IMPORTANT INFORMATION

THIS OFFERING MEMORANDUM IS AVAILABLE ONLY TO INVESTORS WHO (1) WE REASONABLY BELIEVE ARE QUALIFIED INSTITUTIONAL BUYERS ("*QIBs*") WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*") OR (2) ARE NON-U.S. PERSONS AND OUTSIDE OF THE UNITED STATES PURCHASING THE SECURITIES DESCRIBED HEREIN (THE "*SECURITIES*") IN RELIANCE ON REGULATION S ("*REGULATION S*") UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("*EEA*") OR THE UNITED KINGDOM, NOT A RETAIL INVESTOR (AS DEFINED BELOW)).

IMPORTANT: *You must read the following before continuing*. The following applies to the offering memorandum (the "*Offering Memorandum*") following this notice, whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the Offering (as defined below) described therein. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, OR WITH ANY OTHER SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE PUBLISHED, FORWARDED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the Securities, investors must be either (1) QIBs or (2) non-U.S. persons purchasing the Securities outside of the United States in reliance on Regulation S under the U.S. Securities Act; *provided* that investors resident in a Member State of the EEA or the United Kingdom are not "retail investors" as defined below. The Offering Memorandum is being sent to you at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

(i) you consent to delivery of such Offering Memorandum by electronic transmission, and

(ii) either:

  (a) you and any customers you represent are QIBs; or

  (b) non-U.S. persons outside the United States and the e-mail address that you provided and to which the Offering Memorandum has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and

(iii) if you are resident in a Member State of the EEA or the United Kingdom, you are not a retail investor (as defined below) in the EEA or the United Kingdom.

Prospective purchasers that are QIBs are hereby notified that the sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Prohibition of Sales to EEA Retail Investors: The Securities are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "*MiFID II*"), (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "*Insurance Distribution Directive*"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a "qualified investor" as defined in Regulation (EU) 2017/1129 (as amended, the "*Prospectus Regulation*"). Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Securities in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

MiFID II Product Governance/Professional Investors and ECPs Only Target Market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "*distributor*") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to UK Retail Investors: The Securities are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom. For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("*EUWA*"), (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "*FSMA*") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA or (iii) not a "qualified investor" as defined in Article 2 of the Prospectus Regulation, as it forms part of UK domestic law by virtue of the EUWA (the "*UK Prospectus Regulation*"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Securities in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

Additional Notice for Investors in the UK: The Offering Memorandum is not being distributed, nor has it been approved for the purposes of Section 21 of the FSMA by an authorized person under the FSMA. The Offering Memorandum is for distribution only to, and is only directed at, persons who are "qualified investors" (as defined in the

UK Prospectus Regulation) who are: (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "*Order*"), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, (iii) outside the United Kingdom or (iv) persons to whom it would otherwise be lawful to distribute it, all such persons together being referred to as "*relevant persons*." The Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Memorandum or its contents. The Securities are not being offered to the public in the United Kingdom.

UK MiFIR Product Governance/Professional Investors and ECPs Only Target Market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "*UK distributor*") should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and an Initial Purchaser (as defined in this Offering Memorandum) or any affiliate of the Initial Purchaser is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by such Initial Purchaser or such affiliate on behalf of Aston Martin Capital Holdings Limited (the "*Issuer*") in such jurisdiction.

The attached Offering Memorandum has been sent to you in an electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Initial Purchasers and their respective affiliates, directors, officers, employees, representatives and agents accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.

Offering Memorandum

Not for general circulation in the United States
Strictly confidential

ASTON MARTIN

Aston Martin Capital Holdings Limited

$960,000,000 10.000% Senior Secured Notes due 2029
£400,000,000 10.375% Senior Secured Notes due 2029

Aston Martin Capital Holdings Limited (the "*Issuer*"), a public limited company incorporated under the laws of Jersey, is offering $960,000,000 aggregate principal amount of 10.000% senior secured notes due 2029 (the "*Dollar Notes*") and £400,000,000 aggregate principal amount of 10.375% senior secured notes due 2029 (the "*Sterling Notes*" and together with the Dollar Notes, the "*Notes*"). The proceeds of the Notes will be used, together with cash on balance sheet, (i) to redeem in full the outstanding amount of Existing Notes (as defined herein), including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full the borrowings under the Existing Revolving Facility Agreement (as defined herein), including accrued and unpaid interest thereon and (iii) to pay fees and expenses incurred in connection with the Transactions (as defined herein). See "*Use of Proceeds*."

The Notes will be issued on March 21, 2024 (the "*Issue Date*"). The Notes will be issued under the indenture to be entered into by, among others, the Issuer and U.S. Bank Trustees Limited, as trustee (the "*Trustee*"), on the Issue Date (the "*Indenture*"). The Dollar Notes will bear interest at a rate of 10.000% per annum and will mature on March 31, 2029. The Sterling Notes will bear interest at a rate of 10.375% per annum and will mature on March 31, 2029. Interest on the Notes will be payable semi-annually in arrear on May 1 and November 1 of each year, commencing on November 1, 2024.

Prior to March 15, 2026, the Issuer may redeem, at its option, the Notes, in whole or in part, by paying a "make-whole" premium. On or after March 15, 2026, the Issuer may redeem, at its option, the Notes, in whole or in part, at the redemption price specified herein, plus accrued and unpaid interest and additional amounts, if any. In addition, prior to March 15, 2026, the Issuer may redeem up to 40% of the original aggregate principal amount of each series of the Notes at the applicable redemption price specified in this Offering Memorandum with the net cash proceeds from certain equity offerings, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date; provided that at least 50% of the original aggregate principal amount of the Notes of the applicable series remains outstanding immediately after the redemption. See "*Description of the Notes—Optional Redemption*." In addition, prior to March 15, 2026, the Issuer may redeem during each twelve-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the Notes (calculated after giving effect to the issuance of any additional Notes) at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date. The Notes may also be redeemed at a price equal to their outstanding principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events, the Issuer may be required to offer to redeem the Notes at 101% of the outstanding principal amount thereof, plus accrued and unpaid interest to the date of the redemption.

The Notes will be the Issuer's senior obligations. On the Issue Date, the Notes will be guaranteed (the "*Guarantees*"), jointly and severally, on a senior basis by Aston Martin Investments Limited (the "*Company*") and certain of its subsidiaries (together, the "*Guarantors*"). The Issuer and the Guarantors will also guarantee the Revolving Credit Facility. Subject to the operation of the Agreed Security Principles (as defined herein), the Notes and the Guarantees will be secured on a first-priority basis as of the Issue Date by the Collateral (as defined herein), which will also secure the obligations under our Revolving Credit Facility and certain Hedging Obligations, if any, as described in "*Description of the Notes—Security—The Collateral*." In the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility and certain Hedging Obligations, if any, have been repaid in full. See "*Description of Other Financial Arrangements—Intercreditor Agreement.*"

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "*Authority*") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "*Exchange*").

An investment in the Notes involves risks. See "*Risk Factors*" beginning on page 23.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "*U.S. Securities Act*"), or the securities laws of any state of the United States or any other jurisdiction. The Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act or the securities laws of any other jurisdiction. Accordingly, we are offering the Notes only to "qualified institutional buyers" in reliance on Rule 144A of the U.S. Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Transfer Restrictions*."

The Notes will be issued in the form of global notes in registered form. See "*Book-Entry; Delivery and Form.*" The Dollar Notes and the Sterling Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof or of £100,000 and integral multiples of £1,000 in excess thereof, respectively. The Dollar Notes are expected to be delivered to investors in book-entry form through The Depository Trust Company ("*DTC*"), and the Sterling Notes are expected to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking, S.A. ("*Clearstream*"), in each case, on or about the Issue Date. See "*Book-Entry; Delivery and Form*."

Dollar Notes issue price: 100.000% and accrued interest, if any, from the Issue Date.
Sterling Notes issue price: 100.000% and accrued interest, if any, from the Issue Date.

Dollar Notes

Global Coordinators

Goldman Sachs International **Barclays**

Joint Bookrunners

HSBC **Deutsche Bank**

Sterling Notes

Global Coordinators

Barclays **Goldman Sachs International** **HSBC**

Bookrunner

Deutsche Bank

Offering Memorandum dated March 13, 2024

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The Issuer expects that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Memorandum, which will be the "*T+6*" business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "*T+6*"). Under Rule 15c6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next three business days will be required, by virtue of the fact that the Notes initially will settle T+6, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next three business days should consult their advisors.

IMPORTANT INFORMATION

You should base your decision to invest in the Notes solely on the information contained in this Offering Memorandum (the "*Offering Memorandum*"). Neither we nor the Issuer have authorized anyone to provide any information or to make any representations other than those contained in this Offering Memorandum. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors and the Initial Purchasers, each as defined elsewhere in this Offering Memorandum. You must not rely on any unauthorized information or representations.

We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The information contained in this Offering Memorandum is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

This Offering Memorandum is an offer to sell only the Notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell any Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals. Neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See "*Notice to Investors*."

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase the Notes. You must not:

- use this Offering Memorandum for any other purpose; or
- disclose any information in this Offering Memorandum to any other person.

We and the Issuer have prepared this Offering Memorandum, and we and the Issuer are solely responsible for its contents. This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. In making your investment decision, you should not consider any information in this Offering Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. It should be remembered that the price of securities and the income from them can fluctuate. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- you have had an opportunity to request, receive and review additional information that you need from us;
- you have made certain acknowledgements, representations and agreements as set forth under the captions "*Transfer Restrictions*"; and
- The Initial Purchasers and the trustee, the registrar, the transfer agent and the paying agent under the Indenture are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer.

Prospective purchasers in the United States are hereby notified that the sellers of the Notes may be relying on the exemption from Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this Offering Memorandum, see "*Notice to Investors*" and "*Transfer Restrictions.*" By purchasing any Notes, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this Offering Memorandum.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Initial Purchasers require persons into whose possession this Offering Memorandum comes to inform themselves about and to observe any such restrictions, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. For a description of certain restrictions on offers, sales and resales of Notes and distribution of this Offering Memorandum, see "*Transfer Restrictions*."

The Jersey Financial Services Commission (the "*Commission*") has given, and has not withdrawn, or will have given prior to the issue of the Notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. See "*Plan of Distribution*" and "*Notice to Investors*." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We have prepared this Offering Memorandum solely for use in connection with the Offering. In the United States, you may not distribute this Offering Memorandum or make copies of it without our prior written consent other than to people you have retained to advise you in connection with the Offering.

This Offering Memorandum summarizes material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this Offering Memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of the Offering and the Notes, including the merits and risks involved. See "*Where You Can Find More Information*." You should not consider any information in this document to be legal, business or tax advice regarding an investment in the Notes.

We reserve the right to withdraw the Offering of the Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. Any Initial Purchaser and certain affiliates may acquire for their own account a portion of the Notes.

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange, and the Issuer will submit this Offering Memorandum to the Authority in connection with the listing application. The Issuer cannot guarantee that its application for listing of and permission to deal in the Notes on the Official List of the Exchange will be approved as of the date of issuance of the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

See "*Risk Factors*," immediately following the "*Summary*," for a description of some important factors relating to an investment in the Notes offered by this Offering Memorandum.

Stabilization

IN CONNECTION WITH THE ISSUE OF THE NOTES, GOLDMAN SACHS INTERNATIONAL (IN RESPECT OF THE DOLLAR NOTES) AND BARCLAYS BANK PLC (IN RESPECT OF THE STERLING NOTES) (TOGETHER, THE "*STABILIZING MANAGERS*") (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGERS) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO

SUPPORTING THE MARKET PRICES OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZING MANAGERS (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGERS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Notice to Investors

Notice to U.S. Investors

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Transfer Restrictions*." The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer and resale. The Notes have not been and will not be recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. This Offering Memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be qualified institutional buyers under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*." The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), or section 1.1 of National Instrument 45-106 Prospectus Exemptions and are permitted clients, as defined in *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

Notice to European Economic Area Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("*EEA*"). For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "*distributor*") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notice to United Kingdom Investors

The Offering Memorandum is not being distributed, nor has it been approved for the purposes of Section 21 of the FSMA by an authorized person under the Financial Services and Markets Act 2000 (as amended, "*FSMA*"). The Offering Memorandum is for distribution only to, and is only directed at, persons who are "qualified investors" (as defined in the Prospectus Regulation, as it forms part of UK domestic law by virtue of the EUWA (the "*UK Prospectus Regulation*")) who are: (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "*Order*"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) outside the United Kingdom or (iv) persons to whom it would otherwise be lawful to distribute it, all such persons together being referred to as "*relevant persons*." The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Memorandum or its contents. The Notes are not being offered to the public in the United Kingdom.

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom. For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("*EUWA*"), (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA or (iii) not a "qualified investor" as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "*UK distributor*") should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notice to Investors in Austria

This Offering Memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and no prospectus is required in accordance with the Prospectus Regulation. Neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the Offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will be made only in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 3 paragraph 1 number 11 Austrian Capital Markets Act. For selling restrictions in respect of Austria, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Belgium

This Offering Memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Offering has not been and will not be notified to, and this Offering Memorandum has not been, and will not be, approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes. Accordingly, the Offering, as well as any other materials relating to the Offering, may not be advertised, the Notes may not be offered or sold, and this Offering Memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, (i) to any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market or pursuant to the Belgian Act of August 3, 2012 on certain forms of collective management of investment portfolios or (ii) to any person qualifying as a consumer within the meaning of the Book VI of the Belgian Code of Economic Law (the "*Belgian Code*"), unless such sale is made in compliance with the Belgian Code and its implementing regulation. This Offering Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offer. Therefore it may not be used for any other purpose, or passed on to any other person in Belgium. For selling restrictions in respect of Belgium, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in France

This Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France (*offre au public de titres financiers*) within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des Marchés Financiers* (the French financial markets authority) (the "*AMF*") and therefore has not been and will not be submitted to the AMF for prior approval or otherwise and does not require a prospectus to be submitted for approval to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in and in accordance with L. 411-1, L. 411-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*. Prospective investors are informed that (i) this Offering Memorandum has not been and will not be submitted for clearance to the AMF, (ii) qualified investors (*investisseurs qualifiés*) and any restricted circle of investors (*cercle restreint d'investisseurs*) referred to in article L. 411-2-II-2 of the French *Code monétaire et financier* may only participate in the Offering for their own account, as provided under articles L. 411-2-II-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with applicable laws and regulations, in particular those relating to an offer to the public (*offre au public de titres financiers*) (which are embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*). For selling restrictions in respect of France, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Germany

The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "*Securities Prospectus Act*," *Wertpapierprospektgesetz*, or *WpPG*), as amended, the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, and any other applicable German law. No application has been made or will be made under German law to permit a public offer of Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "*BaFin*") or obtain a notification to the BaFin from another competent authority of a Member State of the EEA, with which a securities prospectus may have been filed, pursuant to Section 17 (3) of the Securities Prospectus Act. For selling restrictions in respect of Germany, see also "—*Notice to European Economic Area Investors*" above.

Notice to Investors in Italy

The Offering has not been cleared by the Commissione Nazionale per le Società e la Borsa ("*CONSOB*") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (i) to qualified investors (*investitori qualificati*) as referred to in Article 2, letter (e) of the Prospectus Regulation or (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "*Italian Financial Act*") and pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "*Issuer Regulation*").

The Initial Purchasers have represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (i) and (ii) above and must be:

(i) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Italian Financial Act), permitted to conduct such activities in the Republic of Italy in accordance, as applicable, with Italian Legislative Decree No. 385 of September 1, 1993, as subsequently integrated and amended (the "*Italian Banking Act*"), the Italian Financial Act, the Issuer Regulation, CONSOB Regulation No. 20307 of February 15, 2018, as amended and any other applicable laws and regulations; and

(ii) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or any other relevant Italian competent authorities.

For selling restrictions in respect of Italy, see also "—*Notice to European Economic Area Investors*" above.

Notice to Investors in Luxembourg

This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) (the "*CSSF*") for purposes of public offering or sale in Luxembourg ("*Luxembourg*"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Luxembourg Prospectus Act, as amended or any Luxembourg law applying Regulation (EU) 2017/1129. For selling restrictions in respect of Luxembourg, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in the Netherlands

This Offering Memorandum is not directed at any person in the Netherlands other than qualified investors (*gekwalificeerde beleggers*) as defined in the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*), as amended. The Notes have not, may not and will not be offered to any person in the Netherlands, other than to qualified investors (*gekwalificeerde beleggers*). This Offering Memorandum must not be acted on or relied on by persons in the Netherlands who are not qualified investors (*gekwalificeerde beleggers*). For selling restrictions in respect of the Netherlands, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Poland

The Notes may not be offered or sold in or into Poland except under circumstances that do not constitute a "public offering," defined under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies of July 29, 2005, as amended (the "*Public Offering Act*") as a communication made in any form and by any means, directed at 150 or more people or at an unnamed addressee containing information on the securities and the terms of their acquisition sufficient to enable an investor to decide on the securities acquisition. This Offering Memorandum is not a prospectus or information memorandum and, as such, has not been and will not be approved by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*). For selling restrictions in respect of Poland, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Spain

The Notes may not be sold, offered or distributed in Spain except in accordance with the requirements of the Royal Legislative Decree 4/2015, of October 23, 2015, approving the amended and restated text of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, and Royal Decree 1310/2005, of November 4, 2005 on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended from time to time (the "*Spanish Securities Market Law*"). The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, within the meaning of the Spanish Securities Market Law. Neither the Notes nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of Notes in Spain. For selling restrictions in respect of Spain, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Sweden

This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (*Sw. lagen (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Swedish Financial Instruments Trading Act. For selling restrictions in respect of Sweden, see also "*—Notice to European Economic Area Investors*" above.

Notice to Investors in Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the "*FinSA*") and will not be admitted to a trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Group or the Notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND USE OF NON-IFRS FINANCIAL INFORMATION

Unless otherwise indicated, the historical and other financial data presented in this Offering Memorandum have been derived from the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2021, 2022 and 2023, included elsewhere in this Offering Memorandum. Consequently, references in this Offering Memorandum to the "*Group*" or "*Aston Martin*" in the context of historical financial information or other financial information relate to AML Global Holdings and its subsidiaries.

Financial Information

Our consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 are presented in accordance with UK-adopted international accounting standards ("*IFRS*").

Our consolidated financial statements include the consolidated results of operations and the consolidated financial position of AML Global Holdings, which are not attributable to Aston Martin Investments Limited (the "*Company*") or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2021, 2022 and 2023 of AML Global Holdings and the Company primarily related to £1.5 million, £2.4 million and £2.4 million, respectively, of directors' remuneration and administrative costs and other expenses, which were not attributable to the Company or its subsidiaries. In addition, a material difference relating to financing income and financing expense exists in relation to fair value adjustments on issued share warrants, which amounted to a financing income of £34.1 million, a financing income of £8.1 million and a financing expense of £19.0 million for, respectively, the years ending December 31, 2021, 2022 and 2023. We believe that AML Global Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position for the applicable periods. Therefore, the financial and operating results and certain other information relating to AML Global Holdings have been presented in this Offering Memorandum in lieu of the Company. AML Global Holdings will be the reporting entity under the covenants pursuant to the Indenture and the Revolving Credit Facility Agreement. For further information, see "*Description of the Notes*."

The Issuer is a wholly owned direct subsidiary of the Company and was formed on March 21, 2017.

The financial information and financial statements included in this Offering Memorandum are presented in pound sterling.

Certain numerical figures included in this Offering Memorandum have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

Certain Restatements and Reclassifications

Our consolidated statement of financial position in the audited consolidated financial statements of AML Global Holdings as at January 1, 2022 and December 31, 2022 has been restated to reflect a prior period adjustment in respect of the deferral of tax relief income received under the Research and Development Expenditure Credit ("*RDEC*") regime. We previously recognized the income within administrative and other operating expenses in the consolidated income statement, in the period in which the qualifying expenditure giving rise to the RDEC claim was incurred. We have reassessed the treatment under IAS 20 (*Government Grants*) in respect of income from RDEC claims where the qualifying expenditure has been capitalized. For these capitalized expenses, the RDEC income earned has been deferred to the consolidated statement of financial position and will be released to the consolidated income statement over the same period as the amortization of the costs capitalized to which the RDEC income relates. Where the qualifying expenditure is not capitalized, the RDEC income continues to be recognized in the consolidated income statement in the year the expenditure is incurred as has previously been the approach. As a result, certain adjustments have been made in the statement of financial position in the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2023 regarding the 2022 comparative values. The impact of these adjustments is that as at January 1, 2022 and December 31, 2022, £49.0 million of deferred income has been recognized on the consolidated statement of financial position split between current and non-current trade and other payables with a corresponding adjustment to retained earnings.

There is no adjustment to the consolidated income statement for the year ended December 31, 2022 as the change in approach is not material to that individual year. There is no change to the consolidated statement of cash flows for the year ended December 31, 2022 because, whilst the accounting impact of the claim is deferred, there is no change to the timing of the cash receipt. No change in the corporation tax position is recognized in the consolidated income statement for the year ended December 31, 2022 or the consolidated statement of financial position as of December 31, 2022 as the recoverability assessment of the Group's deferred tax position has not been materially changed by this restatement.

Further information in relation to the restatement is included in note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2023.

The audited consolidated financial statements as of and for the year ended December 31, 2021 included in this Offering Memorandum are as originally published, without any restatement or adjustments. In the event the consolidated income statement for the year ended December 31, 2021 was restated for the above adjustments, an increase in administrative and other operating expenses of £5.6 million would have been reflected.

Non-IFRS Measures

We have presented certain non-IFRS financial measures in this Offering Memorandum, including EBITDA, Adjusted EBITDA, net debt, adjusted net total debt, adjusted net secured debt, cash conversion ratio and certain financial ratios. Non-IFRS financial measures are derived on the basis of methodologies other than IFRS and the non-IFRS measures we present may also be defined differently than the corresponding terms under the Indenture.

Our management uses Adjusted EBITDA and cash conversion ratio to assess our operating performance. In addition, we believe these metrics are measures commonly used by investors. Adjusted EBITDA and cash conversion ratio are not presentations made in accordance with IFRS, and our use of such terms varies from others in our industry. These metrics should not be considered as alternatives to net profit (loss), operating profit (loss) or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows as measures of liquidity. Adjusted EBITDA has important limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS. For example, Adjusted EBITDA:

- excludes certain tax payments that may represent a reduction in cash available to us;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the significant financial expense, or the cash requirements necessary to service interest payments, on our debts; and
- adjusts for items of which we believe the quantum, nature or volatility would distort the underlying trading performance of the Group, as they are not expected to repeat in future periods, including the tax effect thereof.

Such non-IFRS financial information has not been audited or reviewed by Ernst & Young LLP. Non-IFRS measures do not constitute a measure of financial performance under IFRS and should not be considered a substitute for operating profit (loss), net profit (loss), cash flow or other financial measures computed in accordance with IFRS, or as a measure of our future results of operations or liquidity.

Adjusted Financial Information

This Offering Memorandum also includes certain unaudited adjusted consolidated financial information, including adjusted cash and cash equivalents, adjusted total debt and adjusted net total debt and adjusted interest expense and leverage and coverage ratios. Such measures reflect the following:

- Adjusted total debt is total debt that has been adjusted to give effect to the Transactions and the use of proceeds therefrom as contemplated under "*Use of Proceeds*," as if they had occurred on December 31, 2023.
- Adjusted interest expense is interest expense adjusted to give effect to the Transactions, including the issuance of the Notes and the entry into the Revolving Credit Facility, as if they had occurred on January 1, 2023.

- Adjusted cash and cash equivalents is cash and cash equivalents adjusted to give effect to our estimated cash position after giving effect to the Transactions and the use of proceeds therefrom as contemplated under "*Use of Proceeds*," as if they had occurred on December 31, 2023. Adjusted cash and cash equivalents is not adjusted for ordinary course movements in our cash and cash equivalents after December 31, 2023.

Such adjusted measures are not financial measures defined in accordance with IFRS and, as such, may not be comparable to similarly titled measures used by other companies.

Such adjusted financial information has not been audited or reviewed by Ernst & Young LLP. As all companies do not calculate these financial measures in the same manner, the presentation of each financial measure may not be comparable to other similarly titled measures used by other companies. The unaudited adjusted consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. The unaudited adjusted adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the adjusted adjustments nor the resulting unaudited adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited adjusted consolidated financial information has been provided for informational purposes only. Results indicated by certain of these measures may not be realized, and funds depicted by certain of these measures may not be available for management's discretionary use if such results are not realized. Further, the unaudited adjusted consolidated financial information does not purport to indicate our future consolidated results of operations or our cash position or financial position as at any future date. The actual results may differ significantly from those reflected in the unaudited adjusted financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited adjusted financial information. The adjusted consolidated financial information, and the related assumptions, are for illustrative purposes only.

The unaudited adjusted consolidated financial information should be read in conjunction with the information contained in "*Summary—Summary Historical Consolidated Financial and Other Data*," "*Selected Historical Consolidated Financial and Other Data,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements included in this Offering Memorandum.

MARKET AND INDUSTRY DATA

We obtained market data and certain industry data and forecasts included in this Offering Memorandum from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Sources of certain data in this Offering Memorandum include (i) the S&P Global Mobility May 27, 2023 Report, (ii) Knight Frank, The Wealth Report 2023, (iii) Knight Frank, The Wealth Report 2024 and (iv) certain other third party report providers.

The S&P Global Mobility reports, data and information referenced herein (the "*S&P Global Mobility Materials*") are the copyrighted property of S&P Global Inc., and its subsidiaries ("*S&P Global Mobility*") and represent data, research, opinions or viewpoints published by S&P Global Mobility, and are not representations of fact. The S&P Global Mobility Materials speak as of the original publication date thereof and not as of the date of this document. The information and opinions expressed in the S&P Global Mobility Materials are subject to change without notice and S&P Global Mobility has no duty or responsibility to update the S&P Global Mobility Materials. Moreover, while the S&P Global Mobility Materials reproduced herein are from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. S&P Global Mobility and the appropriate trademarks used in the data to be included are trademarks of S&P Global Mobility. Other trademarks appearing in the S&P Global Mobility Materials are the property of S&P Global Mobility or their respective owners.

Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. No third party whose information is referenced in this Offering Memorandum under credit to it, assumes any liability towards the user with respect to its information. We have not independently verified any of the data from third- party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's knowledge of the industry, have not been independently verified. Statements as to our market position are based on recently available data. Our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" appearing elsewhere in this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements. When used in this document, the words "*aim*," "*anticipate*," "*believe*," "*continue*," "*could*," "*estimate*," "*expect*," "*guidance*," "*intend*," "*may*," "*plan*," "*project*," "*should*," "*will*" and "*target*" and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding our business strategy, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us.

Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under "*Risk Factors*" and elsewhere in this Offering Memorandum, the following:

- we may not be able to generate sufficient cash to fund our capital expenditures and sustain our operations, or to satisfactorily meet our other liquidity requirements;
- we may not be able to maintain capital expenditure or balance supply and demand effectively in line with our strategy. Our strategy and business plan could also expose our business to different risks;
- our future success depends on our continued ability to introduce our next generation vehicles, which will require significant capital expenditures;
- we could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers;
- our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results;
- the consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors;
- the development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology;
- our long-term success depends on attracting and retaining key management and other personnel, as well as on good relationships with our workforce;
- our profitability relies in part on our ability to produce and deliver our Specials and if we are delayed or become unable to deliver these models in the applicable time frames, this could lead to additional costs, reduced profitability, return of customer deposits and damage to our reputation;
- our future success depends on our ability to develop attractive products that are tailored to the needs and tastes of our customers;
- transition and physical risks associated with climate change could negatively affect us;
- we are dependent upon our third-party dealers for the sale and promotion of products and services;
- our business is affected by the timing of new product launches, as well as other seasonal factors;
- Mercedes-Benz Group is one of our significant suppliers and its wholly-owned subsidiary MBAG holds shares in AML Global Holdings;
- we are exposed to operational risks, including risks in connection with the use of information technology and personal data;
- compliance with certain vehicle safety regulations may have an adverse effect on us;

- demand for our products and our pricing power is dependent on consumers' sentiment and purchasing power;
- the strength of the Aston Martin brand could be diluted or weakened;
- we face strong competition within the ULS vehicle market, which could lead to a saturation of the market, and result in a significant drop in unit sales or price deterioration;
- our future success depends on our ability to continue to sell our vehicles to customers at prices which reflect the cost of maintaining the high quality of our vehicles;
- we may not succeed in adequately protecting our intellectual property and know-how;
- we rely on confidential know-how and trade secrets to protect our intellectual property that cannot be patented and we depend on the confidentiality of this information being maintained;
- it cannot be ruled out that we may be held liable for an infringement of third-party intellectual property or misappropriation of third-party know-how or trade secrets or may be dependent upon the costly use of third-party intellectual property;
- conditions in the global economy and exposure to domestic and global political developments could negatively affect us;
- developments in emerging markets may adversely affect our business;
- vehicle sales in certain regions depend in part on the availability of affordable financing;
- our international operations expose our business to risks that we may not have the expertise, capability or the systems to manage;
- public health crises, such as the COVID-19 pandemic, have adversely impacted, and may continue to impact our business, financial position and results of operations;
- we are dependent on our manufacturing facility at Gaydon for the production of our three current sports and GT core models and St Athan for the production of our SUV model;
- new laws, regulations or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions or vehicle safety could give rise to significant costs;
- legal, political and economic uncertainty in the global economy and financial markets, including in the European economy and financial markets as a result of the exit of the UK from the EU ("*Brexit*"), may be a source of instability in international markets;
- anti-corruption and sanctions laws create the potential for significant liabilities and penalties and reputational damage;
- changes in tax, tariff or fiscal policies could adversely affect demand for our products;
- we may lose or fail to maintain licenses or permissions that we currently use to export our products into other markets;
- we face credit and market risks arising from foreign currency exchange rates, commodity prices, interest rates and related hedging activities;
- we may become subject to risks arising from legal disputes and may become the subject of government investigations;
- we may become subject to product liability claims;
- we are exposed to risks in connection with product-related guarantees and warranties, as well as the provision of voluntary services, which may be costly;

- we are in some cases subject to the residual value risk under lease financing agreements;
- our insurance cover may not be adequate to protect us against all potential losses to which we may be subject;
- we operate a number of employee pension arrangements, including an underfunded UK defined benefit pension scheme to which we are required to make significant contributions and to which future additional contributions will be required as a result of the regular triennial actuarial valuations, the most recent of which is currently underway and which will need to be concluded by July 5, 2024; and
- other risks related to our indebtedness, the Notes and the Guarantees discussed under "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees*."

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the forward-looking statements made in this Offering Memorandum, except as required by law. See "*Risk Factors,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

In addition, this Offering Memorandum contains information concerning our industry and our market and business segments generally, which is forward looking in nature and is based on a variety of assumptions regarding the ways in which our industry, our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Offering Memorandum. Although we believe that this information is reliable and take responsibility for the correct extraction and reproduction of the information, we have not independently verified and cannot guarantee the accuracy or completeness of the information. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition and on the trading price of the Notes.

