) |
| Total adjusting items before tax | 31.9 | (166.6) |
| Tax (charge)/credit on adjusting items ⁵ | (8.1) | 32.9 |
| Tax credit due to remeasurement of deferred tax on previously classified adjusting items ⁵ | 16.4 | – |
| Adjusting items after tax | 40.2 | (133.7) |

Summary of 2021 adjusting items

- During 2020 the Group provided £12.1m for restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020. A revision to the estimated total costs resulting from greater natural attrition has resulted in £2.4m of the existing provision being released to the Income Statement during the year ended 31 December 2021. The cash impact of the restructuring cost is realised in line with the movement in the provision (note 24). The credit to the Consolidated Income Statement in 2021 has no cash impact.
- In the year ended 31 December 2021 the Group continued to rationalise its geographical footprint. The Group incurred £0.6m of costs associated with surrendering a lease 30 months early. These costs have been disclosed consistent with prior periods. The rationalisation of the geographical footprint is now complete. The associated cash outflow related to this adjustment will be realised during 2022 and 2023 in line with the exit agreement.
- During the year ended 31 December 2021 the Group commenced a digital transformation strategy project which includes the implementation of a cloud-based ERP for which the Group will not own any Intellectual Property. This project will continue into 2022. £4.0m of costs have been incurred in the period under the service contract and expensed to the Income Statement. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting. The cash impact of this item is a working capital outflow at the time of invoice payment.
- The Group issued second lien Senior Secured Notes ("SSNs") during the year ended 31 December 2020 which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the derivative option liability from initial pricing during October 2020 when the SSNs were marketed to the 31 December 2020 resulted in a loss of £45.3m being recognised in the Income Statement. The movement in fair value of the liability in the year ended 31 December 2021 resulted in a gain of £34.1m being recognised in the Income Statement. There is no cash impact of this adjustment.
- In 2021, a total tax credit of £8.3m has been recognised as an adjusting item. The effective tax rate associated with the tax credit on adjusting items in the period is not in line with the standard rate of income tax for the Group at 19% (2020: 19%). This is due to a £16.4m tax credit attributable to deferred tax balances on items treated as adjusting in previous years being re-measured at 25%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 ADJUSTING ITEMS CONTINUED**Summary of 2020 adjusting items**

6. On 27 October the Group announced an expanded and enhanced technology agreement with Mercedes-Benz AG, giving access to powertrain architecture (for conventional, hybrid and electric vehicles) and future oriented electric/electronic architecture for all product launches through to 2027. Following incorporation of the benefits of this enhanced partnership on the Group's business plan, and other cycle plan updates following the strategic review of the business plan, the carrying value of capitalised tooling and intangible development costs have been impaired by £72.7m to reflect the change in future vehicle powertrains and electronic architecture. There was no cash impact of this item.
7. In 2020 the Group commenced a rationalisation exercise to reduce its geographical footprint. This resulted in a £2.8m right-of-use lease asset and £3.8m plant and machinery impairment charge triggered by the conclusion of activity at a number of the Group's leased sites. There was no cash impact of this item.
8. In December 2020 Aston Martin announced that, following conclusion of the 2020 FIA World Endurance Championship, it would cease operation of a factory GTE team into 2021 incurring termination costs of £6.2m. The cash outflow associated with this item is realised during 2022-2024 in line with the termination agreement.
9. It was announced on 27 February 2020 that Mark Wilson would step down as CFO and as an Executive Director of the Group on 30 April 2020. Subsequent to this, on 25 May 2020, Dr Andrew Palmer stepped down as CEO and as an Executive Director of the Group. Tobias Moers joined the Group as CEO and Executive Director on 1 August 2020. Amounts due as a result of these changes were £2.7m. The associated cash outflow took place during 2020 and 2021 in line with the relevant individuals' agreement.
10. In the year ended 31 December 2020 a Legacy Long term Incentive Plan ("LTIP") charge of £3.8m was recognised within 'Staff incentives'. As an offset to this due to the reduced performance of the Group, the remaining Initial Public Offering ("IPO") bonus held for management was no longer forecast to be paid. This resulted in £6.4m being credited back to the Consolidated Income Statement.
11. On 27 October the Group announced the successful arrangement of a new financing package including the issuance of \$1,085.5m of US dollar First Lien notes and \$335m of US dollar Second Lien split coupon notes. Proceeds from this financing package were used to redeem the existing Senior Secured Notes ("SSNs") in full ahead of their April 2022 maturity date. In redeeming the existing SSNs early the Group incurred an early redemption premium of £21.4m. Professional fees capitalised against the existing SSNs of £7.6m were written off to the Income Statement upon redemption.
Upon the successful arrangement of the new finance package, the Group entered into a conditional forward currency contract to hedge the net US dollar cash receipt into sterling upon completion of the transaction. Movement in the US dollar to sterling exchange rate between the arrangement date and transaction date resulted in the recognition of a £6.9m currency gain in the Income Statement. The cash effect of these items was realised at the point in time of the transaction.
12. Fees incurred on raising the second lien loan notes in December 2020 were allocated between the debt and warrant elements on a proportional basis. The fees allocated to the warrants have been written off in the period they were incurred. The cash impact of this item was realised at the transaction date upon payment of the fees.

6 STAFF COSTS AND DIRECTORS' EMOLUMENTS**(A) STAFF COSTS (INCLUDING DIRECTORS)**

| | 2021 £m | 2020 £m |
|--|--------------|--------------|
| Wages and salaries ^{1,2} | 120.5 | 119.3 |
| Social security costs ^{1,2} | 12.0 | 11.2 |
| Expenses related to post employment Defined Benefit plan | 8.8 | 8.6 |
| Contributions to Defined Contribution plans ² | 10.7 | 10.4 |
| | 152.0 | 149.5 |

1. The values presented for the year ended 31 December 2020 include the release of accrued staff incentives totalling £6.4m offset by the legacy LTIP charge of £3.8m, both of which are presented as adjusting items – see note 5 for further detail. No such amounts are included in the year ended 31 December 2021.
2. The value presented for the year ended 31 December 2020 is net of receipts totalling £12.5m from the UK Government Job Retention Scheme. No such amounts are included in the year ended 31 December 2021.

The average monthly number of employees during the year were:

| By activity | 2021 Number | 2020 Number |
|--------------------------|----------------|----------------|
| Production | 1,030 | 1,209 |
| Selling and distribution | 276 | 358 |
| Administration | 1,045 | 920 |
| | 2,351 | 2,487 |

(B) DIRECTORS' EMOLUMENTS AND TRANSACTIONS

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Directors' emoluments | 1.5 | 3.3 |
| Company contributions to pension schemes | – | 0.2 |

All Directors benefited from qualifying third-party indemnity provisions. Further information relating to Directors' remuneration is set out in the Directors' Remuneration Report on pages 115 to 137.

No compensation for loss of office payments were paid in either the current or prior year to Directors.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED**(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL (INCLUDING EXECUTIVE DIRECTORS)**

| | 2021 £m | 2020 £m |
|---------------------------------|------------|------------|
| Short term employee benefits | 3.9 | 6.1 |
| Post employment benefits | 0.2 | 0.5 |
| Compensation for loss of office | – | 0.1 |
| Share related awards | – | 1.1 |
| | 4.1 | 7.8 |

7 FINANCE INCOME

| | 2021 £m | 2020 £m |
|---|-------------|-------------|
| Bank deposit and other interest income | 2.3 | 2.3 |
| Foreign exchange gain on borrowings not designated as part of a hedging relationship | – | 30.8 |
| Finance income before adjusting items | 2.3 | 33.1 |
| <i>Adjusting finance income items:</i> | | |
| Foreign exchange gain on financial instrument utilised during refinance transactions | – | 6.9 |
| Gain on financial instruments recognised at fair value through Income Statement (note 22) | 34.1 | – |
| Total Adjusting finance income | 34.1 | 6.9 |
| Total finance income | 36.4 | 40.0 |

8 FINANCE EXPENSE

| | 2021 £m | 2020 £m |
|---|--------------|--------------|
| Bank loans, overdrafts and secured notes | 151.3 | 98.4 |
| Foreign exchange loss on borrowings not designated as part of a hedging relationship | 12.4 | – |
| Interest on lease liabilities (note 15) | 3.9 | 4.1 |
| Net interest expense on the net Defined Benefit liability (note 25) | 1.3 | 0.7 |
| Hedge ineffectiveness | – | 2.5 |
| Interest on contract liabilities held (note 20) | 4.8 | 1.9 |
| Finance expense before adjusting items | 173.7 | 107.6 |
| <i>Adjusting finance expense items:</i> | | |
| Premium paid on the early redemption of Senior Secured Notes | – | 21.4 |
| Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes | – | 7.6 |
| Loss on financial instruments recognised at fair value through Income Statement (note 22) | – | 45.3 |
| Professional fees incurred on refinancing expensed directly to the Income Statement | – | 1.2 |
| Total Adjusting finance expense | – | 75.5 |
| Total finance expense | 173.7 | 183.1 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 TAXATION

| | 2021 £m | 2020 £m |
|---|------------|------------|
| UK corporation tax on profits | 0.5 | (0.6) |
| Overseas tax | 10.8 | 4.7 |
| Prior period movement | – | (5.0) |
| Total current income tax charge/(credit) | 11.3 | (0.9) |
| <i>Deferred tax credit</i> | | |
| Origination and reversal of temporary differences | (16.1) | (64.4) |
| Prior period movement | (2.4) | 8.5 |
| Effect of change in deferred tax rate | (17.3) | 1.3 |
| Total deferred tax credit | (35.8) | (54.6) |
| Total income tax credit in the Income Statement | (24.5) | (55.5) |
| <i>Tax relating to items credited to other comprehensive income</i> | | |
| <i>Deferred tax</i> | | |
| Actuarial movement on Defined Benefit pension plan | 1.0 | (11.2) |
| Fair value adjustment on cash flow hedges | (1.2) | 0.9 |
| Effect of change in deferred tax rate | (6.0) | (1.1) |
| <i>Current tax</i> | | |
| Fair value adjustment on cash flow hedges | – | 2.2 |
| | (6.2) | (9.2) |
| <i>Tax relating to items charged in equity – deferred tax</i> | | |
| Effect of change in deferred tax rate | (4.8) | (1.6) |

(A) RECONCILIATION OF THE TOTAL INCOME TAX CREDIT

The tax credit in the Consolidated Statement of Comprehensive Income for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are reconciled below:

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Loss from operations before taxation | (213.8) | (466.0) |
| Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%) | (40.6) | (88.5) |
| Difference to total income tax credit due to effects of: | | |
| Expenses not deductible for tax purposes | 0.5 | 0.2 |
| Movement in unprovided deferred tax | 15.0 | 26.1 |
| Derecognition of deferred tax assets | 17.7 | – |
| Irrecoverable overseas withholding taxes | 1.4 | 0.3 |
| Adjustments in respect of prior periods | (2.4) | 3.5 |
| Effect of change in deferred tax rate | (17.3) | 1.3 |
| Difference in UK tax rates | (4.8) | – |
| Difference in overseas tax rates | 2.9 | 0.6 |
| Other | 3.1 | 1.0 |
| Total income tax credit | (24.5) | (55.5) |

(B) TAX PAID

Total net tax paid during the year of £9.0m (2020: £9.2m).

(C) FACTORS AFFECTING FUTURE TAX CHARGES

The tax rate applied to UK profits is impacted by the UK Budget 2021 announcement to increase the UK's main rate of corporation tax from 19% to 25%, effective from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 TAXATION CONTINUED**(D) DEFERRED TAX**

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

| | Assets 2021 £m | Assets 2020 £m | Liabilities 2021 £m | Liabilities 2020 £m |
|---|----------------------|----------------------|---------------------------|---------------------------|
| Property, plant and equipment | (111.1) | (71.1) | – | – |
| Intangible assets | – | – | 186.8 | 135.2 |
| Employee benefits | (19.9) | (17.6) | – | – |
| Provisions | (6.3) | (11.1) | – | – |
| RDEC credit | (12.6) | (9.7) | – | – |
| Losses | (192.6) | (117.3) | – | – |
| Share based payments | (0.7) | (14.9) | – | – |
| Other | – | – | 0.8 | 0.6 |
| Deferred tax (assets)/liabilities | (343.2) | (241.7) | 187.6 | 135.8 |
| Offset of tax liabilities/(assets) | 186.8 | 135.2 | (186.8) | (135.2) |
| Total deferred tax (assets)/liabilities | (156.4) | (106.5) | 0.8 | 0.6 |

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

| | 1 January 2021 £m | Gross tax recognised in Income and OCI £m | Gross tax recognised in Equity £m | Other movement £m | 31 December 2021 £m |
|---|-------------------------|---|--|-------------------------|---------------------------|
| Movement in deferred tax in 2021 | | | | | |
| Property, plant and equipment | (71.1) | (40.0) | – | – | (111.1) |
| Intangible assets | 135.2 | 51.6 | – | – | 186.8 |
| Employee benefits | (17.6) | (2.3) | – | – | (19.9) |
| Provisions | (11.1) | 4.8 | – | – | (6.3) |
| RDEC credit | (9.7) | – | – | (2.9) | (12.6) |
| Losses | (117.3) | (55.7) | (4.7) | (14.9) | (192.6) |
| Share based payments | (14.9) | (0.6) | (0.1) | 14.9 | (0.7) |
| Other | 0.6 | 0.2 | – | – | 0.8 |
| | (105.9) | (42.0) | (4.8) | (2.9) | (155.6) |

| | 1 January 2020 £m | Gross tax recognised in Income and OCI £m | Gross tax recognised in Equity £m | Other movement £m | 31 December 2020 £m |
|---|-------------------------|---|--|-------------------------|---------------------------|
| Movement in deferred tax in 2020 | | | | | |
| Property, plant and equipment | (54.2) | (16.9) | – | – | (71.1) |
| Intangible assets | 117.3 | 17.9 | – | – | 135.2 |
| Employee benefits | (6.3) | (11.3) | – | – | (17.6) |
| Provisions | (13.7) | 2.4 | – | 0.2 | (11.1) |
| RDEC credit | (7.0) | – | – | (2.7) | (9.7) |
| Losses | (59.3) | (58.0) | – | – | (117.3) |
| Share based payments | (13.3) | – | (1.6) | – | (14.9) |
| Other | 0.7 | (0.1) | – | – | 0.6 |
| | (35.8) | (66.0) | (1.6) | (2.5) | (105.9) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 TAXATION CONTINUED**(D) DEFERRED TAX CONTINUED**

Losses and other deductions of £192.6m includes £83.8m of interest deductions deductible in future periods.

Deferred tax assets on unused tax losses have been recognised to the extent that it is probable that sufficient taxable profits will be generated to utilise these losses. Based upon the current business plan, together with the investment by the Yew Tree Consortium, a new Board, the Board securing financing and the Strategic Cooperation Agreement entered into with MBAG, it is forecast that taxable profits will start being generated in the UK in the short term which provides convincing evidence for recognising those deferred tax assets.

The Group also has £102.4m of unrecognised deferred tax assets which primarily relate to unused tax losses that have no expiry date.

The aggregate amount of temporary differences associated with investments in subsidiaries and branches for which deferred tax liabilities have not been recognised is £34.0m for the year ended 31 December 2021 (2020: £38.0m).

10 DIVIDENDS

No dividends were declared or paid by the Company in the year ended 31 December 2021 (2020: £nil).

During the year ended 31 December 2021 no dividend was declared by Aston Martin Works Limited (2020: £13.1m), of which the Group holds 50% of the voting rights and share capital. The terms of the 2020 dividend required the element due to the non-controlling interest to be fully offset with balances owed to subsidiaries of the Group resulting in no cash outflow.