USE OF TERMS

Unless otherwise specified or the context requires otherwise in this Offering Memorandum, references to:

- "*2020 Equity Capital Raise*" are to the equity capital raise completed in March and April 2020 by AML Global Holdings, in an amount of £535.7 million gross proceeds, consisting of (i) a private placing of shares in AML Global Holdings to the Yew Tree Consortium led by Lawrence Stroll for £171.0 million in March 2020 and (ii) a fully underwritten rights issue of shares of AML Global Holdings in an aggregate amount of £364.7 million in March and April 2020;

- "*2020 June Equity Placing*" are to the raise of £152.1 million of gross proceeds through a private placement, consisting of (i) a non-pre-emptive placing of new ordinary shares of AML Global Holdings to, among others, the Yew Tree Consortium and (ii) a concurrent offer for retail investors to subscribe for shares of AML Global Holdings, as completed on June 26, 2020;

- "*2020 October Equity Placing*" are to the raise of £125.0 million of gross proceeds through a private placement, consisting of a non-pre-emptive placing of new ordinary shares of AML Global Holdings to, among others, the Yew Tree Consortium, as completed on October 28, 2020;

- "*2022 Equity Capital Raise*" are to the equity capital raise, completed in September 2022 by AML Global Holdings, in an amount of £653.9 million gross proceeds, consisting of (i) a private placing of shares in AML Global Holdings for £78.1 million and (ii) a fully underwritten rights issue of shares of AML Global Holdings in an aggregate amount of £575.8 million in September 2022;

- "*2023 Equity Placing*" are to the raise of £216.1 million of gross proceeds through a private placement, consisting of (i) a non-pre-emptive placing of new ordinary shares of AML Global Holdings to, among others, the Yew Tree Consortium, PIF, Geely and MBAG and (ii) a concurrent offer for retail investors to subscribe for shares of AML Global Holdings, as completed on August 1, 2023;

- "*2023 Partial Redemption*" are to the early redemption by the Issuer of $69,549,503 in aggregate principal amount of its 2026 Notes, completed on November 13, 2023;

- "*2025 Notes*" are to the $1,143,720,000 in aggregate principal amount of 10.50% senior secured notes due 2025 issued by the Issuer on November 16, 2020, pursuant to the 2025 Indenture;

- "*2025 Indenture*" are to the indenture dated November 16, 2020 governing the terms of the 2025 Notes, as amended and/or supplemented from time to time;

- "*2026 Notes*" are to the $121,660,456 in aggregate principal amount of 15.00% second lien split coupon notes due 2026 issued by the Issuer on November 10, 2020, pursuant to the 2026 Indenture;

- "*2026 Indenture*" are to the indenture dated November 10, 2020 governing the terms of the 2026 Notes, as amended and/or supplemented from time to time;

- "*Agreed Security Principles*" are to the agreed security principles set out in a schedule to the Revolving Credit Facility Agreement;

- "*AM Capital*" are to Aston Martin Capital Limited;

- "*AM Holdings*" are to Aston Martin Holdings (UK) Limited and not to its subsidiaries;

- "*AM Investments*" are to Aston Martin Investments Limited and not to its subsidiaries;

- "*AML*" are to Aston Martin Lagonda Limited and not its subsidiaries;

- "*AML Global Holdings*" are to Aston Martin Lagonda Global Holdings plc and not to its subsidiaries;

- "*AML Group Ltd.*" are to Aston Martin Lagonda Group Limited and not to its subsidiaries;

- "*AML NA*" are to Aston Martin Lagonda of North America, Inc.;

- "*AMR GP*" are to AMR GP Limited (formerly known as Racing Point UK Limited);

- "*Asia Pacific*" are to Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam;

- "*Atieva*" are to Atieva, Inc.;

- "*BEV*" are to battery electric vehicle;

- "*Chinese Inventory Funding Arrangements*" are to the three inventory funding arrangements between Aston Martin Lagonda (China) Automobile Distribution Co. on the one hand and Ningbo Commerce Bank, China Guangfa Bank and China Ping An Bank, respectively;

- "*Clearstream*" are to Clearstream Banking, S.A.;

- "*Collateral*" are to (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued capital stock of the Company, (ii) first-priority security interests under Jersey law granted by (a) the Company over the issued share capital of the Issuer and (b) the Issuer over the issued share capital of AM Capital, (iii) a first-priority security interest under the English law debenture (referred to in (vi)) granted by the Company over the issued capital stock of AML Group Ltd., (iv) a first-priority security interest under the English law debenture (referred to in (vi)) granted by AML Group Ltd. over the issued capital stock of AML, (v) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreement (and the Notes Proceeds Loan thereunder) and (vi) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Ltd. and AML;

- "*Company*," "*Group*," "*we*," "*us*," "*our*," "*Aston Martin*" and other similar terms are to AM Investments and its direct and indirect subsidiaries, except as otherwise indicated or where the context otherwise requires;

- "*derivative*" are to a variation of an existing model, such as a suite of upgrades in the engine, chassis and/or design, such as interior lighting or an upgrade in the casings for the center console and door;

- "*Dollar Notes*" are to the $960,000,000 aggregate principal amount of 10.000% senior secured notes due 2029 offered hereby;

- "*Dollar Notes Initial Purchasers*" are to, collectively, Goldman Sachs International, Barclays Bank PLC, HSBC Bank plc and Deutsche Bank AG, London Branch;

- "*DTC*" are to The Depository Trust Company;

- "*EEA*" are to the European Economic Area;

- the "*EU*" are to the European Union;

- "*Euroclear*" are to Euroclear Bank SA/NV;

- "*Existing Notes*" are to the 2025 Notes and the 2026 Notes;

- "*Existing Revolving Credit Facility*" are to one or more facilities made available under the Existing Revolving Credit Facility Agreement;

- "*Existing Revolving Credit Facility Agreement*" are to the revolving credit facility agreement dated October 27, 2020, among, *inter alios*, AML as original borrower, the arrangers named therein, the financial institutions named therein as original lenders, U.S. Bank Global Corporate Trust Limited, as agent and U.S. Bank Trustees Limited, as security agent, as amended, amended and restated and/or replaced from time to time;

- "*F1™ Sponsorship Agreement*" are to the sponsorship agreement dated February 27, 2020 between AML, AMR GP and AMR GP Holdings Limited, as amended on May 24, 2022, and as amended and restated on March 5, 2023, and as may be further amended, amended and restated and/or replaced from time to time;

- "*Geely*" are to Geely International (Hong Kong) Limited;
- "*Geely Relationship Agreement*" are to the relationship agreement dated May 18, 2023 governing the relationship between AML Global Holdings and Geely;
- "*Geely Transactions*" are to (i) the sale and purchase agreement between Geely and certain members of the Yew Tree Consortium, to acquire 41,575,708 existing ordinary shares in AML Global Holdings and (ii) the subscription agreement between Geely and AML Global Holdings, to subscribe for 28,300,000 new ordinary shares in AML Global Holdings; both (i) and (ii) entered into on May 18, 2023;
- "*GT*" are to grand tourer vehicle;
- "*Guarantee Fee Agreement*" are to the agreement between certain representatives of the government of Wales, AML and AM Holdings dated December 8, 2016, pursuant to which we have agreed to pay the government of Wales a fee in connection with its guarantee of certain of our obligations with respect to our occupation of the premises on which our St Athan's plant is housed;
- "*Guarantees*" are to the unconditional senior secured guarantees of the Notes to be provided by all the Guarantors on the Issue Date pursuant to the Indenture;
- "*Guarantors*" are to the Company, AML Group Ltd., AML and AM Capital;
- "*HNWI*" are to ultra-high net worth individuals, which are typically defined as individuals having a net worth (including primary residence) in excess of $1 million;
- "*ICE*" are to internal combustion engine;
- "*IFRS*" are to UK-adopted international accounting standards;
- "*Indenture*" are to the indenture to be dated the Issue Date between, among others, the Issuer and U.S. Bank Trustees Limited, as trustee, governing the terms of the Notes and the Guarantees;
- "*Initial Purchasers*" are to the Dollar Notes Initial Purchasers and the Sterling Notes Initial Purchasers;
- "*Intercreditor Agreement*" are to the intercreditor agreement to be dated on or around the Issue Date between, among others, the Issuer, the Company, the Trustee and U.S. Bank Trustees Limited as Security Agent, as amended, restated, modified, replaced, restructured or extended from time to time;
- "*Issue Date*" are to the date on which the Notes offered hereby will be issued;
- "*Issuer*" are to Aston Martin Capital Holdings Limited, a wholly owned subsidiary of the Company, incorporated under the laws of Jersey as a public limited company;
- "*Lucid*" are to Lucid Group, Inc.;
- "*Lucid Agreements*" are, collectively, to (i) the Lucid Implementation Agreement, (ii) the Lucid Integration Agreement and (iii) the Lucid Supply Agreement;
- "*Lucid GT*" are to Lucid Group Technologies, LLC;
- "*Lucid Implementation Agreement*" are to the implementation agreement dated June 26, 2023 between AML Global Holdings, AML, Lucid, Lucid GT and Atieva;
- "*Lucid Integration Agreement*" are to the integration agreement dated November 1, 2023 between AML, Lucid and Atieva;
- "*Lucid Partnership*" are to the strategic partnership between AML Global Holdings and Lucid pursuant to the Lucid Agreements;

- "*Lucid Supply Agreement*" are to the supply agreement to be entered into between AML Global Holdings, AML, Lucid, Lucid GT and Atieva pursuant to the Lucid Implementation Agreement;
- "*Lucid Technology*" are to the technology in relation to electric powertrain components and battery systems as well as the intellectual property of Lucid, Lucid GT and/or Atieva to be supplied to us under the Lucid Agreements;
- "*MBAG*" are to Mercedes-Benz AG, a wholly-owned subsidiary of Mercedes-Benz Group AG (previously known as Daimler AG) ("*Mercedes-Benz Group*");
- "*MBAG Amended and Restated Strategic Cooperation Agreement*" are to the MBAG Strategic Cooperation Agreement as amended and restated on June 26, 2023;
- "*MBAG Partnership*" are to the strategic partnership between AML Global Holdings and MBAG pursuant to the MBAG Amended and Restated Strategic Cooperation Agreement;
- "*MBAG Relationship Agreement*" are to the relationship agreement dated October 27, 2020 governing the relationship between AML Global Holdings and MBAG;
- "*MBAG Strategic Cooperation Agreement*" are to the strategic cooperation agreement dated October 27, 2020 between AML Global Holdings and MBAG, as amended on December 22, 2021 by way of a letter of amendment and on July 28, 2022 by way of a deed of amendment;
- "*MBAG Technology*" are to the wide range of technology, including certain powertrain and electric/electronic architectures, for the creation of ICE vehicles, PHEVs and BEVs to which MBAG has agreed to grant us access under the MBAG Amended and Restated Strategic Cooperation Agreement;
- "*Notes*" are, collectively, to the Dollar Notes and the Sterling Notes;
- "*Notes Proceeds Loan*" are to one or more loans incurred by AML under the Notes Proceeds Loan Agreement;
- "*Notes Proceeds Loan Agreement*" are to the subordinated intercompany loan agreements between the Issuer and AML pursuant to which the Issuer will on-lend the proceeds from the issuance of the Notes on or around the Issue Date;
- "*Offering*" are to the offering of the Notes offered hereby;
- "*PHEV*" are to plug-in hybrid electric vehicle;
- "*PIF*" are to the Public Investment Fund;
- "*PIF Relationship Agreement*" are to the relationship agreement dated July 29, 2022 governing the relationship between AML Global Holdings and PIF;
- "*Purchase Agreement*" are to the purchase agreement between the Issuer, the Guarantors and the Initial Purchasers in relation to the sale and purchase of the Notes offered hereby;
- "*Relationship Agreements*" are, collectively, to (i) the Yew Tree Consortium Relationship Agreement, (ii) the PIF Relationship Agreement, (iii) the Geely Relationship Agreement and (iv) the MBAG Relationship Agreement;
- "*Restricted Group*" are to the Company and its subsidiaries which will be subject to the Indenture, which excludes (i) AMWS Limited and its subsidiaries and (ii) any subsidiaries subsequently designated by the Company as an unrestricted subsidiary;
- "*Revolving Credit Facility*" are to one or more facilities made available under the Revolving Credit Facility Agreement;

- "*Revolving Credit Facility Agreement*" are to the revolving credit facility agreement to be entered into on or about the date of this Offering Memorandum, among, *inter alios*, AML as original borrower, Barclays Bank PLC, Goldman Sachs International Bank, Deutsche Bank AG, London Branch and HSBC UK Bank plc, as arrangers, the financial institutions named therein as original lenders, U.S. Bank Global Corporate Trust Limited as agent and U.S. Bank Trustees Limited as security agent, as amended, amended and restated and/or replaced from time to time;

- "*SEC*" are to the U.S. Securities and Exchange Commission;

- "*Security Documents*" are to the security interest agreements, pledge agreements, security assignments, debentures and any other instrument or document creating security interests in the Collateral, as the same may be amended, supplemented or otherwise modified from time to time;

- "*Specials*" are to special edition models of our vehicles, produced in limited numbers;

- "*Sterling Notes*" are to the £400,000,000 aggregate principal amount of 10.375% senior secured notes due 2029 offered hereby;

- "*Sterling Notes Initial Purchasers*" are to Barclays Bank PLC, Goldman Sachs International, HSBC Bank plc and Deutsche Bank AG, London Branch;

- "*Supply Lifecycle*" are to the ten-year lifecycle period from 2026 to 2035 (inclusive) during which Lucid GT will supply finished powertrain and battery components to AML pursuant to the Lucid Supply Agreement;

- "*Tender Offer*" are to the tender offer completed on October 11, 2022 pursuant to which the Issuer purchased for cash (i) $40,280,000 in aggregate principal amount of its 2025 Notes and (ii) $143,790,041 in aggregate principal amount of its 2026 Notes;

- "*Transactions*" are to:

  (i) the issuance by the Issuer of the Notes offered hereby;

  (ii) the redemption in full of the Existing Notes, including applicable redemption premiums and accrued and unpaid interest, using the proceeds from the Notes;

  (iii) entering into the Revolving Credit Facility Agreement with binding commitments of £170.0 million, which we expect will remain undrawn as of the Issue Date;

  (iv) the repayment in full of the borrowings under the Existing Revolving Credit Facility, including accrued and unpaid interest; the Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement;

  (v) entering into the Intercreditor Agreement; and

  (vi) the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering;

- "*Trustee*" are to U.S. Bank Trustees Limited, in its capacity as trustee under the Indenture;

- "*UHNWI*" are to ultra-high net worth individuals, which are typically defined as individuals having a net worth (including primary residence) in excess of $30 million;

- "*UK Corporate Governance Code*" are to the UK Corporate Governance Code published by the UK Financial Reporting Council, as in force at the date of this Offering Memorandum;

- "*ULS*" are to the ultra-luxury sports segment of the automotive industry;

- "*ultra-luxury SUV market*" are to the ultra-luxury SUV market, which includes SUVs or similar four-door cars from Aston Martin, Bentley, Ferrari, Lamborghini and Rolls-Royce;

- "*United Kingdom*" or "*UK*" are to the United Kingdom of Great Britain and Northern Ireland;

- "*U.S. Exchange Act*" are to the U.S. Securities Exchange Act of 1934, as amended;
- "*U.S. Securities Act*" are to the U.S. Securities Act of 1933, as amended;
- "*Wholesale Finance Facility*" are to the multi-currency wholesale finance facility dated December 21, 2017, as amended on November 1, 2020 and as further amended on October 12, 2022 with CA Auto Bank S.p.A. ("*CA Auto Bank*") and its regional designates;
- "*Yew Tree Consortium*" are to the consortium led by Lawrence Stroll consisting of Yew Tree Overseas Limited, Saint James Invest SA, J.C.B. Research, RRRR Investments LLC, John Idol, FrancInvest Holding Corporation, Omega Funds I Limited and ErsteAM Ltd; and
- "*Yew Tree Consortium Relationship Agreement*" are to the relationship agreement dated February 27, 2020, as amended on March 13, 2020, governing the relationship between AML Global Holdings and the Yew Tree Consortium.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. The information set forth in this summary does not contain all the information you should consider before making your investment decision. You should carefully read the entire Offering Memorandum, including "Risk Factors" and our consolidated financial statements and related notes included elsewhere in this Offering Memorandum, before making your investment decision. This summary contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly from future results as a result of factors such as those set forth in "Risk Factors" and "Forward-Looking Statements."

Unless the context otherwise requires, all references herein to "we," "our," "us," "the Company" and "Aston Martin" are to the Company and its consolidated subsidiaries.

Overview

Aston Martin is an iconic, globally recognized brand, with a unique position transcending ultra-luxury and high-performance. For more than 110 years, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our vehicles sit primarily within the ULS vehicle market, 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 in ICE, hybrid and BEV technologies. We believe our rich and prestigious heritage of delivering beautiful awe-inspiring vehicles defines Aston Martin as something truly unique within the automotive industry.

We sell vehicles worldwide from our manufacturing facilities in Gaydon, England and St Athan, Wales. Our current model line-up comprises four core models: (i) the Vantage sports car, (ii) the DB12 super tourer, (iii) the DBS V12 Flagship and (iv) the luxury DBX SUV. The majority of our sports cars are available in different core models (derivatives), including coupe and convertible models. 2024 will see the completion of our line-up of two additional next generation, front-engine sports cars, starting with the new Vantage launched in February 2024. In addition to the core range, we also regularly produce limited edition exclusive Specials, that are highly sought after amongst an active global community of automotive collectors and enthusiasts and which are typically sold at a higher price than our core models.

2021 was a year in which we redefined Aston Martin as one of the world's most desirable ultra-luxury British performance brands, under the stewardship of our Executive Chairman, Mr Lawrence Stroll, who was appointed to the role in 2020. Retail sales made through dealers reached their highest level since 2007 and our growth in the ultra-luxury SUV segment was another global success. Since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, despite increased competition within the segment. This position was expected to be further strengthened by new derivatives, including the DBX 707, the world's most powerful ultra-luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), in February 2022. For the year ended December 31, 2023, the DBX 707 represented 71% of our SUV wholesales compared to 52% of our SUV wholesales for the year ended December 31, 2022.

In 2021, we celebrated the brand's return to F1™ for the first time in more than 60 years through the sponsorship of the Aston Martin F1™ Team with the Vantage F1™ Edition, the first ever Aston Martin road vehicle to receive the F1™ badging. At a time when the sport is enjoying rising popularity, F1™ is a powerful global platform that is playing a key part in the overall Aston Martin strategy—increasing brand awareness, relevance and desirability, while accelerating technological development and digital transformation. In November 2023, in the build-up to the F1™ Las Vegas Grand Prix, we displayed the AMR23 F1™, DBX707 and DB12 on the Las Vegas MSG Sphere, the largest LED screen on earth and visible from space. This partnership with the F1™ Las Vegas Grand Prix was our largest F1™ marketing presence. This partnership continues into the 2024 season with the official new team name "Aston Martin Aramco Formula One™ Team" reflecting the new title sponsor, with 24 races scheduled. 2023 retail data shows that nearly a quarter (24%) of our customers are selecting one of our nine exclusive shades of green for their vehicle, with the official Aston Martin Racing Green color currently being the number one choice.

We also have strategic collaborations with partners, including our recent 2023 Lucid Partnership for the supply of the Lucid Technology. Access to Lucid's powertrain and battery technology will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercars to SUVs. We intend to develop a blended drivetrain approach between 2025 and 2030, developing a clear path to having a line-up of electric sports cars and SUVs. In 2023, we were awarded £9 million of government funding through the Advanced Propulsion Centre UK. The production of our first PHEV, namely the Valhalla, is scheduled for 2024, marking a key step in the electrification of our world-class product portfolio. Further, with our technical partnerships now in place, our first BEV is targeted for launch in 2026, benefitting from the very best high-performance technologies available. This aligns with our strategy to continue introducing new breath-taking ultra-luxury high-performance core models and Specials, while also keeping up with the developments in our regulatory environment and our market.

In addition to our Lucid Partnership, we entered into the MBAG Partnership for the supply of the MBAG Technology, which is crucial for the creation of our current and next generation vehicles, and a technical partnership with Mercedes-Benz Group for the supply of V8 engines.

2023 was a landmark year, where we celebrated our 110th anniversary with a series of unique global events bringing our community of customers even closer to our brand. Aligned with our vision of creating the most comprehensive product portfolio in our segment, we launched the highly acclaimed DB12 in 2023. We have seen a clear demonstration of DB12 and our other ultra-luxury vehicles addressing the growing demand for unique personalized products driving increased options revenue while also attracting new customers to the brand. The model was recently awarded “Car of the Year” for 2024 by Robb Report and confirmed by Autocar magazine as a true “Super GT,” driving re-appraisal of Aston Martin amongst new audiences, whilst engaging loyal customers. The demand for our anniversary Special, the Valour, has also demonstrated our brand’s unique ability to operate at the very pinnacle of the ULS, something also exemplified by further Specials such as the DBR22, the Aston Martin Valkyrie, including the first Aston Martin Valkyrie Spider, and our 110th anniversary special edition, the Valour.

DBX707 continued to win awards, named “Best Exclusive & Luxury Car” at the prestigious Auto vum Joer awards in Luxembourg, and was announced as the new Official FIA Medical Car of F1™ in conjunction with the start of the 2023 World Championship season. The transformational demand for our high-performance DBX707 since its launch in 2022 underpins the next phase of the model’s evolution, now the sole SUV model marketed. We celebrated the success of the Aston Martin F1™ Team with the release of an exclusive DBX707 AMR23 Edition of the world’s most powerful ultra-luxury SUV based on horsepower (compared to SUVs from Bentley, Lamborghini and Rolls-Royce). Named after our F1™ challenger, the AMR23 Edition creates a DBX707 that shares a racing identity with both the AMR23 F1™ car and the Official Medical Car of F1™. Furthermore, we continued implementation of our renewed “corporate identity” across our global distribution network including the opening of our first ultra-luxury flagship “Q New York” on 450 Park Avenue, in New York City in June 2023. The new location brings our bespoke service, “Q by Aston Martin” to North America for the first time, providing a sophisticated luxury specification experience. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

To further strengthen our high-performance DNA, in October 2023, we announced our participation in the 2025 24 Hours of Le Mans race in the Hypercar class with a racing prototype version of our Hypercar, the Aston Martin Valkyrie.

Our Strengths

An iconic ultra-luxury high-performance brand with over 110 years of heritage

Aston Martin is an iconic, ultra-luxury, high-performance British brand with over 110 years of heritage, synonymous with style, performance and exclusivity. We combine the latest technology, craftsmanship and styling to produce some of the most beautiful and accomplished cars in the world. Founded in London in 1913, Aston Martin has a long heritage of exceptional design, engineering and manufacturing of ULS and GT vehicles as well as a longstanding racing pedigree. Our brand is also closely associated with the iconic James Bond film franchise, having featured in numerous films over the course of several decades. The latest film, *No Time to Die*, was released in September 2021 and features four Aston Martin vehicles – the DB5, V8, DBS and Valhalla.

Our brand exposure, perception and desirability are strengthened by a strong, passionate, loyal and fast-growing UHNWI customer base, which has been significantly increased by the return of the Aston Martin brand to the F1™ grid for the first time since 1960, through the sponsorship of the Aston Martin Formula One™ Team. The positive impact that the return to F1™ has had on our brand can be seen from a continued increase in brand visibility, with a year-on-year rise in television exposure. As of December 31, 2023, approximately 88% of premium and luxury vehicle buyers in the United Kingdom, United States, Germany, Austria and Switzerland, China and Japan had an interest in F1™. In addition, the Vantage F1™ Edition and the DBX707 have received heightened global exposure through their new roles as Official Safety and Medical Cars of F1™, whereby we have seen a 20% increase in people submitting configurator specifications to dealers from our website on F1™ weekends.

As our brand continues on the path to becoming the world’s most desirable ultra-luxury British performance brand, we continue the implementation of our renewed “corporate identity” across our global distribution network, focusing on ultra-luxury facilities across our network. Capitalizing on the prevailing trend of personalization within the realm of luxury goods, our Q by Aston Martin bespoke division has helped to increase options revenue whilst providing the tailored service our clientele seek. This included the opening of our first ultra-luxury flagship “Q New York” on 450 Park Avenue, in New York City in June 2023. The new location brings our bespoke service, “Q by Aston Martin” to North America for the first time, providing a sophisticated luxury specification experience. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers. We intend to continue the expansion of our ultra-luxury retail strategy in 2024, which includes the opening of our new showroom at The Peninsula Hotel in Tokyo and, building on the success of Q New York, the opening of a second flagship in London at a high-profile location.

Our brand portfolio includes some of the most acclaimed vehicles of recent times, including a core range of sports cars and GTs in addition to our ultra-luxury SUV. Our product range is further differentiated through our limited-edition Special vehicles. Specials continue to play a significant role in our product portfolio, demonstrating our ability to operate at the very highest level of the luxury automotive segment. Recent Specials include the Aston Martin Valkyrie, including the first Aston Martin Valkyrie Spiders, the production of DBR22 and the 110th anniversary celebration Valour. We benefit from a virtuous cycle, where the success of our Specials demonstrates the strength and global appeal of our brand, whilst enhancing it even further.

Comprehensive product portfolio driving margin improvement and deleveraging

In 2023, we delivered upon significant strategic milestones, operational objectives and financial targets, driven by continued strong demand for our vehicles. Our rich mix of sales, driven by our ongoing commitment to product innovation, supported significant growth in average selling price (“*ASP*”). From 2019 to 2023, the ASP of our vehicles (including Specials) has increased from £149,000 to £231,000, an increase of 55.0%. This, combined with our ongoing portfolio transformation, resulted in a significantly enhanced gross margin, with gross profit margins being 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023.

Our ability to differentiate our products in a highly competitive market has been key to the upward trajectory in our ASP. We do this by relying on the strength of our brand and its unique history, prioritizing our product in terms of its technological prowess and high-quality characteristics, improving our brand exposure through sponsorships such as the Aston Martin Formula One™ Team, and by offering unparalleled customization options to our customers through our flagship “Q by Aston Martin” service. “Q by Aston Martin” is our ultimate bespoke personalization service, providing optionality for customers to personalize their vehicles beyond the scope of the core option range and even commission their own unique model. It allows us to not only appeal to a wider range of customers by offering greater customization to appeal to a broader range of tastes, it also provides us with a valuable additional source of revenue, driving both our ASP and our gross margin.

In July 2021, we launched our online configurator, enabling customers to personally select their own unique specification for each Aston Martin model. The award-winning configurator continues to perform strongly, with an increase of 19% in sales leads generated for the year ended December 31, 2023, compared to the year ended December 31, 2022, including the introduction in 2023 of an F1™ environment. Our configurator has always been designed to engage, excite and inspire, with more than half of our customers using this digital tool during their purchase journey.

Alongside our customization offering, we deploy a comprehensive product portfolio that allows us to cater to customers in different segments of the ULS vehicle market. Our current model line-up comprises four core models, including the DBS, our flagship V12, the DB12, our new super tourer, the Vantage, our iconic sports car, and the DBX, our ultra-luxury SUV. The breadth of our offering – we have the most comprehensive portfolio of vehicles in the ultra-luxury SUV market – has allowed us to cater to customers across the spectrum of the ULS. For instance, since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market. We have further strengthened this position via new derivatives, including the DBX 707, the world’s most powerful luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), launched in February 2022.

We plan to further build upon the strength of our product lineup with the launch of additional models in currently untapped categories in the near future. For instance, Valhalla, our award-winning mid-engine hypercar, unveiled in July 2021, is currently on course to enter production before the end of 2024. Similarly, the first deliveries of the Aston Martin Valkyrie Spider and Valour commenced in the second half of 2023. The development of our 2024 product portfolio with the completion of our line-up of next generation, front-engine sports cars, including the recently unveiled Vantage in 2024, and the continuation of our Specials program and other developments, will support the delivery of our near- and medium-term financial targets.

Ultra-luxury dealer network providing global access to the growing and resilient UHNWI market

We have an extensive third-party dealer network which is the primary means through which we sell our vehicles to customers and which we believe allows us to access the growing number of UHNWIs globally. Our dealer network is a key stakeholder in our business, and our dealer strategy is premised on our belief that the integrity and success of our brand are dependent on the responsible and careful selection of dealers. Therefore, we develop strategic and stable partnerships with highly professional, carefully selected and customer-centric retail partners.

In 2023, we continued the implementation of our renewed "corporate identity" across our global distribution network, commencing a program of investment from our dealer partners in their ultra-luxury facilities. Given our current sales growth, we anticipate that the there will be an increase in the average sales per dealer and a consequent increase in the after-sales business, resulting in increased dealer profitability and allowing us to realize appropriate returns on our investment.

To maintain the quality of the dealer network, we have a rigorous program in place to educate, develop and monitor dealer owners and managers, in order to ensure they deliver a world-class luxury customer experience and consistent brand presentation. Aston Martin standards are measured and maintained through the implementation of our "Dealer Operating Standards" which cover all areas of the business and are fundamental to providing the ultra-luxury customer experience. Our dealer strategy is designed to ensure no capital investment by us is required in our dealer network, while maintaining a certain level of control over it. This allows us to sustain an expansive dealer network with ultra-luxury facilities, while maintaining a disciplined approach to capital expenditure. We have Regional Presidents across all our main geographies who are responsible for maintaining the relationships with our dealers.

Our dealer network is well established and developed with 163 dealers representing our brand across 53 countries as of December 31, 2023. In the year ended December 31, 2023, our top five dealer groups represented approximately 20% of our core wholesale volumes. All new dealers were chosen based on historical performance, financial strength, commitment to customer service and an understanding of luxury goods marketing and brand development. New dealers have recently been appointed in Germany and Italy where clear incremental ultra-luxury market opportunities had been identified by us and partners who met all of our dealer requirement criteria were selected through a stringent selection process. An important strength of our dealer network is its geographical reach, with worldwide distribution of dealerships as of December 31, 2023 as follows:

Number of dealerships	**As of December 31, 2023**
United Kingdom and South Africa	20
EMEA (excluding United Kingdom)	54
Americas	44
APAC	45
Total	**163**

We believe that the geographical reach of our dealer network allows us to access the growing and robust UHNWI market globally. Compared with the broader passenger vehicle market, the ULS has historically shown higher and more resilient growth, with demand less affected by global macroeconomic conditions, but rather driven by population wealth and an increasing number of UHNWIs. The global UHNWI market is forecast to continue growing, particularly more millennials and women, increasing by 28.1% from approximately 626,619 UHNWIs globally in 2023 to approximately 802,891 in 2028, according to the 2024 Knight Frank Wealth Report. This is expected to be driven by 38.3% growth in Asia and 28.3% growth in the Middle East. Between 2022 and 2023, the global UHNWI market grew on average with 4.2%, driven by a 7.2% growth in North America, our largest market by wholesales. Our global dealer network strongly positions us to capitalize on this growth.

Innovative partnerships providing access to cutting edge technology

We believe that carefully chosen partnerships are critical to ensuring technical expertise, brand strength and future growth. Access to cutting edge technology is critical and one of our most important competitive advantages.

We have chosen strategic collaborations with partners including Mercedes-Benz Group and its wholly-owned subsidiary, MBAG. We have a technical partnership with Mercedes-Benz Group for the provision of certain engines, electrical/electronic architecture ("*E/E architecture*") and entertainment systems. Mercedes-Benz Group provides us with the modified M177 engine, a bespoke V8 powertrain engine for the DB12, DBX and Vantage ranges and all E/E architecture for our vehicles until 2026 (in the case of GT and sports cars). In addition, the E/E architecture of most of our previous core models is built around Mercedes-Benz Group components and networks, delivering infotainment, body electronics, safety systems and powertrain controls.

In June, 2023, and in October, 2020, we entered into a new strategic supply agreement with, respectively, Lucid and MBAG. Both the Lucid Partnership and the MBAG Partnership are critical components in our high-performance electrification strategy. Our recent 2023 Lucid Partnership for the supply of the Lucid Technology provides us with access to Lucid's powertrain and battery technology, which will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercars to SUVs. In addition, under the MBAG Partnership, we also have access to MBAG's powertrain and E/E architectures, which are crucial for the creation of our next generation ICE vehicles, PHEVs and BEVs. Both partnerships underpin our electrification strategy which includes targets (i) to launch our first BEV in 2026 and (ii) develop a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio.

These partnerships de-risk our investments in E/E architecture and powertrain architecture for conventional ICE vehicles, PHEVs and BEVs and allow us to avoid the very substantial additional investment that would be required if those technologies were developed solely in-house.

Bespoke and limited edition product offering

Our new corporate identity focuses on lower volume manufacturing and an ultra-luxury offering, which capitalizes on our iconic brand to drive higher ASP and margins. We increased our ASP from £149,000 in 2019 to £231,000 in 2023, and believe we can increase it further by focusing on our ULS product range, Specials and bespoke customization options.

We regularly produce Specials that are highly sought after amongst an active global community of automotive collectors, enthusiasts and investors, and which are sold at a far higher price than our core models. Specials are embedded in our future product roadmap, not only to provide our most distinguished loyal customers with a state-of-the-art offering and a focus on personalization, but also to serve as halo products that boost brand desirability. Specials such as the Aston Martin Valkyrie hypercar and the hybrid supercar Valhalla further drive the ASP of our portfolio. Specials are typically oversubscribed and require a substantial deposit to reserve a vehicle. For instance, the DBS 770 Ultimate, the most powerful Aston Martin production car ever, was unveiled in January 2023, and all examples were sold out before production commenced in 2023. Valour, which was launched to mark the occasion of our 110th anniversary and limited to 110 units globally, sold out within two weeks.

We are also seeing rising demand for unique and bespoke personalized products amongst luxury customers, such as custom paint and interior trim colors, to distinguish their vehicle from others in the ULS vehicle market. Our bespoke personalization service, "Q by Aston Martin," provides customers with the ability to personalize their Aston Martin beyond the scope of the core option range, and even commission their own unique model. This service allows us to not only tap additional demand by catering to an increased range of customer preferences, it also increases our ASP and improves our unit economics by increasing our margin per vehicle. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

World-class supply base

Our high-quality strategic suppliers are identified and sourced across multiple platforms. Over the past few years, we have undertaken a transformative program focusing on building long-term strategic partnerships with suppliers in order to champion continuous development to deliver new innovations.

We select suppliers for our core models based on who can deliver the best total delivered cost and on the innovative products and solutions they can provide. Suppliers are sourced early in the product development process to ensure cost, quality and delivery targets are met. Sourcing suppliers across multiple platforms helps to de-risk future models and enables the strategic development of components. By virtue of our in-house leather trimming and assembly capabilities, we are able to elect to "make or buy" a number of interior trimmed components, giving us more leverage when negotiating with potential suppliers. In 2022, we entered into a supplier agreement with Bowers & Wilkins pursuant to which the newly developed Bowers & Wilkins Surround Sound System has been integrated into our vehicles, debuting in the DB12, the first of our next generation sports cars. In 2021, we signed tier 1 supplier partnerships with Michelin, Bosch, Mavel, and Dana-Graziano to ensure long-term agreement with superior quality and innovation. We are currently working closely with Apple to introduce the next generation of Apple CarPlay to our models in 2024.

Focus on operational efficiency, strategic shareholding and investment control to support positive future cash flow generation and future deleveraging

We are committed to pursuing available revenue-generating opportunities in a manner that generates high incremental return on our investments. Our multi-year focus on optimizing our operations and supply chain has already increased our efficiency and reduced costs. We intend to continue prioritizing a disciplined capital investment strategy founded on a lower cost structure model, with lower sales combined with premium pricing power to increase revenue generation, cash flows and margins.

Our focus on efficiency has allowed us to increase our gross profit margin, which was 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023. We have also increased our Adjusted EBITDA from £134 million in 2019 to £306 million in 2023. All of this strongly positions us to increase our free cash flow and deleverage. We expect that advances, such as our modular based engineering employing a "Carry Over-Carry Across" ("*COCA*") principle, which allows us to use shared systems and components to reduce engineering complexities, will result in additional cost-saving and model synergies going forward. The modular architecture, which employs a COCA principle for key systems and components is the backbone of our current product portfolio and is planned to form the basis for a further cycle of new model introductions. We have a standardized new product introduction process ("*MISSION*"), which is a system of project gateways with clear deliverables to ensure adherence to all program targets, such as quality, cost and delivery. As a result of our in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, we can ensure a rapid time to market from design conception to launch, at what we believe to be a lower cost than typically required in the industry, while maintaining adherence to the designers' concepts. In addition, our core vehicles are based on an advanced aluminum body structure, which utilizes lightweight aerospace technologies and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models, with limited additional investment. We also utilize a number of common structures, reducing tooling investment and improving quality for new model production. These features allow us to ramp up production of different models as demand dictates, while keeping fixed costs low and providing flexibility to our business.

We have also strengthened our balance sheet via the raising of approximately £2.0 billion in aggregate since April 2020. This amount includes £79.0 million of consideration in kind in exchange for the Lucid Technology and £140.0 million of consideration in kind in exchange for the MBAG Technology. Our long term strategic investors such as MBAG, Lucid, Geely and PIF, provide us with the ability to procure vital technology and expertise while retaining a disciplined investment strategy.

In addition, we believe our disciplined capital investment levels will further benefit from our focus on lower-volume manufacturing, designed to cater to the high-growth and high-margin segments of the ULS vehicle market. For the year ending December 31, 2024, our total capital expenditures are expected to be approximately £350 million, which would represent a 11.8% decrease compared to the year ended December 31, 2023. The majority of this expenditure relates to new product development to support our growth strategy including electrification.

Our Strategies

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

Our strategy is built upon our key pillars of brand, product innovation, sustainability and our world-class talent, which underpin our future growth ambitions.

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, rather than seeking market share only; and
- investing in world class talent, which will ultimately lead to increased value for the market, investors and other stakeholders.

The journey to successfully delivering the Group's strategy is broadly defined by the following three phases:

Phase One is largely complete and included the investment and new management from the Yew Tree Consortium along with other long-term strategic partners in PIF, Geely, Mercedes and Lucid, the return of the Aston Martin brand to the F1™ grid through our sponsorship of the Aston Martin Formula One™ Team and our strategic multi-year program, all which were aimed at increasing efficiency and optimizing our supplier base.

Phase Two is well underway and is focused on increased profitability underpinned by our ongoing portfolio transformation strategy, with focus on richer product mix and volumes in line with a demand-led ultra-luxury business. This aligns with our target of achieving a minimum annual 40% gross margin on all new models. These include our ultra-luxury SUV, DBX707, the highly acclaimed DB12 Super Tourer and the recently unveiled new Vantage sports car, the most driver focused and fastest Vantage in the nameplate's 74-year history. This phase continues with further next generation sport car launches in addition to our exclusive limited volume Specials, which have recently included Valour, Aston Martin Valkyrie and DBR22.

Phase Three has commenced with the development of alternatives to the ICE, with a blended drivetrain approach being adopted between 2025 and 2030, including PHEV and BEV, with a clear plan to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio. With our technical partnerships now in place, our first BEV is targeted for launch in 2026, benefitting from the best high-performance technologies available to us. This timing aligns with our plans to continue introducing new ultra-luxury high-performance core models and Specials, and considers changes within the regulatory environment and our market, which we continue to closely monitor.

Four key pillars underpin our strategy and the three aforementioned phases: (i) brand, (ii) product innovation, (iii) sustainability and (iv) our world-class talent.

Our iconic brand

Aston Martin is an iconic, globally recognized brand, transcending ultra-luxury and high performance. For more than a century, our brand has been synonymous with style, luxury, performance, and exclusivity. Our rich and prestigious renown for delivering beautiful, awe-inspiring vehicles, matched with the best of British advanced engineering defines Aston Martin as a truly unique proposition within the automotive industry. Our brand exposure, perception and desirability are strengthened by a strong, passionate, and loyal customer base, which has been significantly broadened by the successful return of the Aston Martin brand to the pinnacle of motorsport in F1™. We aim to continue to strengthen our brand by focusing on a richer product mix and an ultra-luxury offering that commands commensurate pricing.

Our participation in motorsports, in particular via our sponsorship of the Aston Martin Formula One™ Team, is driving brand awareness and provides extensive brand reach and a global marketing platform without the associated team ownership costs. The Aston Martin Formula One™ Team provides us an opportunity to engage with millions of fans and customers, with 24 races scheduled in 2024, and we have a dealer footprint in all race locations that can offer a special VIP experience. In addition, the Vantage F1™ Edition and DBX enjoyed heightened global exposure through their roles as the Official Safety and Medical Cars of F1™, where we saw a 20% increase in web traffic on weekends where Aston Martin supplied the Official Safety and Medical Cars. To further strengthen our high-performance DNA, in October 2023, we announced our participation in the 2025 24 Hours of Le Mans race in the Hypercar class with a racing prototype version of our hypercar, the Aston Martin Valkyrie. The success of these initiatives in increasing our branding exposure and attracting new customers to grow our loyal customer base is evidenced by the fact that 60% of our customers in the year ended December 31, 2023 were new to the Aston Martin brand. 2023 retail data shows that nearly a quarter (24%) of our customers are selecting one of our nine exclusive shades of green for their vehicle, with the official Aston Martin Racing Green color currently being the number one choice, ahead of traditionally popular paint colors such as Xenon Grey and Magnetic Silver.

In addition, we are reconnecting with dealers and customers in the United States through our presence at the high profile Pebble Beach Concours d'Élégance. In 2022, the DBR22 was declared "Best of Show" at the Concours d'Élégance at Chantilly Arts et Élégance Richard Mille. This win was the first for Aston Martin since the inception of this Concours d'Élégance in 2014 and represents a major achievement for our brand. In November 2023, in the build-up to the F1™ Las Vegas Grand Prix, we displayed the AMR23 F1™, the DBX707 and the DB12 on the Las Vegas MSG Sphere, which is the largest LED screen on earth and is visible from space. This partnership with the F1™ Las Vegas Grand Prix was our largest ever F1™ marketing initiative.