11 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year. As part of the Strategic Cooperation Agreement entered into in December 2020 with Mercedes-Benz AG, shares were issued for access to tranche 1 technology (see note 12). The Agreement includes an obligation to issue further shares for access to further technology in a future period (note 29). Warrants to acquire shares in the Company were issued in December 2020 as part of the refinancing of the Group (see note 22). A total of 6,332,393 ordinary shares could be issued to warrant holders who can exercise their rights from 1 July 2021 through to 7 December 2027. During the period a total of 1,525,926 ordinary shares were issued (note 26) resulting in 4,806,467 unexercised options. Both the future MBAG tranches and the future issuance of warrants may have a dilutive effect in future periods if the group generates a profit.

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

| Continuing and total operations | 2021 | 2020 |
|---|-----------------|----------|
| Basic earnings per ordinary share | | |
| Loss available for equity holders (£m) | (191.6) | (419.3) |
| Basic weighted average number of ordinary shares (million) ¹ | 115.5 | 77.2 |
| Basic loss per ordinary share (pence) | (165.9p) | (543.0p) |
| Diluted earnings per ordinary share | | |
| Loss available for equity holders (£m) | (191.6) | (419.3) |
| Diluted weighted average number of ordinary shares (million) ¹ | 115.5 | 77.2 |
| Diluted loss per ordinary share (pence) | (165.9p) | (543.0p) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 EARNINGS PER ORDINARY SHARE CONTINUED

| | 2021 Number | 2020 Number |
|---|----------------|----------------|
| Diluted weighted average number of ordinary shares is calculated as: | | |
| Basic weighted average number of ordinary shares (million) | 115.5 | 77.2 |
| Adjustments for calculation of diluted earnings per share: ¹ | | |
| Long term incentive plans | – | – |
| Issue of unexercised ordinary share warrants | – | – |
| Issue of tranche 2 shares | – | – |
| Weighted average number of diluted ordinary shares (million) | 115.5 | 77.2 |

1. The number of ordinary shares issued as part of the long term incentive plans, and the potential number of ordinary shares issued as part of the 2020 issue of share warrants, and the future issuance of shares for access to Mercedes-Benz AG technology have been excluded from the weighted average number of diluted ordinary shares as including them is anti-dilutive to diluted earnings per share.

Adjusted earnings per share is disclosed in note 33 to show performance undistorted by adjusting items and to give a more meaningful comparison of the Group's performance.

12 INTANGIBLE ASSETS

| | Goodwill £m | Brands £m | Technology £m | Capitalised development cost £m | Dealer network £m | Software and other £m | Total £m |
|------------------------------------|----------------|--------------|------------------|---------------------------------------|-------------------------|-----------------------------|----------------|
| Cost | | | | | | | |
| Balance at 1 January 2020 | 85.4 | 297.6 | 21.2 | 1,258.1 | 15.4 | 60.9 | 1,738.6 |
| Additions | – | – | 142.3 | 177.6 | – | 2.1 | 322.0 |
| Balance at 31 December 2020 | 85.4 | 297.6 | 163.5 | 1,435.7 | 15.4 | 63.0 | 2,060.6 |
| Balance at 1 January 2021 | 85.4 | 297.6 | 163.5 | 1,435.7 | 15.4 | 63.0 | 2,060.6 |
| Additions | – | – | – | 178.2 | – | 4.1 | 182.3 |
| Balance at 31 December 2021 | 85.4 | 297.6 | 163.5 | 1,613.9 | 15.4 | 67.1 | 2,242.9 |
| Amortisation | | | | | | | |
| Balance at 1 January 2020 | – | – | 6.2 | 488.6 | 9.3 | 50.9 | 555.0 |
| Charge for the year | – | – | 1.9 | 93.6 | 0.8 | 3.1 | 99.4 |
| Impairment (note 13) | – | – | – | 69.4 | – | – | 69.4 |
| Balance at 31 December 2020 | – | – | 8.1 | 651.6 | 10.1 | 54.0 | 723.8 |
| Balance at 1 January 2021 | – | – | 8.1 | 651.6 | 10.1 | 54.0 | 723.8 |
| Charge for the year | – | – | 1.8 | 129.0 | 0.7 | 3.5 | 135.0 |
| Balance at 31 December 2021 | – | – | 9.9 | 780.6 | 10.8 | 57.5 | 858.8 |
| Net book value | | | | | | | |
| At 1 January 2020 | 85.4 | 297.6 | 15.0 | 769.5 | 6.1 | 10.0 | 1,183.6 |
| At 31 December 2020 | 85.4 | 297.6 | 155.4 | 784.1 | 5.3 | 9.0 | 1,336.8 |
| At 1 January 2021 | 85.4 | 297.6 | 155.4 | 784.1 | 5.3 | 9.0 | 1,336.8 |
| At 31 December 2021 | 85.4 | 297.6 | 153.6 | 833.3 | 4.6 | 9.6 | 1,384.1 |

On 7 December 2020, the Company 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 Cooperation Agreement. The Group was required to undertake a valuation exercise to measure the fair value of the access to the MBAG technology upon its initial capitalisation. The Group selected the "With and Without" income approach which compares the net present value of cash flows from the Group's business plan prior to ("without") and after ("with") the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Group's assessment, the fair value of access to this technology is £142.3m. The £142.3m represents the assumed cost at acquisition after which the cost model will be adopted. Amortisation is aligned to the expected pattern of consumption of the economic benefits.

13 IMPAIRMENT TESTING

INDEFINITE USEFUL LIFE NON-CURRENT ASSETS

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash-generating unit – the Aston Martin Lagonda Group business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes. The Group has considered the carrying value of its assets in the context of the Group's market capitalisation. At this level, it was concluded that the net assets of the Group are recoverable owing to the Group's market capitalisation of £1.6bn at 31 December 2021.

FINITE USEFUL LIFE NON-CURRENT ASSETS

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

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

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

Key assumptions used in value-in-use calculations

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

- Cash flows are projected based on actual operating results and the current five-year plan; and
- Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Group operates. The pre-tax discount rate used was 11.7% (2020: 11.1%).

Sensitivity analysis

- As at 31 December 2021 the uncommitted volumes would need to decrease by 21.0% before any of the finite life assets become impaired.

The Group has considered the carrying value of its assets in conjunction with the trading and cash flow forecasts for the Group including factors related to the Group's ongoing climate commitments (see note 1). The Group is satisfied no impairment is required at 31 December 2021.

IMPAIRMENT

The following table details impairments made to the Group's assets during 2020.

| | 2021 £m | 2020 £m |
|--|------------|-------------|
| Development costs (note 12) | – | 69.4 |
| Plant, machinery, fixtures and fittings (note 14) | – | 3.8 |
| Tooling (note 14) | – | 3.3 |
| Right-of-use lease assets (note 15) | – | 2.8 |
| Total impairment charge recognised as adjusting in the Consolidated Income Statement (note 5) | – | 79.3 |

2020

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**13 IMPAIRMENT TESTING CONTINUED
IMPAIRMENT CONTINUED**

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

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

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

14 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and buildings £m | Tooling £m | Plant, machinery, fixtures and fittings £m | Motor vehicles £m | Total £m |
|---|---|---------------|---|-------------------------|--------------|
| Cost | | | | | |
| Balance at 1 January 2020 | 68.5 | 463.2 | 205.8 | 0.7 | 738.2 |
| Additions | – | 70.5 | 23.4 | – | 93.9 |
| Transfer to right-of-use lease assets (note 15) | – | – | (2.4) | – | (2.4) |
| Effect of movements in exchange rates | 0.2 | – | – | – | 0.2 |
| Balance at 31 December 2020 | 68.7 | 533.7 | 226.8 | 0.7 | 829.9 |
| Balance at 1 January 2021 | 68.7 | 533.7 | 226.8 | 0.7 | 829.9 |
| Additions | 3.0 | 13.9 | 14.2 | 0.1 | 31.2 |
| Disposals | – | – | (2.4) | – | (2.4) |
| Effect of movements in exchange rates | (0.2) | – | (0.1) | – | (0.3) |
| Balance at 31 December 2021 | 71.5 | 547.6 | 238.5 | 0.8 | 858.4 |
| Depreciation | | | | | |
| Balance at 1 January 2020 | 27.5 | 295.1 | 64.9 | 0.2 | 387.7 |
| Charge for the year | 2.3 | 29.0 | 14.1 | – | 45.4 |
| Impairment (note 13) | – | 3.3 | 3.8 | – | 7.1 |
| Effect of movements in exchange rates | 0.1 | – | – | – | 0.1 |
| Balance at 31 December 2020 | 29.9 | 327.4 | 82.8 | 0.2 | 440.3 |
| Balance at 1 January 2021 | 29.9 | 327.4 | 82.8 | 0.2 | 440.3 |
| Charge for the year | 2.4 | 36.3 | 26.3 | – | 65.0 |
| Disposals | – | – | (2.4) | – | (2.4) |
| Effect of movements in exchange rates | – | – | – | – | – |
| Balance at 31 December 2021 | 32.3 | 363.7 | 106.7 | 0.2 | 502.9 |
| Net book value | | | | | |
| At 1 January 2020 | 41.0 | 168.1 | 140.9 | 0.5 | 350.5 |
| At 31 December 2020 | 38.8 | 206.3 | 144.0 | 0.5 | 389.6 |
| At 1 January 2021 | 38.8 | 206.3 | 144.0 | 0.5 | 389.6 |
| At 31 December 2021 | 39.2 | 183.9 | 131.8 | 0.6 | 355.5 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

Assets in the course of construction at a cost of £3.8m (2020: £21.7m) 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 (2020: £6.1m) which is not depreciated. Capital commitments are disclosed in note 29. In 2021 the Group received £nil of government grants relating to qualifying tooling expenditure (2020: £0.6m). There are no unfulfilled conditions or other contingencies attached, with amounts received deducted from the tooling carrying value.

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

| At 31 December 2021 | United Kingdom £m | Rest of Europe £m | The Americas £m | Asia Pacific £m | Total £m |
|---|----------------------|----------------------|--------------------|--------------------|--------------|
| Freehold land and buildings | 37.3 | 1.9 | – | – | 39.2 |
| Tooling | 98.5 | 84.5 | 0.7 | 0.2 | 183.9 |
| Plant, machinery, fixtures and fittings, and motor vehicles | 132.0 | 0.4 | – | – | 132.4 |
| | 267.8 | 86.8 | 0.7 | 0.2 | 355.5 |

| At 31 December 2020 | United Kingdom £m | Rest of Europe £m | The Americas £m | Asia Pacific £m | Total £m |
|---|----------------------|----------------------|--------------------|--------------------|-------------|
| Freehold land and buildings | 36.7 | 2.1 | – | – | 38.8 |
| Tooling | 100.3 | 101.7 | 1.5 | 2.8 | 206.3 |
| Plant, machinery, fixtures and fittings, and motor vehicles | 144.0 | 0.3 | 0.2 | – | 144.5 |
| | 281.0 | 104.1 | 1.7 | 2.8 | 389.6 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 LEASES

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

A) RIGHT-OF-USE LEASE ASSETS

| | Properties £m | Plant and machinery £m | IT equipment £m | Total £m |
|---|------------------|------------------------------|--------------------|--------------|
| Cost | | | | |
| Balance at 1 January 2020 | 75.3 | 13.2 | 6.4 | 94.9 |
| Additions | 0.1 | – | 0.1 | 0.2 |
| Transfer from tangible fixed assets (note 14) | – | 2.4 | – | 2.4 |
| Modifications | 1.7 | – | – | 1.7 |
| Effect of movements in exchange rates | 0.3 | – | – | 0.3 |
| Balance at 31 December 2020 | 77.4 | 15.6 | 6.5 | 99.5 |
| Balance at 1 January 2021 | 77.4 | 15.6 | 6.5 | 99.5 |
| Additions | 11.4 | – | – | 11.4 |
| Disposals | (1.9) | – | – | (1.9) |
| Modifications | 3.3 | – | – | 3.3 |
| Effect of movements in exchange rates | (1.0) | – | – | (1.0) |
| Balance at 31 December 2021 | 89.2 | 15.6 | 6.5 | 111.3 |
| Depreciation | | | | |
| Balance at 1 January 2020 | 8.5 | 2.1 | 2.5 | 13.1 |
| Charge for the year | 7.2 | 2.5 | 2.3 | 12.0 |
| Impairment (note 13) | 2.8 | – | – | 2.8 |
| Effect of movements in exchange rates | 0.2 | – | – | 0.2 |
| Balance at 31 December 2020 | 18.7 | 4.6 | 4.8 | 28.1 |
| Balance at 1 January 2021 | 18.7 | 4.6 | 4.8 | 28.1 |
| Charge for the year | 7.7 | 0.5 | 1.1 | 9.3 |
| Disposals | (1.9) | – | – | (1.9) |
| Effect of movements in exchange rates | (0.2) | – | – | (0.2) |
| Balance at 31 December 2021 | 24.3 | 5.1 | 5.9 | 35.3 |
| Carrying value | | | | |
| At 1 January 2020 | 66.8 | 11.1 | 3.9 | 81.8 |
| At 31 December 2020 | 58.7 | 11.0 | 1.7 | 71.4 |
| At 1 January 2021 | 58.7 | 11.0 | 1.7 | 71.4 |
| At 31 December 2021 | 64.9 | 10.5 | 0.6 | 76.0 |

Income from the sub-leasing of right-of-use assets in the year 31 December 2021 was £0.6m (2020: £0.7m). The Group recognises the lease payments received on a straight-line basis over the lease term within administrative and other operating expenses in the Consolidated Income Statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 LEASES CONTINUED**B) OBLIGATIONS UNDER LEASES**

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

| | 2021 £m | 2020 £m |
|----------------------|--------------|--------------|
| Less than one year | 13.5 | 13.0 |
| One to five year | 36.6 | 42.2 |
| More than five years | 96.3 | 93.0 |
| | 146.4 | 148.2 |

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

| | 2021 £m | 2020 £m |
|----------------------|--------------|--------------|
| Less than one year | 9.7 | 9.3 |
| One to five years | 24.1 | 27.3 |
| More than five years | 69.6 | 66.4 |
| | 103.4 | 103.0 |
| Analysed as: | | |
| Current | 9.7 | 9.3 |
| Non-current | 93.7 | 93.7 |
| | 103.4 | 103.0 |

A reconciliation of the lease liability from 1 January to 31 December for the current and prior year is disclosed within note 27.

The total lease interest expense for the year ended 31 December 2021 was £3.9m (2020: £4.1m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £13.8m (2020: £16.3m). Expenses charged to the Consolidated Income Statement for short term leases for the year ended 31 December 2021 were £0.3m (2020: £0.6m). The portfolio of short term leases at 31 December 2021 is representative of the expected annual short term lease expense in future years.