The sustained growth in the global number of UHNWIs provides us with yet more opportunity to grow our brand. See "*—Our Strengths—Ultra-luxury dealer network providing global access to the growing and resilient UHNWI market*." To capitalize on these trends, we are investing in our brand and international marketing to appeal to luxury consumers. In particular, we have repositioned our brand towards the ultra-luxury and high performance segment of the market. This ongoing effort has resulted in a noteworthy track record of year-on-year increases in our ASP, which increased by over 50% from 2019 to 2023, representing a significantly higher ASP increase than that of some of our competitors during the same period.

Our pursuit of innovation

Driven by our ongoing commitment to innovation, we are expanding our breath-taking portfolio of ultra-luxury high-performance sports cars, including the ongoing introduction of our next generation of sports cars, continued development of our critically acclaimed DBX SUV range, and our entry into the mid-engine sports car segment. The arrival of significant and innovative new models is further boosted by our continued investment in establishing Aston Martin as an ultra-luxury, high-performance brand supercharged with the association, technology and knowledge of F1™.

We have a distinctive and comprehensive core portfolio of front-engine GT/Sport cars (Vantage, DB12 and DBS) and SUVs (DBX). Our vehicles sit primarily within the ULS vehicle market and are under-pinned by award-winning design and engineering capabilities and access to world-class advanced technology, supported by our strategic relationships with key partners in ICE and PHEV/BEV technologies. We have a strong market share in the ULS vehicle market, maintaining double digit front-engine market share in the year ended December 31, 2023. In addition, our growth in the luxury SUV segment has been another global success. Since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, despite increased competition within the segment. We further strengthened this position by new derivatives, including the launch of the DBX 707, the world's most powerful luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), in February 2022.

The majority of our sports cars are available in different core models (derivatives), including coupe and volante models. 2024 will see the completion of our line-up of next generation, front-engine sports cars (in addition to DB12 and the new Vantage) and our arrival into the mid-engine supercar segment with Valhalla, developed via the use of F1™ methodologies, experience and technologies.

In addition to the core range, we also regularly produce exclusive limited volume Specials. See "*—Our Strengths—Bespoke and limited edition product offering*." Furthermore, our next generation of front-engine GT/sports cars launched in 2023 with DB12, which offers new styling and E/E architecture across two core vehicles, and is the first vehicle to receive our bespoke in-house next generation "infotainment" system. DB12 continues to drive a reappraisal of Aston Martin amongst customers, with 60% of initial buyers in 2023 new to the brand, further highlighting our ability to grow our loyal customer base.

We are launching these new products into growth segments, with ultra-luxury SUV sales expected to rise approximately 36.9% from 19,690 sales in 2023 to 26,964 sales per year by 2030, according to S&P Global Mobility forecasts published in May 2023. Sales of ULS mid-engine vehicles are also expected to grow by approximately 20.6% to 15,930 sales per year by 2030 from 13,214 sales in 2023 and sales of ULS front-engine vehicles are expected to grow by approximately 25.7% to 15,921 sales per year by 2030 from 12,667 sales in 2023.

Our transition towards electrification is integral to our product innovation strategy. This transition presents us with a unique opportunity to broaden and diversify our customer base and futureproof our business. We plan to leverage our partnerships with leading industry participants to de-risk our BEV and PHEV roll-out by obtaining access to world-leading technology while maintaining a disciplined approach to capital expenditure. As part of this strategy, we have agreements in place for battery and powertrain technology, including with Lucid and MBAG. We aim to use such partnerships to undertake the electrification of our model range in a capital-efficient and sustainable manner, aligned with market demand and our business plan.

We are developing alternatives to the ICE with a blended drivetrain approach between 2025 and 2030, including PHEV and BEV, with a clear plan to have a line-up of electric sports cars and SUVs. Our strategic partnerships with Lucid and MBAG are critical components in realizing our high-performance electrification strategy and our targets which include (i) Valhalla, our first PHEV on course to enter production in 2024 (ii) with our technical partnerships now in place, our first BEV targeted for launch in 2026, benefitting from the best high-performance technologies available to us. This aligns with our strategy to continue introducing new breath-taking ultra-luxury high-performance core models and Specials, while also keeping up with the developments in our regulatory environment and our market. See "*—Our Strengths—Innovative partnerships providing access to cutting edge technology*."

Our commitment, Racing. Green

The automotive sector is on a journey of radical transformation and we are embracing a new, driving ambition: to be a world-leading sustainable ultra-luxury automotive business. A key pillar of our overall corporate strategy, the *Racing. Green* sustainability strategy, which was launched in April 2022, is built on five core priority areas that reflect our approach to sustainability. Fully aligned with the UN's Sustainable Development Goals, our strategy reflects a deep understanding of the priorities that our customers, employees and wider stakeholders care about. These five areas are (i) tackling climate change, (ii) creating a better environment, (iii) investing in people and opportunity, (iv) exporting success and (v) delivering the highest standards.

To make sure we are equipped to achieve our sustainability goals, we have focused on acquiring new capabilities and adapting our organization to meet these objectives. The initiatives we have undertaken to achieve this include setting up a new committee of the Board, the Sustainability Committee, and intensifying the work of ten dedicated sustainability working groups, covering areas ranging from energy and water use, through to safety, diversity and inclusion.

In 2022, we updated our Racing. Green. targets and are aiming to (i) achieve carbon neutral manufacturing facilities, with 100% use of renewable electricity, (ii) reduce CO2 emissions from our manufacturing facilities by 2.5% year-on-year, (iii) reduce CO2 emissions intensity and energy consumption per vehicle by 2.5% year-on-year and (iv) further improve biodiversity at our manufacturing facilities. Following an acceleration towards those 2022 targets, we achieved carbon neutral certification in 2023 for Gaydon and St Athan as well as our wider global operations (based on 2022 emissions) using gold standard CO2 emission offsets. In 2023, we (i) reported a 23% fall in CO2 emissions per vehicle manufactured compared to 2022 (t CO2e), (ii) reported an 11.2% decrease in energy consumed compared to 2022 and (iii) only used renewable energy in our Gaydon and St Athan manufacturing facilities. In addition, in 2023, we completed the installation of solar PV generation at our historic home at Newport Pagnell. We continue to progress our plans for solar PV generation at St Athan and Gaydon. In February 2024, we received local planning authority permission for the installation of solar PV at St Athan. In 2023, we also began the de-carbonization of our UK supply chain with the use of Bio-LNG trucks in our UK road transport fleet.

As part of our sustainability strategy, we are seeking to embed sustainable principles in our operations. We are planning to reduce our resource consumption by 2025, aiming for zero single-use plastic packaging waste and waste for landfill. We are also targeting to reduce water consumption by 15% by 2025 as compared to the year ended December 31, 2019 and are investigating using more sustainable materials and boosting biodiversity.

We have committed to set near-term and long-term Group-wide emissions reductions targets in line with the Science Based Targets initiative net-zero standard. We are targeting net-zero manufacturing facilities and a 30% reduction in supply chain emissions by 2030 with a net-zero supply chain target by 2039. Diversity is also important to us and we continuously seek ways to improve the representation of women across all parts of the Company. We are currently targeting 25% of our leadership team to be women by 2025 and 30% by 2030.

Our world-class talent

Committed to making Aston Martin a great place to work, we are establishing company values, creating high quality employment opportunities, and investing in early careers, training, and skills. Our values are Unity, Openness, Trust, Ownership, and Courage. At the core of our values is one single guiding tenet "No one builds an Aston Martin on their own."

We believe that our workforce is a key part of what enables us to provide world-class technology, precision and craftsmanship. The arrival of our Executive Chairman Mr. Lawrence Stroll in 2020 has been pivotal, and he is supported by a substantial bench of Executive Committee talent with experience in the ultra-luxury automotive sector. Since the arrival of Mr. Stroll, our focus on our people has accelerated, in turn enabling us to deploy the strength of our brand to attract new talent to complement our world-class team. Key management hires have been made throughout the entire business, spanning operational to commercial functions, including the new BEV Chief Engineer, the Chief Industrial Engineer, the Chief Procurement Officer and the Chief People Officer. Leadership in key regions has also been strengthened, including the appointment of a new Regional President for Japan and South Korea in August 2022, the appointment of a new Regional President for Aston Martin Europe in December 2022 and the appointment of a new President for Aston Martin Greater China in August 2023.

In 2021, the Group redefined its internal vision, mission and behaviors with an F1™ inspired performance mindset that seeks to foster agility, speed and a winning culture among employees. The strength of the Aston Martin brand continues to attract new talent to complement the skills of our existing world-class team, fostering engineering excellence, innovation and passion. Since 2020, we have hired a significant number of new employees to bolster our in-house engineering capabilities across multiple disciplines, as the business has renewed its focus on in-house intellectual property development, including software and skills relating to electric vehicles, thereby fostering engineering excellence and innovation. In addition, we have established Engineering Centres of Excellence with a global footprint, including our Electrification Centre of Excellence, a dedicated BEV training facility that offers training in several aspects of BEV production such as powertrain installation and the safe handling of high-voltage batteries. In 2023, we delivered 2,377 hours of dedicated BEV-related training to 205 colleagues.

Our production methods and employee base are optimized for reducing cost and streamlining production in a lean and flexible manner. We have a flexible employee base, with our engineers and technicians trained on most of our production stations and models. This allows us to add or reduce personnel as needed to accommodate our production needs, as well as shift employees across different areas of production, to maximize our production rate and capacity as dictated by demand. Our manufacturing and quality team ensures that our production processes meet the highest standards of quality and engineering.

The Transactions

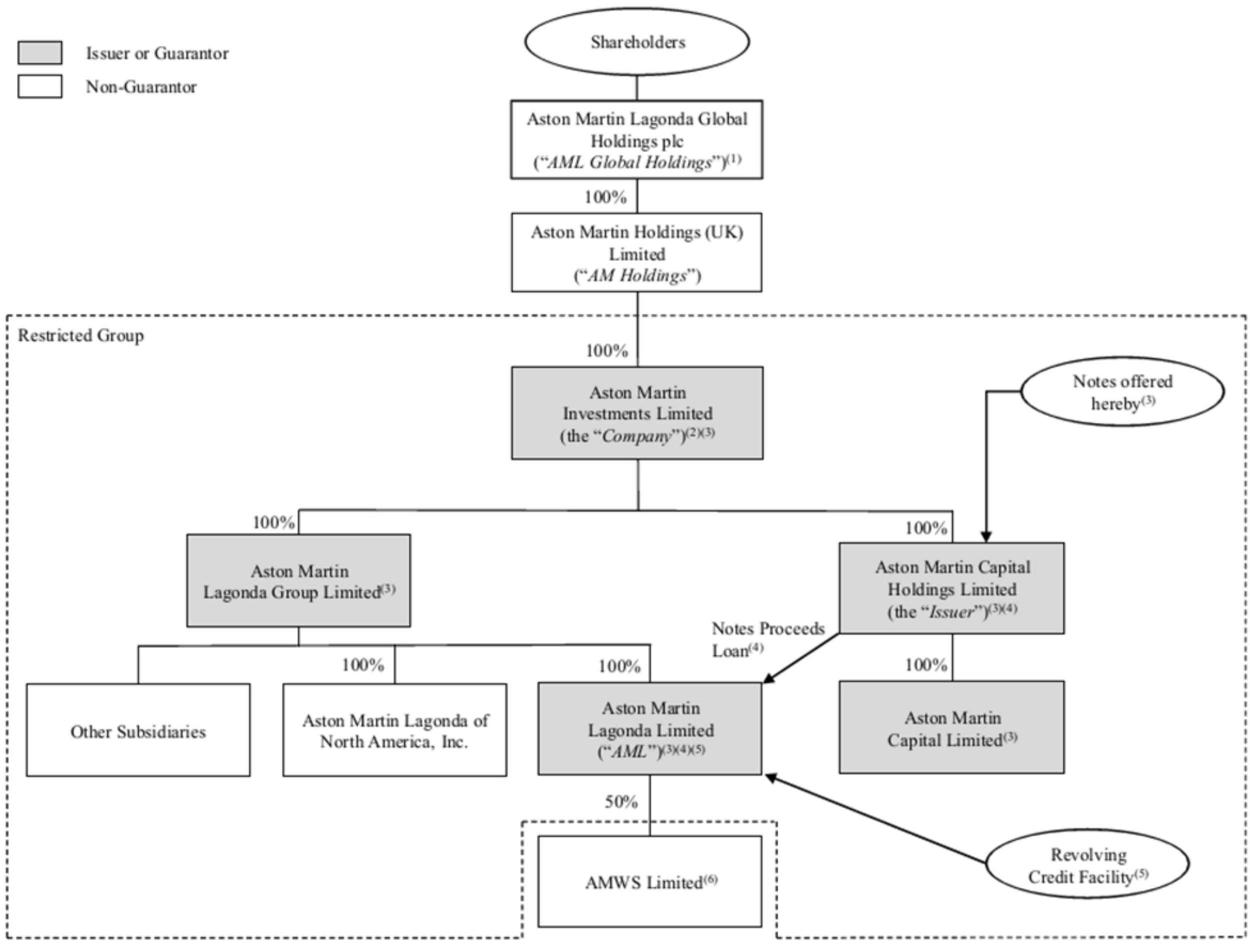
We anticipate that the "*Transactions*" will comprise of the following:

- the issuance by the Issuer of the Notes offered hereby;
- the redemption in full of the Existing Notes, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, using the proceeds from the Notes;
- entering into the Revolving Credit Facility Agreement with binding commitments of £170.0 million, which we expect will remain undrawn as of the Issue Date;
- the repayment in full of the borrowings under the Existing Revolving Credit Facility, including accrued and unpaid interest; the Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement;
- entering into the Intercreditor Agreement; and
- the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering.

See "*Use of Proceeds*."

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following chart is a simplified summary of our corporate structure and our principal indebtedness, after giving effect to the Transactions. See "Use of Proceeds" and "Capitalization."



(1) In October 2018, our indirect parent company, AML Global Holdings, successfully completed an initial public offering and its entire ordinary share capital was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the Main Market for listed securities of the London Stock Exchange. See "*Principal Shareholders*" for an overview of our shareholders holding a significant interest in the issued ordinary share capital. AML Global Holdings' market capitalization at the close of market on March 8, 2024 was £1.3 billion.

(2) The Company is a holding company with no revenue generating operations or significant assets other than the shares of the Issuer and AML Group Limited.

(3) The Notes will be the Issuer's senior obligations. On the Issue Date, the Notes will be guaranteed (the "*Guarantees*"), jointly and severally, on a senior basis by the Guarantors. The Issuer and the Guarantors will also guarantee the Revolving Credit Facility. The laws of certain jurisdictions may limit the enforceability of certain Guarantees. See "*Description of the Notes—Guarantees*," "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*" and "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—The Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability and will be shared with some of our other existing debt*." As of and for the year ended December 31, 2023, the Guarantors represented (on a consolidated basis after giving effect to intercompany eliminations and as adjusted for the impact of IFRS 16) approximately 95.9% and 89.9% of the Group's Adjusted EBITDA and total assets, respectively. As of December 31, 2023, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the Notes (excluding the Issuer), had no third-party borrowings. Subject to the operation of the Agreed Security Principles, the Notes and the Guarantees will be secured on a first-priority basis as of the Issue Date, by (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued capital stock of the Company, (ii) first-priority security interests under Jersey law granted by (a) the Company over the issued share capital of the Issuer and (b) the Issuer over the issued share capital of AM Capital, (iii) a first-priority security interest under the English law debenture (referred to in (vi)) granted by the Company over the issued capital stock of AML Group Ltd., (iv) a first-priority security interest under the English law debenture (referred to in (vi)) granted by AML Group Ltd. over the issued capital stock of AML, (v) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreement (and the Notes Proceeds Loan thereunder) and (vi) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Ltd. and AML (the "*Collateral*"). The Collateral will also secure the liabilities under the Revolving Credit Facility and certain Hedging Obligations, if any. In the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds

from the Collateral only after the lenders under the Revolving Credit Facility and certain Hedging Obligations, if any, have been repaid in full. See "*Description of the Notes—Security—The Collateral.*" See "*—The Transactions*."

(4) The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017. The Issuer is a special purpose finance subsidiary with no significant assets other than the Notes Proceeds Loan and the shares it holds in its direct subsidiary, AM Capital. On the Issue Date, the Issuer will on-lend the proceeds from the issuance of the Notes to AML pursuant to the Notes Proceeds Loan.

(5) As part of the Transactions, we will enter into the Revolving Credit Facility Agreement with binding commitments of £170.0 million. On the Issue Date, we intend to repay in full the borrowings under the Existing Revolving Credit Facility from the proceeds of the Notes, together with cash on balance sheet. The Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement. See "*Use of Proceeds*," "*Capitalization*" and "*Description of Other Financial Arrangements—Revolving Credit Facility Agreement*." We expect that, as of the Issue Date, the Revolving Credit Facility will remain undrawn.

(6) Aston Martin Works Limited, which owns our servicing business, is a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by AML and 50% owned by an affiliate of certain of our shareholders. See "*Certain Relationships and Related Party Transactions*." Aston Martin Works Limited and AMWS Limited are consolidated in the Group's accounts.

SUMMARY OF THE NOTES

The following is a brief summary of certain terms of the Offering of the Notes. The Notes will be governed by the Indenture. The summary below describes the principal terms of the Notes, the Guarantees, the Indenture, the Intercreditor Agreement and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" and "Description of Other Financial Arrangements—Intercreditor Agreement" sections of this Offering Memorandum for more detailed descriptions of the terms and conditions of the Notes and the Intercreditor Agreement. Certain descriptions in this Offering Memorandum of provisions of the Indenture are summaries of such provisions and are qualified herein by reference to the Indenture.

Issuer:	Aston Martin Capital Holdings Limited, a wholly owned subsidiary of the Company, is a public limited company with limited liability incorporated under the laws of Jersey (tax resident in the United Kingdom).
Notes Offered:	
Dollar Notes	\$960,000,000 aggregate principal amount of 10.000% Senior Secured Notes due 2029 (the "*Dollar Notes*").
Sterling Notes	£400,000,000 aggregate principal amount of 10.375% Senior Secured Notes due 2029 (the "*Sterling Notes*").
Issue Date:	March 21, 2024.
Issue Price:	
Dollar Notes	100.000%.
Sterling Notes	100.000%.
Maturity Date:	March 31, 2029.
Interest:	
Dollar Notes	10.000%.
Sterling Notes	10.375%.
Interest Payment Dates:	Interest on the Notes will be payable semi-annually in arrear on May 1 and November 1 of each year, commencing on November 1, 2024. Interest will accrue from the Issue Date.
Minimum Denominations:	The Dollar Notes and the Sterling Notes will initially be issued in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof or of £100,000 and in integral multiples of £1,000 in excess thereof, respectively.
Ranking of the Notes:	The Notes will be: • senior obligations of the Issuer; • as of the Issue Date, secured by first priority security interests over the Collateral, which will also secure the liabilities under the Revolving Credit Facility, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis, and pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations, if any) have been paid in full, as described under "*Description of the Notes—Security—The Collateral*";

- *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes (including the senior guarantee given by the Issuer in favor of the Revolving Credit Facility);
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- fully and unconditionally guaranteed by the Guarantors on a joint and several basis, subject to the guarantee limitations described herein.

Guarantees: On the Issue Date, the Notes will be guaranteed (together, the "*Guarantees*," and each a "*Guarantee*"), jointly and severally, on a senior basis by the Company, Aston Martin Lagonda Group Limited ("*AML Group Ltd.*"), Aston Martin Lagonda Limited ("*AML*") and Aston Martin Capital Limited ("*AM Capital*") (together, the "*Guarantors*," and each a "*Guarantor*"). The Issuer and the Guarantors will also guarantee the Revolving Credit Facility. The Guarantees will be secured as of the Issue Date by first priority security interests over the Collateral; the Collateral will also secure, among others, the Revolving Credit Facility, as described in "*Description of the Notes—Security—The Collateral*."

The laws of certain jurisdictions may limit the enforceability of certain Guarantees. See "*Description of the Notes—Guarantees,*" "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*" and "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—The Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability and will be shared with some of our other existing debt.*"

As of and for the year ended December 31, 2023, the Guarantors represented (on a consolidated basis after giving effect to intercompany eliminations and as adjusted for the impact of IFRS 16) approximately 95.9% and 89.9% of the Group's Adjusted EBITDA and total assets, respectively. As of December 31, 2023, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the Notes (excluding the Issuer), had no third-party borrowings.

Ranking of the Guarantees: Each Guarantee:

- will be senior obligations of the relevant Guarantor;
- as of the Issue Date, secured by first priority security interests over the Collateral; with the Collateral being intended to also secure the liabilities under the Revolving Credit Facility, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis, and pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including to lenders under the Revolving Credit Facility Agreement and counterparties

to certain Hedging Obligations, if any) have been paid in full, as described under "*Description of the Notes—Security—The Collateral*";

- will rank *pari passu* in right of payment with all of the Guarantors' existing and future senior indebtedness, including any indebtedness under the Revolving Credit Facility;
- will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors;
- will be effectively subordinated to any existing and future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' guarantees of the Notes, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be subject to limitations described herein.

Collateral:

Subject to the operation of the Agreed Security Principles, the Notes and the Guarantees will be secured on a first-priority basis as of the Issue Date, by (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued capital stock of the Company, (ii) first-priority security interests under Jersey law granted by (a) the Company over the issued share capital of the Issuer and (b) the Issuer over the issued share capital of AM Capital, (iii) a first-priority security interest under the English law debenture (referred to in (vi)) granted by the Company over the issued capital stock of AML Group Ltd., (iv) a first-priority security interest under the English law debenture (referred to in (vi)) granted by AML Group Ltd. over the issued capital stock of AML, (v) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreement (and the Notes Proceeds Loan thereunder) and (vi) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Ltd. and AML (the "*Collateral*").

The Collateral is intended to also secure the liabilities under the Revolving Credit Facility Agreement and certain hedging obligations, if any.

The Agreed Security Principles will apply to the granting of security in favor of obligations under the Notes. The Agreed Security Principles include restrictions on the granting of where, among other things, such grant would be restricted by corporate benefit, financial assistance, fraudulent preference or "thin capitalization" laws or regulations (or analogous restrictions), or where an action would result in a significant risk to the officers of the relevant grantor of security of contravention of their fiduciary duties and/or of civil and/or criminal liability, or result in costs disproportionate to the benefit obtained by the beneficiaries of that security. See "*Description of Other Financial Arrangements—Intercreditor Agreement.*"

Optional Redemption:

Dollar Notes

Prior to March 15, 2026, the Issuer may redeem, at its option, the Dollar Notes, in whole or in part, by paying a "make-whole" premium.

On or after March 15, 2026, the Issuer may redeem, at its option, the Dollar Notes, in whole or in part, at the redemption price set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Dollar Notes*" plus accrued and unpaid interest thereon and additional amounts, if any, to but excluding the applicable redemption date. See "*Description of the Notes—Optional Redemption—Optional Redemption of the Dollar Notes.*"

Prior to March 15, 2026, the Issuer may redeem up to 40% of the aggregate principal amount of the Dollar Notes (including additional Dollar Notes) at a redemption price equal to (i) 110.000% of the aggregate principal amount thereof, with the net cash proceeds from certain equity offerings, plus (ii) accrued and unpaid interest thereon and additional amounts, if any, to but excluding the applicable redemption date; *provided* that the redemption takes place not later than 180 days after the related equity offering, and not less than 50% of the principal amount of the Dollar Notes issued on the Issue Date remain outstanding immediately thereafter.

Prior to March 15, 2026, the Issuer may on any one or more occasions redeem during each 12-month period up to 10% of the aggregate principal outstanding amount of the Dollar Notes (including additional Dollar Notes) at a redemption price of 103% of the principal amount of the Dollar Notes so redeemed, plus accrued and unpaid interest thereon and additional amounts, if any, to but excluding, the applicable redemption date. See "*Description of the Notes—Optional Redemption—Optional Redemption of the Dollar Notes.*"

Sterling Notes

Prior to March 15, 2026, the Issuer may redeem, at its option, the Sterling Notes, in whole or in part, by paying a "make-whole" premium.

On or after March 15, 2026, the Issuer may redeem, at its option, the Sterling Notes, in whole or in part, at the redemption price set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Sterling Notes*" plus accrued and unpaid interest thereon and additional amounts, if any, to but excluding the applicable redemption date. See "*Description of the Notes—Optional Redemption—Optional Redemption of the Sterling Notes.*"

Prior to March 15, 2026, the Issuer may redeem up to 40% of the aggregate principal amount of the Sterling Notes (including additional Sterling Notes) at a redemption price equal to (i) 110.375% of the aggregate principal amount thereof, with the net cash proceeds from certain equity offerings, plus (ii) accrued and unpaid interest thereon and additional amounts, if any, to but excluding the applicable redemption date; *provided* that the redemption takes place not later than 180 days after the related equity offering, and not less than 50% of the principal amount of the Sterling Notes issued on the Issue Date remain outstanding immediately thereafter.

Prior to March 15, 2026, the Issuer may on any one or more occasions redeem during each 12-month period up to 10% of the aggregate principal outstanding amount of the Sterling Notes (including additional Sterling Notes) at a redemption price of 103% of the principal amount of the Sterling Notes so redeemed, plus accrued and unpaid interest thereon and additional amounts, if any, to but excluding, the applicable redemption date. See "*Description of the Notes—Optional Redemption—Optional Redemption of the Sterling Notes.*"

Optional Redemption for Tax Reasons:

In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes— Redemption for Taxation Reasons.*"

Change of Control:

Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, and additional amounts, if any, to the date of purchase. See "*Description of the Notes—Change of Control.*"

Additional Amounts: All payments made by or on behalf of the Issuer or any Guarantor on or with respect to the Notes or the Guarantees will be made without withholding or deduction for taxes unless required by law. If any taxes are required by law to be withheld or deducted in any relevant taxing jurisdiction with respect to a payment on or with respect to the Notes or any Guarantee, the Issuer or Guarantors will pay the additional amounts necessary so that the net amount received after such withholding or deduction will equal the amounts that would have been received in the absence of such withholding or deduction, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes.*"

Certain Covenants: The Indenture that will govern the Notes and the Guarantees will contain, covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Restricted Group;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*"

Use of Proceeds: The proceeds of the Notes will be used, together with cash on balance sheet, (i) to redeem in full the outstanding amount of Existing Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full the borrowings under the Existing Revolving Facility Agreement, including accrued and unpaid interest thereon and (iii) to pay fees and expenses incurred in connection with the Transactions. See "*Use of Proceeds*."

Transfer Restrictions; No Registration Rights: The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States or any other jurisdiction. We have not agreed to, or otherwise undertaken to, register the Notes or the Guarantees. The Notes will be subject to certain other restrictions on transfer as described under "*Transfer Restrictions.*"

No Prior Market: The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue

	market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing:	Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange.
Governing Law of the Indenture, the Notes and the Guarantees:	New York.
Governing Law of the Intercreditor Agreement:	England and Wales.
Governing Law of the Security Documents:	England and Wales and Jersey.
Trustee and Security Agent:	U.S. Bank Trustees Limited.
Paying Agent, Registrar and Transfer Agent for the Dollar Notes:	U.S. Bank Trust Company, National Association.
Payment Agent for the Sterling Notes:	Elavon Financial Services DAC, UK Branch.
Registrar and Transfer Agent for the Sterling Notes:	Elavon Financial Services DAC.
Listing Agent:	Carey Olsen Corporate Finance Limited.
ISIN:	
Dollar Notes	Reg S: USG05891AL32; Rule 144A: US04625HAJ86.
Sterling Notes	Reg S: XS2788344419; Rule 144A: XS2788354566.
CUSIP:	
Dollar Notes	Reg S: G05891 AL3; Rule 144A: 04625H AJ8.
Common Code:	
Sterling Notes	Reg S: 278834441; Rule 144A: 278835456.
Risk Factors:	An investment in the Notes involves a high degree of risk. You should carefully consider the information set forth under "*Risk Factors*" and all of the information in this Offering Memorandum before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

Unless otherwise indicated, the historical and other financial data presented herein have been derived from the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2021, 2022 and 2023, each included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 are presented in accordance with UK-adopted international accounting standards ("*IFRS*").

The consolidated financial statements present the consolidated results of operations and the consolidated financial position of AML Global Holdings, which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2021, 2022 and 2023 of AML Global Holdings and the Company primarily related to £1.5 million, £2.4 million and £2.4 million, respectively, of directors' remuneration and administrative costs and other expenses, which were not attributable to the Company or its subsidiaries. In addition, a material difference relating to financing income and financing expense exists in relation to fair value adjustments on issued share warrants, which amounted to a financing income of £34.1 million, a financing income of £8.1 million and a financing expense of £19.0 million for, respectively, the years ending December 31, 2021, 2022 and 2023. We believe that AML Global Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position for the applicable periods. Therefore, the financial and operating results and certain other information relating to AML Global Holdings have been presented in this Offering Memorandum in lieu of the Company. AML Global Holdings will be the reporting entity under the covenants pursuant to the Indenture and the Revolving Credit Facility Agreement. For further information, see "*Description of the Notes.*"

The Issuer is a wholly owned direct subsidiary of the Company and was formed on March 21, 2017.

The following information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by the management of AML Global Holdings or any other person. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*" and "*Forward-Looking Statements*."

Consolidated Statement of Comprehensive Income Data

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Revenue	1,095.3	1,381.5	1,632.8
Cost of sales	(751.6)	(930.8)	(993.6)
Gross profit/(loss)	**343.7**	**450.7**	**639.2**
Selling and distribution expenses	(84.8)	(113.0)	(143.8)
Administrative and other operating expenses(1)	(335.4)	(479.5)	(606.6)
Operating profit/(loss)	**(76.5)**	**(141.8)**	**(111.2)**
Finance income	36.4	15.5	74.3
Finance expense	(173.7)	(368.7)	(202.9)
Profit/(loss) before tax	**(213.8)**	**(495.0)**	**(239.8)**
Income tax (charge)/credit	24.5	(32.7)	13.0
Profit/(loss) for the period	**(189.3)**	**(527.7)**	**(226.8)**
Other comprehensive income/(loss) for the period, net of income tax	7.7	6.5	(7.6)
Total comprehensive income/(loss) for the period	**(181.6)**	**(521.2)**	**(234.4)**

Consolidated Statement of Financial Position Data

	As of December 31,		
(£ in millions)	**2021**	**2022**	**2023**
		(restated)	
Cash and cash equivalents	418.9	583.3	392.4
Working capital(2)(4)	(37.3)	68.7	5.4
Property, plant and equipment(3)	355.5	369.9	353.7

Total assets[4]	2,842.5	3,104.3	3,173.0
Total current liabilities[4][5]	905.2	1,056.8	986.1
Total non-current liabilities[4][5]	1,276.9	1,324.0	1,263.8
Total liabilities[4][5]	2,182.1	2,380.8	2,249.9
Total shareholders' equity[4]	660.4	723.5	923.1

Consolidated Statement of Cash Flows Data

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Net cash flows from/(used in) operating activities	178.9	127.1	145.9
Net cash flows used in investing activities	(184.1)	(284.7)	(383.4)
Net cash flows from financing activities	(66.5)	315.0	59.7
Net increase/(decrease) in cash and cash equivalents	**(71.7)**	**157.4**	**(177.8)**

Other Financial Data

	As of and for the year ended December 31,		
(£ in millions unless otherwise indicated)	**2021**	**2022**	**2023**
Depreciation, amortization and impairment of which	212.2	308.1	385.6
Depreciation and impairment of property, plant and equipment	65.3	77.8	90.3
Depreciation and impairment of right-of-use lease assets	9.3	11.0	9.3
Amortization and impairment of intangible assets	137.6	219.3	283.4
Capital expenditures of which	185.2	286.9	396.9
Tangible and other intangible capital expenditure	*7.0*	*54.9*	*128.4*
Capitalized research and development expenditure	*178.2*	*232.0*	*268.5*
Cash and cash equivalents	418.9	583.3	392.4
Total debt[6]	1,189.2	1,211.1	1,069.7
Net debt[7]	891.6	765.5	814.3
Adjusted EBITDA[8]	137.9	190.2	305.9
Cash conversion ratio[9]	129.7%	66.8%	47.7%

Other Operating Data

	As of and for the year ended December 31,		
(£ in millions unless otherwise indicated)	**2021**	**2022**	**2023**
Total unit sales to dealers (number of cars)	6,178	6,412	6,620
Average core car selling price (£ in thousands)[10]	150.0	177.0	188.0
Total average car selling price (£ in thousands)[11]	162.0	201.0	231.0

Adjusted and Other Financial Data of the Company

(£ in millions unless otherwise indicated)	**As of and for the year ended December 31, 2023**
	(unaudited)
Adjusted EBITDA[8]	305.9
Adjusted cash and cash equivalents[12]	362.4
Adjusted total debt[13]	1,328.6
Adjusted net total debt[13]	966.2
Adjusted senior secured debt[14]	1,153.1
Adjusted net senior secured debt[14]	790.7
Adjusted interest expense[15]	120.8
Ratio of adjusted net total debt to Adjusted EBITDA	3.2x
Ratio of adjusted net senior secured debt to Adjusted EBITDA	2.6x

(£ in millions unless otherwise indicated)	As of and for the year ended December 31, 2023
Ratio of Adjusted EBITDA to adjusted interest expense	2.5x
Ratio of adjusted total debt to total market capitalization of AML Global Holdings(13)(16)	1.0x

(1) Administrative and other operating expenses include costs attributable to AM Holdings and AML Global Holdings of £1.5 million, £2.4 million and £2.4 million for the years ended December 31, 2021, 2022 and 2023, respectively. These costs were not attributable to the Company or its subsidiaries. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*." Further, administrative and other operating expenses for the years ended December 31, 2021 and December 31, 2022 have not been restated for the impact of the adjustments pursuant to the RDEC regime. Administrative and other operating expenses for the year ended December 31, 2023 include the deferral of tax relief income received under the RDEC regime. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information—Certain Restatements and Reclassifications*."

(2) Working capital is calculated as current assets less current liabilities.

(3) Property, plant and equipment does not include right of use assets.

(4) Working capital, total assets, total current liabilities, total non-current liabilities, total liabilities and total shareholders' equity for the year ended December 31, 2022 include the deferral of tax relief income received under the RDEC regime. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information—Certain Restatements and Reclassifications*."

(5) Total current liabilities includes £23.1 million as of December 31, 2023, which were obligations of AML Global Holdings and not of the Company or its subsidiaries. Total liabilities represents the book value of our total liabilities, determined in compliance with IFRS.

(6) Total debt as of December 31, 2021, 2022 and 2023 (reported) represents our total current and non-current borrowings and inventory repurchase arrangements.

(7) Net debt represents our total debt (as described in the previous footnote) adjusted for cash and cash equivalents as of the applicable date.

(8) Adjusted EBITDA is a non-IFRS financial measure and is defined as net profit/(loss) for the period before income tax (charge)/credit; net financing expense; depreciation and impairment of property, plant and equipment; depreciation and impairment of right-of-use lease assets; amortization and impairment of intangible assets; and profit/(loss) on disposal of fixed assets, adjusted for items of which the quantum, nature or volatility would distort the underlying trading performance of the Group as they are not expected to repeat in future periods. While the amounts included in Adjusted EBITDA have been derived from our consolidated financial statements or management accounts, they are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to net profit (loss) or operating profit (loss) as indicators of our performance, or as alternatives to operating cash flows as a measure of our liquidity. Our management uses Adjusted EBITDA to assess our operating performance. In addition, we believe that Adjusted EBITDA is a measure commonly used by investors. Adjusted EBITDA, as presented in this Offering Memorandum, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. Adjusted EBITDA is calculated as follows:

	For the year ended December 31,		
(£ in millions)	2021	2022	2023
Profit/(loss) for the period	(189.3)	(527.7)	(226.8)
Income tax (charge)/credit	(24.5)	32.7	(13.0)
Net financing expense [(a)]	137.3	353.2	128.6
Depreciation, amortization and impairment	212.2	308.1	385.6
(Profit)/loss on sale of fixed assets	—	—	—
Adjusting items (excluding impairments)[(b)]	2.2	23.9	31.5
Adjusted EBITDA[(c)]	**137.9**	**190.2**	**305.9**

(a) The net financing expense for the year ended December 31, 2021 includes interest payments on the Existing Notes and current borrowings of £151.3 million and a £12.4 million negative impact of foreign exchange fluctuations related to the Existing Notes. The net financing expense for the year ended December 31, 2022 includes interest payments on the Existing Notes and current borrowings of £166.0 million, a £156.2 million negative impact of foreign exchange fluctuations related to the Existing Notes and a £20.1 million adjusting finance expense relating to costs associated with the 2022 Equity Capital Raise and the Tender Offer. The net financing expense for the year ended December 31, 2023 includes interest payments on the Existing Notes and current borrowings of £151.3 million, a £36.5 million adjusting finance expense relating to costs associated with the 2023 Equity Placing and the 2023 Partial Redemption and a £19.0 million charge which was recognized in relation to fair value movements of outstanding warrants.

(b) Adjusting items for the year ended December 31, 2021 related to (i) £4.0 million ERP implementation costs, (ii) a £(2.4) million revision of previously estimated restructuring costs and (iii) one-off expenses of £0.6 million associated with surrendering a lease early. Adjusting items for the year ended December 31, 2022 related to (i) costs of £13.5 million related to the closure of the UK DB Plan, (ii) £6.9 million ERP implementation costs and (iii) one-off expenses of £3.5 million related to the change of Chief Executive Officer and the appointment of other new executives. Adjusting items for the year ended December 31, 2023 related to (i) one-off legal and settlement costs of £16.0 million related to, *inter alios*, the proceedings against AMMENA, one of our subsidiary entities, and its shareholders, (ii) £14.5 million ERP implementation costs and (iii) costs of £1.0 million related to the closure of the UK DB Plan.

(c) Adjusted EBITDA, as well as the relevant adjustments, includes components based solely on internal information used by management and are based on our management accounts. Our actual consolidated financial results may differ from our preliminary estimated results and remain subject to our procedures and review process. Those procedures have not been completed. Accordingly, these results may change and those changes may be material. Caution should be taken that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by the management of AML Global Holdings, the Company or any other person. Adjusted EBITDA does not constitute a measure of financial performance under IFRS and should not be considered a substitute for operating profit (loss), net profit (loss), cash flow or other financial measures computed in accordance with IFRS. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*" and "*Forward-Looking Statements*."

(9) Cash conversion ratio is calculated as net cash flows from operating activities for the relevant period divided by Adjusted EBITDA for the relevant period.

(10) Average core car selling price is calculated as revenue from sale of core models divided by total unit sales for the period.

(11) Total average car selling price is calculated as revenue from sale of cars divided by total unit sales for the period, including the sale of core models and Specials.

(12) Adjusted cash and cash equivalents is calculated as cash and cash equivalents as of December 31, 2023 adjusted to give effect to our estimated cash position after giving effect to the Transactions and the use of proceeds therefrom as contemplated under "*Use of Proceeds*," as if they had occurred on December 31, 2023. Adjusted cash and cash equivalents is not adjusted for ordinary course movements in our cash and cash equivalents after December 31, 2023.

(13) Adjusted total debt is total debt adjusted to give effect to the Transactions and the use of proceeds therefrom as contemplated under "*Use of Proceeds*" as if they had occurred on December 31, 2023. Adjusted total debt includes £135.8 million of undiscounted lease liabilities recognized under IFRS 16. Adjusted net total debt represents our adjusted total debt less adjusted cash and cash equivalents.

(14) Adjusted senior secured debt represents our adjusted total debt that is secured over the Collateral. Adjusted net senior secured debt represents our adjusted senior secured debt less adjusted cash and cash equivalents. Adjusted net senior secured debt represents our adjusted senior secured debt less adjusted cash and cash equivalents.

(15) Adjusted total interest expense is interest expense with respect to our adjusted total debt (but excluding any interest expense associated with lease liabilities) adjusted to give effect to the Transactions, including the issuances of the Notes and the entry into the Revolving Credit Facility and the use of proceeds therefrom, as if they had occurred on January 1, 2023.

(16) AML Global Holdings' market capitalization at the close of market on March 8, 2024 was £1.3 billion.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the Notes. The risks and uncertainties described below are not the only ones we are facing. The occurrence of any of the events discussed below, whether alone or together with additional risks and uncertainties not currently known to us, could materially adversely affect our business, results of operations or financial condition. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our business, results of operations, or financial condition or our ability to fulfil our obligations under the Notes and may affect your investment.

The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to the Group's business, financial condition, or results of operations. The risks mentioned herein may materialize individually or cumulatively.

This Offering Memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements."

Risks Relating to Our Business and Industry

We may not be able to generate sufficient cash to fund our capital expenditures and sustain our operations, or to satisfactorily meet our other liquidity requirements.

Our liquidity requirements arise primarily from our need to fund capital expenditure for product development, working capital and to service debt. A significant part of our capital expenditures are contracted or necessary in order to maintain our business. For the year ended December 31, 2023, our capital expenditures were £397 million and for the year ending December 31, 2024, our total capital expenditures are expected to be approximately £350 million. If we were unable to raise sufficient cash, or if a liquidity event were to occur that would prevent us from making such large capital expenditures, such events would directly harm our business and could have a particularly severe effect, such as delaying or modifying our strategic plans.

The cash generated from our operations and our existing trade finance facilities may not be sufficient to meet our liquidity requirements. If we cancel any orders for which customers have prepaid a deposit, for example, as a result of future model programs being cancelled due to future liquidity concerns, we would be liable to return the deposits in respect of those cancelled orders. Cancellations by customers following which we may be asked to refund deposits are only applicable for special edition models and we experience very low rates of customer cancellations following the payment of the deposit. Following a customer cancellation we may at our option choose to refund the deposit, which we have historically chosen to do on a case by case basis due to our special editions being historically oversubscribed with waiting lists from which we are able to reallocate cancelled orders. See "*—Our profitability relies in part upon our ability to produce and deliver our Specials in limited volumes. If we are delayed or become unable to deliver these models in the applicable time frames, this could lead to additional costs, reduced profitability, return of customer deposits and damage to our reputation*." As of December 31, 2023, we held £132.8 million of contractually refundable customer deposits.

We are subject to various types of restrictions or impediments on the ability of Group companies in certain countries to remit cash across the Group. These restrictions or impediments are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which we operate.

Our ability to make payments on and refinance our indebtedness and to fund our capital expenditures and working capital requirements and other expenses will depend on our future operating performance and ability to generate cash from operations. Free Cash Flow (operating cash flows less net cash interest and capital expenditures) for the year ended December 31, 2023 was negative £360 million. Our ability to generate cash from operations is subject, in large part, to continuing general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. For example, the COVID-19 pandemic had a significant impact on our liquidity position throughout 2020 and into 2021. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt, including the Notes, or our capital expenditures and working capital requirements and other expenses.

We may not be able to maintain capital expenditure or balance supply and demand effectively in line with our strategy. Our strategy and business plan could also expose our business to different risks.

Our ability to successfully implement our strategy will depend on, at least in part, our ability to reduce costs without diminishing the quality of our vehicles, as well as to maintain capital expenditures without limiting our ability to introduce new vehicles in line with changes in trends and advances in technology. Market conditions and trends change over time and may be particularly affected by macroeconomic factors, including high rates of inflation, increasing interest rates, rising commodity prices and the risk of regional or global recessions or "stagflation" (i.e., recession or reduced rates of economic growth coupled with high rates of inflation). In addition, the ongoing conflict between Russia and Ukraine and the recent events and conflict in Israel and the Middle East may provide challenges to our Board's ability to implement our business plan or require us to re-consider it or adopt new strategies, result in a diversion of management attention and require us to focus on preserving liquidity rather than implementing our business plan. An inability to achieve these goals, or to achieve them only in part or later than expected, could result in increased costs, damage to the Aston Martin brand, decreased sales, elevated levels of dealer stocks and/or liquidity constraints, any of which could have a material adverse effect on our business, financial condition and results of operations.

Further, we believe that a key appeal of the Aston Martin brand is the air of exclusivity and sense of luxury that the brand conveys. A central facet to this exclusivity is the limited number of models and vehicles produced. However, this low-volume strategy may limit our potential sales growth and profitability. In addition, our strategy seeks to manage production volumes to maintain new vehicle supply below market demand. An inability to balance supply and demand effectively may result in excess inventory.

Managing the above risks requires us to be agile and, if necessary, we may determine that it is appropriate to adapt our strategy and business plan in the future. Inability to manage these risks and remain agile could harm our prospects and may have a material adverse effect on our business, financial condition and results of operations.

Our future success depends on our continued ability to introduce our next generation of vehicles, which will require significant capital expenditures.

New model introductions and mid-cycle updates drive customer visits to our third-party dealers' showrooms and sales. The current model line-up comprises four core models, including the V12 Flagship (the DBS), one super tourer (the DB12), one sports car (the Vantage)) and one SUV (the DBX). In addition to the ongoing production of our four current core models, our profitability relies in part upon our ability to produce and deliver our Specials in limited volumes. See "*—Our profitability relies in part upon our ability to produce and deliver our Specials in limited volumes. If we are delayed or become unable to deliver these models in the applicable time frames, this could lead to additional costs, reduced profitability, return of customer deposits and damage to our reputation*." In order to meet our sales targets, we must continue to invest in vehicle and powertrain design, engineering, manufacturing and electrification in line with our strategy. For the year ended December 31, 2023, our total capital expenditures were £397 million. Our ability to realize acceptable returns on these investments will depend in large part on consumers' acceptance of our new vehicle offerings, as well as our ability to complete our vehicle launch schedule on the contemplated timeline.

We intend to develop most of our future models based on our modular architecture, which employs a "Carry Over-Carry Across" ("*COCA*") principle for key systems and components where appropriate. This is being incorporated into a component strategy to enable the development of a common family of components that will support the full portfolio of vehicles. This will allow for flexible and profitable manufacturing at low volumes and easy adaptation to new models with limited additional investment, or by way of collaboration with other manufacturers, as we have done in the past on an opportunistic basis. However, we must undertake significant upfront investments in order to launch new models and update existing models, which could include design, engineering and manufacturing costs. These capital expenditures have been accounted for in our strategy and we are able to make these investments in the near-term. However, if in the future we become unable to make such large capital expenditures, for any reason, for example, if our Wholesale Finance Facility becomes unavailable (see "*—Our business model assumes the Wholesale Finance Facility is, and similar replacement financing arrangements will be, available on an ongoing basis. Certain liquidity risks as well as the loss of our ability to draw under these or similar facilities or the applicable credit insurance backing could adversely affect our liquidity and therefore have a material adverse effect on our business*"), we must either have sufficient cash from operations or raise funding from outside sources, which may not be available to us on commercially reasonable terms or in an amount sufficient to enable us to raise such funds, or may not be available to us at all. This may have a material adverse effect on our ability to launch new models and update existing models, which could in turn result in a drop in our unit sales.

If our new vehicles or upgraded variants of our existing models are not received favorably by consumers, for example, the DB12, the first vehicle of our next generation of front-engine sport/GT vehicles which launched in May

2023, our sales, market share and profitability will suffer. See "*—Our future success depends on our ability to develop attractive products that are tailored to the needs and tastes of our customers*." If we are required to restrict capital expenditures due to insufficient sales, liquidity constraints and decreasing profitability or for any other reason, our ability to continue our program of developing the next generation of vehicles and keep pace with product and technological innovations would diminish, which could reduce demand for our vehicles and negatively impact our business, brand and results of operations.

We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers.

In June, 2023, and in October, 2020, we entered into a new strategic supply agreement with, respectively, Lucid and MBAG. Both the Lucid Partnership and the MBAG Partnership are critical components in our high-performance electrification strategy. If Lucid or MBAG become unable or unwilling to supply the Lucid Technology or the MBAG Technology, as applicable, for our PHEVs/BEVs or if the integration of the Lucid Technology or the MBAG Technology, as applicable, into our vehicles is unsuccessful, our ability to introduce new PHEVs/BEVs could be restricted or delayed. Any such restriction or delay could result in higher costs to design the technology in-house or procure the technology from other providers and materially reduce our profitability, a loss of competitive advantage and reputational damage. See also "*—Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results*" and "*—The consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors*." In addition to the creation of our PHEVs and BEVs, the MBAG Technology is also crucial for the creation of our current and next generation ICE vehicles. As certain components of the MBAG Technology are supplied to us by MBAG third-party suppliers, rather than by MBAG directly, obsolescence and discontinued MBAG production inventory present the risk that we face higher production costs to secure supply continuing from former MBAG suppliers or buy sufficient inventory of parts to meet estimated future demand prior to production of those parts being discontinued (also known as "all time buys"). See also "*—The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*."

We source certain engines, electrical architecture and entertainment systems exclusively from Mercedes-Benz Group, which, for the year ended December 31, 2023, was our largest supplier by spend. Our reliance on Mercedes-Benz Group means that we are exposed to the risk that Mercedes-Benz Group becomes unable or unwilling to produce and supply engines, electrical architecture and entertainment systems or that the quality and performance of those products declines, for any reason. If the quality or performance of the engines, electrical architecture or entertainment systems declines, demand for our products may be adversely affected, particularly since engine performance is a key factor in sports cars desirability. See also "*—Mercedes-Benz Group is one of our significant suppliers and its wholly-owned subsidiary MBAG holds shares in AML Global Holdings.*"

The V12 engines used in certain of our vehicles are assembled by Autocraft Machining Solutions Limited ("*Autocraft*") under an engine supply contract which is subject to a 36 months' notice of termination. At present, this supplier is our only supplier of V12 engines and our reliance on this supplier means that we are exposed to the risk that the supplier may become unable or unwilling to assemble V12 engines for any reason for the remaining duration of our contract with them. This could restrict or delay our ability to produce vehicles using V12 engines, require us to find an alternative supplier, increase the cost of our engines and materially reduce our profitability if we are unable to develop a cost effective and timely alternative.

In addition, we rely on a limited number of suppliers for certain raw materials and components used in our vehicles (including semiconductors). Due to the low volumes of orders (as well as for quality assurance, cost effectiveness and availability), we procure certain raw materials and components from sole and limited source suppliers and do not typically maintain significant inventories of such raw materials and components. For example, we source the majority of the leather used in our vehicles from a sole supplier. Additionally, we use materials such as carbon fiber, and will use rare earth elements in the future as part of our electric vehicle strategy (such as lithium and cobalt), for which there are limited suppliers worldwide. Our dependence on a limited number of suppliers exposes us to the risk of suppliers becoming more expensive due to suppliers' pricing power, limited availability and delivery schedules, including as a result of ongoing global supply chain issues, and the risk of the quality of the products produced by that supplier declining. If one or more of our suppliers becomes unable or unwilling to fulfil our delivery obligations, or is unable to supply products of the requisite quality for any reason (including favoring other purchasers due to better pricing or volume, financial difficulties, damage to production, transportation difficulties, labor disruption, supply bottlenecks of raw materials and pre-products, natural disasters, COVID-19 and other pandemics, Russia's actions in Ukraine, the recent events and conflict in Israel and the Middle East and other wars, terrorism or political unrest), there is a risk that our ability to produce vehicles or the quality of our vehicles could be negatively affected, which could adversely affect demand for our vehicles.

In the future, we may need to engage additional suppliers and increase demand from existing suppliers for raw materials and components (as a result of both increasing volumes and expansion into new categories and technologies). This exposes us to the risk that we are unable to source the required level of materials and components, which could restrict or delay our ability to produce the planned level of vehicles and deliver our business plan.

Further, we are exposed to the risk that our compliance controls and procedures may not, in every instance, protect us from acts committed by such suppliers that could violate the laws or regulations of the regions in which we operate (including foreign corrupt practices, trade sanctions and other laws and regulations).

Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results.

The Lucid Partnership and the MBAG Partnership are critical components in our high-performance electrification strategy. Access to Lucid's powertrain and battery technology will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercar to SUV. Moreover, under the MBAG Partnership, we also have access to MBAG's powertrain and electric/electronic architectures for the creation of PHEVs and BEVs. Both partnerships underpin our electrification strategy which includes targets (i) to launch our first BEV in 2026 and (ii) develop a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs.

Under the Lucid Integration Agreement, the parties will work together and use their reasonable best efforts to integrate the Lucid Technology into our BEV chassis. If the integration of the Lucid Technology into our BEV chassis is unsuccessful, our ability to introduce new BEVs and roll out our long-term electrification strategy could be restricted or delayed. Any such restriction or delay could result in higher costs to design the technology in-house or procure the technology from other providers and materially reduce our profitability, a loss of competitive advantage and reputational damage.

Moreover, under the terms of the Lucid Supply Agreement, if we do not purchase a certain minimum number of powertrain and battery components in each two-year period during the supply lifecycle, we will have to pay damages to Lucid of up to $225 million (£177 million) over the full term of the Lucid Supply Agreement, from 2026 to 2035 (inclusive). Circumstances such as a downturn in the economic cycle, market changes or an inaccurate assessment of the opportunity afforded by the Lucid Supply Agreement may result in us buying fewer powertrain and battery components and being required to pay damages to Lucid.

In addition, the Lucid Integration Agreement includes certain termination rights, including if AML Global Holdings is acquired by a BEV-exclusive original equipment manufacturer, designer or seller (including BEV-exclusive manufacturers, designers or sellers of material powertrain components). The Lucid Supply Agreement also includes certain termination rights exercisable, including if AML Global Holdings is acquired by an original equipment manufacturer, designer or seller whose range of vehicles includes a BEV (including manufacturers, designers or sellers of material powertrain components for BEVs). As AML Global Holdings' ordinary shares are publicly traded on the London Stock Exchange, we have no control over the identity of potential acquirers of its ordinary shares. If AML Global Holdings undergoes a change of control that gives rise to termination rights under the Lucid Integration Agreement and/or the Lucid Supply Agreement, we may fail to realize the full benefit of the Lucid Partnership.

Moreover, the fact that Atieva, a wholly owned subsidiary of Lucid, is a shareholder of AML Global Holdings following the issuance of the Lucid Consideration Shares, might impact the willingness of other potential suppliers to provide technology to us. Further, Lucid is majority-owned and controlled by our majority shareholder PIF, which could heighten this risk. See also "*—We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers*," "*—The consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors*" and "*Certain Relationships and Related Party Transactions—Lucid Agreements*."

Further, if MBAG becomes unable or unwilling to supply the MBAG Technology for the creation of our PHEVs/BEVs or if the integration of the MBAG Technology, as applicable, into our vehicles is unsuccessful, our ability to introduce new PHEVs/BEVs could be restricted or delayed. Any such restriction or delay could result in higher costs to design the technology in-house or procure the technology from other providers and materially reduce our profitability, a loss of competitive advantage and reputational damage. See also "*—We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers*," "*—The consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors*," "*—The development of our next* *generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*" and "*Certain Relationships and Related Party Transactions—MBAG Amended and Restated Strategic Cooperation Agreement*."

The consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors.

For several years, various markets, such as those in Europe, the U.S. and China, have seen a general consumer trend toward demand for vehicles that use less fuel and emit fewer emissions. Several jurisdictions, including the UK, have also announced or are contemplating plans to phase out ICE vehicles entirely. This has led to manufacturers introducing engines that have a lower capacity, while maintaining performance levels through technological advances, as well as a trend toward hybridization and ultimately full electrification. Factors contributing to this trend include rising fuel prices, decreasing disposable incomes and increasing government regulation, including increased taxation, of greenhouse gas emissions and fuel efficiency.

We plan to commence production of our first PHEV in 2024, namely the Valhalla. Our first BEV is targeted for launch in 2026 and we intend to develop a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs. However, we currently offer ULS vehicles that generally use comparatively more fuel and produce comparatively higher levels of emissions than those in lower vehicle classes. Therefore, the continuation of this trend could adversely affect our business. We may not develop lower capacity and fully electric vehicles successfully or as quickly as our competitors and therefore fail to develop market share in this growing segment. Such failure could harm our future growth prospects and may have a material adverse effect on our business and results of operations. We anticipate that (i) the Lucid Partnership will provide us with access to the Lucid Technology for the creation of our BEVs and (ii) the MBAG Partnership will provide us with access to the MBAG Technology for the creation of our PHEVs and BEVs. See "*—Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results*" and "*—The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*."

The development of engines that have lower capacity and consume less fuel while maintaining performance levels is technologically challenging and cost intensive and we may not be able to pass on the cost to customers. Further, there is a risk that competitors will develop products that meet these objectives more rapidly, in larger quantities, with a higher quality or at a lower cost. As a smaller volume manufacturer, the costs for us are spread over significantly smaller volumes than they would be for our ULS competitors that produce vehicles in larger quantities. This could lead to increased demand for competitors' lower-priced products and result in erosion of our market share once we begin selling vehicles in this market. In addition, as use of new technology increases within the automotive industry, customers are no longer looking for products based solely on the current standard factors, such as price, design, performance, brand image, comfort and available features, but also consider the technology used in the vehicle or by the manufacturer. Any changes of customer demand for any of these reasons could result in shifts in demand in the automotive industry, which could in turn lead to a lower demand for our products.

The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology.

Under the terms of the Strategic Cooperation Agreement, AML Global Holdings and MBAG agreed, over the period of time between December 2020 and July 2024, to issue new ordinary shares to MBAG (the "*MBAG Consideration Shares*") in exchange for access to the MBAG Technology for the purposes of integration into the next generation of our vehicles, including our electric offering. The first tranche of ordinary shares was issued on December 7, 2020, and access to the corresponding MBAG Technology was granted in December 2020. On June 26, 2023, AMG Global Holdings and MBAG entered into the MBAG Amended and Restated Strategic Cooperation Agreement pursuant to which they agreed that no further MBAG Consideration Shares will be issued, and instead, any potential future supply of MBAG Technology will be payable in cash. However, prior to receiving access to the additional MBAG Technology, it is difficult for us to estimate the requirements and costs of such further integration. We may therefore face challenges, delays or excessive costs integrating the MBAG Technology into our vehicles.

Moreover, while we will seek access to further MBAG Technology, MBAG may either accept or refuse such requests. Even if MBAG initially accepts such a request, MBAG will not be required to make the requested technology available to us unless we and MBAG agree on the prices that need to be paid for the supply of the requested MBAG Technology and the relevant commercial terms for such technology. If MBAG refuses certain requests, or if we and MBAG do not agree on pricing and other commercial terms for the requested MBAG Technology, we may not obtain access to all of the MBAG Technology that we consider critical for our next generation of vehicles. In addition, MBAG may decide to cancel its development programs for any of the MBAG Technology, which would result in us no longer being able to have access to that MBAG Technology.

In addition, under the terms of the MBAG Amended and Restated Strategic Cooperation Agreement, we are required to comply with specific confidentiality obligations relating to certain commercially and competitively sensitive MBAG Technology that will be made available to us. In the event that we breach those confidentiality terms, MBAG would be entitled to withdraw our access to that MBAG Technology and require us to pay £10 million in liquidated damages. The terms of the MBAG Amended and Restated Strategic Cooperation Agreement also grant MBAG the right to terminate the agreement with immediate effect in certain circumstances.

Further, if the MBAG Technology, once integrated into our vehicles, were to malfunction, experience technical problems, not function as expected or otherwise fail, we would be required to make additional investments to remedy such issues. These additional investments may not be recoverable by us from MBAG.

Furthermore, the MBAG Amended and Restated Strategic Cooperation Agreement does not provide us with exclusive access to the MBAG Technology. MBAG is therefore able to make any of its technology, including the MBAG Technology, or more advanced technology, available to other vehicle manufacturers, including our direct competitors. If MBAG were to provide any such technology to our competitors, those competitors may gain a competitive advantage over us, which could have a material adverse effect on our business, financial condition and results of operations.

As the supply of the MBAG Technology is crucial for the creation of our next generation ICE vehicles, PHEVs and BEVs, any of these or other consequences or events could result in, among other things, delays to the introduction of new models, higher costs to design technology in-house or procure technology from other providers, loss of competitive advantage and reputational damage. These effects could result in diminished market share and profitability or could otherwise materially adversely affect our business, financial condition and results of operations.

Our long-term success depends on attracting and retaining key management and other personnel, as well as on maintaining good relations with our workforce.

Our future success depends substantially on the continued service and performance of the members of our senior management team for running our daily operations, as well as planning and executing our strategy. We are also dependent on our ability to retain and replace our design, engineering and technical personnel so that we are able to continue to produce vehicles that are competitive in terms of performance, quality, technical content and aesthetics. There is strong competition worldwide for experienced senior management and personnel with technical and industry expertise. If we lose the services of our senior management or other key personnel, we may have difficulty and incur additional costs in replacing them. If we are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. In addition, our ability to realize our strategic objectives could also be impaired if we are unable to recruit sufficient numbers of new personnel of the right caliber to support our strategic objectives.

The labor-intensive nature of our business requires an adequate supply of qualified, skilled production workers necessary to maintain the high manufacturing standards of our products. Increased employment competition for skilled individuals from other manufacturers, the inability to hire or retain these skilled employees or increased labor costs generally, could have a material adverse effect on our ability to control expenses and efficiently conduct our operations.

If production or other areas of our business are compromised by prolonged industrial action, our performance and profitability could be materially adversely affected. Competitors may also obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than us. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible labor laws.

Our profitability relies in part upon our ability to produce and deliver our Specials in limited volumes. If we are delayed or become unable to deliver these models in the applicable time frames, this could lead to additional costs, reduced profitability, return of customer deposits and damage to our reputation.

In addition to the ongoing production of four current core models, we offer limited numbers of Specials, such as the Aston Martin Valkyrie, the Aston Martin Valkyrie Spider, the DBR22, the Valhalla and the Valour. Our profitability relies in part upon our ability to produce and deliver these Specials within targeted time frames. If an event results in a delay or halt in production, such as technological failure or industrial action or if there are production issues with a Special in general, this could lead to a delay in release of a Special and increase costs of production.

In addition, because of their desirability, and the fact that they are produced in limited volumes to retain exclusivity, Specials are typically fully allocated prior to any significant capital commitment, with customer deposits ordinarily due at the time of allocation. Although we generally experience very low rates of Specials customer cancellations following the payment of the customer deposit, in some cases, customer deposits are refundable at the customer's discretion, for example in the event of production delays. Furthermore, in all cases, we would be required to return the deposits in the event that the relevant Special was to be cancelled, despite potentially having spent significant amounts on the project. A return of a substantial number of customer deposits could have a significant impact on our financial condition. In addition, weaker economic conditions in the markets in which we operate, in addition to potential delays to the development and delivery of Special programs in the future may impact the inflow of deposits from special editions in the future.

The sale of Specials is an important source of revenue for us and failure to produce or deliver these Specials to customers could negatively affect our profitability, customer relations and the brand.

Our future success depends on our ability to develop attractive products that are tailored to the needs and tastes of our customers.

Our success depends on the popularity of our existing products and our ability to provide our customers with new, attractive products tailored to their needs. These new products may not achieve the level of consumer acceptance that we anticipate. In addition, our products are highly complex and we may not be able to deliver promised vehicles on the timetable or in the volumes initially promised to customers, which may lead to customer dissatisfaction or reduced orders.

Our success is influenced to a significant extent by the image, perception and recognizability of our vehicles. As we expand from our traditional focus on front-engine sport/GT cars and develop a wider range of ultra-luxury automobiles encompassing SUVs and mid-engine performance vehicles, our success also depends on the market's acceptance of our expansion into these new areas and deviation from our more traditional segments and designs. We are developing alternatives to the ICE vehicles with a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio, with our first BEV targeted for launch in 2026. We may not continue to achieve the level of consumer acceptance for future DBX derivatives and other new products, including hybrid and fully-electric models, that we anticipate, and we cannot guarantee that we will achieve the future orders we expect.

Trends affecting consumer demand may depend on factors such as disposable income, brand prestige and environmental consciousness (including a preference against high-emission vehicles), some of which are difficult to plan for and may be influenced by popular media. In particular, the further development of new and disruptive technology (including, for example, in trend areas like active safety, connected car, electrification and autonomous driving) could result in a change in trends and customer tastes. We must continue to identify trends in customer needs and tastes in sufficient time to react to these changes (including by adapting our strategy and business plan as necessary) and thus strengthen our market position and expand into new segments. A misjudgment or delayed recognition of trends and customer needs and tastes in individual markets or other changes in requirements could lead to a decline in demand, sales and profitability of our products in the short term and, over the long term, damage our brand. It could also lead to significantly unprofitable investments and associated costs. These risks could be exacerbated by the relatively small scale of our operations.

In addition, demand for our vehicles and, in particular, our Specials, relies on our strong relationship with the active global community of automotive collectors and enthusiasts. If there is a change in collector appetite or support among automobile enthusiasts for the Aston Martin brand, our ties to, and the support we receive from, this community may be diminished, which could harm the perception of the Aston Martin brand and may result in a reduction in product sales that could affect our profitability.

Transition and physical risks associated with climate change could negatively affect us.

There are a number of significant transition and physical risks associated with the impact of climate change which could significantly impact demand for our vehicles, or our ability to sell vehicles within certain markets or have financial consequences through potential increased carbon pricing and taxes.

Transitioning to a lower-carbon economy poses the most significant climate related risk exposing us to:

(i) Policy and legal risk: capital and operating expenses required to comply with environmental laws and regulations can be significant. New policy actions and/or legislation changes relating to environmental matters, such as the implementation of carbon pricing mechanisms to reduce GHG emissions or the imposition of more stringent vehicle emissions regulations, could give rise to significant costs. See "—

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions or vehicle safety could give rise to significant costs" and "*—Changes in tax, tariff or fiscal policies could adversely affect demand for our products*."

(ii) Technology risk: new technologies that support the transition to lower-carbon, energy-efficient economic systems, including the increasing demand for lower emission vehicles and electrified powertrains, could have a significant impact on us. We may not be able to develop lower capacity and fully electric vehicles successfully, or as quickly as our competitors or at a reasonable cost. See "*—The consumer trend toward vehicles with lower engine capacity and new drive technologies could negatively affect us, if we do not develop lower capacity and fully electric vehicles successfully or as quickly as competitors*."

(iii) Market risk: changing customer preferences away from traditional ICEs towards alternative non-ICE powertrains (for example, PHEVs, BEVs, hydrogen, synthetic fuels) could significantly affect demand for our products. Increasing consumer awareness around sustainability and the resultant desire to buy products which use sustainable materials may adversely impact demand for our products. See "*—Our future success depends on our ability to develop attractive products that are tailored to the needs and tastes of our customers*."

(iv) Reputation risk: customers and communities are increasingly concerned with an organization's contribution to or detraction from the transition to a lower carbon economy. If we do not deliver on our net-zero goals, sustainability targets, the production of hybrid and fully-electric models or do not otherwise demonstrate our commitment to reducing our impact on climate change, this could have a material adverse effect on us. See "*—The strength of the Aston Martin brand could be diluted or weakened*."

Physical risks resulting from climate change can be event driven (such as an extreme weather event) or longer-term shifts in climate patterns (such as global warming). Increased frequency and severity of extreme weather events could lead to damage to assets and/or facilities or lead to production or supply chain disruption. In each case, this could have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon our third-party dealers for the sale and promotion of products and services.

With the exception of Aston Martin Works, our dealership in Newport Pagnell, we are entirely dependent upon third-party dealers for the sale and promotion of our products and services. These dealers may exert upward pressure on the level of our dealer margins and incentives, thus eroding our profitability. Any increases of our dealer incentives and variable marketing expenses in the future would have similar effects. Our dealers may also encounter financial difficulties that could restrict them from selling our products or services, and/or require us to provide support or investment leading to increased costs. In addition, if financial difficulties affect a significant number of dealers in a region, including as a result of the impacts of Russia's actions in Ukraine and the recent events and conflict in Israel and the Middle East, our sales in that region as a whole, and our brand visibility could be adversely affected or require us to incur significant investment to seek out new dealers in that region. This risk is more acute in markets where we are either reliant on dealer partners who have a significant proportion (more than 40%) of total market sales, such as Switzerland and Japan, or where we are reliant on a single dealer. As of December 31, 2023, this applied to 35 of the 53 markets within our dealer network, which are typically markets with lower sales potential where it is not viable to extend the dealer network.

Many of our dealers are owned by dealer groups, which could spread the impact of the above factors across more than one dealership.

Further, we are exposed to the risk that our compliance controls and procedures may not, in every instance, protect us from acts committed by such dealers that could violate our dealership agreements or the laws or regulations of the regions in which we operate (including foreign corrupt practices, trade sanctions and other laws and regulations).

Our business is affected by the timing of new product launches, as well as other seasonal factors.

Sales in the automotive industry are affected by the timing of new product launches throughout the year and, to a lesser extent, by traditional selling seasons, which are typically higher in the second and fourth quarters of each financial year (where consumer activities are less affected by weather and vacation periods). This means that cash flows have been cyclical in the past, and we expect this cyclicality to continue. The resulting sales profile influences operating results on a quarter-by-quarter basis. If sales during our peak periods, particularly the fourth quarter when new models are introduced, are significantly lower than expected, we may be unable to recover our expenses in time to react to reduced levels of sales. As a result, we may experience a corresponding fluctuation in cash flow levels.

Mercedes-Benz Group is one of our significant suppliers and its wholly-owned subsidiary MBAG holds shares in AML Global Holdings.

We source certain engines, electrical architecture and entertainment systems exclusively from Mercedes-Benz Group, which, for the year ended December 31, 2023, was our largest supplier by spend. Our reliance on Mercedes-Benz Group means that we are exposed to the risk that Mercedes-Benz Group becomes unable or unwilling to produce and supply engines, electrical architecture and entertainment systems or that the quality and performance of those products declines, for any reason (including favoring other purchasers due to better pricing or volume, financial difficulties, damage to production, transportation difficulties, labor disruption, supply bottlenecks of raw materials and pre-products, natural disasters, war, terrorism or political unrest). If the quality or performance of the engines, electrical architecture or entertainment systems declines, demand for our products may be adversely affected, particularly since engine performance is a key factor in sports cars desirability.

Although the primary supply agreements with Mercedes-Benz Group are long-term arrangements and can only be terminated by Mercedes-Benz Group due to insolvency, material breach and in certain other circumstances described below, if we are unable to continue obtaining engines, electrical architecture and entertainment systems from Mercedes-Benz Group, we would need to seek alternative suppliers, or expand our manufacturing operations to build such products ourselves, which would take time and require significant capital expenditure. This could restrict or delay our ability to produce new vehicles and materially reduce our profitability. In addition, either of these alternatives could increase the cost of our engines, electrical architecture and entertainment systems compared with the prices that we currently pay or affect the quality and performance of our vehicles.

The various agreements governing the supplier relationship between us and Mercedes-Benz Group impose certain restrictions that have the effect of limiting our ability to obtain investment from certain strategic MBAG competitors, or certain other restricted parties, without Mercedes-Benz Group's consent. If certain strategic MBAG competitors acquire any interest or certain other restricted parties acquire a specified interest in AML Global Holdings without Mercedes-Benz Group's consent, either we or Mercedes-Benz Group may give notice of at least three years that the principal operational agreements governing the commercial and supply arrangements between us and Mercedes-Benz Group will terminate. Either of these alternatives could increase the cost of our engines, electrical architecture and entertainment systems compared to the prices we currently pay.

Moreover, the fact that MBAG, Mercedes-Benz Group's wholly-owned subsidiary, is a shareholder of AML Global Holdings might impact the willingness of other potential suppliers to provide goods to us. The MBAG Amended and Restated Strategic Cooperation Agreement with MBAG could heighten this risk. See "*Certain Relationships and Related Party Transactions—MBAG Amended and Restated Strategic Cooperation Agreement*."

We are exposed to operational risks, including risks in connection with the use of information technology ("IT") and personal data.

Due to our complex manufacturing, research, procurement, and sales and marketing operations, we are exposed to a variety of financial and operational risks, including in respect of the use of IT and personal data. These risks include, but are not limited to, losses that are caused by:

(i) disruption or malfunction of IT systems, including hardware, platforms, technologies, applications, computer networks and telecommunications systems (including as a result of malicious acts by third parties and employees);

(ii) disruption, damage or interruption to power supply;

(iii) mechanical or equipment failures;

(iv) human error or violation of internal policies or legal requirements by employees; or

(v) pandemics and natural disasters.

If any IT system we use in the conduct of our business, including those of our third-party service providers, fails to function properly and cannot be remedied, our business may experience material disruption that could require significant additional investment to remedy or may not be capable of remedy at all.