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

The impact of IFRS 16 on the Consolidated Income Statement excluding tax, for the year ended 31 December 2021 is:

| | As reported 31 December 2021 £m | Add back IFRS 16 interest charge £m | Add back IFRS 16 depreciation charge £m | Less amortisation of Legal fees £m | Less lease incentives £m | Less IAS 17 lease cost £m | Excluding impact of IFRS 16 31 December 2021 £m |
|--|--|---|---|---|--------------------------------|------------------------------------|--|
| Revenue | 1,095.3 | – | – | – | – | – | 1,095.3 |
| Cost of sales | (751.6) | – | – | – | – | – | (751.6) |
| Gross profit | 343.7 | – | – | – | – | – | 343.7 |
| Selling and distribution expenses | (84.8) | – | – | – | – | – | (84.8) |
| Administrative and other operating expenses | (335.4) | – | 8.4 | (0.1) | 1.1 | (9.9) | (335.9) |
| Operating loss | (76.5) | – | 8.4 | (0.1) | 1.1 | (9.9) | (77.0) |
| Finance income | 36.4 | – | – | – | – | – | 36.4 |
| Finance expense | (173.7) | 3.9 | – | – | – | – | (169.8) |
| (Loss)/profit before tax | (213.8) | 3.9 | 8.4 | (0.1) | 1.1 | (9.9) | (210.4) |
| Adjusted EBITDA (note 33) | 137.9 | – | – | (0.1) | 1.1 | (9.9) | 129.0 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 LEASES CONTINUED**B) OBLIGATIONS UNDER LEASES CONTINUED**

The impact of IFRS 16 on the Consolidated Income Statement excluding tax, for the year ended 31 December 2020 is:

| | As reported 31 December 2020 £m | Add back IFRS 16 interest charge £m | Add back IFRS 16 depreciation charge £m | Less amortisation of Legal fees £m | Less lease incentives £m | Less IAS 17 lease cost £m | Excluding impact of IFRS 16 31 December 2020 £m |
|--|--|---|---|---|--------------------------------|------------------------------------|--|
| Revenue | 611.8 | – | – | – | – | – | 611.8 |
| Cost of sales | (500.7) | – | – | – | – | – | (500.7) |
| Gross profit | 111.1 | – | – | – | – | – | 111.1 |
| Selling and distribution expenses | (79.6) | – | – | – | – | – | (79.6) |
| Administrative and other operating expenses | (354.4) | – | 12.0 | (0.1) | 1.1 | (13.9) | (355.3) |
| Other expense | – | – | – | – | – | – | – |
| Operating loss | (322.9) | – | 12.0 | (0.1) | 1.1 | (13.9) | (323.8) |
| Finance income | 40.0 | – | – | – | – | – | 40.0 |
| Finance expense | (183.1) | 4.1 | – | – | – | – | (179.0) |
| (Loss)/profit before tax | (466.0) | 4.1 | 12.0 | (0.1) | 1.1 | (13.9) | (462.8) |
| Adjusted EBITDA (note 33) | (70.1) | – | – | (0.1) | 1.1 | (13.9) | (83.0) |

16 INVENTORIES

| | 2021 £m | 2020 £m |
|--|--------------|------------|
| Parts for resale, service parts and production stock | 115.5 | 80.9 |
| Work in progress | 29.8 | 43.9 |
| Finished vehicles | 51.5 | 82.6 |
| | 196.8 | 207.4 |

Finished vehicles include Group-owned service cars at a net realisable value of £30.8m (2020: £35.7m).

During the years ended 31 December 2021 and 2020 inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 20 for further details.

17 TRADE AND OTHER RECEIVABLES

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Amounts included in current assets | | |
| Trade receivables | 139.5 | 101.7 |
| Indirect taxation | 37.1 | 33.2 |
| Prepayments | 48.8 | 23.6 |
| Other receivables | 18.0 | 19.4 |
| | 243.4 | 177.9 |
| Amounts included in non-current assets | | |
| Other receivables | 2.1 | 0.9 |

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

Credit risk is discussed further in note 22.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 TRADE AND OTHER RECEIVABLES CONTINUED

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

| | 2021 £m | 2020 £m |
|------------------|--------------|------------|
| Sterling | 108.4 | 81.2 |
| Chinese renminbi | 2.6 | 1.7 |
| Euro | 30.5 | 9.8 |
| US dollar | 27.4 | 34.2 |
| Other | 27.8 | 28.3 |
| | 196.7 | 155.2 |

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.

At 31 December 2021, the Group held a wholesale finance facility 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 2021 the multi-currency facility totalled £60.0m with option under the agreements to increase to £80.0m. The facility was renewed during the period and the current facility expires in the second half of 2022. The utilisation of the facility as at 31 December 2021 was £16.9m.

Under the facility, the Group finances dealer debt with Velocitas once a sale has been made under the Group’s revenue recognition policy, and receives consideration equal to the value of the debt financed less a finance charge which accrues whilst the debt is outstanding and is estimated and accrued in full at the time the debt is financed. The Group incurs a finance charge on vehicles financed through the scheme based on each currency LIBOR plus a margin (subsequently superseded by SONIA plus a margin).

The Group acts as a senior and subordinated lender to Velocitas providing 5% of all funding into the entity in order to comply with securitisation rules. Amounts advanced to Velocitas comprise a long term subordinated loan repayable at the end of the facility once all financed dealer debt is settled and a short term senior loan which fluctuates on a monthly basis depending on the level of financed dealer debt. The initial facility resulted in a total of £0.9m being advanced in the form of a GBP subordinated loan to Velocitas. Upon renewal of the facility the initial subordinated loan was repaid and replaced with a smaller mixed-currency subordinated loan of £0.5m (note 19) sterling equivalent which remains outstanding at 31 December 2021. At 31 December 2021, the senior loan amounted to £1.6m (note 19). The Group also has an interest in a Profit Participating Loan of £0.1m which is carried at fair value of £nil and receives interest only in the event that Velocitas has positive retained earnings at the end of the facility. The senior and subordinated loans are both held at amortised cost.

Velocitas is an unconsolidated structured entity. The Group have assessed whether it had any control over the entity and concluded that as it has limited exposure to variable returns in respect of the entity, being solely a residual risk that the subordinated or senior loans advanced to Velocitas may not be repaid in full and no significant ability to influence those returns, Velocitas should not be consolidated under IFRS 10. The maximum exposure of the Group to Velocitas at 31 December 2021 is £2.1m.

The Group has also considered the IFRS 9 criteria for asset derecognition in respect of the dealer debt financed through Velocitas. Having established that whilst it has neither transferred nor retained substantially all of its exposure to variable cash flows associated with the dealer debt, having transferred all default risk but retained cash flow risks associated with the timing of settlement, that Velocitas is now able to control the financed debt such that the derecognition criteria have been met. As a result, the wholesale finance facility is off balance sheet. Due to this classification, financing costs of £8.0m associated with the scheme are presented in operating cash flows (note 27).

In 2020 the previous facility with Standard Chartered Bank plc was £75.0m supported by a credit insurance policy. The utilisation of the facility as at 31 December 2020 was £37.8m and, due to the off-balance sheet treatment, was not recorded in trade receivables in the Group’s Statement of Financial Position. The scheme wound down in the first half of 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18 CASH AND CASH EQUIVALENTS

| | 2021 £m | 2020 £m |
|--------------------------|--------------|------------|
| Cash at bank and in hand | 418.9 | 489.4 |

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

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

| | 2021 £m | 2020 £m |
|-----------------------------------|--------------|------------|
| Sterling | 263.3 | 365.0 |
| Chinese renminbi | 73.5 | 58.2 |
| Euro | 15.8 | 7.4 |
| US dollar | 59.0 | 46.5 |
| Other | 7.3 | 12.3 |
| | 418.9 | 489.4 |
| <i>Included within the above:</i> | | |
| Restricted cash | 33.0 | 35.8 |

During 2021, the Group entered into a bilateral revolving credit facility with HSBC Bank plc ("HSBC"), whereby Chinese renminbi with an initial value of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC in the United Kingdom. The restricted cash has been revalued at 31 December 2021 to £33.0m and is shown in the cash and cash equivalents value above. The cash in China cannot be withdrawn whilst the loan remains in place.

In 2020, the Group held a series of one-year back-to-back loan arrangements with HSBC whereby Chinese renminbi to a value at the time of £34.4m had been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the United Kingdom. The restricted cash was revalued at 31 December 2020 to £35.8m and is shown in the cash and cash equivalents value above. The back-to-back loans were fully repaid in 2021.

19 OTHER FINANCIAL ASSETS

| | 2021 £m | 2020 £m |
|---|------------|------------|
| Forward currency contracts held at fair value | 0.6 | 0.8 |
| Loan assets | 2.1 | – |
| Cash held not available for short term use | 1.8 | 9.9 |
| Other derivative contracts | 3.3 | 4.0 |
| | 7.8 | 14.7 |
| <i>Analysed as:</i> | | |
| Current | 7.3 | 14.6 |
| Non-current | 0.5 | 0.1 |
| | 7.8 | 14.7 |

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

At 31 December 2021 £1.8m held in certain local bank accounts had been frozen in relation to local arbitration proceedings (2020: £9.9m). At the year end the cash held in these accounts did not meet the definition of cash and cash equivalents and therefore has been classified as an other financial asset.

At 31 December 2021 the Group held £0.5m of subordinated loan and £1.6m of senior loan assets relating to the wholesale financing facility (note 17).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 OTHER FINANCIAL ASSETS CONTINUED

Other derivative contracts comprise warrant options and non-option derivatives both of which entitle the Group to subscribe for equity in AMR GP 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 2021 was a £0.5m decrease (2020: £0.7m increase) and is recognised within the Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement (see note 22) which represents an accrual for that element of future sponsorship payments. If the option is exercised within the next five years the liability is extinguished in the year of exercise, if the option is not exercised the liability will be subject to the renewal of the sponsorship agreement and may continue for the following five years.

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

The enterprise value has been estimated using a blend of measures including an income-based approach and a market-based approach. Due to the size of the potential investment, as a proportion of the equity of AMR GP Limited, there are no plausible sensitivities which would give rise to a material variation in the carrying value of the derivative.

There is a further embedded derivative in the agreement in respect of an additional economic interest in the equity of AMR GP Limited which has been assessed as having a carrying value of £nil at inception. This derivative entitles the Group to subscribe for further share capital in AMR GP Limited in the event that the sponsorship agreement is extended for a further 5 year period. The fair value movement in this derivative for the year ended 31 December 2021 was a £0.2m decrease (2020: £0.4m 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.

20 TRADE AND OTHER PAYABLES**CURRENT TRADE AND OTHER PAYABLES**

| | 2021 £m | 2020 £m |
|------------------------------------|--------------|------------|
| Trade payables | 134.1 | 104.3 |
| Customer deposits and advances | 342.6 | 268.5 |
| Accruals and other payables | 239.2 | 200.4 |
| Deferred income – service packages | 5.1 | 4.4 |
| Due to related parties (note 30) | – | 1.3 |
| | 721.0 | 578.9 |

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

At 31 December 2021 a repurchase liability of £19.7m including accrued interest of £0.7m has been recognised in accruals and other payables and Net Debt (see note 23). In 2021, £16.7m of parts for resale, service parts and production stock were sold for £19.0m (gross of indirect tax) and subsequently repurchased. Under these repurchase agreements, the Group will repay a further £20.0m (gross of indirect tax). As part of this arrangement legal title to the parts was surrendered however control remained with the Group. The terms of this repurchase arrangement require the liability to be fully settled in 2022.

At 31 December 2020 a repurchase liability of £38.2m including accrued interest of £0.3m was recognised in accruals and other payables and Net Debt (note 23). In 2020, £64.0m of parts for resale, service parts and production stock were sold for £76.8m (gross of indirect tax) and subsequently repurchased, of which £40.0m was been subsequently repaid. Under these repurchase agreements, the Group repaid a further £40.0m (gross of indirect tax). As part of this arrangement legal title to the parts was surrendered however control remained with the Group. This liability was settled in 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 TRADE AND OTHER PAYABLES CONTINUED**CURRENT TRADE AND OTHER PAYABLES CONTINUED**

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

| £m | At 1 January 2021 | Additional amounts arising during the period | Amounts recognised within revenue | Significant financing component for which an interest charge is recognised | Amounts returned and other changes | At 31 December 2021 |
|---|----------------------|---|--|---|---|---------------------------|
| Customer deposits and advances | 268.5 | 174.6 | (75.6) | 4.8 | (29.7) | 342.6 |
| Deferred income – service packages | 11.9 | 3.8 | (0.8) | – | – | 14.9 |

| £m | At 1 January 2020 | Additional amounts arising during the period | Amounts recognised within revenue | Significant financing component for which an interest charge is recognised | Amounts returned and other changes | At 31 December 2020 |
|------------------------------------|----------------------|---|--|---|---|---------------------------|
| Customer deposits and advances | 319.3 | 87.8 | (61.6) | 1.9 | (78.9) | 268.5 |
| Deferred income – service packages | 13.1 | 4.0 | (5.2) | – | – | 11.9 |

Customer deposits and advances are recognised in revenue when the performance obligation, principally the supply of a limited-edition vehicle or service of a vehicle, is met by the Group. As part of the normal operating cycle of Special Vehicle projects, for which these customer deposits primarily relate to, the Group expects to derecognise a significant proportion over the next three years with approximately £137.9m expected to be recognised in 2022.

In the year ended 31 December 2021, a finance expense of £4.8m (see note 8) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2020: £1.9m). Upon satisfaction of the linked performance obligation, the liability is released to revenue so that the total amount taken to the Consolidated Income Statement reflects the sales price the customer would have paid for the vehicle at that point in time.

The Group applies a practical expedient for short term advances received from customers whereby the advanced payment is not adjusted for the effects of a significant financing component. According to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, some deposits are contractually refundable. At 31 December 2021 the Group held £85.0m of contractually refundable deposits (before the impact of significant financing components) (2020: £43.1m). 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 whom is required to make an equivalent advanced payment. The cumulative significant financing component associated with a reimbursed advance payment is credited in arriving at the net significant finance charge for the year. Further liquidity risk considerations are disclosed in note 22.

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

NON-CURRENT TRADE AND OTHER PAYABLES

| | 2021 £m | 2020 £m |
|------------------------------------|------------|------------|
| Deferred income – service packages | 9.8 | 7.5 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 OTHER FINANCIAL LIABILITIES

| | 2021 £m | 2020 £m |
|---|-------------|-------------|
| Forward currency contracts held at fair value | 0.9 | 0.5 |
| Other derivative contracts (see note 19) | 2.9 | 2.9 |
| Derivative option over own shares (see note 22) | 31.0 | 79.9 |
| | 34.8 | 83.3 |
| Analysed as: | | |
| Current | 34.8 | 83.3 |
| Non-current | – | – |
| | 34.8 | 83.3 |

22 FINANCIAL INSTRUMENTS**GROUP**

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

CREDIT RISK

The Group sells vehicles through a global dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme (see note 17). Credit risk on receivables purchased by Velocitas under the wholesale finance facility is borne by Velocitas. The Group, as a senior and subordinated lender, retains 5% of the credit risk associated with such sales. An appropriate expected credit loss provision is made in respect of the Group's loan assets to Velocitas. Dealers within North America are allowed 10-day credit terms from the date of invoice or use of the wholesale financing scheme. In certain circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on 30-day credit terms. Servicing receivables are due for payment on collection of the vehicle.

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

In generating the expected credit loss provision, historical credit loss rates for the preceding five years are calculated, including consideration given to future factors that may affect the ability of customers to settle receivables including the impact of COVID-19, and applied to the trade and other receivable aging buckets at the year end. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has no material contract assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**CREDIT RISK CONTINUED**

In presenting the loss allowance summary below for both 2021 and 2020, the specific loss allowance and original receivable balance of £19.0m related to historic other operating income has been excluded so as not to distort the expected loss rate. The trade receivable loss allowance as at 31 December is as follows:

| | As at 31 December 2021 | | | As at 31 December 2020 | | |
|-----------------------|----------------------------|--------------------------------|-------------------------|----------------------------|--------------------------------|-------------------------|
| | Expected Loss Rate % | Gross Carrying Amount £m | Loss Allowance £m | Expected Loss Rate % | Gross Carrying Amount £m | Loss Allowance £m |
| Current | * | 124.8 | – | * | 91.8 | – |
| 1 – 30 days past due | * | 10.0 | – | * | 5.2 | – |
| 31 – 60 days past due | * | 2.8 | – | * | 0.3 | – |
| 61+ days past due | 74.7% | 7.5 | 5.6 | 33.8% | 8.0 | 2.7 |
| | | 145.1 | 5.6 | | 105.3 | 2.7 |

* The expected loss rates for these specific ageing categories are not disclosed as no material loss allowance is generated when applied against the gross carrying value.

The closing loss allowance for trade receivables, including the specific loss allowance of £19.0m relating to historic other income noted above, reconciles to the opening loss allowance as follows:

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Opening loss allowance as at 1 January | 21.7 | 20.2 |
| Increase in loss allowance recognised in the Income Statement – administrative and other operating expenses | 3.1 | 1.5 |
| Receivables written-off during the year as uncollectible | (0.2) | – |
| At 31 December | 24.6 | 21.7 |

BORROWINGS

The following table analyses Group borrowings:

| | 2021 £m | 2020 £m |
|-------------------------------------|----------------|------------|
| Current | | |
| Bank loans and overdrafts | 114.3 | 113.5 |
| Non-current | | |
| Senior Secured Notes | 1,074.9 | 965.0 |
| Bank loans | – | 6.3 |
| Total non-current borrowings | 1,074.9 | 971.3 |
| Total borrowings | 1,189.2 | 1,084.8 |

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

| | 2021 £m | 2020 £m |
|-------------------------|----------------|------------|
| Sterling | 114.3 | 119.8 |
| US dollar | 1,074.9 | 965.0 |
| Total borrowings | 1,189.2 | 1,084.8 |

22 FINANCIAL INSTRUMENTS CONTINUED

BORROWINGS CONTINUED

Current Borrowings

The Group has a Revolving Credit Facility (“RCF”) attached to the SSNs (see Non-Current Borrowings below). Transaction costs of £2.4m for the year ended 31 December 2020 relating to the new RCF were capitalised and are amortised using the effective interest rate. The amounts included in current borrowings relating to the RCF at 31 December 2021 are £78.0m (2020: £76.2m). At 31 December 2021 £80.0m of the £90.6m RCF was drawn as cash (2020: £78.6m of the £90.6m facility).

During 2021, the Group entered into a bilateral revolving credit facility with HSBC Bank plc (“HSBC”), whereby Chinese renminbi to a value at the time of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC Bank plc in the UK. The restricted cash has been revalued at 31 December 2021 to £33.0m and is shown in the cash and cash equivalents. The facility of £30.0m is shown within Borrowings in Current Liabilities on the Statement of Financial Position.

In 2020, the Group held a series of one-year back-to-back loan arrangements with HSBC whereby Chinese renminbi to a value at the time of £34.4m had been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The restricted cash was revalued at 31 December 2020 to £35.8m and is shown in the cash and cash equivalents value above. The back-to-back loans were fully repaid in 2021.

In 2018 the Group entered into a fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility which matures on 31 March 2022. The loan is secured against the paint shop assets, with the final payment on 31 March 2022 including a capital payment of £6.3m accounted for as part of the effective interest rate over the term of the loan. At 31 December 2021 the amount included in current borrowings was £6.3m (2020: £2.9m).

Non-Current Borrowings held at 31 December 2021

In March 2021 the Group issued an additional £70.7m equivalent of 10.5% First Lien SSNs with a nominal value of \$98.5m at a premium of £6.3m. Transaction costs of £1.7m and the premium are amortised using the effective interest rate.

In December 2020 the Group refinanced all SSNs in issue with new SSNs. All SSNs are secured by fixed and floating charges over certain assets of the Group. At 31 December 2020 the Group held £965.0m of SSNs comprising First and Second Lien SSNs of \$1,085.5m at 10.5% cash interest and \$335m at 8.89% cash interest and 6.11% Payment in Kind (“PIK”) interest respectively. The Second Lien Notes were issued at a 2% discount and include detachable share warrants (see below). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. Transaction costs and discounts on issuance are amortised using the effective interest rate.

Transaction costs capitalised on the First and Second Lien SSNs amounted to £37.3m. The acceleration of the unamortised fees, discounts on issuance, and redemption premiums were charged to the Income Statement at the point of redemption. These items were included in adjusting items (note 5) in the year of issuance.

The non-current element of the fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility was £nil at 31 December 2021 (2020: £6.3m).

Derivative option over own shares

The Second Lien SSNs include detachable warrants enabling the warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £10 per share. The warrant holders have the right to exchange their warrant options for a reduced number of warrant shares resulting in no cash being paid to receive the shares. The ratio at which this exchange can be transacted is determined by the share price at execution of the options. A derivative option liability has been recorded at 31 December 2020 due to the uncertain number of shares which will be issued under the agreement.

22 FINANCIAL INSTRUMENTS CONTINUED**BORROWINGS CONTINUED**

The warrants can be exercised from 1 July 2021 through to 7 December 2027. The issuance of debt with attached warrants required the Group to assess separately the fair value of the warrants and the debt. The fair value of the warrants was determined using a binomial model used to predict the behaviour of the warrant holders and when they might exercise their holdings. The derivative option liability was initially recognised as a derivative forward at fair value with changes in the fair value being recognised in the Income Statement until issuance of the warrants on 7 December resulting in an initial valuation of £34.6m. Upon issuance of the \$335m SSNs, the carrying value of the debt was reduced by the same amount. The debt will be increased via an effective interest charge over the term of the SSNs. Upon issuance of the warrants, changes in the fair value of the derivative option from 7 December until 31 December 2020 were all recognised in the Income Statement. A total charge to the Income Statement of £45.3m was recognised in the year ended 31 December 2020 and is presented in adjusting items (see note 5). During the year ended 31 December 2021, changes to the fair value of the derivative option have resulted in a credit to the Income Statement of £34.1m which is presented in adjusting items. A total of 30,518,600 warrants have been exercised resulting in extinguishment of the associated liability and a transfer to retained earnings of £14.8m.

INTEREST RATE RISK

The only interest rate risk that the Group is exposed to at 31 December 2021 is on the bilateral RCF facility with HSBC, whereby Chinese renminbi have been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The interest rate charged on the overdraft facility is based on SONIA. During the year ended 31 December 2020, a back-to-back loan arrangement was the only facility exposed to interest rate risk. That facility operated in the same manner as the bilateral RCF, however interest variability was based on the Bank of England Base Rate.

Profile

| | 2021 £m | 2020 £m |
|----------------------------------|------------|------------|
| Fixed rate instruments | | |
| Financial liabilities | 1,159.2 | 1,050.4 |
| Variable rate instruments | | |
| Financial liabilities | 30.0 | 34.4 |

Borrowings, including the new SSNs drawn in March 2021 and December 2020, the previous SSNs repaid in December 2020 and the loan to finance the paint shop in St Athan, are at fixed interest rates. The rate of interest on the RCF, which is attached to the SSNs, is based on LIBOR plus a percentage spread and is predetermined at the date of the drawdown of the RCF so is considered to be fixed rate for the analysis above.

In 2021 and 2020 the Group entered into an inventory repurchase arrangement (not included within the financial liabilities noted above). The interest charged on this arrangement is determined as the difference between the sales and repurchase value and is therefore fixed at the time of entering into the arrangement. The repayment terms of this arrangement are not in excess of 270 days.

Surplus cash funds, when appropriate, are placed on deposit and attract interest at a variable rate derived from LIBOR. During the year ended 31 December 2021 LIBOR was replaced by SONIA. This change has had an immaterial impact on the Group's finance income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**INTEREST RATE RISKS – SENSITIVITY**

The following table demonstrates the sensitivity, with all other variables held constant, of the Group's profit after tax to a reasonably possible change in interest rates on the bilateral RCF with HSBC (2020: back-to-back loan arrangement with HSBC).

| | (Increase)/ decrease in interest rate | 2021 £m Effect on profit after tax | 2020 £m Effect on profit after tax |
|---------------------------------|---|--|--|
| SONIA/Bank of England Base Rate | 1.00% | 0.2 | 0.3 |

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

At 31 December 2021 the Group hedged 37% for 2022 (2020: 70% and 31% for 2021 and 2022 respectively), of its US dollar denominated highly probable inter-company sales, and 11% its Euro denominated purchases for 2022 (2020: 10% and 2% of its Euro denominated purchases for 2021 and 2022). These foreign currency risks are hedged by using foreign currency forward contracts.

FOREIGN CURRENCY EXPOSURE

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

| At 31 December 2021 | Euros £m | US dollars £m | Chinese renminbi £m | Other £m | Total £m |
|--|---------------|------------------|---------------------------|-------------|-------------|
| Financial assets | | | | | |
| Trade and other receivables | 30.5 | 27.4 | 2.6 | 27.8 | 88.3 |
| Loan assets | 0.4 | – | – | 0.1 | 0.5 |
| Foreign currency contracts | – | 0.3 | – | 0.3 | 0.6 |
| Cash held not available for short term use | – | – | 1.8 | – | 1.8 |
| Cash balances | 15.8 | 59.0 | 73.5 | 7.3 | 155.6 |
| | 46.7 | 86.7 | 77.9 | 35.5 | 246.8 |
| Financial liabilities | | | | | |
| Trade and other payables | (118.9) | (21.2) | (21.7) | (2.5) | (164.3) |
| Lease liabilities | – | (7.7) | (1.0) | (5.6) | (14.3) |
| Customer deposits and advances | (10.0) | (19.5) | (9.7) | (5.0) | (44.2) |
| Foreign currency contracts | (0.4) | (0.4) | – | – | (0.8) |
| | (129.3) | (48.8) | (32.4) | (13.1) | (223.6) |
| Net balance sheet exposure | (82.6) | 37.9 | 45.5 | 22.4 | 23.2 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED
FOREIGN CURRENCY EXPOSURE CONTINUED

| At 31 December 2020 | Euros £m | US dollars £m | Chinese renminbi £m | Other £m | Total £m |
|--|-------------|------------------|---------------------------|-------------|-------------|
| Financial assets | | | | | |
| Trade and other receivables | 9.8 | 34.2 | 1.7 | 28.3 | 74.0 |
| Foreign currency contracts | – | 0.6 | – | 0.2 | 0.8 |
| Cash held not available for short term use | – | – | 9.9 | – | 9.9 |
| Cash balances | 7.4 | 46.5 | 58.2 | 12.3 | 124.4 |
| | 17.2 | 81.3 | 69.8 | 40.8 | 209.1 |
| Financial liabilities | | | | | |
| Trade and other payables | (10.2) | (29.5) | (11.6) | (1.3) | (52.6) |
| Lease liabilities | (0.1) | (0.1) | (0.2) | (7.2) | (7.6) |
| Customer deposits and advances | (14.5) | (13.5) | (6.4) | (6.0) | (40.4) |
| Foreign currency contracts | – | (0.3) | – | (0.2) | (0.5) |
| | (24.8) | (43.4) | (18.2) | (14.7) | (101.1) |
| Net balance sheet exposure | (7.6) | 37.9 | 51.6 | 26.1 | 108.0 |

The following significant exchange rates applied:

| | Average rate 2021 | Average rate 2020 | Closing rate 2021 | Closing rate 2020 |
|------------------|----------------------|----------------------|----------------------|----------------------|
| Euro | 1.16 | 1.13 | 1.19 | 1.12 |
| Chinese renminbi | 8.90 | 8.92 | 8.63 | 8.93 |
| US dollar | 1.37 | 1.28 | 1.35 | 1.37 |

CURRENCY RISK – SENSITIVITY

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

| | (Increase)/ decrease in rate | Effect on profit after tax 2021 £m | Effect on profit after tax 2020 £m |
|------------------|------------------------------------|---|---|
| US dollar | (5%) | (4.9) | (4.6) |
| US dollar | 5% | 5.5 | 5.0 |
| Euro | (5%) | 9.6 | 7.7 |
| Euro | 5% | (10.6) | (8.5) |
| Chinese renminbi | (5%) | (5.0) | (1.9) |
| Chinese renminbi | 5% | 5.6 | 2.1 |

22 FINANCIAL INSTRUMENTS CONTINUED**CURRENCY RISK – SENSITIVITY CONTINUED****\$1,085.5m and \$335m Senior Secured Notes**

In December 2020 the Group repaid its existing SSNs and took out new First Lien and Second Lien SSNs at \$1085.5m and \$335m respectively. At 31 December 2020 the Group had not hedged the new SSNs. Foreign currency gains/(losses) on these SSNs, due to exchange rate movements between the US dollar and sterling, are charged to the Consolidated Income Statement within finance income/(expense). A corresponding change in the translated sterling value of these SSNs is reflected in the Consolidated Statement of Financial Position. In March 2021, the Group issued additional First Lien SSNs of \$98.5m. No hedging relationship has been established in 2021.

\$400m Senior Secured Notes

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

HEDGE ACCOUNTING

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

The Group hedges significant foreign currency exposures as follows:

- Firstly, when practical, with currency forward contracts on a reducing basis with the highest coverage in the year immediately following the year end date. When practicable, the Group places additional hedges on a regular basis so that the percentage of the foreign currency exposure hedged increases as the time to maturity of the foreign currency exposure reduces.
- Secondly, the Group has designated \$400m of SSNs as a hedging instrument in respect of \$400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020.

The Group currently has no active currency forward contract cash flow hedges beyond 2022. The Group does not mitigate all transactional foreign currency exposures, with the unhedged proportion converted at exchange rates prevailing on the date of the transaction.

Derivative financial instruments

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

Where the value of the hedging instrument matches the value of the hedged item in a 1:1 hedge ratio, the hedge is effective, and changes in the fair value of the hedging instrument attributable to the spot risk are considered an effective hedge and recognised in the cash flow hedge reserve within Other Comprehensive Income. Changes in fair value attributable to forward points are recognised in the cost of hedging reserve within Other Comprehensive Income.

Where the value of hedging instrument is greater than the value of the hedged item, the excess portion is recognised as the ineffective portion of the gain or loss on the hedging instrument and is recorded immediately in the Income Statement.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**HEDGE ACCOUNTING CONTINUED**

Certain forward foreign exchange contracts were designated as hedges with effect from 1 July 2019. Prior to this, all movements in the fair value had been recorded within finance expense as an adjusting item reflecting the non-recurring nature of the absence of a designated hedge relationship for such instruments. Subsequent to 1 July 2019, in respect of these forward foreign exchange contracts only, the movement in fair value attributable to forward points is recorded within cost of sales in the Consolidated Income Statement.

\$400m Senior Secured Notes

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

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

The amounts recorded within the hedge reserve, including the Cost of Hedging Reserve, are reclassified to the Consolidated Income Statement when the hedged item affects the Consolidated Income Statement. Due to the nature of the hedged items, all amounts reclassified to the Income Statement are recorded in cost of sales (2020: all cost of sales), except for ineffective amounts relating to the \$400m SSNs which have been recorded as finance expense in the Income Statement.