We are generally exposed to risks in the field of IT because unauthorized access to or misuse of data processed on our IT systems or those of our third-party service providers (including cloud-based providers), cybercrime, human errors associated therewith, end of life applications or technological failures of any kind could disrupt our operations, including the manufacturing, design and engineering processes. In particular, cybercrime can be technologically sophisticated and it may be difficult or impossible to detect and defend against. A significant malfunction or disruption in our IT systems or those of our third-party service providers (including cloud-based providers), or a security breach that compromises the confidential and sensitive information stored in any of those systems, could disrupt our business and materially affect our trade secrets, IP, reputation and customer base, which could then, for example, expose us to potential liability or litigation (including in respect of enforcement actions by regulators in respect of data protection and related laws and regulations) or additional costs to our operations to address such a disruption. As our technology continues to evolve, including the increasing use of internet-connected vehicle components, we anticipate that we will collect and store even more data in the future and that our IT systems and those of our third-party service providers (including cloud-based providers) will face an increased risk of both willful and unintentional security breaches.

As part of our business, we collect, retain and process certain confidential information, including the personal data of customers and employees. As a result, our operations are subject to data protection and privacy laws, including the EU General Data Protection Regulation (the "*GDPR*"). The GDPR, which came into force on May 25, 2018, has increased our regulatory responsibilities when processing personal customer, employee and other data in the conduct of our business and may lead to significant financial penalties if we breach the requirements of the GDPR.

If the measures put in place to protect against operational risks, risks in connection with the use of IT and the security of personal data collected by us prove insufficient, our results of operations and financial condition may be materially affected.

Compliance with certain vehicle safety regulations may have an adverse effect on us.

New regulations with respect to vehicle safety (including vehicle-to-vehicle and vehicle-to-infrastructure communications and related technologies) could come into force in the near future. For example, the US National Highway Travel Safety Administration ("*NHTSA*") has issued a notice of proposed rulemaking that would require all new light vehicles to be capable of vehicle-to-vehicle communications, such that they will send and receive basic safety messages to and from other vehicles. These regulations may require us to develop (or purchase) new products and technologies, resulting in additional costs and risks associated with our ability or inability to develop or procure compliant systems.

Demand for our products and our pricing power is dependent on consumers' sentiment and purchasing power.

Demand for vehicles relies on consumers' purchasing power and consumer confidence regarding future economic developments. Consumer demand is negatively affected by a decrease in potential customers' disposable income, assets or financial flexibility or uncertainty as to their future income, assets or financial flexibility. In particular, consumers may refrain from purchasing a new vehicle and instead purchase a used vehicle, defer a future purchase or purchase a lower-priced brand. In addition, even where potential customers have sufficient purchasing power and confidence, demand for our vehicles may be affected by consumer sentiment. When economic conditions are poor, unemployment levels are high and incomes are under pressure, consumers may not want to be seen owning or driving an expensive ultra-luxury vehicle. Similarly, increasing awareness of environmental issues, in particular pollution levels, may reduce demand for our sports cars since they produce more emissions than the average vehicle.

Our products are priced and positioned in the ULS vehicle market, which is at the top-end of the vehicle market. As a result, our customers require considerably higher than average levels of income or assets to be in a position to afford our products. This makes our vehicle sales dependent on the number of UHNWIs in the world, and our business potential dependent on the growth in the number of those individuals. The number of UHNWIs in the world has increased over the last decade, but there can be no assurance that this trend will continue or that it will not reverse. Factors that could halt or reverse this trend include deteriorating global economic or political conditions (including as a result of Russia's ongoing actions in Ukraine, the recent events and conflict in Israel and the Middle East and any further COVID-19 related restrictions), heightened inflation, changes in tax laws, government intervention in particular industries, such as banking, and on remuneration levels within those industries.

Pricing pressure could result from declines in absolute demand for our products, which could arise as a result of economic conditions, due to higher demand for vehicles produced by other manufacturers, consumer backlash against high prices or increased dealer incentives, including margins on sales, potentially driven by other manufacturers.

In addition, our reliance on key markets increases the risk of adverse change in customer demand in those regions. For example, we have a significant presence in the United States and EMEA (excluding the UK) which together accounted for 61% of our unit sales for the year ended December 31, 2023. As our business is highly dependent on these key markets, a decrease in customer demand in these markets could have a negative impact on our operations.

The strength of the Aston Martin brand could be diluted or weakened.

The strength of the Aston Martin brand could be diluted or weakened by (i) a failure to continue to produce vehicles of appropriate performance, aesthetics and quality, (ii) a failure to keep up with new technologies, (iii) quality issues or recalls, (iv) third-party dealers promoting other manufacturers' vehicles in priority to ours and (v) counterfeit vehicles and parts affecting performance and quality perceptions. In particular, any product recall (whether voluntary or involuntary) in the future may involve significant expense (which could have a material effect on our financial results) and diversion of management attention and other resources, as well as result in adverse publicity, which would damage our brand.

An increased availability of financing options for our products and/or oversupply in the number of vehicles produced by us could also reduce the exclusivity of our vehicles, adversely impact our ability to increase prices on new products and/or weaken the brand. In addition, publicity around our recent trading performance, as well as the Transactions, could negatively impact our brand. If the strength of the Aston Martin brand is further diluted or weakened for any reason, demand for our vehicles may be significantly and negatively affected and could require us to devote greater resources to marketing our brand.

We selectively license the Aston Martin brand to various commercial enterprises, have formed strategic commercial partnerships and have also engaged brand ambassadors. There is a risk that the decisions and behaviors of such licensees, commercial partners and brand ambassadors or any negative publicity surrounding them could lead to reputational damage to us and our brand, which could lead to a decline in demand for our products. For example, poor performance of the Aston Martin Aramco Formula One™ Team, which participated for the first time in the 2021 F1™ season, could have a negative effect on the Aston Martin brand and public perception of our vehicles and, in particular, our Specials such as the Aston Martin Valkyrie.

We face strong competition within the ULS vehicle market, which could lead to a saturation of the market, resulting in a significant drop in unit sales or price deterioration.

We compete with a number of other manufacturers with strong brands and reputations, such as Ferrari, McLaren, Rolls-Royce, Lamborghini and Bentley (many of which have greater financial resources than us, often as a result of their being owned by or associated with mass vehicle manufacturers). For example, Bentley, Rolls-Royce, Ferrari and Lamborghini have all introduced an SUV model in the ultra-luxury SUV market in recent years. The ULS vehicle market, and in particular the SUV segment thereof, is relatively small, due to the price at which the vehicles are sold and the significant investment required to introduce new models to the market. The ULS vehicle market could potentially become saturated and unable to support the growing levels of production and competition.

If there is insufficient demand to support the increasing volumes and levels of competition, or if we are unable to continue to produce vehicles that are, or that consumers and industry commentators consider to be, competitive, this could result in a drop in our unit sales or pricing pressure.

Further, the alternative fuel vehicle market is highly competitive and our ability to compete successfully in this market in the longer-term will depend, in part, on our ability to keep pace with changes in BEV technology. See "*—Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results*" and "*—The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*." Third parties may develop technology that is more advanced and/or more attractive to consumers than technology developed by us or the Lucid Technology and the MBAG Technology that we integrate into our vehicles. If any of our competitors are able to launch new technology before us, our competitive advantage, market share and/or profitability could decline, any of which could have a material adverse effect on our business, financial condition and results of operations. Changes in regulation or environmental policy could impact vehicle pricing, and we may not be able to compete effectively with our competitors, which could have a material adverse effect on our business, financial condition and results of operations.

Our future success depends on our ability to continue to sell our vehicles to customers at prices which reflect the cost of maintaining the high quality of our vehicles.

Our quality standards and the Aston Martin brand can only be maintained by incurring costs to maintain and ensure quality. Errors or defects in parts and components procured externally or manufactured in-house, or assembly mistakes, could prompt us to implement servicing or recall campaigns for vehicles manufactured and delivered, or even to develop new technical solutions, each of which has happened to us in the past. Such measures may require significant time and financial resources, which in turn may lead to higher provisions for warranties and expenses over and above the levels of existing provisions.

There is no guarantee that we will continue to be able to sell our vehicles to customers at prices that are appropriate for the high quality of our products. Pricing pressure could limit our ability to pass on production or parts/component cost increases to our customers. These pricing pressures could also exert additional price pressures on our suppliers, which in turn may have a negative effect on product quality and damage our reputation or reduce demand for our products.

We may not succeed in adequately protecting our intellectual property and know-how.

We possess a number of registered intellectual property rights, including patents, registered trademarks and registered designs ("*Registered IP*") and other industrial or intellectual property rights (including certain confidential know-how, trade secrets, database rights and copyrights), (together with Registered IP, "*IP*"), a number of which are of essential importance to our business success. The grant of Registered IP and our ownership of other IP does not necessarily mean that it is possible to enforce any claims against third parties to the required or desired extent. Furthermore, it cannot be ruled out that our IP could be infringed or challenged by third parties, as has happened in the past, or that our confidential know-how or trade secrets could be misappropriated or disclosed to the public without our consent. In such cases, we may not be able to, or may be limited in our ability to, prevent such infringements, misappropriations or disclosures, despite our ownership of IP. This applies particularly to instances of product piracy where our components are copied, possibly with poor quality, resulting in an additional reputation risk and warranty risk for us. In addition, there is no guarantee that all applications for Registered IP filed or intended to be filed by us for our new technologies will be issued or granted in all countries where we believe this to be prudent. Additionally, it cannot be ruled out that, independently of us, third parties might develop the same or similar know-how or trade secrets or obtain access to them.

Inadequate IP protection or loss of IP protection may restrict our ability to exploit technological advances profitably or may lead to a reduction in future income, as other manufacturers may be able to manufacture and market products similar to those developed by us with fewer development expenses of their own and, hence, more cost effectively. This could harm our competitive position. Moreover, high costs may be incurred in responding to infringements of IP or disclosure of misappropriations of our know-how and trade secrets. The occurrence of any of these events may have a material adverse effect on our business, financial position and results of operations.

We rely on confidential know-how and trade secrets to protect our IP that cannot be patented and we depend on the confidentiality of this information being maintained.

Certain of our secrets and confidential information cannot be or has not been patented and requires confidentiality restrictions to be put in place with those to whom this information is disclosed to protect this proprietary information. We rely on individuals to comply with those obligations and, if there are breaches, valuable information could fall into the public domain and be used by our competitors. Equally, the movement of employees between us and our competitors could result in an increased risk of this information being shared with and used by competitors.

These factors could, individually or collectively, lead to our competitors having access to our confidential information and using it to their advantage which could have a material adverse effect on our business, financial position and results of operations.

It cannot be ruled out that we may be held liable for an infringement of third-party IP or misappropriation of third-party know-how or trade secrets or may be dependent upon the costly use of third-party IP.

Although we believe that we hold all the rights required for our business operations (our own IP and third-party licenses), the risk of infringement or misappropriation of IP and know-how/trade secrets of third parties cannot be completely excluded, since many competitors and suppliers also submit patent applications for their inventions and subsequently secure patent protection or other IP.

In addition, third parties may bring claims against us alleging that our use of the Lucid Technology or the MBAG Technology infringes their intellectual property rights.

Findings of infringements or other violations by courts or even the mere assertion of infringements or violations of IP rights or know-how/trade secrets could have a negative effect on us. In such cases, we may be barred from marketing products in the jurisdiction concerned and might potentially be compelled to acquire licenses on unfavorable terms or modify our manufacturing processes. This could lead to further legal disputes or settlement negotiations, which may give rise to significant costs and may disrupt our operations. In addition, we could be required to pay damages or redesign products or processes infringing or misappropriating IP. There is no guarantee that we will be able to obtain the licenses necessary for our business success in the future to the extent necessary and on reasonable terms and conditions. We also rely on licenses of certain IP from third parties and cannot rule out that these licenses could be terminated under certain circumstances. There can also be no assurance that the existing licensing agreements will be extended.

All the above factors could, individually or collectively, lead to delivery and production restrictions and/or interruptions, and have a material adverse effect on our business, financial position and results of operations.

Conditions in the global economy and exposure to domestic and global political developments could negatively affect us.

We operate in the ULS vehicle market and accordingly our performance is linked to market conditions and consumer demand in that market. Sales of ULS vehicles are affected by general economic conditions and can be materially affected by the economic cycle. Demand for luxury goods, including ULS vehicles, is volatile and depends to a large extent on the general economic, political and social conditions in a given market. Furthermore, economic slowdowns in the past have significantly affected the automotive and related markets. Periods of deteriorating general economic conditions may result in a significant reduction in ULS vehicle sales, which may put downward pressure on our product and service prices and volumes, and negatively affect profitability. These effects may have a more pronounced effect on our business, due to the relatively small scale of our operations and our limited product range.

The effect of adverse economic conditions could also be exacerbated by our dealer network taking steps to improve their financial condition in the face of decreasing overall demand, including the sale of floor and demonstration models by dealers at prices below the retail price of our vehicles, fewer purchases of demonstration and floor models by dealers and dealers reducing prices of pre-owned Aston Martin vehicles. All of these actions taken by dealers may impact our brand and reduce demand for our new vehicles.

Declines in demand associated with economic conditions may require cutbacks in production, reduced working hours and redundancies to reduce our cost base. Redundancies may increase costs in the short term and may also lead to capacity constraints when demand recovers. Other measures taken to reduce production levels, such as factory or assembly line closures and reduced working hours, may also lead to capacity constraints when demand recovers. Inability to meet demand during an economic recovery could weaken our relative market position compared to our competitors and reduce potential revenues and profits.

Downturns in general economic conditions may also materially affect our suppliers. Adverse economic conditions may cause suppliers to be unable to meet their commitments owed to us, which could limit our ability to produce sufficient numbers of vehicles to meet demand, or our ability to produce any vehicles at all. Our suppliers may also seek to reduce their costs in response to adverse economic conditions, which could reduce the quality of their products, which, in turn, could damage our reputation. Suppliers may also seek to make changes in the credit terms they extend to us or request us to keep sufficient liquidity, each of which could affect our liquidity position.

Political change has the potential to directly affect us through the introduction of new laws (including tax and environmental laws) or regulations or indirectly by altering customer sentiment. Government policy in areas such as trade and the environment also have the opportunity to impact the business through the introduction of new barriers, for example in relation to the trade between the UK and the EU or through changes in emissions legislation. Any future change in government in both the UK and our key markets could have an impact on us due to changes in policy, legislation or regulatory interpretation.

Further, the military invasion of Ukraine by the Russian Federation on February 24, 2022 and the sanctions imposed by the United States, the EU, the UK and other jurisdictions has negatively impacted the global economy and financial markets. Higher energy costs and the resulting impact on energy supply in Europe, which has significant dependence on Russian natural gas and on crude oil, higher commodity prices (such as metal), cyber disruptions or attacks, heightened general operating risks and disruption of logistic chains in Europe, have resulted in economic instability, market volatility and heightened inflation, all of which could adversely impact our business, results of operations, financial condition and prospects. We continue to pause vehicle and parts shipments to Russia, which represented 1% of our total wholesales in the year ended December 31, 2021. None of our tier 1 suppliers is based in Russia or Ukraine. In addition, the recent attacks in Israel by Hamas on October 7, 2023 and the conflict that followed in the Gaza Strip, as well as the recent Houthi attacks in the Red Sea, have created an unstable geopolitical environment in the Middle East, causing supply chain and logistic disruptions in the region. Moreover, we cannot predict the further impact of Russian actions in Ukraine, the rising conflict in the Middle East or any other heightened military conflict or geopolitical instability that may follow, including heightened operating risks and production disruptions in Europe and the Middle East. If these conflicts are prolonged or if they escalate or expand further (including if additional countries become involved), or if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen, regional and global macroeconomic conditions and financial markets could be impacted more severely, which in turn could have a more severe effect on our business, financial condition, results and the value of our assets.

We may also be affected by other geopolitical events, including any widespread increases in protectionism and global tariffs more generally. Additional developments may also occur that we cannot currently know about or anticipate, or that may be impossible to plan for or protect against. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the UK, continental Europe and the global economy, at least in the short to medium term. It could also create constraints on our ability to operate efficiently in the future political environment.

Any of the aforementioned risks could have a material adverse effect on our business, financial condition and results of operations.

Developments in emerging markets may adversely affect our business.

We operate in a number of emerging markets, both directly and through our dealers in Asia Pacific and the Middle East regions.

Our strategy contemplates expanding our sales in Asia Pacific and the Middle East regions, recognizing the increasing number of UHNWIs in these markets. While demand in these markets has increased in recent years, due to sustained economic growth and growth in personal income and wealth, the extent to which economic growth in these emerging markets will be sustained is unknown. Potential slowdowns in the rate of growth in these and in other emerging markets, rising geopolitical tensions and changes in export, import and tariff policies could limit the opportunity for us to increase unit sales and revenues in those regions in the near term.

Our exposure to emerging markets is likely to increase as we pursue expanded sales in such markets and, as a result, economic and political developments in emerging markets, including economic crises or political instability, could affect us. Further, in certain markets in which we or our dealers operate, the requirement for government approvals may limit the ability to act quickly in making decisions regarding our operations in those markets. Other government actions may also affect the market for luxury goods in these markets, such as legislative or tax changes. For example, legislation is changing rapidly in some of these regions and the introduction of new legislation might be unexpectedly accelerated, meaning that we are not able to implement the necessary steps to be compliant by the time such changes take effect. Some jurisdictions also present an increased risk in this regard, due to the lack of predictability and visibility in respect of new legislation and regulation, meaning that, in an extreme scenario, we could be prevented from selling vehicles in a particular region following an unexpected and significant change in the legal or regulatory position.

Maintaining and strengthening our position in these emerging markets is a key component of our global competitiveness. However, initiatives from several global luxury automotive manufacturers have increased competitive pressures for luxury vehicles in several emerging markets. As these markets continue to grow, there is a risk that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try aggressively to protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and our inability to gain or hold market share.

Vehicle sales in certain regions depend in part on the availability of affordable financing.

In certain regions, such as the United States, the United Kingdom and Europe, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. As central banks in these jurisdictions have increasingly tightened their monetary policy and have increased interest rates, we expect that new vehicle financing rates will increase and become less widely available. To the extent that our interest rates generally rise at a faster rate compared to those of our competitors, this may make our vehicles comparably less desirable and cause consumers to purchase other vehicles, thus affecting the level of sales. Additionally, while a significant proportion of our customers are UHNWIs, if interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, clients who are not UHNWIs may choose not to, or may not be able to, obtain financing to purchase our vehicles.

Further, certain of our partnerships with financial service providers pursuant to which they provide financing loans and leases to our customers are connected to our credit ratings. As a result, in the event our credit ratings decline, the availability of financing loans and leases for our customers may be reduced, and our customers may not be able to procure sufficient financing to purchase our vehicles.

Our international operations expose our business to risks that we may not have the expertise, capability or the systems to manage. In addition, we may incur additional tax liabilities as a result of our operations in the various countries in which we conduct business, and tax authorities are routinely challenging corporate transactions.

Our international operations expose us to business risks that we may not have the expertise, capability or the systems to manage. These risks include cultural differences, difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, the risk of non-tariff barriers, regulatory and legal requirements affecting our ability to enter new markets (including requirements for joint ventures with local entities), difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries) and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations. Any of the foregoing may have a material adverse effect on our business, financial position and results of operations.

In addition, we may incur additional tax liabilities as a result of our operations in the various countries in which we conduct business. Tax laws and regulations are subject to change and may be subject to different interpretations (including, but not limited to, changes in applicable tax rates and requirements relating to withholding taxes on remittances and other payments by subsidiaries, associates and joint ventures). Modifications to the tax regime by the competent authorities in those countries may have a significant effect on our financial condition and results of operations. The structures of intra-group transactions and of our international operations, as well as judgments we make or positions we take relating to tax matters, are based on our own interpretations of applicable tax laws and regulations. We cannot guarantee that our interpretations of such laws will be accepted by the relevant authorities and there can be no assurance that the tax authorities will not seek to challenge or dispute such interpretations, and the current political climate and recent political/media focus on tax optimization schemes and austerity generally increases the risk of discussions or disputes with tax authorities. We may be exposed to unforeseen additional taxes that are identified through future tax audits or other review actions of the relevant tax authorities, which could lead to an increase in our tax obligations. This may result from either a tax payment being levied directly on us or indirectly where we become liable as a secondary obligor for a primary obligor's failure to pay (for example, an employee's failure to pay). Tax authorities in various European and international jurisdictions are routinely challenging corporate transactions. Any future tax audit may require us to pay additional taxes (including any accrued interest and penalties). We are, and have been in the past, subject to tax audits and investigations by the tax authorities in the countries where we operate, which include investigations and cases with respect to the direct tax and indirect tax regime applicable to our transactions. The relevant tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions or the applicability of tax exemptions on which we rely in certain of the countries where we operate. Any adverse findings of the relevant tax authorities could result in unfavorable tax treatment for such transactions and could have a material adverse effect on our business, liquidity, results of operations and financial condition. In addition, regardless of the outcome of any such investigations or challenges, such proceedings could result in substantial costs and may require that we devote substantial time and resources to defend ourselves. Also, a material change in applicable laws and regulations (including, but not limited to, changes in applicable tax rates), or in their interpretation or enforcement, could force us to alter our business strategy, leading to additional costs or loss of revenue, which could materially and adversely affect our business, results of operations and financial condition. Furthermore, if, as a result of a particular tax risk materializing, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions, which could have a material adverse effect on our business, financial condition and results of operations.

Public health crises, such as the COVID-19 pandemic, have adversely impacted, and may continue to impact our business, financial position and results of operations.

Public health outbreaks, epidemics or pandemics, could materially and adversely impact our business. In late 2019, a novel strain of coronavirus, COVID-19 (commonly referred to as coronavirus), was first detected in Wuhan, China and in March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has led to a significant number of adverse effects, both external and internal, on our business and results of operations. With respect to external impacts, governmental authorities around the world implemented preventative measures to try to contain the spread of COVID-19. These measures included imposing lock-downs, restrictions on travel, quarantine requirements, business closures and social distancing. Collectively, these measures resulted in a substantial curtailment of the global economy.

A resurgence of COVID-19 or new variants may pose concerns for the global economic outlook. Reduction in consumer confidence or spending or a renewed or future recession due to a resurgence of the COVID-19 pandemic could lead to a number of risks to our business and to the markets in which we operate. The impact of COVID-19 could also have the effect of heightening many of the other risk factors described herein.

Additional public health crises could also emerge in the future, including other pandemics or epidemics. Such public health crises could pose further risks to us and could also have a material adverse effect on our business, results of operations and financial position.

We are dependent on our manufacturing facility at Gaydon for the production of our three current sports and GT core models and St Athan for the production of our SUV model.

Currently, the three sport/GT core model vehicles that we sell (DBS, DB12 and Vantage) and some sub-assemblies for aftermarket parts, such as seats and bodies, are manufactured at our Gaydon (Warwickshire) facility. Our SUV (the DBX) is manufactured at our manufacturing facility in St Athan (Wales).

If our facilities become permanently or temporarily unusable, as they did during the COVID-19 pandemic, whether due to future pandemics, fire, contamination, power shortage, strikes or otherwise, this could lead to production delays and an inability to assemble and sell vehicles. Alternatively, changes in law and regulation, including export, tax and employment laws and regulations, or economic conditions, including inflation, could make it uneconomic for us to continue manufacturing our vehicles in the United Kingdom. If we were unable to manufacture vehicles, or were only able to manufacture vehicles in limited numbers at our facilities or if it became uneconomic for us to continue to manufacture vehicles at Gaydon or St Athan, we would need to seek alternative manufacturing arrangements, which would take time and therefore may reduce our ability to produce sufficient vehicles to meet demand. This would materially reduce our revenues and would require significant investment.

An unanticipated increase in costs relating to lower than expected delivery volumes may result in reduced liquidity available for investments in vehicle and powertrain design, engineering and manufacturing, electrification and other capital expenditure necessary to maintain our schedule of product refreshment and enhancement.

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions or vehicle safety could give rise to significant costs.

We are subject to comprehensive and constantly-evolving laws, regulations and policies related to environmental matters (and, in particular, climate change) and health and safety throughout the world. Capital and operating expenses required in order to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations. We expect that the extent of the legal and regulatory requirements in these areas and the related effect on our operations and costs of compliance will continue to increase in the future.

In general, there is a clear move towards increasingly stringent vehicle emissions regulations, particularly for conventional drive systems, not only in the developed markets of Europe and North America, but also in emerging markets. Several jurisdictions, including the UK, have also announced plans to phase out ICE vehicles entirely. We are adopting a blended drivetrain approach between 2025 and 2030 which includes a clear path to have a line-up of electric sports cars and SUVs, however, regulations restricting ICE vehicles may be introduced before we are able to release our electric model range, which would have a material adverse impact on our volume of sales and demand for our vehicles. Moreover, further tightening and scrutiny could be forthcoming given the ongoing focus on emissions testing and on-road performance, which could lead to significant additional investments to comply with new regulations as well as risks of limited market availability of products. As a small-volume manufacturer, we are able to rely on certain exemptions and/or alternative standards in some of our markets. We would be subject to more stringent standards and increased costs if we were to lose our status as a small-volume manufacturer in any of our markets (either because the requirements for such status change, because we are not able to meet the required standards for operational independence or otherwise) or the required standards under any applicable regimes were to change. Although we are currently able to rely on certain exemptions and/or alternative standards for small-volume manufacturers, under the regulatory framework in some of the markets in which we operate, including the EU and the US, we may be required to comply with stricter standards in future periods.

While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product. The imposition of any additional taxes and levies or changes in government policies designed to limit the use of high-emission vehicles, such as high performance sports cars or automobiles more generally, could also adversely affect the demand for our vehicles and results of our operations. For example, a bill significantly increasing such taxes based on vehicles' CO_2 emissions was introduced in Switzerland in 2022. We have entered into an emissions pooling agreement with a third-party original equipment manufacturer to reduce the emissions and related taxes payable, but we may not be successful in offsetting the full impact of the bill in full or in part.

Violations of existing or future laws and regulations may occur, among other ways, from errors in monitoring emissions from products or production sites into the environment, such as the use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results or other mistaken or unauthorized acts of our employees, suppliers or agents. As a result of any current or future emissions requirements, we may be required to apply for exemptions for small-scale producers, pay penalties, make significant investments, alter our product line-up or be unable to sell our products in certain jurisdictions. In addition, to comply with current and future environmental, health and safety norms (such as air emissions, maintenance of safe workplace conditions and regulations that impose responsibility on vehicle manufacturers to fund the recovery, recycling and disposal of vehicle parts, including lead-acid batteries, at the end of their useful life), we may have to incur substantial capital expenditure and research and development expenditure to upgrade our products and manufacturing facilities. All of these factors could increase our costs significantly.

Legal, political and economic uncertainty in the global economy and financial markets, including in the European economy and financial markets as a result of the exit of the UK from the EU ("Brexit"), may be a source of instability in international markets.

Our financial performance is affected by economic and financial conditions in the global economy, particularly in Europe and the overall stability of the eurozone, and our results of operations may be adversely affected if difficult macroeconomic circumstances in Europe cause a sustained or significant decrease in the demand for our vehicles. The global economy and financial markets have experienced severe disruptions in the last decade. For example, the withdrawal of the UK from the EU (commonly referred to as "*Brexit*") took effect on January 31, 2020, following which, the EU treaties ceased to apply to the UK. Following the end of the transition period on December 31, 2020, there were changes in the legal rights and obligations among commercial parties in the UK and the EU, including (among others) financial institutions, suppliers and service providers and their respective customers. In addition, there were changes in import, tax and employment laws and regulations after the end of the transition period, resulting in an increase in the cost of importing fixtures and equipment (and related technology) from EU countries and adversely affecting our and our contractors' and supplier's ability to retain and recruit employees from the wider European labor market, leading to labor shortages and higher costs.

A significant portion of our engineers and factory workers are from other European countries and the continuing legal and regulatory effects of Brexit may affect our ability to retain and recruit skilled workers from this wider European labor market. Similarly, a majority of our suppliers are located in EU Member States and so any further restrictions on the free movement of goods (including as a result of customs duties, import tariffs or other restrictions on trade) could also have a material adverse effect on our supply chain and, consequently, on our production schedule and costs and we may not be able to sell our vehicles to customers at prices which reflect such increased costs which could negatively impact our margins and profitability. Additionally, the rate of exchange of the pound sterling vis-à-vis other currencies has been very volatile since the Brexit referendum, which results in unpredictable costs of non-sterling denominated auto-parts (including the engines purchased in euro from MBAG) and other raw materials, as well as other obligations.

Furthermore, changes in laws and regulations, including export, tax and employment laws and regulations, could adversely impact our ability to continue manufacturing our vehicles in the UK or could place additional burdens on manufacturers selling their products in the UK, which could affect our financial performance, as the UK market is significant to us (representing £309.9 million, or 19.0%, of our revenues for the year ended December 31, 2023). Our plants in the UK use "just in time" manufacturing methods, where parts arrive at sites shortly before they are needed on assembly lines, and disruptions to our supply chain as a result of Brexit or other UK or EU export controls could cause business interruptions in our UK plants or require higher but less efficient inventory levels.

There may in the future be changes in the legal rights and obligations of commercial parties across all industries. Given the high correlation in luxury markets between demand and the wealth, economic growth and stability in the markets generating that demand, there is a risk political developments such as Brexit or developments otherwise affecting market confidence could negatively affect consumer behavior and, consequently, the volume of sales and demand for our vehicles.

Anti-corruption and sanctions laws create the potential for significant liabilities and penalties and reputational damage.

We are subject to (i) laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act, the UK Bribery Act and other similar laws in other jurisdictions, (ii) trade sanctions and export control laws administered by the US Department of Treasury's Office of Foreign Assets Control, the US Department of Commerce and the US Department of State and various UK, EU and other government authorities and (iii) rules and regulations regarding the facilitation of tax evasion in the US, the UK and elsewhere.

Compliance with these laws and regulations is complex and requires significant resource. Different laws contain conflicting provisions, making compliance with all laws more difficult. While we have developed and implemented policies and procedures that seek to ensure strict compliance with anti-bribery, anti-corruption, sanctions and export control laws in relevant jurisdictions, such policies and procedures may not be effective in all instances to prevent violations. Moreover, changes to such laws and regulations (including the expansion of sanctions regimes and evolving interpretations of such laws and regulations by governments and regulators) could increase the complexity, cost of compliance and risk of non-compliance. For example, in February 2022, Russia launched an invasion of Ukraine and in response to this invasion, a large number of countries imposed severe sanctions on Russia (including certain Russian entities and individuals). Examples of such sanctions include a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs and a commitment by certain countries and the European Union to remove selected Russian banks from SWIFT, the electronic banking network that connects banks globally. We continue to pause vehicle and parts shipments to Russia, which represented 1% of our total wholesales in the year ended December 31, 2021. None of our tier 1 suppliers is based in Russia or Ukraine. We are unable to predict the duration or outcomes of the ongoing situation, including the impacts of sanctions. The sanctions that have been imposed, and any new sanctions that may in the future be imposed, may significantly increase the complexity, cost of compliance and risk of non-compliance. In addition, such sanctions may have material adverse effects on the global financial markets and economy more generally. See "*—Conditions in the global economy and exposure to domestic and global political developments could negatively affect us.*"

Any determination that we have violated anti-corruption or sanctions laws could subject us to, among other things, claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our directors or other employees, restrictions on their operations and other liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax, tariff or fiscal policies could adversely affect demand for our products.

The imposition of any additional taxes and levies or changes in government policies designed to limit the use of high-performance sports cars or automobiles more generally could adversely affect the demand for our vehicles and our results of operations. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments or import or tariff policies, could also adversely affect our results of operations. See also "*—Conditions in the global economy and exposure to domestic and global political developments could negatively affect us.*"

We may lose or fail to maintain licenses or permissions that we currently use to export our products into other markets.

In order to export our vehicles into certain jurisdictions, we maintain various permits and licenses from the relevant governmental bodies. To maintain these permits and licenses, we must meet certain standards. Any failure to satisfy such standards or maintain or renew the relevant permits or licenses or the revocation of any such permits or licenses due to regulatory changes could result in our inability to export our products into such markets. In addition, certain elements of the Lucid Technology and the MBAG Technology use third-party intellectual property rights. To be able to use those elements of the Lucid Technology or the MBAG Technology, we may need to obtain additional intellectual property licences from third parties. Those third parties may not agree to grant us the necessary licences, such that we would not be able to use certain elements of the Lucid Technology or the MBAG Technology without exposing us to a risk of intellectual property infringement claims. Alternatively, third parties may charge high licence fees for our use of their intellectual property, which would increase our costs of using the Lucid Technology or the MBAG Technology. The inability to obtain or the loss of such a permit or license may prevent us from selling our products in certain markets and could materially and adversely affect our business, brand, prospects, results of operations, cash flow and financial condition.

We face credit and market risks arising from foreign currency exchange rates, commodity prices, interest rates and related hedging activities.

We are exposed to risks in respect of changing market prices, such as foreign currency exchange rates, commodity prices and interest rates. We operate globally and generate a significant portion of our revenue in currencies other than pound sterling, including, in particular, the US dollar, the euro, the Japanese yen and the Chinese renminbi. An unfavorable exchange rate trend could affect operating results as well as our financial position and cash flow.

A portion of our costs are denominated in a variety of currencies, in particular the euro, which is the currency in which we purchase engines from MBAG. In addition, approximately 81% of our gross debt was denominated in US dollar as of December 31, 2023, as adjusted for the Transactions. Since the Brexit referendum, the exchange rate of the pound sterling vis-à-vis other currencies has been very volatile, which has resulted, and may continue to result in, unpredictable costs of non-sterling denominated auto-parts and other raw materials, as well as finance costs and other obligations. If all other variables were held constant and assuming that none of the US dollar exposures are hedged, if the US dollar to pound sterling exchange rate were to decrease by 5%, the effect on our profit after tax in the year ended December 31, 2023 would have been a gain of £8.1 million.

Over the past three years there have been significant exchange rate fluctuations, particularly with respect to the performance of the pound sterling, the US dollar, the euro and the Chinese renminbi, which have had a corresponding effect on our business, financial position and results of operation. For example, our Revolving Credit Facility is denominated in pound sterling and the Notes offered hereby will be denominated in U.S. dollar and pound sterling, all of which could be subject to exchange rate-related losses in the future.

We seek to manage currency risk through hedging where feasible, however, there are risks associated with the use of such instruments. While limiting to some degree our exposure to risk from fluctuations in currency exchange, such hedging instruments (including derivative financial instruments) may be ineffective or may not offset more than a portion of the adverse financial effect resulting from variations to such rates or may not make economic sense. We are also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

We may become subject to risks arising from legal disputes and may become the subject of government investigations.

In connection with our general business activities, we may become the subject of legal disputes and governmental or regulatory investigations in the UK, as well as in other jurisdictions. Such disputes or investigations may, in particular, arise from our relationships with authorities, suppliers, dealers, customers or investors. We may be required to pay fines, take certain actions or refrain from other actions.

We operate in several jurisdictions around the world and are subject to local laws and regulations, which could vary significantly from the laws and regulations of the UK and the US.

To the extent that customers, particularly in the United States, assert claims in relation to defects individually or in a class action lawsuit, we may be compelled to initiate costly defense measures and pay significant amounts in damages. Complaints, actions relating to patent rights and antitrust disputes brought by suppliers, dealers, investors or other third parties may result in legal costs, the award of damages and/or reputational damage.

Since a number of risks cannot be reliably predicted, losses could exceed insured amounts or amounts recognized as provisions. In addition, any claims, whether or not successful, could have an adverse effect on our brand and reputation. Furthermore, given the relatively small scale of our operations, the consequences of any claims and the related management time required to deal with such claim could have a significant effect on our ability to operate our business.

We may become subject to product liability claims.

The automobile industry experiences significant product liability claims and we are exposed to an inherent risk of exposure to such a claim where our vehicles do not perform as expected or malfunction resulting in personal injury or death. Additionally, failure to keep up with state-of-the-art technologies could be considered as a defect and lead to an increased risk from a product liability perspective.

From time to time, we are and may in the future become, subject to product liability claims. As the MBAG Amended and Restated Strategic Cooperation Agreement and the Lucid Agreements do not contain any warranties or indemnities relating to product liability claims or recalls, we are also subject to claims brought by our customers or other third parties in regards to the MBAG Technology or the Lucid Technology.

Where a product liability claim is successful, it could result in a substantial monetary award and significant reputational damage to the brand. While we insure against such risks, there can be no guarantee that any claim under the appropriate insurance policy will be honored fully or in a timely manner or that the insurance cover will be sufficient to meet the full monetary award in connection with a claim. Further, we may not be able to secure additional product liability insurance cover on commercially acceptable terms or at reasonable cost when needed, particularly if we face liability for our products and are forced to make a claim under existing policies.