Main sources of hedge ineffectiveness

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

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

| | 31 December 2021 | | | 31 December 2020 | | |
|--|----------------------|----------------------|---|----------------------|----------------------|---|
| | Notional value £m | Carrying value £m | Change in fair value used for measuring ineffectiveness £m | Notional value £m | Carrying value £m | Change in fair value used for measuring ineffectiveness £m |
| Foreign exchange forward contracts – other financial assets | 26.6 | 0.6 | 0.6 | 56.8 | 0.8 | 1.3 |
| Foreign exchange forward contracts – other financial liabilities | 33.6 | (0.8) | (0.9) | 28.2 | (0.5) | 1.4 |
| \$400m Senior Secured Notes – hedge instrument | 180.9 | – | – | 299.6 | – | 2.0 |

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

| | 31 December 2021 | | 31 December 2020 | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Cash flow hedge reserve £m | Cost of hedging reserve £m | Cash flow hedge reserve £m | Cost of hedging reserve £m |
| Foreign exchange forward contracts | 0.7 | (0.6) | 4.7 | (1.6) |
| \$400m Senior Secured Notes – hedge instrument | 8.8 | – | 10.5 | – |
| Tax on fair value movements recognised in OCI | (2.4) | 0.2 | (3.0) | 0.3 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**HEDGE ACCOUNTING CONTINUED**

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

| Year ended 31 December 2021 | Total hedging (loss)/gain recognised in OCI £m | Ineffectiveness recognised in the Income Statement £m | Income Statement line item | Fair value movement on cash flow hedges £m | Amount reclassified from OCI to the Income Statement £m | Income Statement line item |
|--|---|--|----------------------------|---|--|----------------------------|
| Foreign exchange forward contracts | (2.9) | (0.6) | Cost of Sales | (0.3) | (2.6) | Cost of Sales |
| \$400m Senior Secured Notes – hedge instrument | (1.7) | – | Cost of Sales | – | (1.7) | Cost of Sales |
| Tax on fair value movements recognised in OCI | 1.2 | – | – | 0.1 | 1.1 | – |

| Year ended 31 December 2020 | Total hedging gain/(loss) recognised in OCI £m | Ineffectiveness recognised in the Income Statement £m | Income Statement line item | Fair value movement on cash flow hedges £m | Amount reclassified from OCI to the Income Statement £m | Income Statement line item |
|--|---|--|----------------------------|---|--|----------------------------|
| Foreign exchange forward contracts | 5.0 | 2.3 | Cost of Sales | 4.6 | 0.4 | Cost of Sales |
| \$400m Senior Secured Notes – hedge instrument | 4.5 | 2.5 | Finance Expense | 2.0 | 2.5 | Cost of Sales |
| \$400m Senior Secured Notes – hedge instrument | 6.8 | – | Cost of Sales | – | 6.8 | Cost of Sales |
| Tax on fair value movements recognised in OCI | (3.1) | – | – | (1.3) | (1.8) | – |

Hedge ineffectiveness recognised in 2020 within the Consolidated Income Statement relates to differences in the nominal value of the hedged items and the hedging instrument. At 31 December 2021 and 2020 there are no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required.

LIQUIDITY RISK

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet foreseeable needs and, when appropriate, allow placement of cash on deposit safely and profitably.

During 2021, the Group entered into a bilateral revolving credit facility with HSBC Bank plc (“HSBC”), whereby Chinese renminbi to a value at the time of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC Bank plc in the UK. The restricted cash has been revalued at 31 December 2021 to £33.0m and is shown in the cash and cash equivalents. The facility of £30.0m is shown within Borrowings in Current Liabilities on the Statement of Financial Position. The facility is available until 31 August 2025 and the total facility size is £50m.

In 2020, the Group held a series of one-year back-to-back loan arrangements with HSBC whereby Chinese renminbi to a value at the time of £34.4m had been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The restricted cash was revalued at 31 December 2020 to £35.8m and is shown in the cash and cash equivalents value above. The back-to-back loans were fully repaid in 2021.

At 31 December 2021 the Group holds £1,074.9m (2020: £965.0m) of SSNs following the additional draw down of £70.7m First Lien SSNs in March 2021 at a premium of £6.3m. In December 2020 the Group repaid all SSNs issued at that date and took out new First and Second Lien SSNs of \$1085.5m at 10.5% cash interest and \$335m at 8.89% cash interest and 6.11% PIK interest respectively. The Second Lien Notes were issued at a 2% discount and have share warrants attached to them (see the borrowings section of note 22). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. Transaction costs and discounts on issue are amortised using the effective interest rate. The US dollar amounts have been converted to sterling equivalents for reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**LIQUIDITY RISK CONTINUED**

Attached to the new SSNs is a £90.6m RCF of which £80.0m (2020: £78.6m) was drawn in cash. The amount recorded in the Statement of Financial Position is net of unamortised transaction costs. £5.9m (2020: £12.0m) of the remaining ancillary facility has been utilised through the issuance of letters of credit and guarantees. The RCF attached to the new SSNs is available until August 2025.

As part of the normal operating cycle of the Group, customers make advanced payments to secure their allocation of Special Vehicles produced in limited numbers. The cash from these advance payments is primarily used to fund upfront costs of the Special Vehicle project including raw materials and components required in manufacture. In certain circumstances, according to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, the advanced payments are contractually refundable. At 31 December 2021 the Group held refundable deposits of £85.0m (2020: £43.1m). The Special Vehicle programs are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly-created allocation is then given to an alternative customer who is required to make an equivalent advanced payment.

The maturity profile of the Group's financial liabilities at 31 December 2021 based on contractual undiscounted payments is as follows.

| | On demand £m | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | >5 years £m | Contractual Cash Flows Total £m |
|---|-----------------|-----------------------------|-------------------------|-----------------------|----------------|---------------------------------------|
| Non-derivative financial liabilities | | | | | | |
| Bank loans and overdrafts | – | 36.4 | 81.1 | – | – | 117.5 |
| Senior Secured Notes | – | – | 115.5 | 1,614.3 | – | 1,729.8 |
| Trade and other payables | – | 282.8 | 94.9 | 9.8 | – | 387.5 |
| Refundable customer deposits and advances | 85.0 | – | – | – | – | 85.0 |
| Derivative financial liabilities | | | | | | |
| Forward exchange contracts | – | – | 0.8 | – | – | 0.8 |
| | 85.0 | 319.2 | 292.3 | 1,624.1 | – | 2,320.6 |

Included in the tables above and below are interest bearing loans and borrowings at a carrying value of £1,189.2m (2020: £1,084.8m). The liquidity profile associated with leases accounted under IFRS 16 is detailed in note 15.

The maturity profile of the Group's financial liabilities at 31 December 2020 based on contractual undiscounted payments is as follows.

| | On demand £m | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | >5 years £m | Contractual Cash Flows Total £m |
|---|-----------------|-----------------------------|-------------------------|-----------------------|----------------|---------------------------------------|
| Non-derivative financial liabilities | | | | | | |
| Bank loans and overdrafts | – | 15.8 | 101.9 | 6.4 | – | 124.1 |
| Senior Secured Notes | – | – | 109.3 | 1,267.9 | 436.6 | 1,813.8 |
| Trade and other payables | – | 245.5 | 65.6 | 7.5 | – | 318.6 |
| Refundable customer deposits and advances | 43.1 | – | – | – | – | 43.1 |
| Derivative financial liabilities | | | | | | |
| Forward exchange contracts | – | – | 0.5 | – | – | 0.5 |
| | 43.1 | 261.3 | 277.3 | 1,281.8 | 436.6 | 2,300.1 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED
ESTIMATION OF FAIR VALUES

| | As at 31 December 2021 | | | As at 31 December 2020 | | |
|--|------------------------|------------------|------------------|------------------------|------------------|------------------|
| | Nominal value £m | Book value £m | Fair value £m | Nominal value £m | Book value £m | Fair value £m |
| Included in assets | | | | | | |
| <i>Level 2</i> | | | | | | |
| Forward foreign exchange contracts | – | 0.6 | 0.6 | – | 0.8 | 0.8 |
| Loan assets | 2.1 | 2.1 | 2.1 | – | – | – |
| <i>Level 3</i> | | | | | | |
| Other derivative contracts | – | 3.3 | 3.3 | – | 4.0 | 4.0 |
| | 2.1 | 6.0 | 6.0 | – | 4.8 | 4.8 |
| Included in liabilities | | | | | | |
| <i>Level 1</i> | | | | | | |
| \$1,184.0m (2020: \$1,085.5m) 10.5% US dollar First Lien Notes | 874.2 | 852.5 | 959.4 | 793.8 | 763.2 | 861.2 |
| \$335m 15.0% US dollar Second Lien Split Coupon Notes | 242.6 | 222.4 | 279.6 | 245.0 | 201.8 | 248.9 |
| <i>Level 2</i> | | | | | | |
| Forward exchange contracts | – | 0.8 | 0.8 | – | 0.5 | 0.5 |
| Derivative option over own shares | 48.1 | 31.0 | 31.0 | 63.3 | 79.9 | 79.9 |
| | 1,164.9 | 1,106.7 | 1,270.8 | 1,102.1 | 1,045.4 | 1,190.5 |

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

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

Trade and other receivables, current borrowings and trade and other payables are deemed to have the same fair value as their book value and, as such, the table above only includes assets and liabilities held at fair value, and borrowings. The forward currency contracts are carried at fair value based on pricing models and discounted cash flow techniques derived from assumptions provided by third-party banks. Loan assets are held at cost less any expected credit loss provision (note 17). The SSNs are all valued at amortised cost retranslated at the year end foreign exchange rate. The fair value of these SSNs at the current and comparative period ends are determined by reference to the quoted price on The International Stock Exchange Authority in St. Peter Port, Guernsey. The fair value and nominal value exclude the impact of transaction costs.

The other derivative contracts relate to options to purchase a minority shareholding in AMR GP Limited (see note 19).

The derivative option over own shares reflects the detachable warrants issued alongside the second lien SSNs (see borrowings section of note 22) enabling the warrant holders to subscribe for a number of ordinary shares in the Company. The fair value is calculated using a binomial model and updated at each period end reflecting the latest market conditions. The inputs used in the valuation model include the quoted share price, market volatility, exercise ratio, and risk free rate. The reduction in nominal value represents options exercised by warrant holders during the year.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL INSTRUMENTS CONTINUED**CAPITAL MANAGEMENT**

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

23 NET DEBT

The Group defines Net Debt as current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents including cash held not available for short term use. The additional cash flow disclosures required under IAS 7 are made in note 27.

| | 2021 £m | 2020 £m |
|---|------------------|------------|
| Cash and cash equivalents | 418.9 | 489.4 |
| Cash held not available for short term use | 1.8 | 9.9 |
| Inventory repurchase arrangement | (19.7) | (38.2) |
| Lease liabilities – current | (9.7) | (9.3) |
| Lease liabilities – non-current | (93.7) | (93.7) |
| Loans and other borrowings – current | (114.3) | (113.5) |
| Loans and other borrowings – non-current | (1,074.9) | (971.3) |
| Net debt | (891.6) | (726.7) |
| Movement in net debt | | |
| Net (decrease)/increase in cash and cash equivalents | (70.5) | 381.5 |
| Add back cash flows in respect of other components of net debt: | | |
| New borrowings | (108.5) | (1,252.7) |
| Proceeds from inventory repurchase arrangement | (19.0) | (76.8) |
| Repayment of existing borrowings | 37.3 | 1,092.3 |
| Repayment of inventory repurchase arrangement | 40.0 | 80.0 |
| Lease liability payments | 9.9 | 12.2 |
| Movement in cash held not available for short term use | (8.1) | 0.9 |
| Transaction fees | 1.9 | 41.9 |
| (Increase)/decrease in net debt arising from cash flows | (117.0) | 279.3 |
| Non-cash movements: | | |
| Foreign exchange (loss)/gain on secured loan | (12.4) | 30.8 |
| Interest added to debt | (13.4) | (8.6) |
| Premium on the early redemption of SSNs | – | (21.4) |
| Borrowing fee amortisation | (7.5) | (13.0) |
| Lease liability interest charge | (3.9) | (4.1) |
| Lease modifications | 0.4 | (1.7) |
| New leases | (11.5) | 2.6 |
| Unpaid transaction fees | – | 0.8 |
| Foreign exchange gain and other movements | 0.4 | (3.8) |
| (Increase)/decrease in net debt | (164.9) | 260.9 |
| Net debt at beginning of the year | (726.7) | (987.6) |
| Net debt at the end of the year | (891.6) | (726.7) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24 PROVISIONS

| | 2021 £m | | | 2020 £m | | |
|---------------------------------------|---------------|----------|--------|---------------|----------|--------|
| | Restructuring | Warranty | Total | Restructuring | Warranty | Total |
| At the beginning of the year | 7.8 | 31.1 | 38.9 | – | 28.2 | 28.2 |
| Charge for the year | – | 31.8 | 31.8 | 12.1 | 33.0 | 45.1 |
| Utilisation | (5.0) | (23.9) | (28.9) | (4.3) | (29.8) | (34.1) |
| Effect of movements in exchange rates | – | 0.2 | 0.2 | – | (0.3) | (0.3) |
| Release to the Income Statement | (2.4) | (0.7) | (3.1) | – | – | – |
| At the end of the year | 0.4 | 38.5 | 38.9 | 7.8 | 31.1 | 38.9 |
| Analysed as: | | | | | | |
| Current | 0.4 | 19.5 | 19.9 | 7.8 | 14.3 | 22.1 |
| Non-current | – | 19.0 | 19.0 | – | 16.8 | 16.8 |
| | 0.4 | 38.5 | 38.9 | 7.8 | 31.1 | 38.9 |

In the year ended 31 December 2020, the Group launched a consultation process to reduce employee numbers reflecting lower than originally planned production volumes resulting in an exceptional charge to the Income Statement in 2020. The restructuring is materially complete with an exceptional release to the income statement reflecting unutilised amounts of the provision during the year ended 31 December 2021 (note 5).

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

25 PENSION OBLIGATIONS**DEFINED CONTRIBUTION SCHEME**

The Group opened a Defined Contribution scheme in June 2011. The total expense relating to this scheme in the year ended 31 December 2021 was £10.6m (2020: £10.2m). Outstanding contributions at the year end were £0.9m (2020: £0.9m). Contributions are made by the Group to other pension arrangements for certain employees of the Group.

DEFINED BENEFIT SCHEME

The Group operates a Defined Benefit pension scheme. During 2017 it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings ("CARE") basis with effect from 1 January 2018. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members were not affected by the closure of the scheme. The assets of the scheme are held separately from those of the Group.

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 is comprised of representatives of the Group and members of the scheme and an independent, professional Trustee was appointed during 2019.

The pension scheme exposes the Group to the following risks:

- Asset volatility – the scheme's Statement of Investment Principles targets 40% return-enhancing assets and 60% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis.
- Inflation risk – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

There have been no curtailment events in the years ended 31 December 2021 or 31 December 2020 (note 31). The projected unit method has been used to determine the liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 PENSION OBLIGATIONS CONTINUED**DEFINED BENEFIT SCHEME CONTINUED**

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

At the 6 April 2020 actuarial valuation, the actuarial value of the scheme assets was £314.6m, sufficient to cover 76% of the benefits which had accrued to members. Following this latest actuarial valuation of the scheme, from 1 January 2022 onwards contributions will increase from 23.7% to 37.5% for the Group where the active member does not participate in the salary sacrifice scheme. For active members participating in the salary sacrifice scheme, employees make no contributions and from 1 January 2022 the Group contribution is increasing from 30.2% and 34.7% to 44.0% and 48.5% for members who opted for benefits of 1/80th's and 1/70th's of pensionable salary, respectively.

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 2022 are £20.4m.

A full actuarial valuation was carried out as at 6 April 2020. The 2020 valuation was updated by an independent qualified actuary to 31 December 2020 and 2021 respectively for the relevant disclosures in accordance with IAS 19R. The next triennial valuation as at 6 April 2023 is due to be completed by June 2024 in line with the scheme-specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the scheme.

ASSUMPTIONS

The principal assumptions used by the actuary were:

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Discount rate | 2.00% | 1.60% |
| Rate of increase in salaries | 3.10% | 2.70% |
| Rate of revaluation in deferment | 2.50% | 2.10% |
| Rate of increase in pensions in payment attracting LPI | 3.00% | 2.70% |
| Expected return on scheme assets | 2.00% | 1.60% |
| RPI Inflation assumption | 3.10% | 2.70% |
| CPI Inflation assumption | 2.50% | 2.10% |

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" being that relating to an employee retiring in 2041 (2021 assumptions) or 2040 (2020 assumptions).

Projected life expectancy from age 65

| | Future Currently aged 45 2021 | Current Currently aged 65 2021 | Future Currently aged 45 2020 | Current Currently aged 65 2020 |
|--------|--|---|--|---|
| Male | 22.8 | 21.5 | 23.2 | 21.8 |
| Female | 25.5 | 24.0 | 25.7 | 24.2 |

| | Years |
|--|-----------|
| Average duration of the liabilities in years as at 31 December 2021 | 26 |
| Average duration of the liabilities in years as at 31 December 2020 | 25 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 PENSION OBLIGATIONS CONTINUED

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

| Asset class | 31 December 2021 Quoted £m | 31 December 2021 Unquoted £m | 31 December 2021 Total £m | 31 December 2020 Quoted £m | 31 December 2020 Unquoted £m | 31 December 2020 Total £m |
|-----------------------------|-------------------------------------|---------------------------------------|------------------------------------|-------------------------------------|---------------------------------------|------------------------------------|
| UK equities | – | – | – | 36.8 | – | 36.8 |
| Overseas equities | 41.0 | – | 41.0 | 46.0 | – | 46.0 |
| Private debt | – | 32.8 | 32.8 | – | 30.8 | 30.8 |
| Liability driven investment | 64.9 | 56.0 | 120.9 | 74.3 | 34.2 | 108.5 |
| Absolute return bonds | – | 72.6 | 72.6 | – | 71.4 | 71.4 |
| Diversified alternatives | – | 1.3 | 1.3 | – | 1.6 | 1.6 |
| Cash | 89.3 | – | 89.3 | 52.8 | – | 52.8 |
| Insurance policies | 6.0 | – | 6.0 | – | 6.2 | 6.2 |
| Total | 201.2 | 162.7 | 363.9 | 209.9 | 144.2 | 354.1 |

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

| | 2021 £m | 2020 £m |
|--|---------------|---------------|
| Total fair value of scheme assets | 363.9 | 354.1 |
| Present value of funded obligations | (368.4) | (378.7) |
| Funded status at the end of the year | (4.5) | (24.6) |
| Adjustment to reflect minimum funding requirements | (74.2) | (67.9) |
| Liability recognised in the Statement of Financial Position | (78.7) | (92.5) |

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

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

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Amounts charged to operating loss: | | |
| Current service cost | (8.8) | (8.6) |
| Past service cost | – | – |
| | (8.8) | (8.6) |
| Amounts charged to finance expense: | | |
| Net interest expense on the net Defined Benefit liability | (0.2) | (0.3) |
| Interest expense on the adjustment to reflect minimum funding requirements | (1.1) | (0.4) |
| Total expense recognised in the Income Statement | (10.1) | (9.3) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 PENSION OBLIGATIONS CONTINUED

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

| | 2021 £m | 2020 £m |
|--|----------------|------------|
| At the beginning of the year | (378.7) | (333.4) |
| Current service cost | (8.8) | (8.6) |
| Past service cost | – | – |
| Interest cost | (6.0) | (7.2) |
| Experience gains | 3.3 | 9.0 |
| Actuarial gains/(losses) arising from changes in financial assumptions | 6.6 | (54.7) |
| Distributions | 10.6 | 15.6 |
| Actuarial gains arising from changes in demographic assumptions | 4.6 | 0.6 |
| Obligation at the end of the year | (368.4) | (378.7) |

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

| | 2021 £m | 2020 £m |
|---|---------------|------------|
| At the beginning of the year | 354.1 | 311.8 |
| Interest on assets | 5.8 | 6.9 |
| Employer contributions | 20.1 | 12.7 |
| Return on scheme assets excluding interest income | (5.5) | 38.3 |
| Distributions | (10.6) | (15.6) |
| Fair value at the end of the year | 363.9 | 354.1 |

| | 2021 £m | 2020 £m |
|--------------------------------|------------|------------|
| Actual return on scheme assets | 0.3 | 45.2 |

Analysis of amounts recognised in the Statement of Financial Position:

| | 2021 £m | 2020 £m |
|--|---------------|------------|
| Liability at the beginning of the year | (92.5) | (36.8) |
| Net expense recognised in the Income Statement | (10.1) | (9.3) |
| Employer contributions | 20.1 | 12.7 |
| Gain/(loss) recognised in Other Comprehensive Income | 3.8 | (59.1) |
| Liability recognised in the Statement of Financial Position at the end of the year | (78.7) | (92.5) |

Analysis of amount taken to Other Comprehensive Income:

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Return on scheme assets excluding interest income | (5.5) | 38.3 |
| Experience gains arising on funded obligations | 3.3 | 9.0 |
| Gains/(losses) arising due to changes in financial assumptions underlying the present value of funded obligations | 6.6 | (54.7) |
| Losses arising as a result of adjustment made to reflect minimum funding requirements | (5.2) | (52.3) |
| Gains arising due to changes in demographic assumptions | 4.6 | 0.6 |
| Amount recognised in Other Comprehensive Income | 3.8 | (59.1) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 PENSION OBLIGATIONS CONTINUED**SENSITIVITY ANALYSIS OF THE PRINCIPAL ASSUMPTIONS USED TO MEASURE SCHEME LIABILITIES**

At 31 December 2021 the present value of the benefit obligation is £368.4m (2020: £378.7m) and its sensitivity to changes in key assumptions are:

| | Change in assumption | Present value of benefit obligations at 31 December 2021 £m | Present value of benefit obligations at 31 December 2020 £m |
|---|----------------------|--|--|
| Discount rate | Decrease by 0.25% | 392.4 | 403.6 |
| Rate of inflation* | Increase by 0.25% | 388.4 | 399.8 |
| Life expectancy increased by approximately 1 year | Increase by one year | 384.7 | 395.7 |

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

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

| | 2021 £m | 2020 £m |
|---|-------------|------------|
| Expected future benefit payments | | |
| Year 1 (2022/2021) | 11.0 | 9.7 |
| Year 2 (2023/2022) | 11.3 | 10.0 |
| Year 3 (2024/2023) | 11.7 | 10.2 |
| Year 4 (2025/2024) | 12.0 | 10.5 |
| Year 5 (2026/2025) | 12.4 | 10.8 |
| Years 6 to 10 (2027 to 2031) | 66.7 | 57.8 |

HISTORY OF SCHEME EXPERIENCE

| | 2021 | 2020 |
|---|----------------|---------|
| Present value of the scheme liabilities (£m) | (368.4) | (378.7) |
| Fair value of the scheme assets (£m) | 363.9 | 354.1 |
| Deficit in the scheme before adjusting to reflect minimum funding requirements (£m) | (4.5) | (24.6) |
| Experience (losses)/gains on scheme assets excluding interest income (£m) | (5.5) | 38.3 |
| Percentage of scheme assets | (1.5%) | 10.8% |
| Return on scheme liabilities (£m) | 3.3 | 9.0 |
| Percentage of the present value of the scheme liabilities | (0.9%) | 2.4% |
| Total amount recognised in Other Comprehensive Income (£m) | 3.8 | (59.1) |
| Percentage of the present value of the scheme liabilities | (1.0%) | (15.6%) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 SHARE CAPITAL AND OTHER RESERVES

| | Number of Shares | Nominal Value £ | Share Capital £m | Share Premium £m | Merger Reserve £m | Capital Redemption Reserve £m |
|--|----------------------|-----------------------|------------------------|------------------------|-------------------------|--|
| Allotted, called up and fully paid | | | | | | |
| Opening balance at 1 January 2020 | 228,002,890 | 0.009039687 | 2.1 | 352.3 | – | – |
| Private placing ¹ | 76,000,000 | 0.009039687 | 0.7 | 170.3 | – | – |
| Rights issue ² | 1,216,011,560 | 0.009039687 | 11.0 | 353.7 | – | – |
| Non-pre-emptive placing and retail offer ³ | 304,000,000 | 0.009039687 | 2.7 | – | 149.4 | – |
| Placing Shares ⁴ | 250,000,000 | 0.009039687 | 2.3 | 122.7 | – | – |
| Tranche 1 Consideration Shares ⁵ | 224,657,287 | 0.009039687 | 2.0 | 140.3 | – | – |
| Issue of new shares ⁶ | 3 | 0.009039687 | – | – | – | – |
| Transaction costs arising on the issuance of ordinary shares | – | – | – | (31.1) | (5.4) | – |
| | 2,298,671,740 | 0.009039687 | 20.8 | 1,108.2 | 144.0 | – |
| Share split – original shares ⁷ | 2,298,671,740 | 0.005000000 | 11.5 | – | – | – |
| Share split – deferred shares ⁷ | 2,298,671,740 | 0.004039687 | 9.3 | – | – | – |
| Cancellation of deferred shares ⁷ | (2,298,671,740) | (0.004039687) | (9.3) | – | – | 9.3 |
| | 2,298,671,740 | 0.005000000 | 11.5 | 1,108.2 | 144.0 | 9.3 |
| Consolidation of shares ⁷ | (2,183,738,153) | – | – | – | – | – |
| Balance as at 31 December 2020 and 1 January 2021 | 114,933,587 | 0.100000000 | 11.5 | 1,108.2 | 144.0 | 9.3 |
| Exercise of warrant options ⁸ | 1,525,926 | 0.100000000 | 0.1 | 15.1 | – | – |
| Transfer between reserves | – | – | – | 0.1 | (0.1) | – |
| Closing balance at 31 December 2021 | 116,459,513 | 0.100000000 | 11.6 | 1,123.4 | 143.9 | 9.3 |

- On 31 March 2020 the Company issued 76.0m ordinary shares by way of a private placing. The shares were issued at 225p raising gross proceeds of £171.0m, with £0.7m recognised as share capital and the remaining £170.3m recognised as share premium.
- On 1 April 2020 the Company issued 1,216.0m ordinary shares by way of a rights issue. The shares were issued at 30p raising gross proceeds of £364.7m, with £11.0m recognised as share capital and the remaining £353.7m recognised as share premium. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 642.4m shares issued were considered bonus shares. The weighted average shares used to calculate Earnings Per Share (see note 11) has been adjusted accordingly.
- On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.
- On 7 December 2020 the Company issued 250.0m ordinary shares by way of a placing. The shares were issued at 50p raising gross proceeds of £125.0m, with £2.3m recognised as share capital and the remaining £122.7m recognised as share premium.
- On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired (see note 12), with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.
- On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation in sub-note 7 below.
- On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.
- On 15 July 2021 945,131 ordinary shares in the Company were issued to satisfy the redemption of 18,902,665 warrant options. £9.5m of cash was received for the shares. On 22 July 2021 330,795 ordinary shares in the Company were issued to satisfy the redemption of 6,615,932 warrant options. £3.3m of cash was received for the shares. On 11 December 2021 250,000 ordinary shares in the Company were issued to satisfy the redemption of 5,000,003 warrant options. £2.5m of cash was received for the shares. Upon issuance of the shares the corresponding derivative option liability is extinguished resulting in a total credit to Retained Earnings during the year ended 31 December 2021 of £14.8m.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 ADDITIONAL CASH FLOW INFORMATION**RECONCILIATION OF MOVEMENTS OF SELECT LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

The tables below reconcile movements of certain liabilities to cash flows arising from financing activities for the years ending 31 December 2021 and 2020.

| Liabilities | Other borrowings and inventory arrangements £m | Lease Liability £m | \$150m 12.0% SSN £m | \$190m 6.5% SSN £m | £285m 5.75% SSN £m | \$400m 6.5% SSN £m | \$68m DDN £m | \$1,184.0m 10.5% First Lien Notes £m | \$335m 15% Second Lien Notes £m | TOTAL £m |
|---|---|-----------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------|--|---|----------------|
| At 1 January 2021 | 158.0 | 103.0 | – | – | – | – | – | 763.2 | 201.8 | 1,226.0 |
| <i>Changes from financing cash flows</i> | | | | | | | | | | |
| Interest paid | (5.0) | (3.9) | – | – | – | – | – | (87.5) | (21.6) | (118.0) |
| Principal lease payment | – | (9.9) | – | – | – | – | – | – | – | (9.9) |
| Repayment of existing borrowings | (37.3) | – | – | – | – | – | – | – | – | (37.3) |
| Inventory repurchase repayment | (40.0) | – | – | – | – | – | – | – | – | (40.0) |
| Inventory repurchase drawdown | 19.0 | – | – | – | – | – | – | – | – | 19.0 |
| New borrowings | 31.5 | – | – | – | – | – | – | 77.0 | – | 108.5 |
| Transaction costs paid | (0.1) | – | – | – | – | – | – | (2.5) | (0.2) | (2.8) |
| Total changes from financing cash flows | (31.9) | (13.8) | – | – | – | – | – | (13.0) | (21.8) | (80.5) |
| Effect of changes in exchange rates | – | (0.8) | – | – | – | – | – | 9.9 | 2.5 | 11.6 |
| New leases under IFRS 16 | – | 11.5 | – | – | – | – | – | – | – | 11.5 |
| Modifications to existing leases | – | (0.4) | – | – | – | – | – | – | – | (0.4) |
| Interest expense | 16.5 | 3.9 | – | – | – | – | – | 93.4 | 41.4 | 155.2 |
| Movement in accrued interest | (0.6) | – | – | – | – | – | – | (1.8) | (1.5) | (3.9) |
| Movement in accrued fees | – | – | – | – | – | – | – | 0.8 | – | 0.8 |
| Financing expense in the Income Statement classified as operating cash flow | (8.0) | – | – | – | – | – | – | – | – | (8.0) |
| Balance at 31 December 2021 | 134.0 | 103.4 | – | – | – | – | – | 852.5 | 222.4 | 1,312.3 |

| Liabilities | Other borrowings and inventory arrangements £m | Lease Liability £m | \$150m 12.0% SSN £m | \$190m 6.5% SSN £m | £285m 5.75% SSN £m | \$400m 6.5% SSN £m | \$68m DDN £m | \$1,085.5m 10.5% First Lien Notes £m | \$335m 15% Second Lien Notes £m | TOTAL £m |
|--|---|-----------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------|--|---|----------------|
| At 1 January 2020 | 162.7 | 111.4 | 112.0 | 137.2 | 279.0 | 301.7 | – | – | – | 1,104.0 |
| <i>Changes from financing cash flows</i> | | | | | | | | | | |
| Interest paid | (9.1) | (4.1) | (11.4) | (11.1) | (18.8) | (23.3) | (4.5) | – | – | (82.3) |
| Principal lease payment | – | (12.2) | – | – | – | – | – | – | – | (12.2) |
| Repayment of existing borrowings | (175.4) | – | (124.8) | (144.6) | (289.1) | (304.5) | (53.9) | – | – | (1,092.3) |
| Inventory repurchase repayment | (80.0) | – | – | – | – | – | – | – | – | (80.0) |
| Inventory repurchase drawdown | 76.8 | – | – | – | – | – | – | – | – | 76.8 |
| New borrowings | 173.6 | – | – | – | – | – | 54.9 | 812.9 | 211.3 | 1,252.7 |
| Transaction costs paid | (2.7) | – | (1.2) | (0.8) | – | – | (0.7) | (30.7) | (5.8) | (41.9) |
| Total changes from financing cash flows | (16.8) | (16.3) | (137.4) | (156.5) | (307.9) | (327.8) | (4.2) | 782.2 | 205.5 | 20.8 |
| Effect of changes in exchange rates | – | (0.5) | (0.5) | (0.3) | – | (0.9) | (4.2) | (19.1) | (5.8) | (31.3) |
| New leases under IFRS 16 | – | 2.6 | – | – | – | – | – | – | – | 2.6 |
| Modifications to existing leases | – | 1.7 | – | – | – | – | – | – | – | 1.7 |
| Unpaid transaction costs | – | – | – | – | – | – | – | (0.5) | (0.3) | (0.8) |
| Interest expense | 12.2 | 4.1 | 23.4 | 17.6 | 25.5 | 24.0 | 8.4 | 11.1 | 5.2 | 131.5 |
| Movement in accrued interest | (0.1) | – | 2.5 | 2.0 | 3.4 | 3.0 | – | (10.5) | (2.8) | (2.5) |
| Balance at 31 December 2020 | 158.0 | 103.0 | – | – | – | – | – | 763.2 | 201.8 | 1,226.0 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 SHARE BASED PAYMENTS**LONG TERM INCENTIVE SCHEMES**

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 £1.2m (2020: £nil).