We are exposed to risks in connection with product-related guarantees and warranties, as well as the provision of voluntary services, which may be costly.

We are obliged to provide extensive warranties to our customers, dealers and distributors. There is a risk that, relative to the guarantees and warranties provided, the calculated product prices and the provisions for our guarantee and warranty risks have been set, or will in the future be set, too low. In the years ended December 31, 2021, 2022 and 2023, we held a provision of £38.5 million, £41.1 million and £43.9 million, respectively, for expected claims based on volume of vehicles built per year and past experience of the level of actual warranty claims received. There is also a risk that we will be required to extend the guarantee or warranty originally granted in certain markets, or to provide services as a courtesy or for reasons of reputation where we are not legally obliged to do so, and for which we will generally not be able to assert claims in recourse against suppliers or insurers. In addition, we may from time to time be required to recall certain products. Any of the foregoing could have a material adverse effect on our business, financial position and results of operations.

We are in some cases subject to the residual value risk under lease financing agreements.

We are exposed to potential losses on the disposal of vehicles resulting from the residual value risk under lease financing agreements. While we are aiming to mitigate any relevant risks by sharing the risk with third parties, including by using irrevocable letters of credit, risk-sharing agreements and bank guarantees, the relevant arrangements require us to bear certain parts of the residual value risk. Any substantial decreases of proceeds from the sale of used vehicles under lease financing agreements, could have a material adverse effect on our business, financial condition and results of operations.

Our insurance cover may not be adequate to protect us against all potential losses to which we may be subject.

While we believe that the insurance cover that we maintain is reasonably adequate to cover all the risks associated with the operation of our business, there can be no assurance that any claim under such insurance will be honored fully or in a timely manner, that our insurance cover will be sufficient and will cover relevant risks or that our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance cover, or have to pay higher insurance premiums, our financial condition may be affected.

We operate a number of employee pension arrangements, including an underfunded UK defined benefit pension scheme to which we are required to make significant contributions and to which future additional contributions will be required as a result of the regular triennial actuarial valuations, the most recent of which is currently underway and which will need to be concluded by July 5, 2024.

We provide retirement benefits to certain of our former and current employees through a number of pension arrangements. These include the operation of a UK defined benefit pension scheme (the "*UK DB Plan*") sponsored by AML. The UK DB Plan closed to new entrants on May 31, 2011 and to future accrual on January 31, 2022 with all employees who were active members of the UK DB Plan immediately before the closure becoming deferred members.

The last actuarial valuation of the UK DB Plan as of April 6, 2020 showed that the actuarial value of the scheme assets calculated by the UK DB Plan actuary on a scheme-specific funding basis was £314.6 million, sufficient to cover 76% of the benefits which had accrued to members. For that valuation, we agreed a deficit recovery plan with the trustee of the UK DB Plan under which we are required to make significant contributions to the scheme. On December 18, 2020, we agreed (i) to increase the recovery plan contributions from £7.1 million per year to £15.0 million per year (and pro rata for part years) from January 1, 2021 until May 31, 2027 and one payment of £0.6 million in June 2027 and (ii) to share upside performance of the business with the UK DB Plan by making additional payments against the deficit recovery plan equal to 5% of AML's EBITDA which exceed the forecast EBITDA in AML's December 4, 2020, business plan, but capped at £3.0 million per annum. Any upside sharing payments made will reduce the length of time the recovery plan contributions are payable. The valuation was agreed by AML and the UK DB Plan trustee taking into account feedback received from the UK Pensions Regulator (the "*Pensions Regulator*").

The deficit of the UK DB Plan is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as of the date of any future actuarial funding valuation of the UK DB Plan, we may be required to increase our contributions to the UK DB Plan. A variety of factors, including factors outside our control, may adversely affect the value of the UK DB Plan's assets or liabilities, including interest rates, inflation rates, investment performance and investment strategy, exchange rates, life expectancy assumptions, actuarial data, adjustments, regulatory changes and the strength of the employer covenant provided to the plan by AML. If these or other internal and external factors were to become unfavorable, or more unfavorable than they currently are, our required contributions to the UK DB Plan and the costs and net liabilities associated with the UK DB Plan could increase substantially. The UK DB Plan's deficit, calculated by the UK DB Plan actuary using the same actuarial methods to set assumptions as used for the scheme-specific funding basis in the plan's 2020 valuation updated to reflect market conditions as of December 31, 2023 has decreased significantly since the plan's 2020 valuation from £97.0 million to £21.0 million as of December 31, 2023, due to a combination of recovery plan contributions being paid to the UK DB Plan since the 2020 valuation, as well as favorable investment returns and market movements. The estimate of the liability for defined benefit obligations if the UK DB Plan is wound up, calculated by the UK DB Plan actuary, was £328.4 million as at the 2020 valuation date. As of December 31, 2023, the total fair value of plan assets was £212.8 million and the present value of obligations was £215.9 million on an IAS 19 basis. In addition to an adjustment of £45.9 million to reflect minimum funding requirements, we recognized a liability of £49.0 million on the balance sheet as of December 31, 2023.

Further, on December 18, 2020, AML entered into an English law governed floating charge in favor of Aston Martin Lagonda Pension Trustees Limited, the trustee of the UK DB Plan, pursuant to which it granted a floating charge over its tangible moveable property including all plant, machinery and tooling (subject to certain exclusions) to secure its obligations under the UK DB Plan. Recourse under the floating charge of the trustee is limited to the lower of £100 million and the amount that would be due to the UK DB Plan under section 75 of the U.K. Pensions Act 1995 assuming the UK DB Plan commenced wind-up one day before the date of the security being enforced. The security is enforceable in the event of an insolvency of AML or upon the occurrence of certain insolvency related events.

Discussions with the trustee about the 2023 actuarial valuation are ongoing and are expected to be concluded as soon as possible and, in any case, in advance of the statutory deadline of July 5, 2024.

The Pensions Regulator has powers to intervene in triennial funding valuations, including the power to set assumptions and contribution levels which may be available in certain circumstances, including if AML and the trustee cannot agree the deficit or contributions in any future triennial funding valuation. In cases where the deficit and funding levels are agreed, the Pensions Regulator can still intervene if it is not satisfied that the statutory funding plans comply with the statutory funding regime. In particular, the Pensions Regulator has the statutory power in certain circumstances to issue contribution notices or financial support directions to us and/or any connected or associated company. These are commonly referred to as "moral hazard" powers and enable the Pensions Regulator to take action if it considers it is reasonable to do so, including where corporate activity has had a materially detrimental effect on the security of members' benefits in a pension plan. Broadly, a financial support direction requires the target to put in place arrangements for the financial support of the scheme. No element of fault is required but there is a reasonableness test and certain other statutory tests have to be satisfied. A contribution notice requires the target to pay a sum of money into the scheme where there has been an act or omission, one of the main purposes of which is to avoid any "employer debt" becoming due or to compromise or otherwise reduce the amount of that debt, or which otherwise has a materially detrimental impact on the likelihood of accrued scheme benefits being received. Any exercise of the Pensions Regulator's powers could result in significant additional liabilities or an acceleration in the payment of our liabilities in relation to the UK DB Plan.

In addition, on October 1, 2021, certain provisions of the UK Pension Schemes Act 2021 (the "*Pension Schemes Act 2021*") came into force in the UK and changed the UK regulatory framework governing defined benefit pension schemes. The Pension Schemes Act 2021 extended the Pension Regulator's powers in relation to its "moral hazard powers" by allowing the Pensions Regulator to issue a contribution notice where an act or failure to act: (i) materially reduced the debt likely to be recovered from the employer in the event of an immediate insolvency (the "employer insolvency" test) or (ii) reduced the resources of the employer in a manner that was material when compared to the buyout deficit of the pension scheme (the "*employer resources*" test). In addition, the Pension Schemes Act introduced new criminal offences for "risking accrued scheme benefits" (where a person engages in an act that they knew or ought to have known would have a materially detrimental impact on a defined benefit pension scheme) and for "avoidance of employer debt" (where a person acts in a way that prevents the recovery of any employer debt which is due to a defined benefit pension scheme or otherwise compromises or settles such a debt), in each case, without "reasonable excuse". Draft regulations made under the Pension Schemes Act 2021 are, subject to parliamentary approval, expected to come into force in April 2024, clarifying the scheme funding framework which could affect the valuation of assets and liabilities of the UK DB Plan at future triennial actuarial valuations (but this will not apply to the ongoing 2023 actuarial valuation process).

For the avoidance of doubt, there are no current, pending, threatened or reasonably expected to arise interventions by, or exercise of any powers of, the Pensions Regulator in relation to the UK DB Plan.

As is the case for all formerly contracted-out defined benefit pension plans in the UK, the liabilities of the UK DB Plan, and so the funding level, could also be impacted by a 2018 High Court decision requiring the impact of unequalized guaranteed minimum pension benefits provided to men and women to be equalized. An allowance for the impact of this has been made in the liabilities of the UK DB Plan and a corresponding past-service cost was included in the income statement. In addition, as with many defined benefit pension plans in the UK, the trustee has the power under the UK DB Plan's governing documentation to wind-up the UK DB Plan in certain circumstances which, if exercised, could accelerate and possibly increase funding obligations to the plan.

Risks Relating to Our Indebtedness, the Notes and the Guarantees

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees. We may incur substantially more debt in the future, which may further adversely affect our business and impair our ability to fulfill our obligations with respect to the Notes and the Guarantees.

We are, and following the issuances of the Notes we will continue to be, highly leveraged. As of December 31, 2023, after giving effect to the Transactions, we would have had adjusted total debt of £1,328.6 million, including the Notes. The Indenture and the Revolving Credit Facility Agreement will allow us to incur substantial additional indebtedness. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial.

Moreover, some of the debt we may incur in the future could be structurally senior to the Notes (subject to compliance with the restrictions in the Intercreditor Agreement) and may be secured by collateral that does not secure the Notes. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

The degree to which we will be leveraged following the issuances of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including as a result of the COVID-19 pandemic and other similar events;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of interest on our indebtedness and the repayment of principal, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- restricting us from exploiting business opportunities or making acquisitions or investments;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged;
- leading to a downgrade in our credit rating, which could make it difficult for us to access financing necessary to our operations;
- negatively impacting our credit terms; and
- generally limiting our ability to borrow additional funds or raise capital in the future and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and refinance our indebtedness and to fund our capital expenditures and working capital requirements and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to continuing general economic, competitive, legislative and regulatory factors and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that we will realize the revenue growth and operating improvements that we anticipate or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. See "*—Risks Relating to Our Business and Industry—We may not be able to generate sufficient cash to fund our capital expenditures and sustain our operations, or to satisfactorily meet our other liquidity requirements.*"

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our Revolving Credit Facility Agreement, the Indenture and any future debt may limit our ability to pursue any of these measures, all of which could have a material adverse effect on our business, results of operations or financial condition.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. A reduction in our credit rating could also make it more expensive to borrow additional funds or raise capital or could impede our ability to raise capital at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including the Indenture, restrict our ability to transfer or sell assets. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions and any proceeds we do realize from asset dispositions may not be adequate to meet our debt service obligations then due.

The Issuer is a special purpose finance subsidiary with no revenue generating operations of its own.

The Issuer is a special purpose finance subsidiary that has no revenue generating operations of its own. The Issuer is a wholly owned direct subsidiary of the Company and was formed in March 2017. The Issuer conducts no business or operations and, after giving effect to the Transactions, will continue to have no significant assets other than the Notes Proceeds Loan and the shares it holds in its direct subsidiary, AM Capital. The Issuer's ability to pay interest on the Notes and other future indebtedness it may incur is entirely dependent upon the receipt of funds from AML under the terms of the Notes Proceeds Loan or otherwise from the Group. Accordingly, we cannot assure you that the Issuer will have the funds available to make interest payments on the Notes. Our ability to make payments to the Issuer will depend on our cash flows and earnings which, in turn, may be affected by all of the factors discussed in these "*Risk Factors*."

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

Certain of our subsidiaries will Guarantee the Notes. Our subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they Guarantee the Notes. As of and for the year ended December 31, 2023, the Guarantors represented (on a consolidated basis after giving effect to intercompany eliminations and as adjusted for the impact of IFRS 16) approximately 95.9% and 89.9% of the Group's Adjusted EBITDA and total assets, respectively. As of December 31, 2023, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the Notes (excluding the Issuer), had no third-party borrowings.

Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed as a creditor against the assets of such subsidiary; and

- the creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) of our non-Guarantor subsidiaries. Any creditors of our non-Guarantor subsidiaries (including trade creditors) would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that our non-Guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

We are subject to restrictive covenants which limit our operating and financial flexibility.

The Indenture and the Revolving Credit Facility Agreement will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;

- create or incur certain liens;

- make certain payments, including dividends or other distributions;

- prepay or redeem subordinated debt or equity;

- make certain investments;

- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Restricted Group;

- sell, lease or transfer certain assets including stock of restricted subsidiaries;

- engage in certain transactions with affiliates;

- consolidate or merge with other entities; and

- impair the security interests for the benefit of the holders of the Notes.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, pursue acquisitions, investments or alliances, restructure our organization or finance our capital needs.

Our failure to comply with the covenants under the Indenture and the Revolving Credit Facility Agreement, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition and results of operations or potentially resulting in a "change of control" of the Company under the Indenture and the Revolving Credit Facility Agreement, or other financing arrangements. For a complete description of the events that would constitute a "change of control" under the Notes, see the section entitled "*Description of the Notes—Certain Definitions—Change of Control.*"

Under the Intercreditor Agreement, creditors under the Revolving Credit Facility and certain hedging liabilities, if any, are entitled to be repaid in full with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The Notes and the Guarantees will be secured as of the Issue Date, on a first-priority basis, by the Collateral. The Collateral will also secure the obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the Notes.

Among other things, the Intercreditor Agreement governs the enforcement of the Collateral, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent. In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility Agreement and certain hedging liabilities, if any, will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit Facility Agreement, and such hedging obligations are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all obligations under the Revolving Credit Facility Agreement and such hedging obligations have been discharged from such recoveries, be applied pro rata in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes.

In addition, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes.

The Intercreditor Agreement will provide that the Security Agent shall in certain circumstances act upon the instructions of the Facility Agent under the Revolving Credit Facility Agreement (as instructed by more than 50% of the lenders under the Revolving Credit Facility) or the Majority Senior Secured Creditors, as defined in the Intercreditor Agreement in accordance with the provisions of the Intercreditor Agreement. The Facility Agent under the Revolving Credit Facility (as instructed by more than 50% of the lenders under the Revolving Credit Facility) or the Majority Senior Secured Creditors will be entitled to instruct the Security Agent to enforce the security in accordance with the provisions of the Intercreditor Agreement. In the event of conflicting instructions, the Intercreditor Agreement contains provisions as to which set of instructions will prevail. See "*—The Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability and will be shared with some of our other existing debt*" and "*Description of Other Financial Arrangements—Intercreditor Agreement*."

The Intercreditor Agreement provides that in the event that the classes of creditors entitled to provide enforcement instructions to the Security Agent (after the required 15 days during which such classes of creditors must consult in good faith with each other and the Security Agent with a view to coordinating the instructions to be given and agreeing an enforcement strategy) provide conflicting instructions, enforcement instructions given by the requisite percentage of the Majority Senior Secured Creditors will prevail. In addition, if:

- the creditors under our Revolving Credit Facility and the existing hedging counterparties (if any) are not fully repaid within six months of the proposed date of issuance of enforcement instructions to the Security Agent; or

- for any reason the Security Agent has not commenced any enforcement action within three months of the end of the Consultation Period (as defined in the Intercreditor Agreement); or

- any event of insolvency occurs and the Security Agent has not commenced enforcement or enforcement action at that time,

then enforcement instructions by the requisite percentage of lenders under our Revolving Credit Facility and any super senior hedge counterparties will prevail.

These arrangements could be disadvantageous to the holders of the Notes in a number of respects including as a consequence of the time periods noted above. In addition, other creditors not subject to the Intercreditor Agreement could commence enforcement action against the Issuer or its subsidiaries during such period, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain collateral could otherwise be impaired or reduced in value.

In addition, in certain circumstances, including acceleration of the Revolving Credit Facility or the Notes, the Issuer and other members of the Group may be prohibited from making payments in respect of the Notes other than in accordance with the terms of the Intercreditor Agreement and any amounts recovered in respect of the Notes from proceeds from the enforcement of Collateral, will be required to be turned over to the Security Agent. Subject to the prior payment of fees, costs and expenses of the Facility Agent under the Revolving Credit Facility, the Trustee and Security Agent and any receiver (if appointed), the Intercreditor Agreement requires the Security Agent to pay amounts turned over to it or otherwise received by it in respect of the Notes, such as proceeds from the enforcement of the Collateral, to the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) in priority to the holders of the Notes.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and the Guarantees and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

If a default occurs and the obligations under the Notes are accelerated, the holders of the Notes will be secured only to the extent of the value of the assets underlying their security interest. Not all of our assets secure the Notes and certain liens may not be perfected on assets which do secure the Notes. In the future, the obligations to provide additional guarantees and grant additional security over assets, or over a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary as a restricted subsidiary or otherwise, is subject to certain Agreed Security Principles. The Agreed Security Principles set out a number of limitations on the rights of the holders of Notes to require a guarantee or security in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any guarantee or security provided by any subsidiary being limited and/or security not being granted over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the Guarantees and security provided by us and our subsidiaries.

The Intercreditor Agreement will provide that the Security Agent will be a common security agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility Agreement, our hedging obligations, the Notes and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement will regulate the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent will not be required to take enforcement action unless instructed to do so by an Instructing Group (as defined in "*Description of Other Financial Arrangements—Intercreditor Agreement*").

The lenders under the Revolving Credit Facility Agreement and creditors in respect of the hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so; however the senior secured creditors may assume the enforcement at any time, subject to the limitations as between them set out above.

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets of such entities securing such Notes and Guarantees may be released. See "*Description of Other Financial Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

The Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability and will be shared with some of our other existing debt.

The Guarantors of the Notes will guarantee the payment of the Notes on a senior secured basis. Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. However, under the Indenture, the Guarantees of the Notes and the applicable security interest granted will be limited so as to ensure compliance with local law. Furthermore, the first priority ranking of security interests with respect to the Notes can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions. The Guarantees, any security interests and other obligations will also be subject to applicable corporate and other laws. In general, these laws prohibit companies from providing financial assistance to anyone for the purpose of acquiring their shares and limit the circumstances in which companies can transfer economic benefits to their shareholders outside the payment of properly declared dividends. They also provide for limitations that affect the rights of creditors generally in case an entity becomes insolvent. See "*Certain Insolvency and Local Law Limitations*" for more details regarding limitations on Guarantees and security interests in Jersey and England and Wales. The Guarantees and any applicable security interests also benefit the lenders under the Revolving Credit Facility Agreement. Accordingly, the proceeds of any such recovery may not be sufficient to satisfy the payment obligations in respect of the Notes.

Moreover, certain transaction documents are governed by U.S. law. Judgments rendered by a U.S. court will generally not be directly enforceable in any of the jurisdictions in which the majority of the assets by which the Notes are secured are located. Instead, in many of these jurisdictions, as a pre-condition to enforcing a U.S. judgment, a local court will subject the judgment to a multi-factor test. Several of the factors the court will consider involve a considerable amount of discretion. And even if the court ultimately finds that the judgment is enforceable, the process may take a lengthy amount of time to complete. For all of these reasons, an investment in the Notes involves risks which may impact your ability to recover payments of principal and interest under the Notes in the event of an enforcement.

The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and Guarantees. No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes.

The Notes and the Guarantees will, subject to the Agreed Security Principles, be secured by the Collateral described in this Offering Memorandum. The Collateral also secures the obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any. The Collateral may also secure additional debt ranking *pari passu* with the Notes to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

No appraisals of any of the Collateral have been prepared by us or on behalf of us in connection with the offering. The fair market value of the Collateral is subject to fluctuations based on factors that include, among other things, our ability to implement our business strategy, the ability to sell the Collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of any Collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the Collateral at such time, general, market and economic conditions and the timing and the manner of the sale.

There also can be no assurance that the Collateral will be saleable and, even if saleable, the timing of its liquidation is uncertain. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral. By its nature, some or all of the Collateral may be illiquid and may not have readily ascertainable market value. In the event that a bankruptcy case is commenced by or against us, if the value of the Collateral is less than the amount of principal and accrued and unpaid interest on the Notes and all other senior secured obligations, interest may cease to accrue on the Notes from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay the obligations due under the Notes.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the assets constituting the Collateral, including any properties, and the serving as Collateral may be adversely affected by obsolescence, impairment, depreciation and normal wear and tear or because of certain casualty events that may cause damage to the value of such assets. Although the Security Documents contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Guarantors are not required to improve the Collateral. The Issuer maintains insurance with respect to certain parts of the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations of the Issuer and the Guarantors under the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce the Collateral. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.

Under various circumstances, the Collateral securing the Notes will be released automatically and unconditionally including, without limitation:

- in connection with any disposition of Collateral, directly or indirectly, to (i) any person other than the Company or any of its restricted subsidiaries (excluding any merger or consolidation) that is permitted by the Indenture (with respect to the lien on such Collateral) or (ii) the Company or any restricted subsidiary consistent with the Intercreditor Agreement or any additional intercreditor agreement or if permitted by the Revolving Credit Facility Agreement;

- in the case of a Guarantor that is released from its Guarantee (with respect to the liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;

- in connection with a Covenant Suspension Event as described under "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*";

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- as described under "*Description of the Notes—Amendment, Supplement and Waiver*;"

- as described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*;"

- automatically, without any action by the Trustee, if the lien granted in favor of the Revolving Credit Facility Agreement, public debt or such other indebtedness that gave rise to the obligation to grant the lien over such Collateral is released (other than pursuant to the repayment and discharge thereof); *provided* that such release would otherwise be permitted by another clause above;

- in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*Description of the Notes—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets*"; or

- as otherwise provided in the Intercreditor Agreement or any additional intercreditor agreement.

The Guarantee of a Guarantor will terminate and release upon:

- except for the Guarantee given by the Company, a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a restricted subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a restricted subsidiary), in each case, otherwise permitted by the Indenture;

- except for the Guarantee given by the Company, in connection with any sale or other disposition of capital stock of that Guarantor (or capital stock of any parent of such Guarantor (other than the Company)) to a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a restricted subsidiary as a result of the sale or other disposition;

- in accordance with the provisions of the Intercreditor Agreement or any additional intercreditor agreement;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- as described under the caption "*Description of the Notes—Amendment, Supplement and Waiver*;" or

- with respect to a subsidiary Guarantor, so long as no Event of Default (as defined in the Indenture) has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility Agreement and (ii) does not guarantee any other credit facility or public debt.

The Indenture will provide that the Collateral securing the Notes may be released and retaken in several circumstances, including in connection with the refinancing of certain indebtedness, including the Notes. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Security—Release of Liens*."

Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we (or the Security Agent, as applicable) fail or are unable to take the actions required to perfect any of these liens or if it has been agreed that such perfection steps shall not be taken on the basis that such steps have undesirable effects. For the avoidance of doubt, subject to applicable law, the Security Agent will not have any obligation to take any steps or actions necessary to perfect any such liens.

Supplementing the security interests in respect of the Collateral for the benefit of the Notes may give rise to the start of a new "hardening period" in respect of such supplemental security interests. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such supplemental security in respect of the Collateral. Any such challenge, if successful, could potentially limit the recovery of holders of Notes in respect of such Collateral and thus reduce the recovery of such holders under the Notes.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker over the claims the security taker (as creditor) has against the debtor and there has occurred an event of default under the Indenture. Finally, since the ranking of pledges is typically determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification or as otherwise provided under applicable law) may have priority.

The Issuer and the Guarantors have limited obligations to assist the Security Agent in perfecting the security interest of the holders of the Notes in the Collateral. There can be no assurance that the Security Agent will monitor, or that the Issuer will inform the Security Agent of, the future acquisition of property and rights that should constitute Collateral, and that the necessary action will be taken to properly create and perfect the security interest in such property and rights acquired post completion. Subject to the applicable law, the Security Agent has no obligation to monitor the acquisition of additional property or rights that should constitute Collateral or the creation or perfection of any security interest. The failure to create or perfect such additional security interests may adversely affect the relevant security interest and/or the priority of such security interest in favor of the Notes.

In the case of the laws of England and Wales, where the security is registerable, provided that such security is registered, then the ranking of security interests granted by security providers incorporated in England and Wales is, subject to certain exceptions, determined by the date on which they were created. Accordingly, a security interest created on a later date over the same Collateral which has been duly registered will take priority over an earlier created security interest which has not been registered within the appropriate timeframe. The ranking of certain other security interests is determined by the date of registration or, as applicable, the date of notice.

Security over certain Collateral will not be perfected on the date on which the Notes are issued. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the Notes are issued but before a relevant grant of security is made, any such creation or perfection steps would face a greater risk of being invalidated than if we had taken such steps on the date on which the Notes were issued. Any such security interest created or perfected after the date on which the Notes are issued will be treated under bankruptcy law as if it were delivered to secure previously existing debt, which is materially more likely to be avoided as a preference by the bankruptcy court than if the steps were taken at the time at which the Notes are issued. To the extent that the grant or perfection of any such security interest is avoided as a preference, you would lose the benefit of such security interest.

The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer is incorporated under the laws of Jersey and the Guarantors are incorporated under the laws of England and Wales and Jersey. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, Jersey or English insolvency law, as applicable. Jersey or English insolvency law may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar. See "*Certain Insolvency and Local Law Limitations*."

In the event that the Issuer, the Guarantors, any future guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. See "*—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability and will be shared with some of our other existing debt*."

The security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

In the case of the laws of England and Wales, section 423 of the Insolvency Act 1986 applies in respect of transactions entered into at an undervalue defrauding creditors. This provision can be used at any time and any person prejudiced by the relevant transaction may apply to the court to have such transaction set aside or to have their interests protected by other means. Remedies granted under this provision are not limited to transactions entered into within set time limits and transactions can be avoided even if the company was solvent at the time of the transaction.

Enforcement of the Collateral across multiple jurisdictions may be difficult.

The Collateral will be governed by the laws of Jersey, England and Wales and the State of New York. The rights under the Collateral will thus be subject to the laws of the respective jurisdiction, and it may be difficult to effectively enforce such rights in multiple bankruptcies, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect the ability to enforce the Collateral and to realize any recovery under the Notes and their Guarantees. See "*Enforcement of Civil Liabilities*."

The loans under our Revolving Credit Facility will bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The loans under our Revolving Credit Facility will bear interest at floating rates of interest per annum equal to LIBOR, as adjusted periodically, plus a spread. Interest rates are highly sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, thereby reducing our cash flow and hindering our ability to make payments on the Notes.

Our hedging and other derivative arrangements may not effectively or sufficiently off-set the negative impact of interest rate or foreign currency fluctuations.

We may use a combination of natural hedging techniques and financial derivatives to protect against certain interest rate and foreign currency risks. We make use of hedging arrangements to protect our business against interest rate and foreign currency fluctuations with respect to existing financing arrangements and also enter into hedging arrangements for operational purposes. In addition, following the Issue Date, the Issuer may enter into hedging arrangements with respect to the Notes relating to foreign currency variations and/ or interest rate variations. Such hedging activities may be ineffective or may not off-set more than a portion of the adverse financial impact resulting from foreign currency variations or interest rate variations. Gains or losses associated with hedging activities may also negatively impact operating results. Moreover, in the event of economic uncertainty or financial institution failures, we may be exposed to the risk that one or all of our counterparties in derivative transactions may be unable to perform their obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, we may experience losses that could materially adversely affect our financial condition, financial returns and results of operations.

We may not be able to finance a change of control offer required to repurchase the Notes upon a change of control.

The Indenture will require us to make an offer to repurchase the relevant Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase if we experience certain change of control events. Additionally, upon a change of control under the Revolving Credit Facility Agreement each lender is entitled to require that all amounts payable to that lender under the Revolving Credit Facility would become immediately due and payable. The source of funds for any repurchase required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the Indenture. Furthermore, certain important corporate events that might adversely affect the value of the Notes (including certain reorganizations, restructurings and mergers) would not constitute a "change of control" under the Indenture. For a complete description of the events that would constitute a "change of control" under the Notes, see the section entitled "*Description of the Notes—Certain Definitions—Change of Control*."

Our business model assumes the Wholesale Finance Facility is, and similar replacement financing arrangements will be, available on an ongoing basis. Certain liquidity risks as well as the loss of our ability to draw under these or similar facilities or the applicable credit insurance backing could adversely affect our liquidity and therefore have a material adverse effect on our business.

We are a party to the Wholesale Finance Facility pursuant to which we offer to sell our rights in certain receivables owing to us by dealers to CA Auto Bank around the time a sale has been made under our revenue recognition policy and receive consideration equal to the value of the trade receivable financed.

Although the Wholesale Finance Facility is backed by credit insurance, in exceptional circumstances, after thorough consideration of the credit history of an individual dealer, we may sell vehicles to the dealer outside the credit risk insurance policy. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our financial condition may be affected. Further we rely on drawings under these facilities to fund our working capital and to minimize the impact of the delay between shipment and receipt of funds. As of December 31, 2023, £83.8 million was financed under the Wholesale Finance Facility.

If the Wholesale Finance Facility became unavailable or available otherwise, we may need to sell vehicles to dealers without such financing arrangements, subjecting us to the credit risk of our counterparties and additional adverse financial effects. If this were to occur, we could experience a shortfall in working capital, which could impair our ability to make certain capital expenditure, invest in our next generation of vehicles, pay our suppliers or may require us to negotiate credit extensions with such suppliers or secure alternative financing, any of which could materially negatively impact our liquidity position, business, financial condition and results of operations. And, in such circumstances, we may not be able to find a replacement on reasonable terms or at all. As of December 31, 2023, we had £12.5 million in receivables overdue by 31 days or more, for which a credit loss provision of £4.6 million was held.

Our Chinese Inventory Funding Arrangements are important to us and the loss of our ability to draw under them could adversely affect our working capital and liquidity position.

We closely monitor cash flow forecasts and liquidity requirements to ensure we have sufficient cash to meet our operational needs, while attempting to maintain sufficient headroom on our Chinese Inventory Funding Arrangements and the Wholesale Finance Facility. In addition to the Wholesale Finance Facility, our Chinese Inventory Funding Arrangements enable us to manage our working capital and sell vehicles to dealers. See "*—Our business model assumes the Wholesale Finance Facility is, and similar replacement financing arrangements will be, available on an ongoing basis. Certain liquidity risks as well as the loss of our ability to draw under these or similar facilities or the applicable credit insurance backing could adversely affect our liquidity and therefore have a material adverse effect on our business*." If our Chinese Inventory Funding Arrangements became unavailable or available in reduced amounts or not on substantially similar terms as currently in place, it could adversely our working capital and materially negatively impact our liquidity position, business, financial condition and results of operations.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the credit rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. Our credit ratings being lowered or withdrawn entirely could have a material adverse effect on our ability to raise capital or to obtain advantageous credit terms or access to new credit at all, which could further exacerbate risks associated with our ability to meet our obligations under the Notes and our overall financial performance, as described elsewhere in these "*Risk Factors*." We have no obligation to inform the holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes may trade at a discount to their principal amount or original issue price.

While the market, if any, for the Notes will depend upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects, the Notes may trade at a discount to their principal amount or original issue price and any such discount may be significant. In addition, the Issuer's debt securities have been subject to price swings and volatility. There can be no assurance that the Notes will be traded at or above the principal amount of such Notes in the future.

Investors in the Notes may have limited recourse against our independent auditors.

The consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2023, 2022 and 2021, included in this Offering Memorandum, have been audited by Ernst & Young LLP, our independent auditors, as stated in their reports appearing herein.

The audit reports of Ernst & Young LLP, our independent auditor, reproduced herein, provide: "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" or similar wording.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than the members of the Company with respect to those reports.

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act, or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the UK, and the legal effect of these statements in the audit reports is untested. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against our auditors for damages arising out of an investment in the Notes.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their respective subsidiaries (other than AML NA) are organized outside the United States, and their business is conducted largely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries (other than AML NA) and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Enforcement of Civil Liabilities*."

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the Guarantees have not been, and will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, to non-U.S. persons in offshore transactions, in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*."

We do not expect there to be an active trading market for the Notes, in which case your ability to sell the Notes will be limited and future trading prices of the Notes could be adversely impacted.

The Notes are new issues of securities for which there is currently no established trading market and there is expected to be limited trading in the Notes which may make them an illiquid investment. We cannot therefore assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, the liquidity of any market in the Notes, prevailing interest rates, our operating results and the market for similar securities and any sales into the market by any Initial Purchaser which initially purchases any Notes for its own account or any committed investor. See "*Plan of Distribution*." The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance.

The Notes may not be listed or remain listed on the Exchange.

Although the Issuer has agreed to use its commercially reasonable efforts to have the Notes listed on the Official List of the Exchange and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the listing of or permission to deal in the Notes will be obtained or be maintained. If the Issuer cannot obtain or thereafter maintain the listing on and permission to deal in the Notes on the Official List of the Exchange or it becomes unduly burdensome to maintain such listing, the Issuer may cease to maintain such listing on the Official List of the Exchange, provided that it will use commercially reasonable efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market. In addition, if we cannot obtain or maintain our listing, we may be required to withhold tax from certain interest payments (see "*Certain Tax Considerations—Certain United Kingdom Tax Considerations*").

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through DTC (with respect to the Dollar Notes) and Euroclear and Clearstream (with respect to the Sterling Notes). Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The nominee for DTC will be the sole registered holder of the global notes representing the Dollar Notes and the common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Sterling Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to DTC or Euroclear and Clearstream, as applicable. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the nominee for DTC or the common depositary for Euroclear and Clearstream, as applicable, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of DTC or Euroclear and Clearstream, as applicable, and if investors are not participants in DTC or Euroclear and Clearstream, as applicable, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from DTC or Euroclear and Clearstream, as applicable. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through DTC or Euroclear and Clearstream, as applicable. The procedures to be implemented through DTC or Euroclear and Clearstream, as applicable, may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form*."

The interests of our significant shareholders may differ amongst one another and may differ from the interests of the holders of the Notes.

On the date of this Offering Memorandum, we have four majority shareholders namely, the Yew Tree Consortium, PIF, Geely and MBAG. The relationship between AML Global Holdings and each of these majority shareholders is governed by the Relationship Agreements. Each of the Relationship Agreements provides certain Director nomination rights to the respective majority shareholder. Each of the Relationship Agreements also provides that AML Global Holdings 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. These matters include, among others, any changes to the material activities of the Group, any material acquisition or disposition, the adoption of or changes to the Group's annual budget or its business plan, the incurrence of indebtedness above certain specified thresholds, the issuance of securities, changes to the size of the Board and the nomination committee and the appointment or dismissal of executive Directors.

Accordingly, our four majority shareholders are able to exercise significant influence over matters requiring approval by AML Global Holdings' Board and/or shareholders. Our shareholders have no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we encounter financial difficulties, are unable to pay our debts as they mature or otherwise require additional funding. Additionally, the Indenture will permit us to pay advisory fees, dividends or make other restricted payments under certain circumstances, and the shareholders may have an interest in our doing so.

Further, the interests of each of our majority shareholders may differ from one another, and such differences could result in disagreements between the majority shareholders regarding strategic or other decisions of AML Global Holdings. Such disagreements could render us unable to pursue certain strategic alternatives or take other actions that require ultimate approval from our majority shareholders. Additionally, certain of the shareholders are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us, or with which we conduct business. The shareholders may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects.

See "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions—Relationship Agreements*."

USE OF PROCEEDS

The gross proceeds from the Offering are expected to be £753.1 million (equivalent) from the Dollar Notes, translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023, and £400.0 million from the Sterling Notes. Such gross proceeds will primarily be used, together with cash on balance sheet, (i) to redeem in full the outstanding amount of Existing Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full the borrowings under the Existing Revolving Facility Agreement, including accrued and unpaid interest thereon and (iii) to pay fees and expenses incurred in connection with the Transactions. The estimated sources and uses of the funds are shown in the table below.

Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimate of fees and expenses, foreign exchange rates and the actual amount of proceeds raised in connection with the Offering.