On 14 December 2020 Executive Directors and certain other employees were granted conditional share awards under the Company's "2020 LTIP". In respect of this arrangement total charges to the Consolidated Income Statement were £1.9m (2020: £0.2m).

| | 2021 grant of 2021 LTIP | 2020 grant of 2020 LTIP |
|---|----------------------------|----------------------------|
| Aggregate fair value at measurement date (£m) | 7.3 | 9.7 |
| Exercise price (p) | £nil | £nil |
| Expected volatility (%) | 50.0% | 50.0% |
| Dividend yield (%) | n/a | n/a |
| Risk free interest rate (%) | 0.15% | (0.13%) |

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

On 27 June 2019 Executive Directors and certain other employees were granted conditional share awards under the Company's "2019 LTIP". On 26 October 2020 this LTIP was cancelled with total charges during the prior period amounting to £0.2m. The Directors consider this not material and hence further detailed disclosures have been omitted.

LEGACY EXECUTIVE LONG TERM INCENTIVE PLAN

The fair value of options granted is based on a Monte Carlo Simulation due to the vesting being based on market conditions. Enterprise values have been used as the basis for determining the fair value of the Legacy LTIP awards.

| | 2018 grant of 2014 Legacy LTIP | 2018 grant of 2017 Legacy LTIP | 2018 grant of 2018 Legacy LTIP |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| Aggregate fair value at measurement date (£m) | 4.8 | 25.5 | 1.2 |
| Exercise price (p) | – | – | – |
| Expected volatility (%) | 30 | 22 | 23 |
| Dividend yield (%) | 0 | 0 | 0 |
| Risk free interest rate (%) | 1.70 | 0.14 | 0.65 |

The expected volatility is wholly based on the historical volatility of listed automotive peers over a period commensurate with the terms of each award.

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

| | 2021 £m | 2020 £m |
|--|------------|------------|
| 2021 LTIP share option charge | 1.2 | – |
| 2020 LTIP share option charge | 1.9 | 0.2 |
| 2019 LTIP share option charge | – | 0.2 |
| Legacy LTIP share option charge (note 5) | – | 3.8 |
| | 3.1 | 4.2 |

29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

On 27 October 2020, the Group announced that it had entered into an enhanced strategic cooperation arrangement (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Group has agreed, over the period of time between December 2020 and the first quarter of 2023 and in several tranches, to issue 458,942,744 ordinary shares of £0.009039687 each (22,947,138 ordinary shares of £0.10 each following the share consolidation) to MBAG in exchange for access to certain technology and intellectual property to be provided to the Group by MBAG in several stages.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES CONTINUED

The first tranche of 224,657,287 ordinary shares of £0.009039687 each (11,232,864 ordinary shares of £0.10 each following the share consolidation) was issued to MBAG on 7 December 2020. A total of 11,714,274 ordinary shares remain unissued at 31 December 2021.

Capital expenditure contracts to the value of £14.4m (2020: £3.1m) have been committed but not provided for as at 31 December 2021.

In the normal course of the Group's business, claims, disputes, and legal proceedings involving customers, dealers, suppliers, employees or others are pending or may be brought against Group entities arising out of current or past operations. There is presently a dispute between the Group and the other shareholders of one of its subsidiary entities, which is ongoing and from which a future obligation may arise. The Group believes there is no basis for the dispute and is working to resolve the matters raised.

30 RELATED PARTY TRANSACTIONS

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed. The Group has entered into transactions, in the ordinary course of business, with entities with significant influence over the Group. Those entities were considered to have ceased having significant control over the Group during the year ended 31 December 2021 and therefore no figures are presented in respect of the year ended 31 December 2021. Transactions entered into, and trading balances outstanding at 31 December 2020 with entities with significant influence over the Group, are as follows:

| Related party – Group | | Sales to related party £m | Purchases from related party £m | Amounts owed by related party £m | Amounts owed to related party £m |
|--|------------------|------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Entities with significant influence over the Group | 31 December 2020 | 1.4 | 2.7 | – | 1.3 |

TRANSACTIONS WITH DIRECTORS

During the year ended 31 December 2021, a net marketing expense amounting to £21.5m of sponsorship has been incurred in the normal course of business with AMR GP Limited, an entity indirectly controlled by a member of the Group's Key Management Personnel. AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. £0.1m remains due from AMR GP Limited at the balance sheet date. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's Key Management Personnel.

During the year ended 31 December 2021, marketing transactions under the normal course of business amounting to less than £0.1m have been undertaken with Falcon Racing Inc, an entity controlled by a member of the Group's Key Management Personnel. £nil is outstanding from Falcon Racing Inc at the balance sheet date. During the year ended 31 December 2021, design services of less than £0.1m were provided to Flair Investment Holdings Limited, an entity in which a member of a Key Management Personnel has an indirect ownership interest. Less than £0.1m was outstanding at the balance sheet date. During the year ended 31 December 2021, a member of Key Management Personnel transacted with a Group company to undertake restoration work on a historic car. £0.3m has been received by the Group with £0.3m of works being completed in the year. £nil was outstanding at the balance sheet date. A member of Key Management Personnel acquired three vehicles from a Group company during the period each priced at £0.2m. £nil was outstanding at the balance sheet date. A member of Key Management Personnel acquired one historic vehicle from a Group Company during the period priced at £0.5m. £nil was outstanding at the balance sheet date. A member of Key Management Personnel placed a deposit of £1.5m with a Group company for the future sale of a vehicle. An immediate family member of one of the Group's Key Management Personnel placed a deposit of less than £0.1m with a Group company for the future sale of a vehicle.

During the year ended 31 December 2020, an agreement was signed with a former Director of the Group for the sale of a vehicle at an expected discount of £0.3m. In addition to this, a former Director of the Group purchased a vehicle at a discount of less than £0.1m in line with the employee purchases policy then in effect.

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 POST BALANCE SHEET EVENTS

On 31 January 2022, the Defined Benefit pension scheme operated by the Group was closed to future accrual. All active scheme participants have become deferred members. A curtailment loss of c.£3m and other associated closure costs of c.£11m are expected to be recognised by the Group during 2022.

32 GROUP COMPANIES

In accordance with Section 409 of the Companies Act 2006 a full list of entities in which the Group has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2021 are disclosed below.

Investments in subsidiary undertakings

| Subsidiary undertakings | Holding | Proportion of voting rights and shares held | Nature of business |
|--|----------|---|--|
| Aston Martin Holdings (UK) Limited* | Ordinary | 100% | Dormant company |
| Aston Martin Capital Holdings Limited**◊ | Ordinary | 100% | Financing company holding the Senior Secured Notes |
| Aston Martin Investments Limited** | Ordinary | 100% | Holding company |
| Aston Martin Capital Limited**◊ | Ordinary | 100% | Dormant company – financing company that held Senior Secured Notes that were repaid in 2017 |
| Aston Martin Lagonda Group Limited** | Ordinary | 100% | Holding company |
| Aston Martin Lagonda of North America Incorporated**^ | Ordinary | 100% | Luxury sports car distributor |
| Lagonda Properties Limited** | Ordinary | 100% | Dormant company |
| Aston Martin Lagonda Pension Trustees Limited** | Ordinary | 100% | Trustee of the Aston Martin Lagonda Limited Pension Scheme |
| Aston Martin Lagonda Limited** | Ordinary | 100% | Manufacture and sale of luxury sports cars, the sale of parts, brand licensing and motorsport activities |
| AM Brands Limited**◊ | Ordinary | 100% | Non-trading company |
| Aston Martin Lagonda of Europe GmbH**> | Ordinary | 100% | Provision of engineering and sales and marketing services |
| AML Overseas Services Limited** | Ordinary | 100% | Dormant company |
| Aston Martin Italy S.r.l (liquidated in 2021)**< | Ordinary | 100% | Dormant company |
| Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√ | Ordinary | 100% | Luxury sports car distributor |
| AM Nurburgring Racing Limited** | Ordinary | 100% | Dormant company |
| Aston Martin Japan GK**<< | Ordinary | 100% | Operator of the sales office in Japan and certain other countries in the Asia Pacific region |
| Aston Martin Lagonda – Asia Pacific PTE Limited**>> | Ordinary | 100% | Operator of the sales office in Singapore and certain other countries in the Asia Pacific region |
| AMWS Limited**◊ | Ordinary | 50%*** | Holding company |
| Aston Martin Works Limited** | Ordinary | 50%*** | Sale, servicing and restoration of Aston Martin cars |

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

◊ incorporated in Jersey (tax resident in the UK)

^ incorporated in the USA

> incorporated in Germany

< incorporated in Italy

<< incorporated in Japan

>> incorporated in Singapore

√ incorporated in the People's Republic of China

* Held directly by Aston Martin Lagonda Global Holdings plc

** Held indirectly by Aston Martin Lagonda Global Holdings plc

*** The Group exercises management control of these legal entities and therefore the results, assets and liabilities have been wholly included in the Consolidated Financial Statements. The individual results, aggregate assets and aggregate liabilities included within the Consolidated Financial Statements are summarised on pages 154-158.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32 GROUP COMPANIES CONTINUED

| | Aston Martin Works Limited | AMWS Limited | Aston Martin Works Limited | AMWS Limited |
|-------------------------|-------------------------------|--------------|-------------------------------|--------------|
| | 2021 | 2021 | 2020 | 2020 |
| | £m | £m | £m | £m |
| Total assets | 42.5 | – | 37.2 | – |
| Total liabilities | (5.5) | – | (4.9) | – |
| Net assets | 37.0 | – | 32.3 | – |
| Revenue | 53.5 | – | 69.8 | – |
| Profit before tax | 4.6 | – | 17.5 | – |
| Group's share of profit | 2.3 | – | 8.8 | – |

REGISTERED ADDRESSES

| | |
|---|---|
| Aston Martin Holdings (UK) Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Capital Holdings Limited | 28 Esplanade, St.Helier, Jersey, JE2 3QA |
| Aston Martin Investments Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Capital Limited | 28 Esplanade, St.Helier, Jersey, JE2 3QA |
| Aston Martin Lagonda Group Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Lagonda of North America Incorporated | 9920 Irvine Center Drive, Irvine, CA 92618, United States of America |
| Lagonda Properties Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Lagonda Pension Trustees Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Lagonda Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| AM Brands Limited | 28 Esplanade, St.Helier, Jersey, JE2 3QA |
| Aston Martin Lagonda of Europe GmbH | Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany |
| AML Overseas Services Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Italy S.r.l | Corso Magenta 84, Milano, Italy. |
| Aston Martin Lagonda (China) Automobile Distribution Co., Ltd | Unit 2901, Raffles City Office Tower, No. 268 Xi Zang Middle Road, Huangpu District, Shanghai, China 200001 |
| AM Nurburgring Racing Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |
| Aston Martin Japan GK | 1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan |
| Aston Martin Lagonda – Asia Pacific PTE Limited | 8 Marina View, # 41-05, Asia Square Tower 1, Singapore 018960 |
| AMWS Limited | 28 Esplanade, St.Helier, Jersey, JE2 3QA |
| Aston Martin Works Limited | Banbury Road, Gaydon, Warwickshire, England, CV35 0DB |

33 ALTERNATIVE PERFORMANCE MEASURES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 ALTERNATIVE PERFORMANCE MEASURES CONTINUED
INCOME STATEMENT

| | 2021 £m | 2020 £m |
|---------------------------------------|----------------|------------|
| Loss before tax | (213.8) | (466.0) |
| Adjusting operating expenses (note 4) | 2.2 | 98.0 |
| Adjusting finance expense (note 8) | – | 75.5 |
| Adjusting finance income (note 7) | (34.1) | (6.9) |
| Adjusted loss before tax (EBT) | (245.7) | (299.4) |
| Adjusted finance income | (2.3) | (33.1) |
| Adjusted finance expense | 173.7 | 107.6 |
| Adjusted Operating Loss (EBIT) | (74.3) | (224.9) |
| Adjusted Operating Margin | (6.8%) | (36.8%) |
| Reported depreciation | 74.6 | 55.7 |
| Reported amortisation | 137.6 | 99.1 |
| Adjusted EBITDA | 137.9 | (70.1) |
| Adjusted EBITDA Margin | 12.6% | (11.5%) |

EARNINGS PER SHARE

| | 2021 £m | 2020 £m |
|---|-----------------|------------|
| Adjusted earnings per ordinary share | | |
| Loss available for equity holders (£m) | (191.6) | (419.3) |
| Adjusting items (note 5) | | |
| Adjusting items before tax (£m) | (31.9) | 166.6 |
| Tax on adjusting items (£m) | (8.3) | (32.9) |
| Adjusted loss (£m) | (231.8) | (285.6) |
| Basic weighted average number of ordinary shares (million) ¹ | 115.5 | 77.2 |
| Adjusted loss per ordinary share (pence) | (200.8p) | (369.9p) |
| Adjusted diluted earnings per ordinary share | | |
| Adjusted loss (£m) | (231.8) | (285.6) |
| Diluted weighted average number of ordinary shares (million) | 115.5 | 77.2 |
| Adjusted diluted loss per ordinary share (pence) | (200.8p) | (369.9p) |

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 ALTERNATIVE PERFORMANCE MEASURES CONTINUED**NET DEBT**

| | 2021 £m | 2020 £m |
|---|------------------|------------|
| Opening cash and cash equivalents | 489.4 | 107.9 |
| Cash inflow/(outflow) from operating activities | 178.9 | (198.6) |
| Cash outflow from investing activities | (184.1) | (258.4) |
| Cash (outflow)/inflow from financing activities | (66.5) | 840.2 |
| Effect of exchange rates on cash and cash equivalents | 1.2 | (1.7) |
| Cash and cash equivalents at 31 December | 418.9 | 489.4 |
| Cash held not available for short term use | 1.8 | 9.9 |
| Borrowings | (1,189.2) | (1,084.8) |
| Lease liabilities | (103.4) | (103.0) |
| Inventory repurchase arrangement | (19.7) | (38.2) |
| Net Debt | (891.6) | (726.7) |
| Adjusted EBITDA | 137.9 | (70.1) |
| Adjusted leverage | 6.5x | n.m |

FREE CASH FLOW

| | 2021 £m | 2020 £m |
|---|----------------|------------|
| Net cash inflow/(outflow) from operating activities | 178.9 | (198.6) |
| Cash used in investing activities (excluding interest received) | (185.2) | (260.7) |
| Interest paid less interest received | (116.9) | (80.0) |
| Free cash flow | (123.2) | (539.3) |

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Notes | 31 December 2021 £m | 31 December 2020 £m |
|-----------------------------|-------|---------------------------|---------------------------|
| Non-current assets | | | |
| Investments | 3 | 957.4 | 957.4 |
| Debtors | 4 | 713.7 | 759.7 |
| Creditors | 5 | (219.1) | (330.0) |
| Net assets | | 1,452.0 | 1,387.1 |
| Capital and reserves | | | |
| Share capital | 6 | 11.6 | 11.5 |
| Share premium | | 1,123.4 | 1,108.2 |
| Capital redemption reserve | 6 | 9.3 | 9.3 |
| Capital reserve | 6 | 2.0 | 2.0 |
| Merger reserve | 6 | 143.9 | 144.0 |
| Retained earnings | | 161.8 | 112.1 |
| Shareholder equity | | 1,452.0 | 1,387.1 |

The Financial Statements were approved by the Board of Directors on 22 February 2022 and were signed on its behalf by

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

Company Number: 11488166

The profit on ordinary activities after taxation amounts to £34.9m (2020: loss of £90.1m).

PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| Company | Share Capital £m | Share Premium £m | Capital Redemption Reserve £m | Capital Reserve £m | Merger Reserve £m | Retained Earnings £m | Total Equity £m |
|---|------------------------|------------------------|--|--------------------------|-------------------------|----------------------------|-----------------------|
| At 1 January 2021 | 11.5 | 1,108.2 | 9.3 | 2.0 | 144.0 | 112.1 | 1,387.1 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | – | – | – | – | – | 34.9 | 34.9 |
| Total comprehensive income for the year | – | – | – | – | – | 34.9 | 34.9 |
| Transactions with owners recorded directly in equity | | | | | | | |
| Warrant options exercised (note 5) | 0.1 | 15.1 | – | – | – | 14.8 | 30.0 |
| Transfer between categories | – | 0.1 | – | – | (0.1) | – | – |
| Total transactions with owners | 0.1 | 15.2 | – | – | (0.1) | 14.8 | 30.0 |
| At 31 December 2021 | 11.6 | 1,123.4 | 9.3 | 2.0 | 143.9 | 161.8 | 1,452.0 |
| Company | Share Capital £m | Share Premium £m | Capital Redemption Reserve £m | Capital Reserve £m | Merger Reserve £m | Retained Earnings £m | Total Equity £m |
| At 1 January 2020 | 2.1 | 352.3 | – | 2.0 | – | 202.2 | 558.6 |
| Total comprehensive income for the year | | | | | | | |
| Loss for the year | – | – | – | – | – | (90.1) | (90.1) |
| Total comprehensive income for the year | – | – | – | – | – | (90.1) | (90.1) |
| Transactions with owners recorded directly in equity | | | | | | | |
| Issuance of ordinary shares (note 6) | 18.7 | 755.9 | – | – | 144.0 | – | 918.6 |
| Capital reduction | (9.3) | – | 9.3 | – | – | – | – |
| Total transactions with owners | 9.4 | 755.9 | 9.3 | – | 144.0 | – | 918.6 |
| At 31 December 2020 | 11.5 | 1,108.2 | 9.3 | 2.0 | 144.0 | 112.1 | 1,387.1 |

1 ACCOUNTING POLICIES

Authorisation of Financial Statements and statement of compliance with FRS 101.

The Parent Company Financial Statements of Aston Martin Lagonda Global Holdings plc (the Company) for the year were authorised for issue by the Board of Directors on 22 February 2022 and the Statement of Financial Position was signed on the Board's behalf by Tobias Moers and Kenneth Gregor. The Company is a public limited company incorporated and domiciled in the UK. The Company's ordinary shares are traded on the London Stock Exchange and it is not under the control of any single shareholder.

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 5 to 81. The debt facilities available to the Group and the maturity profile of this debt is shown in note 22 of the Group Financial Statements.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of \$1,184.0m of First Lien notes at 10.5% which mature in November 2025, \$335.0m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a revolving credit facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17 of the Group Financial Statements). Under the RCF the Group is required to comply with a liquidity covenant until May 2022 and a leverage covenant thereafter tested quarterly from June 2022.

The amounts outstanding on all the borrowings are shown in note 22 to the Group Financial Statements.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2023 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with the ultra-luxury performance-oriented strategy. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash

flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 25% reduction in DBX volumes from forecast levels and operating costs higher than the base plan.

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

In addition, we also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by 40% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

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

The Parent Company Financial Statements are presented in sterling.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). No Income Statement is presented for the Company as permitted by Section 408 of the Companies Act 2006. There were no gains or losses in the year (2020: £nil) in Other Comprehensive Income. The fee relating to the audit of these Financial Statements of £0.3m was borne by the Company (2020: £0.2m).

1 ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION

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

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

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

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

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

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

INVESTMENTS

The Company recognises investments in subsidiaries at cost less impairment in its individual Financial Statements.

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

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

At 31 December 2021, the net assets of the Company (£1,452.0m) were considerably higher than those of the Group (£660.4m). It was concluded that the value of investments and receivables at the balance sheet date are recoverable owing to the Group's market capitalisation of £1.6bn at 31 December 2021.

AMOUNTS DUE TO GROUP UNDERTAKINGS

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

AMOUNTS DUE FROM GROUP UNDERTAKINGS

Amounts due from Group undertakings are initially recognised at fair value and subsequently measured at amortised cost on an effective interest basis. The Company recognises an allowance for expected credit loss (ECLs) for all receivables held at amortised cost. ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL) and are remeasured to reflect changes in 12-month ECL, unless a significant deterioration in credit risk is considered to have occurred in which case ECLs are reassessed on a lifetime basis. A provision of £36.0m (2020: £38.3m) has been recognised.

1 ACCOUNTING POLICIES CONTINUED**FINANCIAL ASSETS AND LIABILITIES**

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

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

2 DIRECTORS' REMUNERATION

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

3 INVESTMENTS

| | £m |
|---|--------------|
| Cost and net book value | |
| At 1 January 2020 | 815.1 |
| Additions in 2020 | 142.3 |
| At 31 December 2020 and 31 December 2021 | 957.4 |

The Company directly owns 100% of the share capital of Aston Martin Holdings (UK) Limited, a non-trading intermediate holding company registered in England and Wales. A full list of subsidiary and other related undertakings is given in note 32 of the Group Financial Statements.

4 DEBTORS

| | 2021 £m | 2020 £m |
|-------------------------------------|--------------|------------|
| Amounts due from Group undertakings | 713.7 | 759.7 |

5 CREDITORS

| | 2021 £m | 2020 £m |
|-----------------------------------|--------------|------------|
| Amounts due to Group undertakings | 187.9 | 248.6 |
| Accrued expenses | 0.2 | 1.5 |
| Derivative option over own shares | 31.0 | 79.9 |
| | 219.1 | 330.0 |

SHARE WARRANTS

As part of the issue of the second lien SSNs by Aston Martin Capital Holdings Limited, the Company issued share warrants enabling warrant holders to subscribe for a number of ordinary shares in the Company at the Subscription price of £10 per share. The warrants can be exercised from 1 July 2021 through to 7 December 2027. The fair value of the warrants is determined at each period end. A credit to the Income Statement of £34.1m has been recognised in the year ended 31 December 2021 (2020: charge of £45.3m). A total of 30,518,600 warrants have been exercised in the year ended 31 December 2021 resulting in the issuance of 1,525,926 ordinary shares (note 6).

6 CAPITAL AND RESERVES

| | 2021 £m | 2020 £m |
|---|-------------|------------|
| Allotted, called up and fully paid | | |
| 116,459,513 shares of 10.0p each (2020: | | |
| 114,933,587 ordinary shares of 10p each) | 11.6 | 11.5 |

The Company undertook a rights issue and 3 placings of ordinary equity shares during the year ended 31 December 2020 (see note 26 in the Group Financial Statements). On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held. A capital redemption reserve of £9.3m was recognised when the shares were repurchased.

MERGER RESERVE

On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The merger reserve value was reduced by £5.4m of transaction costs associated with the equity raise.

CAPITAL RESERVE

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

GLOSSARY

Adjusted EBITDA

Removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted operating profit/(loss)

Adjusted EBITDA margin

Adjusted EBITDA divided by revenue

Adjusted EBT

Profit/(loss) before tax and adjusting items as shown in the Consolidated Income Statement

Adjusted Earnings Per Share

Profit/(loss) after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period

Adjusted operating margin

Adjusted operating profit/(loss) divided by revenue

Adjusted operating profit/(loss)

Profit/(loss) from operating activities before adjusting items

AGM

Annual General Meeting

APM's

Alternative Performance Measures, for detail of the measures adopted see note 33

ASP

Average Selling Price

BEV

Battery Electric Vehicle

Consensus

The mean of all current financial forecasts published by equity research analysts following the Company

Core

The Company's models in ongoing production excluding Limited Editions. These currently comprise Vantage, DB11, DBS and DBX

D&A

Depreciation and Amortisation

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation

EPS

Earnings Per Share

ERP

Enterprise Resource Planning

ESG

Environmental, Social and Governance

EY

Ernst & Young LLP, the Company's current External Auditors

Fixed Marketing or FM

Explicit marketing costs incurred directly by the Company, such as hosting launch events

FRC

Financial Reporting Council

Free Cashflow

Cash inflow/(outflow) from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received

FTSE

Financial Times Stock Exchange

FY

Financial Year, Full Year

GHG

Greenhouse Gas

GPG

Gender Pay Gap

GRI

Global Reporting Initiative

GT

Grand Tourer, a sports car with two front seats plus smaller rear seats

HNWI's

High Net Worth Individuals

HY

Half Year

| | |
|--|--|
| <p>ICE Internal Combustion Engine</p> <p>IFRS International Financial Reporting Standards</p> <p>IPO Initial Public Offering</p> <p>KPI's Key Performance Indicators</p> <p>LTI Lost Time Injury Frequency rate, a safety benchmarking measure calculated as the number of lost time injuries occurring in a workplace per 100,000 hours worked</p> <p>LTIP Long Term Incentive Plan</p> <p>Materiality Assessment An assessment which determines an organisation's material sources of Environmental, Social and Governance risk and opportunity to inform sustainability reporting processes</p> <p>MBAG Mercedes-Benz AG</p> <p>NED Non-Executive Director</p> <p>Net Debt Current and non-current borrowings in addition to inventory financing arrangements, lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, cash held not available for short-term use</p> <p>Net-Zero Reducing scope 1, 2, and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways and neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter</p> <p>OEM Original Equipment Manufacturer</p> | <p>OSHA Occupational Safety and Health Administration</p> <p>PHEV Plug-in Hybrid Electric Vehicle</p> <p>PIK Payment-in-Kind interest, whereby interest on a bond is paid by scrip issuance of further bonds, rather than in cash</p> <p>Project Horizon The Company's transformation programme, covering all areas of the business</p> <p>PSP Performance Share Plan</p> <p>R&D Research and Development</p> <p>RCF Revolving Credit Facility</p> <p>Relationship Agreements Relationship Agreements between the Company and the Yew Tree Consortium dated 27 February 2020 and MBAG dated 27 October 2020 which govern the relationship between the Company and each of these shareholder groups</p> <p>Retails A volume measure of unit sales of vehicles by dealers to customers; and/or Company sales of certain Specials direct to customers</p> <p>SASB Sustainability Accounting Standards Board</p> <p>SBTi Science-Based Targets initiative</p> <p>Section 172 or s.172 Section 172 of the Companies Act 2006 requires the Board to consider a number of factors in its decision-making, including the interests of its stakeholders</p> <p>SID Senior Independent Director</p> |
|--|--|

GLOSSARY CONTINUED

SONIA

Sterling Overnight Index Average

SOx

Sarbanes-Oxley Act

Specials

Vehicles produced in limited numbers

Speedster

A barchetta-style car without roof or windscreen

Spider

A car with removable roof

SSNs

Senior Secured Notes

Stakeholder

A party which has an interest in a company and can either affect or be affected by the business

STEM

Science, Technology, Engineering, Maths

SUV

Sports Utility Vehicle

TCFD

Task Force on Climate-related Financial Disclosures

TSR

Total Shareholder Return

UHNWI

Ultra-High Net Worth Individual

V8, V12

An eight-cylinder internal combustion engine, a twelve-cylinder internal combustion engine

SHAREHOLDER INFORMATION

GENERAL SHAREHOLDER ENQUIRIES

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Tel: 0333 207 5973.

Lines are open 08.30am to 5.30pm, Monday to Friday excluding public holidays in England & Wales. Please dial +44 121 415 0920 if calling from outside the UK or online at help.shareview.co.uk for additional information.

Equiniti offers a range of shareholder information and services online at www.shareview.co.uk.

SHARE CONSOLIDATION

As previously reported on 14 December 2020, the Company undertook a capital reorganisation comprising a subdivision, re-designation and consolidation of its ordinary issued shares (the "Capital Reorganisation"). Further information on the Capital Reorganisation can be found in the Combined Prospectus and Circular dated 18 November 2020 and accessible on www.astonmartinlagonda.com.

SHARE WARRANTS

The Company issued warrants granting rights to subscribe for ordinary shares in accordance with the terms of the warrant instrument dated 7 December 2020. Warrants are exercisable during the period starting on 1 July 2021 and ending on 7 December 2027. Details of the number of warrants exercised since 1 July 2021 are set out on in note 22 of this report.

Further information on the warrants is set out in the combined prospectus and circular dated 18 November 2020.

ANNUAL GENERAL MEETING

Information on the Annual General Meeting, together with the Notice of Meeting containing details of the business to be conducted, will be posted on our website www.astonmartinlagonda.com.

The voting results for the 2022 Annual General Meeting will also be accessible on www.astonmartinlagonda.com shortly after the meeting.

ELECTRONIC COMMUNICATION

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at www.shareview.co.uk.

SHARE DEALING

Aston Martin Lagonda Global Holdings plc shares can be traded through most banks, building societies or stockbrokers. Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit www.shareview.co.uk/dealing.

Shareholders will need their reference number which can be found on their share certificate.

SHAREGIFT

Shareholders with a small number of shares, the value of which makes them uneconomic to sell, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at www.sharegift.org or by telephone on 0207 930 3737.

SHARE PRICE INFORMATION

The latest Aston Martin Lagonda Global Holdings plc share price is available on the Company's website at www.astonmartinlagonda.com.

UNAUTHORISED BROKERS (BOILER ROOM SCAMS)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free company reports. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before proceeding any further. This can be done by visiting www.fca.org.uk/register/.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong. If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information can be found on the FCA website at www.fca.org.uk/consumers/protect-yourself/unauthorised-firms.

REGISTERED OFFICE

Aston Martin Lagonda Global Holdings plc, Banbury Road, Gaydon Warwick, CV35 0DB, United Kingdom.

Registered in England and Wales Registered Number: 11488166
www.astonmartinlagonda.com

WEBSITE

This Annual Report and other information about Aston Martin Lagonda Global Holdings plc, including share price information and details of results announcements, are available at www.astonmartinlagonda.com.

DISCLAIMER

The purpose of this Annual Report is to provide information to the members of Aston Martin Lagonda Global Holdings plc. This document contains certain statements with respect to the operations, performance and financial condition of the Group including, among other things, statements about expected revenues, margins, earnings per share or other financial or other measures. Forward-looking statements appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty and are subject to a number of risks since future events and circumstances can cause actual results and developments to differ materially from those anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. All members, wherever located, should consult any additional disclosures that the Company may make in any regulatory announcements or documents which it publishes. The Company and its Directors accept no liability to third parties in respect of this document save as would arise under English law. This document does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Aston Martin Lagonda Global Holdings plc shares, in the UK, or in the USA, or under the USA Securities Act 1933 or any other jurisdiction.



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