Sources of Funds	(£ equivalent in millions)	Uses of Funds	(£ equivalent in millions)
Dollar Notes offered hereby[1]	753.1	Repayment in full of principal amount of 2025 Notes (excluding redemption premium)[2]	897.2
Sterling Notes offered hereby[1]	400.0	Repayment in full of principal amount of 2026 Notes (excluding redemption premium)[3]	95.4
Cash on balance sheet	30.0	Repayment in full of borrowings under the Existing Revolving Credit Facility Agreement[4]	90.0
		Redemption premiums, accrued and unpaid interest and transaction fees[5]	100.5
Total	**1,183.1**	**Total**	**1,183.1**

(1) Represents the pounds sterling equivalent of the gross proceeds from the $960.0 million aggregate principal amount of Dollar Notes offered hereby, translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023 and the gross proceeds from the £400.0 million aggregate principal amount of Sterling Notes offered hereby.

(2) Represents the outstanding principal amount of 2025 Notes, translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023. As part of the Transactions, the 2025 Notes will be redeemed in full on the Issue Date with the proceeds of the Offering.

(3) Represents the outstanding principal amount of 2026 Notes, translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023. As part of the Transactions, the 2026 Notes will be redeemed in full on the Issue Date with the proceeds of the Offering.

(4) Represents the borrowings under the Existing Revolving Credit Facility Agreement. On the Issue Date, we intend to repay in full the borrowings under the Existing Revolving Credit Facility from the proceeds of the Notes, together with cash on balance sheet. As part of the Transactions, we will enter into the Revolving Credit Facility Agreement with binding commitments of £170.0 million. The maturity date of the Revolving Credit Facility Agreement will be approximately three months prior to the maturity of the Notes. The Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement. See "*Description of Other Financial Arrangements—Revolving Credit Facility Agreement*." We expect that, as of the Issue Date, the Revolving Credit Facility will remain undrawn.

(5) Represents (i) the estimated redemption premium and accrued and unpaid interest with respect to the 2025 Notes of £64.8 million (equivalent) and the redemption premium and estimated accrued and unpaid with respect to the 2026 Notes of £13.2 million (equivalent), in each case, based on an assumed Issue Date of March 21, 2024, (ii) the estimated amounts required to pay the accrued and unpaid interest with respect to the borrowings under the Existing Revolving Credit Facility Agreement of approximately £1.1 million, based on an assumed Issue Date of March 21, 2024 and (iii) estimated fees and expenses associated with the Transactions and the use of proceeds therefrom, including discounts and other commissions, advisory and other professional fees and transaction costs, in each case, translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023.

CAPITALIZATION

The following table sets forth the unaudited consolidated cash and cash equivalents and capitalization as of December 31, 2023 for AML Global Holdings:

- on an actual consolidated basis; and
- on an adjusted basis to give effect to the Transactions and the use of proceeds therefrom as contemplated under "*Use of Proceeds*," as if they had occurred on December 31, 2023.

The following data is qualified in its entirety by our consolidated financial statements and other information included herein. You should read this table in conjunction therewith and also with "*Summary—Summary Historical Consolidated Financial and Other Data*," "*Risk Factors*," "*Use of Proceeds*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following completion of the Transactions. The adjusted columns and the related assumptions are for illustrative purposes only and our actual capitalization may vary materially from this illustration depending on the actual amount of proceeds raised in connection with the Offering, foreign currency exchange rates as of the Issue Date and other factors.

	As of December 31, 2023	
(£ in millions)	**AML Global Holdings actual**	**As adjusted for the Transactions(9)**
Cash and cash equivalents(1)	**392.4**	**362.4**
Bank loans and overdrafts(2)	90.0	—
of which drawn under the Revolving Credit Facility(3)	—	—
of which drawn under the Existing Revolving Credit Facility	*90.0*	—
Notes offered hereby(4)	—	1,153.1
Existing Notes(5)	992.6	—
Lease liabilities(6)	135.8	135.8
Short-term inventory repurchase arrangements(7)	39.7	39.7
Total Indebtedness of the Company	**1,258.1**	**1,328.6**
Total shareholders' equity(8)	**923.1**	**909.2**
Total capitalization	**2,181.2**	**2,237.8**

(1) Adjusted cash and cash equivalents is adjusted to give effect to our estimated cash position after giving effect to the Transactions and the use of proceeds therefrom. See "*Use of Proceeds*." Adjusted cash and cash equivalents is not adjusted for ordinary course movements in our cash and cash equivalents after December 31, 2023.

(2) We had entered into a bilateral revolving credit facility with HSBC UK Bank plc, whereby Chinese renminbi were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the UK. The overdraft facility was for an aggregate amount of up to £50.0 million. During the year ended December 31, 2023, the bilateral revolving credit facility was repaid but remains available. We are currently in negotiations with HSBC to amend the bilateral revolving credit facility to extend the maturity date to March 2027 with an option to further extend the maturity by up to two years thereafter. See "*Description of Other Financial Arrangements—HSBC Bilateral Revolving Credit Facility*" for further information.

(3) As of December 31, 2023, we had borrowings of £90.0 million under the Existing Revolving Credit Facility. On the Issue Date, we intend to repay in full the borrowings under the Existing Revolving Credit Facility from the proceeds of the Notes, together with cash on balance sheet. As part of the Transactions, we will enter into the Revolving Credit Facility Agreement with binding commitments of £170.0 million. The Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement. See "*Description of Other Financial Arrangements—Revolving Credit Facility Agreement*." We expect that, as of the Issue Date, the Revolving Credit Facility will remain undrawn.

(4) Represents the aggregate principal amount of Notes offered hereby, translated at an exchange rate of \$1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023.

(5) Represents the aggregate principal amount of the Existing Notes, translated at an exchange rate of \$1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023. The amount indicated is gross of capitalized debt issuance costs and excludes redemption premiums and accrued and unpaid interest. The carrying value of the Existing Notes as of December 31, 2023 was £980.3 million (equivalent).

(6) Represents £135.8 million of undiscounted lease liabilities, which have been recorded as a result of the adoption of IFRS 16.

(7) Represents short-term repurchase liabilities under our inventory repurchase arrangements with Falcon in an amount of £39.7 million, including accrued interest of £1.7 million, as of December 31, 2023. The maximum amount available under these inventory repurchase arrangements is £40.0 million. See "*Description of Other Financial Arrangements—Falcon Inventory Repurchase Arrangements*" for further information.

(8) As further adjusted for the Transactions, shareholders' equity of AML Global Holdings reflects (i) the issuance of ordinary shares on March 6, 2024 to satisfy the vesting of AML Global Holdings' long term incentive plan and a buy-out award and (ii) a decrease of £13.9 million reflecting the write off of capitalized debt issue costs in relation to our Existing Notes and our Existing Revolving Credit Facility, which are being repaid in full as part of the Transactions.

(9) Does not reflect any adjustments with respect to capitalized debt issue costs in relation to the Notes and the Revolving Credit Facility.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

Unless otherwise indicated, the historical and other financial data presented herein have been derived from the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2021, 2022 and 2023, each included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 are presented in accordance with UK-adopted international accounting standards ("*IFRS*").

The consolidated financial statements present the consolidated results of operations and the consolidated financial position of AML Global Holdings, which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2021, 2022 and 2023 of AML Global Holdings and the Company primarily related to £1.5 million, £2.4 million and £2.4 million, respectively, of directors' remuneration and administrative costs and other expenses, which were not attributable to the Company or its subsidiaries. In addition, a material difference relating to financing income and financing expense exists in relation to fair value adjustments on issued share warrants, which amounted to a financing income of £34.1 million, a financing income of £8.1 million and a financing expense of £19.0 million for, respectively, the years ending December 31, 2021, 2022 and 2023. We believe that AML Global Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position for the applicable periods. Therefore, the financial and operating results and certain other information relating to AML Global Holdings have been presented in this Offering Memorandum in lieu of the Company. AML Global Holdings will be the reporting entity under the covenants pursuant to the Indenture and the Revolving Credit Facility Agreement. For further information, see "*Description of the Notes.*"

The Issuer is a wholly owned direct subsidiary of the Company and was formed on March 21, 2017.

The following information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by the management of AML Global Holdings or any other person. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*" and "*Forward-Looking Statements*."

Consolidated Statement of Comprehensive Income Data

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Revenue	1,095.3	1,381.5	1,632.8
Cost of sales	(751.6)	(930.8)	(993.6)
Gross profit/(loss)	**343.7**	**450.7**	**639.2**
Selling and distribution expenses	(84.8)	(113.0)	(143.8)
Administrative and other operating expenses[(1)]	(335.4)	(479.5)	(606.6)
Operating profit/(loss)	**(76.5)**	**(141.8)**	**(111.2)**
Finance income	36.4	15.5	74.3
Finance expense	(173.7)	(368.7)	(202.9)
Profit/(loss) before tax	**(213.8)**	**(495.0)**	**(239.8)**
Income tax (charge)/credit	24.5	(32.7)	13.0
Profit/(loss) for the period	**(189.3)**	**(527.7)**	**(226.8)**
Other comprehensive income/(loss) for the period, net of income tax	7.7	6.5	(7.6)
Total comprehensive income/(loss) for the period	**(181.6)**	**(521.2)**	**(234.4)**

Consolidated Statement of Financial Position Data

	As of December 31,		
(£ in millions)	**2021**	**2022**	**2023**
		(restated)	
Cash and cash equivalents	418.9	583.3	392.4
Working capital[(2)(4)]	(37.3)	68.7	5.4
Property, plant and equipment[(3)]	355.5	369.9	353.7

Total assets[4]	2,842.5	3,104.3	3,173.0
Total current liabilities[4][5]	905.2	1,056.8	986.1
Total non-current liabilities[4][5]	1,276.9	1,324.0	1,263.8
Total liabilities[4][5]	2,182.1	2,380.8	2,249.9
Total shareholders' equity[4]	660.4	723.5	923.1

Consolidated Statement of Cash Flows Data

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Net cash flows from/(used in) operating activities	178.9	127.1	145.9
Net cash flows used in investing activities	(184.1)	(284.7)	(383.4)
Net cash flows from financing activities	(66.5)	315.0	59.7
Net increase/(decrease) in cash and cash equivalents	**(71.7)**	**157.4**	**(177.8)**

(1) Administrative and other operating expenses include costs attributable to AM Holdings and AML Global Holdings of £1.5 million, £2.4 million and £2.4 million for the years ended December 31, 2021, 2022 and 2023, respectively. These costs were not attributable to the Company or its subsidiaries. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*." Further, administrative and other operating expenses for the years ended December 31, 2021 and December 31, 2022 have not been restated for the impact of the adjustments pursuant to the RDEC regime. Administrative and other operating expenses for the year ended December 31, 2023 include the deferral of tax relief income received under the RDEC regime. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information—Certain Restatements and Reclassifications*."

(2) Working capital is calculated as current assets less current liabilities.

(3) Property, plant and equipment does not include right of use assets.

(4) Working capital, total assets, total current liabilities, total non-current liabilities, total liabilities and total shareholders' equity for the year ended December 31, 2022 include the deferral of tax relief income received under the RDEC regime. See "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information—Certain Restatements and Reclassifications*."

(5) Total current liabilities includes £23.1 million as of December 31, 2023, which were obligations of AML Global Holdings and not of the Company or its subsidiaries. Total liabilities represents the book value of our total liabilities, determined in compliance with IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, the historical and other financial data presented in this Offering Memorandum have been derived from the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2021, 2022 and 2023, included elsewhere in this Offering Memorandum.

The financial information of AML Global Holdings as of and for the three month period ended December 31, 2023 presented below has not been audited or reviewed by our auditors, is derived from internal management accounts and has been subject to our internal financial closing procedures. Such financial information has been prepared by, and is the responsibility of, management. Our auditors have not compiled, examined or performed any procedures with respect to such financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information. The unaudited financial information presented below of AML Global Holdings as of and for the three month period ended December 31, 2023 should not be viewed as a substitute for full unaudited interim financial statements prepared in accordance with IAS 34.

You should read the discussion below in conjunction with the sections entitled "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*," "*Selected Historical Consolidated Financial and Other Data*" and "*Capitalization*" as well as the consolidated financial statements and the accompanying notes included elsewhere in this Offering Memorandum.

Financial Information

Our consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 are presented in accordance with UK-adopted international accounting standards ("*IFRS*").

References in this Offering Memorandum, including the discussion below, to the "*Group*" or "*Aston Martin*" in the context of historical financial information or other financial information relate to AML Global Holdings.

Our consolidated financial statements include the consolidated results of operations and the consolidated financial position of AML Global Holdings, which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2021, 2022 and 2023 of AML Global Holdings and the Company primarily related to £1.5 million, £2.4 million and £2.4 million, respectively, of directors' remuneration and administrative costs and other expenses, which were not attributable to the Company or its subsidiaries. In addition, a material difference relating to financing income and financing expense exists in relation to fair value adjustments on issued share warrants, which amounted to a financing income of £34.1 million, a financing income of £8.1 million and a financing expense of £19.0 million for, respectively, the years ending December 31, 2021, 2022 and 2023. We believe that AML Global Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position for the applicable periods. Therefore, the financial and operating results and certain other information relating to AML Global Holdings have been presented in this Offering Memorandum in lieu of the Company. AML Global Holdings will be the reporting entity under the covenants pursuant to the Indenture and the Revolving Credit Facility Agreement. For further information, see "*Description of the Notes*."

Overview

Aston Martin is an iconic, globally recognized brand, with a unique position transcending ultra-luxury and high-performance. For more than 110 years, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our vehicles sit primarily within the ULS vehicle market, 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 in ICE, hybrid and BEV technologies. We believe our rich and prestigious heritage of delivering beautiful awe-inspiring vehicles defines Aston Martin as something truly unique within the automotive industry.

We sell vehicles worldwide from our manufacturing facilities in Gaydon, England and St Athan, Wales. Our current model line-up comprises four core models: (i) the Vantage sports car, (ii) the DB12 super tourer, (iii) the DBS V12 Flagship and (iv) the luxury DBX SUV. The majority of our sports cars are available in different core models (derivatives), including coupe and convertible models. 2024 will see the completion of our line-up of two additional next generation, front-engine sports cars, starting with the new Vantage launched in February 2024. In addition to the core range, we also regularly produce limited edition exclusive Specials, that are highly sought after amongst an active global community of automotive collectors and enthusiasts and which are typically sold at a higher price than our core models.

Trends and Factors Affecting our Results of Operations

Average Selling Prices – Core Models

Average selling price is calculated based on retail sales price, taking into account options and then deducting taxes, variable marketing (also referred to as "marketing support") and dealer margins, all of which have variable elements and, in particular, these elements vary year to year and by region. See also "—*Explanation of Key Statement of Comprehensive Income Line Items—Revenue*" for a description of the treatment of marketing support within our revenue line item on our income statement.

The following table sets forth the average selling price for our vehicles in the periods indicated.

	For the year ended December 31,		
(£ in thousands)	**2021**	**2022**	**2023**
		(unaudited)	
Average core model selling price (excluding Specials)	150.0	177.0	188.0
Average total model selling price (including Specials)	162.0	201.0	231.0

We have been able to increase the average selling price of our core models (excluding Specials) over the long term from £70,000 in 2007 to £188,000 in 2023. Our average selling price of our core models (excluding Specials) for the year ended December 31, 2022 compared to the year ended December 31, 2021 saw an increase of 18%, from £150,000 to £177,000. This increase was due to (i) price increases implemented across the range in late 2021 and in the first half of 2022, (ii) a favorable product mix and (iii) the relative weakness of the pound sterling compared to other major foreign currencies over the same period, which led to our vehicles being more competitively priced. This trend continued for the year ended December 31, 2023 with average selling price (excluding Specials) increasing by 6.2% to £188,000, compared to £177,000 for the year ended December 31, 2022, bringing us closer to our target for all our new products to deliver gross margins of minimum 40%. Our gross margin for the year ended December 31, 2023 was 39.1% and our gross margin during the fourth quarter of 2023 was 45.2%. This increase is again due to strong pricing dynamics in the core portfolio and a favorable product mix in 2023 from DBS 770 Ultimate, DBX707, V12 Vantage Roadster to the DB12 (which was particularly strong in the fourth quarter of 2023).

Introduction of New Models and Derivatives and Associated Capital Expenditure

In our experience, the introduction of new models or derivatives or the redesign of an existing model substantially increases sales in the year of introduction or redesign. The introduction of new models also typically increases our costs (including capital expenditure) and can affect profitability where the profit contribution from a new model differs significantly from existing models.

For example, we had capital expenditure (cash used in investing activities excluding interest received) of £396.9 million for the year ended December 31, 2023, compared with £286.9 million for the year ended December 31, 2022 and £185.2 million for the year ended December 31, 2021. In all three years, capital expenditure primarily related to spend on both tangible and intangible assets as we continued to invest in new models and replacement of our core models. The year-on-year higher capital expenditure reflects our focused investment in our future product pipeline, particularly the next generation of GT/sports cars, as well as the development of our electrification program. Capital expenditure in 2021 was largely focused on the Aston Martin Valkyrie and Valkyrie AMR Pro derivatives, the DBX Straight-Six derivative, which exclusively launched in China, and the preparation of the DBX707 and the next generation of front-engine vehicles due to launch starting in 2023. The year 2022 marked the delivery of the DBX707 and the V12 Vantage. We started 2023 with the production and delivery of the DBR22 and the release of the DBS 770 Ultimate, the DB12 super tourer and the Valour.

In addition, we have a program of regular product refreshment and enhancement. As a result, the results in prior periods may not be indicative of results in periods of new model introductions and redesigns.

Since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, which we decided to further strengthen with the launch of derivatives.

The first of these, the DBX Straight-Six, launched on schedule exclusively in China in November 2021, whilst development of the second derivative, the DBX707 launched in February 2022. In the years ended December 31, 2023 and 2022, 2,939 and 3,219 DBX units were sold, respectively. These volumes were mainly driven by the launch of the DBX707, which represented 71% of the overall DBX volumes, as compared to 52% for the year ended December 31, 2022.

In the years ended December 31, 2021, 2022 and 2023, we revealed many Specials, including, the Aston Martin Valkyrie, Valhalla, V12 Vantage, V12 Speedster, DBR22, DBS 770 Ultimate and Valour, all of which have been pre-sold and allocated to customers.

ULS Vehicle Market and General Macro-Economic Conditions

We are exposed to developments in the ULS vehicle market and our performance is impacted by weaknesses in our key markets. For example, for the year ended December 31, 2021, the recovery in our revenues from the COVID-19 pandemic was led by demand for the DBX (with the first year of DBX sales and the launch of the DBX Straight-Six derivative) and the recovery in our sports cars sales. However, our performance and recoveries are affected by global macro-economic factors and geopolitical situations in the global market.

The years ended December 31, 2022 and 2023 were characterized by macroeconomic, geopolitical and supply chain issues on a global scale. In February 2022, Russia launched an invasion of Ukraine and in response to this invasion, a large number of countries imposed severe sanctions on Russia (including certain Russian entities and individuals). Examples of such sanctions include a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs and a commitment by certain countries and the European Union to remove selected Russian banks from SWIFT, the electronic banking network that connects banks globally. We continue to pause vehicle and parts shipments to Russia, which represented 1% of our total wholesales in the year ended December 31, 2021. None of our tier 1 suppliers is based in Russia or Ukraine. In addition, the recent attacks in Israel by Hamas on October 7, 2023 and the conflict that followed in the Gaza Strip, as well as the recent Houthi attacks in the Red Sea, have created an unstable geopolitical environment in the Middle East, causing supply chain and logistic disruptions in the region.

Furthermore, existing concerns about market volatility, rising commodity prices, disruptions to supply chains, high rates of inflation and the risk of regional or global recessions or "stagflation" (i.e., recession or reduced rates of economic growth coupled with high rates of inflation) have been exacerbated by Russia's invasion of Ukraine. As of the date of this Offering Memorandum, the war in Ukraine and the conflict in Israel and the Middle East continues. We cannot predict the further impact of the ongoing conflict between Russia and Ukraine, the rising conflict in the Middle East or any other heightened military conflict or geopolitical instability that may follow, including heightened operating risks and production disruptions in Europe and the Middle East. If these conflicts are prolonged or if they escalate or expand further (including if additional countries become involved), or if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen, regional and global macroeconomic conditions and financial markets could be impacted more severely, which in turn could have a more severe effect on our results of operations.

UHNWIs

The principal driver of the ULS vehicle market is growth in ultra-luxury markets, as well as in the number of UHNWIs with the resources available to purchase ULS vehicles. The pool of UHNWIs has been boosted by global economic growth and wealth creation, particularly in certain emerging markets such as Asia Pacific, which is a growing market for us and where we currently have low penetration, compared to other regions. The world's population of ultra-high net worth households is estimated to increase 28.1% from 2023 to 2028, according to the 2024 Knight Frank Wealth Report, with particular growth in Asia, which we intend to capitalize on. For example, we believe that our relationship with Geely offers us a better understanding of the key strategic growth market that China represents, as well as greater access to China in general.

The increasingly younger age at which individuals are obtaining high net worth status is also an important factor as the ULS vehicle market attracts purchasers with more youthful spending habits. In addition, the increasing number of high net worth women and the higher average household income has also become a driver of the increase in demand in the ULS vehicle market. We expect the percentage of our vehicles sold to women to increase further in the future. We have strengthened our marketing and regional teams to ensure we are able to capitalize on the increased number of UHNWIs in emerging markets.

The ongoing conflict between Russia and Ukraine, as well as the conflict in Israel and the Middle East, potentially impacts the number of UHNWIs that we can sell to, however we do not expect this to have a meaningful impact on our sales or overall customer base.

Demand for Luxury and Customization

The sale of luxury vehicles is the single biggest segment in the luxury goods sector. We expect demand for luxury and customizations to increase, driven by the greater proliferation of vehicles in the ULS vehicle market and the increase in the number of UHNWIs. These factors drive consumers to demand higher specifications and unique or personalized features, such as custom paint and interior trim colors, to distinguish their vehicle from others in the ULS vehicle market. Our customization service produced 290, 439 and 595 customized or personalized vehicles in the years ended December 31, 2021, 2022 and 2023, respectively.

Moreover, we endeavor to meet the increasing demand for luxury and customization by offering highly exclusive Specials such as the Aston Martin Valkyrie Spider and the Valour, which were limited to 85 and 110 vehicles, respectively. To increase our customization service, we are expanding our "Q by Aston Martin" offering, our ultimate bespoke personalization service, providing the option for customers to personalize their vehicles beyond the scope of the core option range and even commission their own unique model. In June 2023, we opened our first ultra-luxury flagship "Q New York" on 450 Park Avenue, in New York City, which brings our bespoke service to North America for the first time. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, with core options revenue as a percentage of core revenue increasing from 13.2% in 2022 to 15.2% in 2023.

Diversification of Unit Sales by Geography

We have a balanced diversification of unit sales across (i) the United Kingdom (including South Africa), (ii) the Americas region, (iii) EMEA, which includes Europe (excluding the United Kingdom), the Middle East and North Africa and (iv) APAC, which represented 18.0%, 32.1%, 20.6% and 29.4%, respectively, (including Specials) for the year ended December 31, 2021; 17.3%, 30.9%, 23.5% and 28.3%, respectively, (including Specials) for the year ended December 31, 2022; and 17.2%, 30.8%, 30.1% and 21.9%, respectively, (including Specials) for the year ended December 31, 2023. Depending on the macroeconomic or other idiosyncratic conditions in the regions in which we operate, our unit sales could be impacted leading to an uneven revenue distribution across our geographic segments.

Timing of Product Launches and Other Seasonal Factors

Our sales and cash flows are generally driven by the timing of introduction of new models or derivatives, which has typically resulted in the fourth quarter being our strongest. For example, in the fourth quarter of 2021, we experienced higher unit sales as a result of the deliveries of the DBX Straight-Six, the Aston Martin Valkyrie and Valkyrie AMR Pro. In the fourth quarter of 2022, our unit sales (including Specials) increased by 70% compared to the third quarter of 2022, which is mainly due to 36 Aston Martin Valkyries being sold in the fourth quarter of 2022, as opposed to 80 vehicles for the entire year of 2022. Similarly, in the fourth quarter of 2023 our unit sales (including Specials) increased by 54% compared to the third quarter of 2023, which was primarily driven by the timing of launch of the DB12 in the second half of 2023 and accentuated by the partial delays in Q3 2023 deliveries due to supplier readiness and EE platform integration issues.

In contrast, our sales are typically lower in the first and third quarters of the year, which results in reduced profitability and adjusted EBITDA margin in the first and third quarters of the financial year since several elements of costs and expenses, including, in particular, the fixed element of cost of sales, do not reduce in line with sales.

In addition, our sales and cash flows are typically also affected by the bi-annual registration of vehicles in the United Kingdom, when new vehicle registrations take place in March and September, as well as model year changes in the United States and the Middle East. On these occasions, our sales generally increase. Furthermore, most markets tend to be impacted by the summer holiday, which results in lower demand. For example, the Chinese market tends to be affected by the Lunar New Year holiday in either January or February and the PRC National Day holiday in October.

If sales during our peak periods are significantly lower than expected, we may be unable to recover our expenses in time to react to reduced levels of sales. As a result, we may experience fluctuations in our cash flow levels.

Key Factors Affecting Comparability

Fluctuations in Exchange Rates

We operate internationally and, as a result, are exposed to changes in various currency exchange rates. Although our reporting currency is pound sterling, 78.9%, 73.5% and 81.0% of sales were denominated in currencies other than pound sterling for the years ended December 31, 2021, 2022 and 2023, respectively. We have exchange rate exposure to the euro, the Chinese renminbi and the U.S. dollar, among others. Over the same periods, 60.8%, 53.9% and 44.3% of our operating costs (including cost of sales) were denominated in currencies other than the pound sterling. As a consequence, we have considerable cash flow, revenue and assets in foreign currencies, primarily euro, U.S. dollar and Chinese renminbi. Our exposure to changes in exchange rates has affected our results of operations and can mainly be described in terms of translation exposure and transaction exposure affecting the comparability of results. In particular, the pound sterling to U.S. dollar exchange rate has been volatile for the years ended December 31, 2021, 2022 and 2023 due to various factors including Brexit, the COVID-19 pandemic, the war in Ukraine and the geopolitical conflict in Israel. See also "*Risk Factors—Risks Relating to Our Business and Industry—Legal, political and economic uncertainty in the global economy and financial markets, including in the European economy and financial markets as a result of the exit of the UK from the EU ("Brexit"), may be a source of instability in international markets*."

Translation Exposure

Translation exposure describes the risk of impact that exchange rates could have on the value of sales, costs, assets and liabilities reported in pound sterling on our consolidated income statement and balance sheet. For instance, a weakening of the pound sterling against the U.S. dollar will result in an increase in net sales as reported in pound sterling and, conversely, the strengthening of the pound sterling against the U.S. dollar will result in a decrease in net sales as reported in pound sterling. As many of our subsidiaries and affiliates operate in markets other than the United Kingdom, these effects may be significant. We are primarily subject to translation effects with respect to liabilities denominated in non-sterling currencies and non-sterling revenues.

Transaction Exposure

A large portion of fixed costs are denominated in pound sterling as the majority of our operations are in the United Kingdom, whereas only 21.1%, 26.5% and 19.0% of our net sales were generated in pound sterling for the years ended December 31, 2021, 2022, and 2023, respectively. For the same periods, 27.7%, 26.8% and 25.7% of our net sales, were denominated in U.S. dollar. This has resulted in our operating profit being exposed to fluctuations in exchange rates principally between the pound sterling and the U.S. dollar. In addition, we have debt service obligations in both U.S. dollar and pound sterling. We estimate that a 5% decrease in the U.S. dollar to pound sterling exchange rate, with all other variables held constant and with no hedge contracts in place, would have increased profit after tax by £5.5 million, £8.6 million and £8.1 million for the years ended December 31, 2021, 2022 and 2023, respectively.

Certain Restatements and Reclassifications

Our consolidated statement of financial position in the audited consolidated financial statements of AML Global Holdings as at January 1, 2022 and December 31, 2022 has been restated to reflect a prior period adjustment in respect of the deferral of tax relief income received under the Research and Development Expenditure Credit ("*RDEC*") regime. We previously recognized the income within administrative and other operating expenses in the consolidated income statement, in the period in which the qualifying expenditure giving rise to the RDEC claim was incurred. We have reassessed the treatment under IAS 20 (*Government Grants*) in respect of income from RDEC claims where the qualifying expenditure has been capitalized. For these capitalized expenses, the RDEC income earned has been deferred to the consolidated statement of financial position and will be released to the consolidated income statement over the same period as the amortization of the costs capitalized to which the RDEC income relates. Where the qualifying expenditure is not capitalized, the RDEC income continues to be recognized in the consolidated income statement in the year the expenditure is incurred as has previously been the approach. As a result, certain adjustments have been made in the statement of financial position in the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2023 regarding the 2022 comparative values. The impact of these adjustments is that as at January 1, 2022 and December 31, 2022, £49.0 million of deferred income has been recognized on the consolidated statement of financial position split between current and non-current trade and other payables with a corresponding adjustment to retained earnings.

There is no adjustment to the consolidated income statement for the year ended December 31, 2022 as the change in approach is not material to that individual year. There is no change to the consolidated statement of cash flows for the year ended December 31, 2022 because, whilst the accounting impact of the claim is deferred, there is no change to the timing of the cash receipt. No change in the corporation tax position is recognized in the consolidated income statement for the year ended December 31, 2022 or the consolidated statement of financial position as of December 31, 2022 as the recoverability assessment of the Group's deferred tax position has not been materially changed by this restatement.

Further information in relation to the restatement is included in note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2023.

The audited consolidated financial statements as of and for the year ended December 31, 2021 included in this Offering Memorandum are as originally published, without any restatement or adjustments. In the event the consolidated income statement for the year ended December 31, 2021 was restated for the above adjustments, an increase in administrative and other operating expenses of £5.6 million would have been reflected.

Impact of COVID-19

The global outbreak of COVID-19 in 2020 and its sudden and significant effects on the economy, including public health directives and orders and our ensuing policies, has had an impact on us and many of our suppliers and customers during certain periods under review. COVID-19 impacted customer demand globally, with all major markets having undergone shutdowns to control its spread. While our core retail sales picked up again in 2021, up to 31% of our dealer network was still closed or running with limited capacity at various points during the year ended December 31, 2021. The COVID-19 pandemic resulted in supply chain disruptions through the end of the year 2021 (increasing through the second half of 2021). Supply chain disruptions continued throughout the year ended December 31, 2022, increasing our costs due to the ensuing inflationary pressures on key input costs (such as raw materials, commodities, energy and labor). Our China operations remained disrupted throughout the year ended December 31, 2022, after which the country reopened for business and all COVID-19 restrictions were lifted.

Explanation of Key Statement of Comprehensive Income Line Items

Revenue

Our revenues are primarily derived from sales of vehicles to our dealer network and, to a lesser extent, from sales of spare parts from our servicing business. Revenue is recognized when we satisfy our 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. Revenue from the sale of vehicles is recognized 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. Revenue also includes revenue from partnerships including brand extension activities, partnerships and motorsport.

Cost of Sales

We have split our cost of sales into three categories:

(1) materials costs—these include the raw materials and components (including engines) used to manufacture vehicles;

(2) direct labor costs—these include the salary and other employment-related costs of employees and contractors engaged by us in manufacturing vehicles; and

(3) overheads and other costs of sales—these include logistics costs, warranty costs, parts and service variable costs, custom duties and gains and losses due on conversion of accounts receivable and accounts payable denominated in currencies other than pound sterling.

Gross Profit

Gross profit is revenue less cost of sales, and gross profit margin is gross profit as a percentage of revenue.

Selling and Distribution Expense

Selling and distribution expense consists primarily of marketing costs not related to the sale of a specific vehicle, including salary and associated costs of marketing personnel and the costs of advertising, marketing events and promotions, selling costs (which include overheads associated with regional sales offices and sales personnel costs at such offices and at Gaydon and St Athan) and costs of overseas operations (United States, Asia Pacific and continental Europe) including other administrative areas, such as the regional office in China. It also includes the fixed costs associated with the sale of parts.

Administrative and Other Operating Expense

Administrative and other operating expense consists primarily of salary and associated costs for management, finance, human resources, information technology, procurement and indirect manufacturing costs and fixed manufacturing and quality costs. It also includes impairment of tangible and intangible assets primarily related to run-out models ahead of the release of new model introductions or derivatives as well as all depreciation and amortization costs, research and development costs recognized as an expense (which consists primarily of non-model specific costs and includes personnel costs for engineers, third-party fees paid to consultants, prototype development expenses and tooling costs used in the engineering and design process). Outside professional fees are also included in administrative and other operating expenses and include insurance, legal, pension, healthcare and audit fees.

Operating Loss

Operating loss is revenue, less cost of sales, selling and distribution expenses and administrative and other operating expenses plus other income.

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 recognized in the income statement, adjusted for foreign exchange gain on financial instrument utilized during refinancing transactions and gain on financial instruments recognized at fair value through 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 recognized 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 recognized within finance expense.

Loss before Tax

Loss before tax is operating profit less net finance expense.

Income Tax (Charge) / Credit

Income tax (charge) / credit primarily comprises accrued charges / credits and payments made pursuant to UK corporation tax liabilities as well as similar tax liabilities in the United States, China, Germany, Japan and Singapore and movements in deferred taxes. We have significant net deferred tax assets resulting from tax credit carry forwards and deductible temporary differences that reduce taxable income. Our ability to realize our deferred tax assets depends on our ability to generate sufficient taxable income within the carry back or carry forward periods provided for in the tax law for each applicable tax jurisdiction.

Results of Operations

Year ended December 31, 2023 compared to year ended December 31, 2022

The following table sets forth our main operating results, extracted from our audited consolidated statement of comprehensive income, for each of the years ended December 31, 2023 and December 31, 2022 and shows these items as a percentage of total revenue.

Consolidated Statement of Comprehensive Income Data:	**For the year ended December 31, 2022**		**For the year ended December 31, 2023**	
	(£ in millions)	*(% of total revenue)*	*(£ in millions)*	*(% of total revenue)*
Revenue	**1,381.5**	**100.0**	**1,632.8**	**100.0**
Cost of sales	(930.8)	(67.4)	(993.6)	(60.9)

Gross profit	**450.7**	**32.6**	**639.2**	**39.1**
Selling and distribution expenses	(113.0)	(8.2)	(143.8)	(8.8)
Administrative and other operating expenses(1)(2)	(479.5)	(34.7)	(606.6)	(37.2)
Operating loss	**(141.8)**	**(10.3)**	**(111.2)**	**(6.8)**
Finance income	15.5	1.1	74.3	4.6
Finance expense	(368.7)	(26.7)	(202.9)	(12.4)
Loss before tax	**(495.0)**	**(35.8)**	**(239.8)**	**(14.7)**
Income tax (charge)/credit	(32.7)	(2.4)	13.0	0.8
Loss for the year	**(527.7)**	**(38.2)**	**(226.8)**	**(13.9)**

(1) Administrative and other operating expenses includes costs of £2.4 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2022 and £2.4 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2023. These costs were not attributable to the Company or its subsidiaries.

(2) Administrative and other operating expenses for the year ended December 31, 2022 have not been restated for the impact of the adjustments pursuant to the RDEC regime. Administrative and other operating expenses for the year ended December 31, 2023 include the deferral of tax relief income received under the RDEC regime. See "*—Key Factors Affecting Comparability—Certain Restatements and Reclassifications*."

Revenue

Revenue was £1,632.8 million for the year ended December 31, 2023 compared to £1,381.5 million for the year ended December 31, 2022, an increase of 18.2% or £251.3 million. Revenue with respect to the sale of vehicles was £1,531.9 million for the year ended December 31, 2023 compared to £1,291.5 million for the year ended December 31, 2022, revenue with respect to the sale of parts was £80.0 million for the year ended December 31, 2023 compared to £70.8 million for the year ended December 31, 2022, revenue with respect to the servicing of vehicles was £9.8 million for the year ended December 31, 2023 compared to £9.3 million for the year ended December 31, 2022 and revenue with respect to brands and motorsport was £11.1 million for the year ended December 31, 2023 compared to £9.9 million for the year ended December 31, 2022. The increase in revenue for the year ended December 31, 2023, most notably during the fourth quarter of 2023 with revenue amounting to £593.3 million, was primarily attributable to a strong wholesale average selling price growth and to higher Specials volumes (most notably during the fourth quarter of 2023), with consistent delivery of the Aston Martin Valkyrie (87 units sold, as compared to 80 unit for the year ended December 31, 2022), the first deliveries of the Aston Martin Spiders and the sale of the new DBR22 and the Valour.

Our wholesale average selling price (including Specials) increased by 14.9% from £201,000 for the year ended December 31, 2022 to a record wholesale average selling price of £231,000 for the year ended December 31, 2023. This increase was mainly due to higher year-on-year Specials volumes with consistent delivery of the Aston Martin Valkyrie (87 units sold, as compared to 80 unit for the year ended December 31, 2022), the first deliveries of the Aston Martin Spiders and the sale of the new DBR22 and the Valour. Our wholesale average selling price (including Specials) peaked during the fourth quarter of 2023 to a record price of £255,000, reflecting a 113% increase in our Specials wholesale volumes during the fourth quarter of 2023. In addition, the total average selling price of our core models (excluding Specials) grew by 6.2% to £188,000 for the year ended December 31, 2023, compared to £177,000 for the year ended December 31, 2022. The increase in total average selling price of our core models was due to price increases implemented across the range and a favorable product mix. This increase was partially offset by foreign exchange headwinds.

Despite a challenging and uncertain operating environment, characterized by the war in Ukraine and the geopolitical conflict in Israel and the Middle East, supply chain and logistical uncertainties, as well as inflationary pressures, our total wholesale volume grew to 6,620 vehicles for the year ended December 31, 2023, compared to 6,412 vehicles for the year ended December 31, 2022, an increase of 3.2%. This year-on-year increase was mainly driven by a a 13.7% sports/GT growth, reflecting strong demand for the DBS 770 Ultimate and the DB12 in the second half of 2023 (despite slight delays to the initial production ramp up of the DB12). The fourth quarter of 2023 represented the peak of volumes for the year (2,222 units sold), but which saw a decrease of 5.5% compared to the fourth quarter of 2022 (2,352 units sold). This decrease was mainly due to elevated wholesales in the fourth quarter of 2022 following the resolution of supply chain and logistics disruptions (most notably during the second and third quarter of 2022).

Geographically, wholesale volumes remained well balanced across all regions for the year ended December 31, 2022 and the year ended December 31, 2023. The Americas and EMEA (excluding the United Kingdom) were the largest regions, collectively representing 60.9% of total wholesale volumes for the year ended December 31, 2023. Despite geopolitical challenges, EMEA wholesales increased by 32.2% from 1,508 vehicles for the year ended December 31, 2022 to 1,994 vehicles for the year ended December 31, 2023, driven by strong customer demand for the DBX707, the DBS 770 Ultimate and the DB12. Wholesale volumes in Asia Pacific were heavily impacted by lower sales in China, which decreased by 47% compared to the year ended December 31, 2022, which was largely offset by growth in wholesale volumes (including the DBX707 and the DBS 770 Ultimate) outside of China.

The following table sets forth our revenue by category for the periods indicated.

	Year ended December 31		
	2022	**2023**	**% Change**
	(audited)	*(audited)*	
		(£ millions)	
Sale of vehicles	1,291.5	1,531.9	18.6
Sale of parts	70.8	80.0	13.0
Servicing of vehicles	9.3	9.8	5.4
Brand and motorsport	9.9	11.1	12.1
Total	**1,381.5**	**1,632.8**	**18.2**

Cost of Sales

Cost of sales were £993.6 million, or 60.9% of our revenue, for the year ended December 31, 2023, compared to £930.8 million, or 67.4% of our revenue, for the year ended December 31, 2022, an increase of 6.7% or £62.8 million. This increase is primarily due to higher supply chain and logistics costs, as well as inflationary impacts on key input costs (such as raw materials, commodities, energy and labor) and foreign exchange headwinds. Moreover, we experienced higher manufacturing and development costs ahead of the next generation of sports car launches.

Gross Profit

As a result of the foregoing, gross profit increased by £188.5 million, or 41.8%, to £639.2 million, or 39.1% of our revenue, for the year ended December 31, 2023 from £450.7 million, or 32.6% of our revenue, for the year ended December 31, 2022.

Selling and Distribution Expenses

Selling and distribution expenses were £143.8 million, or 8.8% of our revenue, for the year ended December 31, 2023, compared to £113.0 million, or 8.2% of our revenue, for the year ended December 31, 2022, an increase of 27.3% or £30.8 million. This increase was primarily due to increased investments in marketing (including our advertisement on the Las Vegas MSG Sphere, our marketing initiatives at events such as the Goodwood Festival of Speed and Pebble Beach Concours d'Élégance and the celebration of our 110th anniversary), as well as increased associated selling costs supporting new model launches, including the DBX707, the DB12, the DBS 770 Ultimate, the Valour, the Valhalla and the recently launched V12 Vantage.

Administrative and Other Operating Expenses

Administrative and other operating expenses were £606.6 million, or 37.2% of our revenue, for the year ended December 31, 2023, compared to £479.5 million, or 34.7% of our revenue, for the year ended December 31, 2022, an increase of 26.5% or £127.1 million.

This increase was primarily driven by a £77.5 million year-on-year increase in depreciation and amortization charges primarily related to the deliveries of Specials, the launch of the DBS 770 Ultimate and the DB12 and a full year of DBX707 charges. In addition, administrative and other operating expenses were impacted by one-off legal and settlement costs of £16.0 million related to, *inter alios*, the proceedings against AMMENA, one of our subsidiary entities, and its shareholders, ERP implementation costs of £14.5 million, as well as a cost of £1.0 million related to the closure to future accrual of our UK DB Plan. In addition, £479.5 million of administrative and other operating expenses for the year ended December 31, 2023, still included the deferral of tax relief income received under the RDEC regime. See "—*Key Factors Affecting Comparability—Certain Restatements and Reclassifications*."

Operating Loss

Operating loss was £111.2 million, or 6.8% of our revenue, for the year ended December 31, 2023, compared to £141.8 million, or 10.3% of our revenue, for the year ended December 31, 2022, a decrease of 21.6% or £30.6 million. This decrease is primarily driven by (i) the higher year-on-year gross profit (as described above under "—*Gross Profit*"), (ii) a £77.5 million increase in depreciation and amortization charges primarily related to the deliveries of Specials, the launch of the DBS 770 Ultimate and the DB12 and a full year of DBX707 charges, (iii) increased investments in marketing, brand and new model launches (including the DBX707, the DB12, the DBS 770 Ultimate, the Valour, the Valhalla and the recently launched V12 Vantage), marketing activities at events such as the Goodwood Festival of Speed, Pebble Beach Concours d'Élégance and the F1[TM] Las Vegas Grand Prix, as well as marketing costs related to the celebration of our 110[th] anniversary and (iv) higher manufacturing and supply chain costs (including inflationary pressures), higher executive performance bonuses, as well as foreign exchange headwinds.

Net Finance Expense

Net finance expense was £128.6 million, or 7.9% of our revenue, for the year ended December 31, 2023, compared to a net finance expense of £353.2 million, or 25.6% of our revenue, for the year ended December 31, 2022, a decrease of 63.6% or £224.6 million. This significant decrease is primarily due to the revaluation of the Existing Notes, which led to a non-cash foreign exchange gain of £60.8 million following the strengthening of the pound sterling against the U.S. dollar (as compared to a £156.2 million non-cash foreign exchange loss for the year ended December 31, 2022). This decrease was partially offset by a £36.5 million adjusting finance expense relating to costs associated with the 2023 Equity Placing and the 2023 Partial Redemption and the fair value movements of outstanding warrants, which resulted in a non-cash charge of £19.0 million.

Income Tax (Charge)/Credit

Income tax credit was £13.0 million, or 0.8% of our revenue, for the year ended December 31, 2023, compared to an income tax credit of £32.7 million, or 2.4% of our revenue, for the year ended December 31, 2022. This change was primarily as a result of our effective tax rate being 5.4% for the year ended December 31, 2023 compared to 6.6% for the year ended December 31, 2022, which was predominantly due to recognizing deferred tax on accelerated capital allowances and UK tax losses, as well as movements in deferred tax on the amount of interest we can deduct for tax purposes.

Year ended December 31, 2022 compared to year ended December 31, 2021

The following table sets forth our main operating results, extracted from our audited consolidated statement of comprehensive income, for each of the years ended December 31, 2022 and December 31, 2021 and shows these items as a percentage of total revenue.

Consolidated Statement of Comprehensive Income Data:	**For the year ended December 31, 2021**		**For the year ended December 31, 2022**	
	(£ in millions)	*(% of total revenue)*	*(£ in millions)*	*(% of total revenue)*
Revenue	**1,095.3**	**100.0**	**1,381.5**	**100.0**
Cost of sales	(751.6)	(68.6)	(930.8)	(67.4)
Gross profit	**343.7**	**31.4**	**450.7**	**32.6**
Selling and distribution expenses	(84.8)	(7.7)	(113.0)	(8.2)
Administrative and other operating expenses(1)(2)	(335.4)	(30.6)	(479.5)	(34.7)
Operating loss	**(76.5)**	**(7.0)**	**(141.8)**	**(10.3)**
Finance income	36.4	3.3	15.5	1.1
Finance expense	(173.7)	(15.9)	(368.7)	(26.7)
Loss before tax	**(213.8)**	**(19.5)**	**(495.0)**	**(35.8)**
Income tax (charge)/credit	24.5	2.2	32.7	(2.4)
Loss for the year	**(189.3)**	**(17.3)**	**(527.7)**	**(38.2)**

(1) Administrative and other operating expenses includes costs of £1.5 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2021 and £2.4 million attributable to AM Holdings and AML Holdings for the year ended December 31, 2022. These costs were not attributable to the Company or its subsidiaries.

(2) Administrative and other operating expenses for the years ended December 31, 2021 and December 31, 2022 have not been restated for the impact of the adjustments pursuant to the RDEC regime. See "*—Key Factors Affecting Comparability—Certain Restatements and Reclassifications*."

Revenue

Revenue was £1,381.5 million for the year ended December 31, 2022 compared to £1,095.3 million for the year ended December 31, 2021, an increase of 26.1% or £286.2 million. Revenue with respect to the sale of vehicles was

£1,291.5 million for the year ended December 31, 2022 compared to £1,005.4 million for the year ended December 31, 2021, revenue with respect to the sale of parts was £70.8 million for the year ended December 31, 2022 compared to £65.5 million for the year ended December 31, 2021, revenue with respect to the servicing of vehicles was £9.3 million for the year ended December 31, 2022 and £10.6 million for the year ended December 31, 2021 and revenue with respect to brands and motorsport was £9.9 million for the year ended December 31, 2022 and £13.8 million for the year ended December 31, 2021. The increase in revenue for the year ended December 31, 2022 was primarily attributable to a strong wholesale average selling price growth and, to a lesser extent, to higher wholesale volumes.

Our wholesale average selling price (including Specials) increased by 24% from £162,000 for the year ended December 31, 2021 to a wholesale average selling price of £201,000 for the year ended December 31, 2022. This increase is mainly due to a higher amount of Aston Martin Valkyrie deliveries, which reached 80 vehicles for the year ended December 31, 2022, compared to ten vehicles for the year ended December 31, 2021. Moreover, the total average selling price of our core models (excluding Specials) grew with 18% to £177,000 for the year ended December 31, 2022, compared to £150,000 for the year ended December 31, 2021. The increase in total average selling price of our core models was due to (i) price increases implemented across the range during late 2021 and in the first half of 2022, (ii) a favorable product mix, and (iii) foreign exchange tailwinds.

Despite a challenging and uncertain operating environment, characterized by the war in Ukraine, supply chain and logistics disruptions, inflationary pressures, as well as intermittent COVID-19 lockdowns in China, our total wholesale volume increased by 3.8% year-on-year, driven by strong demand across the portfolio. Our total wholesales grew to 6,412 vehicles for the year ended December 31, 2022, compared to 6,178 vehicles for the year ended December 31, 2021. Given significant supply chain and logistics disruptions (most notably during the second and third quarter of 2022), the fourth quarter of 2022 represented the peak of volumes for the year, which saw a year-on-year increase of 22% compared to the fourth quarter of 2021. This year-on-year growth in the fourth quarter was primarily driven by higher DBX707 and Aston Martin Valkyrie deliveries, and supported by strong customer demand and strong operational execution, as we actively managed the supply chain and logistics disruptions which had restricted our ability to meet demand earlier in the year. This was partially offset by lower year-on-year wholesales in China, following the strong growth achieved in the fourth quarter of 2021 and, to a lesser extent, by the COVID-19 lockdowns in China during the fourth quarter of 2022.

Geographically, wholesale volumes remained well balanced across all regions for the year ended December 31, 2021 and the year ended December 31, 2022. The Americas and Asia Pacific were the largest regions, collectively representing 59.2% of total volumes for the year ended December 31, 2022. Despite geopolitical challenges, EMEA wholesales increased by 18.7% from 1,270 vehicles for the year ended December 31, 2021 to 1,508 vehicles for the year ended December 31, 2022, driven by strong customer demand for the DBX707 and higher year-on-year sports car volumes.

The following table sets forth our revenue by category for the periods indicated.

	Year ended December 31		
	2021	**2022**	**% Change**
	(audited)	*(audited)*	
		(£ millions)	
Sale of vehicles	1,005.4	1,291.5	28.0%
Sale of parts	65.5	70.8	8.0%
Servicing of vehicles	10.6	9.3	(12.0)%
Brand and motorsport	13.9	9.9	(28.0)%
Total	**1,095.3**	**1,381.5**	**26.0%**

Cost of Sales

Cost of sales were £930.8 million, or 67.4% of our revenue, for the year ended December 31, 2022, compared to £751.6 million, or 68.6% of our revenue, for the year ended December 31, 2021, an increase of 23.8% or £179.2 million, which was primarily attributable to higher supply chain and logistics costs, including approximately £20 million of incremental supply chain recovery costs incurred in the second half of 2022, as well as inflationary impacts on key input costs (such as raw materials, commodities, energy and labor). Moreover, we experienced higher manufacturing and development costs ahead of the next generation of sports car launches.

Gross Profit

As a result of the foregoing, our gross profit increased by £107.0 million, or 31.1%, to £450.7 million, or 32.6% of our revenue, for the year ended December 31, 2022 from £343.7 million, or 31.4% of our revenue, for the year ended December 31, 2021.

Selling and Distribution Expenses

Our selling and distribution expenses were £113.0 million, or 8.2% of our revenue, for the year ended December 31, 2022, compared to £84.8 million, or 7.7% of our revenue, for the year ended December 31, 2021, an increase of 33.3% or £28.2 million. The increase in selling and distribution expenses was primarily due to increased investments in marketing (including marketing initiatives at events such as the Goodwood Festival of Speed and Pebble Beach Concours d'Élégance), as well as increased associated selling costs supporting new model launches, including the DBX707, V12 Vantage, DBR22 and Valhalla.

Administrative and Other Operating Expenses

Administrative and other operating expenses amounted to £479.5 million, or 34.7% of our revenue, for the year ended December 31, 2022, compared to £335.4 million, or 30.6% of our revenue, for the year ended December 31, 2021, an increase of 43.0% or £144.1 million. This increase is primarily driven by a £95.9 million increase in depreciation and amortization charges in connection with the Aston Martin Valkyrie deliveries and accelerated depreciation ahead of the next generation of sports cars to be made available in 2023. In addition, administrative and other operating expenses were impacted by a cost of £13.5 million related to the closure to future accrual of our UK DB Plan, ERP implementation costs of £6.9 million, as well as one-time expenses of £3.5 million related to the change of Chief Executive Officer and the appointment of other new executives. In addition, administrative and other operating expenses for the years ended December 31, 2021 and December 31, 2022 have not been restated for the impact of the adjustments pursuant to the RDEC regime, which would have resulted in an increase of £5.6 million for the year ended December 31, 2021. See "—*Key Factors Affecting Comparability—Certain Restatements and Reclassifications*."

Operating Loss

Operating loss was £141.8 million, or 10.3% of our revenue, for the year ended December 31, 2022, compared to £76.5 million, or 7.0% of our revenue, for the year ended December 31, 2021, an increase of 85.4% or £65.3 million. This increase was primarily due to (i) a £95.9 million increase in depreciation and amortization charges in connection with the Aston Martin Valkyrie deliveries and accelerated depreciation ahead of the next generation of sports cars launching in 2023, (ii) increased investments in marketing, brand and new model launches, including the DBX707, V12 Vantage, DBR22 and Valhalla and (iii) higher general costs, including inflationary pressures, to support our future growth. This increase was partially offset by a higher year-on-year gross profit (as described above under "—*Gross Profit*").

Net Finance Expense

Net finance expense was £353.2 million, or 26.7% of our revenue, for the year ended December 31, 2022, compared to £137.3 million, or 15.9% of our revenue, for the year ended December 31, 2021, an increase of £215.9 million. This significant increase is primarily due to the revaluation of the Existing Notes, which led to a non-cash foreign exchange loss of £156.2 million (as compared to a £12.4 million non-cash foreign exchange loss for the year ended December 31, 2021). In addition, we incurred a £20.1 million adjusting finance expense relating to costs associated with the 2022 Equity Capital Raise and the Tender Offer, which was partially offset by the fair value movements of outstanding warrants, which resulted in a non-cash credit of £8.4 million.

Income Tax (Charge)/Credit

Income tax credit was £32.7 million, or 2.4% of our revenue, for the year ended December 31, 2022, compared to an income tax credit of £24.5 million, or 2.2% of our revenue, for the year ended December 31, 2021. Our effective tax rate at 6.6% for the year ended December 31, 2022 was lower than the 19% standard UK tax rate, which is mainly due to movements in unprovided deferred tax and derecognition of deferred tax related to losses, accelerated capital allowances and a restriction on the amount of interest that can be deducted for tax purposes.

Liquidity and Capital Resources

Liquidity

In September 2022, we strengthened our liquidity position by completing the 2022 Equity Capital Raise in an amount of £653.9 million. In May 2023, we raised an additional £94.8 million of gross proceeds through the issuance of shares in AML Global Holdings subscribed to by Geely. In August 2023, we raised an additional £216.1 million of gross proceeds by way of the 2023 Equity Placing. Some of the proceeds of the 2023 Equity Placing were used for the 2023 Partial Redemption of the 2026 Notes. These efforts support our long term growth and provide an accelerated pathway towards achieving a reduction in net leverage ratio.

In the normal course of business, our liquidity requirements arise primarily from our need to fund product development capital expenditure, working capital and to service debt (including trade finance facilities). After the completion of the Transactions, we expect to meet our liquidity requirements through cash generated from our operations and from managing our cost base, as well as trade finance facilities that are currently in place, including in particular the Existing Revolving Credit Facility, the Wholesale Finance Facility (see "*—Off-Balance Sheet Arrangements—Wholesale Finance Facility*") and new debt securities and loan facilities that may become available in the future.

Cash and Cash Equivalents Balance

As of December 31, 2023, our cash and cash equivalents balance was £392.4 million. During 2023, we generated £145.9 million from operating activities. Over the same period, we used £383.4 million in investing activities related to, in particular, the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the new Vantage and the Valhalla), as well as the development of our electrification strategy (including a $33.0 million (£27.0 million equivalent) payment to Lucid in the fourth quarter of 2023 pursuant to the Lucid Agreements). Net cash inflow from financing activities during 2023 was £59.7 million, due primarily to the 2023 Equity Capital Raise (with gross proceeds of £216.1 million) and the £94.8 million raised through the issuance of shares to Geely, partially offset by the 2023 Partial Redemption and £122.5 million of interest paid.

As of December 31, 2022, our cash and cash equivalents balance was £583.3 million. During 2022, we generated £127.1 million from operating activities. Over the same period, we used £284.7 million in investing activities related to, in particular, the replacement of our core models, the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the DB12), as well as the development of our electrification strategy. Net cash inflow from financing activities during 2022 was £315.0 million, due primarily to the gross proceeds from the 2022 Equity Capital Raise, partially offset by a £179.2 million cash outflow following the Tender Offer.

As of December 31, 2021, our cash and cash equivalents balance was £418.9 million. During 2021, we generated £178.9 million from operating activities. Over the same period, we used £184.1 million in investing activities related to, in particular, the development of the DBX derivatives and the Aston Martin Valkyrie program vehicles. Net cash outflow from financing activities during 2021 was £66.5 million, due primarily to the repayment of an inventory repurchase arrangement and the repayment of existing borrowings.

Total Borrowings

As of December 31, 2023, our total borrowings comprised borrowings under secured debt securities and borrowings under our Existing Revolving Credit Facility. The book value of total borrowings was £1,069.7 million as of December 31, 2023, compared to £1,211.1 million as of December 31, 2022. Net debt as of December 31, 2023, was £814.3 million, which was £48.8 million higher than the balance as of December 31, 2022 of £765.5 million. The increase in net debt as of December 31, 2023, is primarily attributable to our reduced cash position at December 31, 2023 of £392.4 million as compared to £583.3 million at December 31, 2022, a borrowing fee amortization of £26.9 million and accrued interest payments of £14.2 million. This increase in net debt was offset by a reduction in amounts due on the Existing Notes due to favorable movements in exchange rates of £60.8 million and the 2023 Partial Redemption.

As of December 31, 2022, our total borrowings comprised borrowings under secured debt securities, borrowings under the Existing Revolving Credit Facility and a bilateral revolving credit facility with HSBC. The book value of total borrowings was £1,211.1 million as of December 31, 2022, compared to £1,189.2 million as of December 31, 2021. Net debt as of December 31, 2022, was £765.5 million, which was £126.1 million lower than the balance as of December 31, 2021 of £891.6 million. The decrease in net debt as of December 31, 2022, is primarily attributable to the partial repayment of our 2025 Notes in an aggregate principal amount of $40,280,000 and our 2026 Notes in an aggregate principal amount of $143,790,041, pursuant to the Tender Offer, generating a reduction in net debt of £172.7 million. An increase in cash balances at December 31, 2022 compared to December 31, 2021 further reduced net debt by £164.4 million, but this increase was offset by unfavorable foreign exchange fluctuations of £156.2 million related to the Existing Notes.

Not included in our total borrowings but included in the net debt, are the Inventory Repurchase Arrangements. The book values drawn on the Inventory Repurchase Arrangements were £39.7 million, £38.2 million and £19.7 million at December 31, 2023, 2022 and 2021, respectively.

Finance Expenses

For the year ended December 31, 2023, we incurred gross finance expenses of £202.9 million and net finance expenses of £128.6 million.

For the year ended December 31, 2022, we incurred gross finance expenses of £368.7 million and net finance expenses of £353.2 million.

For the year ended December 31, 2021, we incurred gross finance expenses of £173.7 million and net finance expenses of £137.3 million.

Cash Flows

The following table sets out our condensed consolidated statement of cash flows for the periods indicated:

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Net cash inflow from operating activities	178.9	127.1	145.9
Net cash used in investing activities	(184.1)	(284.7)	(383.4)
Net cash inflow/(outflow) from financing activities	(66.5)	315.0	59.7
Net increase/(decrease) in cash and cash equivalents	(71.7)	157.4	(177.8)
Cash and cash equivalents at the beginning of the period	489.4	418.9	583.3
Effect of exchange rates on cash and cash equivalents	1.2	7.0	(13.1)
Cash and cash equivalents at the end of the period	**418.9**	**583.3**	**392.4**

Cash Flow from Operating Activities

The following table sets out our condensed consolidated statement of cash flows from operating activities for the periods indicated:

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Loss after tax	(189.3)	(527.7)	(226.8)
Depreciation and impairment of property, plant and equipment	65.3	77.8	90.3
Depreciation of right-of-use assets	9.3	11.0	9.3
Amortization and impairment of intangible assets	137.6	219.3	283.4
(Increase)/decrease in inventories	7.7	(78.4)	11.9
(Increase)/decrease in trade and other receivables	(75.4)	0.1	(82.3)
Increase in trade and other payables	52.8	81.5	50.9
Income taxes paid	(9.0)	(6.8)	(5.6)
Other	42.6	(2.9)	(113.8)
Net finance costs	137.3	353.2	128.6
Net cash inflow from/(used in) operating activities	**178.9**	**127.1**	**145.9**

We recorded £145.9 million of net cash inflow from operating activities for the year ended December 31, 2023, compared to a net cash inflow of £127.1 million for the year ended December 31, 2022. The increase in net cash inflow from operating activities was primarily driven by an increase of £82.3 million in trade and other receivables (as compared to a £0.1 million decrease for the year ended December 31, 2022), an increase of £50.9 million in trade and other payables and a £11.9 million decrease in inventories (as compared to a £78.4 million increase for the year ended December 31, 2022).

We generated £127.1 million of net cash from operating activities for the year ended December 31, 2022, as compared to a net cash inflow of £178.9 million for the year ended December 31, 2021. This decrease in net cash inflow from operating activities was primarily driven by adverse movements in working capital. Net cash flow from operating activities for the year ended December 31, 2022, included a £15.0 million outflow related to movements in working capital (compared to a £56.0 million inflow for the year ended December 31, 2021). The largest movement in 2022 was a £81.5 million increase in trade and other payables, which was partially offset by a £78.4 million increase in inventories, as supply chain and logistics disruptions (most notably in the second and third quarters of 2022) delayed planned deliveries.

Cash Flow from Investing Activities

The following table sets out our condensed consolidated statement of cash flows from investing activities for the periods indicated:

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Interest received	1.1	2.2	13.5
Increase in loan assets	(1.4)	—	—
Decrease in loan assets	0.9	—	0.5
Payments to acquire property, plant and equipment	(40.7)	(58.6)	(91.1)
Cash outflow on development expenditure	(144.0)	(228.3)	(306.3)
Net cash used in investing activities	**(184.1)**	**(284.7)**	**(383.4)**

We recorded £383.4 million of net cash used in investing activities for the year ended December 31, 2023, compared to £284.7 million for the year ended December 31, 2022. The increase in net cash outflow from investing activities was primarily attributable to increased capital expenditure related to the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the new V12 Vantage and the Valhalla), as well as the development of our electrification strategy (including a $33.0 million (£27.0 million equivalent) payment to Lucid in the fourth quarter of 2023 pursuant to the Lucid Agreements).

We recorded £284.7 million of net cash used in investing activities for the year ended December 31, 2022 compared to £184.1 million for the year ended December 31, 2021. The increase in net cash outflow from investing activities was primarily attributable to increased capital expenditure related to the replacement of our core models, the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the DB12), as well as the development of our electrification strategy.

Cash Flow from Financing Activities

The following table sets out our condensed consolidated statement of cash flows from financing activities for the periods indicated:

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Interest paid	(118.0)	(141.2)	(122.5)
Proceeds from equity share issue	—	653.9	310.9
Proceeds from issue of equity warrants	15.3	—	15.0
Proceeds from financial instrument utilised during refinancing transactions	—	4.1	—
Principal element of lease payments	(9.9)	(10.0)	(7.9)
Repayment of existing borrowings	(37.3)	(172.7)	(129.7)
Premium paid upon redemption of borrowings	—	(14.3)	(8.0)
Proceeds from inventory repurchase arrangement	19.0	75.7	38.0
Repayment of inventory repurchase arrangement	(40.0)	(60.0)	(40.0)
Proceeds from new borrowings	108.5	—	11.5
Transaction fees paid on issuance of shares	(1.3)	(18.6)	(7.6)
Transaction fees paid on financing activities	(2.8)	(1.9)	—
Net cash inflow/(outflow) from financing activities	**(66.5)**	**315.0**	**59.7**

We recorded £59.7 million of net cash inflow from financing activities for the year ended December 31, 2023, compared to a net cash inflow of £315.0 million for the year ended December 31, 2022. This decrease in net cash inflow from investing activities was primarily attributable to (i) the fact that in the year ended December 31, 2022, we completed the 2022 Equity Capital Raise (with gross proceeds of £653.9 million) and (ii) the 2023 Partial Redemption, partially offset by the 2023 Equity Capital Raise (with gross proceeds of £216.1 million) and the £94.8 million raised through the issuance of shares to Geely.

We recorded £315.0 million of net cash inflow from financing activities for the year ended December 31, 2022 compared to a net cash outflow of £66.5 million for the year ended December 31, 2021. This inflow was primarily attributable to the gross proceeds from the 2022 Equity Capital Raise, partially offset by a £179.2 million cash outflow following the Tender Offer.

Research and Development Expenditure

For the year ended December 31, 2023, our capital expenditures (cash used in investing activities excluding interest received) were £396.9 million and primarily related to increased capital expenditure related to the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the new V12 Vantage and the Valhalla), as well as the development of our electrification strategy (including a $33.0 million (£27.0 million equivalent) payment to Lucid in the fourth quarter of 2023 pursuant to the Lucid Agreements).

For the year ended December 31, 2022, our capital expenditures (cash used in investing activities excluding interest received) were £286.9 million and primarily related to the replacement of our core models, the development of our future product pipeline, and particularly, the next generation of GT/sports cars (including the DB12), as well as the development of our electrification strategy.

For the year ended December 31, 2021, our capital expenditures (cash used in investing activities excluding interest received) were £185.2 million and primarily related to investments in DBX derivatives, the next generation of front-engine vehicles and Aston Martin Valkyrie vehicles.

The following table sets out our research and development expenditure for the periods indicated:

	For the year ended December 31,		
(£ in millions)	**2021**	**2022**	**2023**
Total research and development expenditure	191.2	246.1	299.2
Capitalized research and development	(178.2)	(232.0)	(268.5)
Recognized as an expense	**13.0**	**14.1**	**30.7**

Total research and development expenditure increased to £299.2 million for the year ended December 31, 2023, compared to £246.1 million for the year ended December 31, 2022. Capitalized research and development expenditure was £268.5 million for the year ended December 31, 2023 and £232.0 million for the year ended December 31, 2022. This increase is primarily due to investments focused on the future product pipeline, particularly the next generation GT/sports cars (including the new V12 Vantage and the Valhalla), as well as development of our electrification strategy.

Total research and development expenditure increased to £246.1 million for the year ended December 31, 2022, compared to £191.2 million for the year ended December 31, 2021. Capitalized research and development expenditure was £232.0 million for the year ended December 31, 2022 and £178.2 million for the year ended December 31, 2021. This increase is primarily due to investments focused on the future product pipeline, particularly the next generation GT/sports cars (including the DB12), as well as development of our electrification strategy.

We capitalize engineering and research and development expenditure, which relate to the amortization, under IFRS, of engineering, research and development assets that are specific to the development of new models or model derivatives. We capitalized 93.2%, 94.2% and 89.7% of total research and development expenditure for the year ended December 31, 2021, 2022 and 2023, respectively.

Capital Resources

Short-term Resources

As of December 31, 2023, our current borrowings were £90.0 million, the full amount representing borrowings under the Existing Revolving Credit Facility Agreement. In addition, we had current lease liabilities of £8.8 million. As of December 31, 2023, current trade and other payables amounted to £840.4 million.

Further, on the Issue Date, we intend to repay in full the borrowings under the Existing Revolving Credit Facility Agreement from the proceeds of the Notes, together with cash on balance sheet. As part of the Transactions, we will enter into the Revolving Credit Facility Agreement with binding commitments of £170.0 million. The Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement. See "*Use of Proceeds*," "*Capitalization*" and "*Description of Other Financial Arrangements—Revolving Credit Facility Agreement*." We expect that, as of the Issue Date, the Revolving Credit Facility will remain undrawn.

Long-term Resources

The Indenture and the Revolving Credit Facility Agreement will contain, covenants that, among other things, limit the ability of AM Investments and certain of its restricted subsidiaries (excluding, for example, Aston Martin Works Limited) to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to certain members of the Group;
- sell, lease or transfer certain assets including stock of certain members of the Group;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interests given for the benefit of our secured debt securities.

In addition, the Revolving Credit Facility Agreement will contain (i) certain affirmative and negative covenants, which are subject to materiality, actual knowledge or other qualifications, exceptions and baskets and (ii) a cross-default provision with respect to payment obligations of AML and AM Holdings under the Guarantee Fee Arrangement that was entered into with the government of Wales in respect of our occupation of the St Athan plant.

Contractual Obligations and Contractual Commitments

Presented below is a summary of our contractual obligations as of December 31, 2023, after giving effect to the Transactions and not including interest expense.

(£ in millions)	Less than 1 year	1-3 years	3-5 years	> 5 years	Total
Revolving Credit Facility[(1)]	—	—	—	170.0	**170.0**
Notes offered hereby[(2)]	—	—	—	1,153.1	**1,153.1**
Lease obligations[(3)]	12.7	22.7	17.5	82.9	**135.8**
Other obligations[(4)]	696.6	79.5	—	0.8	**776.9**
Total	**709.3**	**102.2**	**17.5**	**1,406.8**	**2,235.8**

(1) As of December 31, 2023, we had borrowings of £90.0 million under the Existing Revolving Credit Facility. On the Issue Date, we intend to repay in full the borrowings under the Existing Revolving Credit Facility from the proceeds of the Notes, together with cash on balance sheet. As part of the Transactions, we will enter into the Revolving Credit Facility Agreement with binding commitments of £170.0 million. The Revolving Credit Facility Agreement will replace the Existing Revolving Credit Facility Agreement. See "*Description of Other Financial Arrangements—Revolving Credit Facility Agreement*." We expect that, as of the Issue Date, the Revolving Credit Facility will remain undrawn.

(2) Represents the Notes offered hereby. The Notes have been translated at an exchange rate of $1.2748 = £1.00, which represents the rate of exchange as of December 31, 2023.

(3) Comprises the undiscounted lease payments required to be made under existing lease agreements as of December 31, 2023.

(4) Other obligations represents £132.8 million of contractually refundable deposits repayable upon demand and £644.1 million of trade and other payables. Trade and other payables includes £39.7 million of short-term repurchase liabilities in connection with the Inventory Repurchase Arrangements with Falcon (inclusive of £1.6 million of accrued interest), £356.5 million of accrued liabilities and other payables all due within one year and £2.1 million of hedge liabilities based on the mark to market position of contractual hedges as of December 31, 2023, all of which mature within one year. Excludes employee benefits which as of December 31, 2023, amounted to £49.0 million.

Pensions

Pension Credit

We provide retirement benefits to certain of our former and current employees through a number of pension arrangements. These include the operation of the UK DB Plan sponsored by AML. The UK DB Plan closed to new entrants on May 31, 2011 and to future accrual on January 31, 2022 with all employees who were active members of the UK DB Plan immediately before the closure becoming deferred members.

The last actuarial valuation of the UK DB Plan as of April 6, 2020 showed that the actuarial value of the scheme assets calculated by the UK DB Plan actuary on a scheme-specific funding basis was £314.6 million, sufficient to cover 76% of the benefits which had accrued to members. Any upside sharing payments made will reduce the length of time the recovery plan contributions are payable. The valuation was agreed by AML and the UK DB Plan trustee taking into account feedback received from the Pensions Regulator.

The deficit of the UK DB Plan is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as of the date of any future actuarial funding valuation of the UK DB Plan, we may be required to increase our contributions to the UK DB Plan. A variety of factors, including factors outside our control, may adversely affect the value of the UK DB Plan's assets or liabilities, including interest rates, inflation rates, investment performance and investment strategy, exchange rates, life expectancy assumptions, actuarial data, adjustments, regulatory changes and the strength of the employer covenant provided to the plan by AML. If these or other internal and external factors were to become unfavorable, or more unfavorable than they currently are, our required contributions to the UK DB Plan and the costs and net liabilities associated with the UK DB Plan could increase substantially. The UK DB Plan's deficit, calculated by the UK DB Plan actuary using the same actuarial methods to set assumptions as used for the scheme-specific funding basis in the plan's 2020 valuation updated to reflect market conditions as of December 31, 2023 has decreased significantly since the plan's 2020 valuation from £97.0 million to £21.0 million as of December 31, 2023, due to a combination of recovery plan contributions being paid to the UK DB Plan since the 2020 valuation, as well as favorable investment returns and market movements. The estimate of the liability for defined benefit obligations if the UK DB Plan is wound up, calculated by the UK DB Plan actuary, was £328.4 million as at the 2020 valuation date. As of December 31, 2023, the total fair value of plan assets was £212.8 million and the present value of obligations was £215.9 million on an IAS 19 basis. In addition to an adjustment of £45.9 million to reflect minimum funding requirements, we recognized a liability of £49.0 million on the balance sheet as of December 31, 2023.

Further, on December 18, 2020, AML entered into an English law governed floating charge in favor of Aston Martin Lagonda Pension Trustees Limited, the trustee of the UK DB Plan, pursuant to which it granted a floating charge over its tangible moveable property including all plant, machinery and tooling (subject to certain exclusions) to secure its obligations under the UK DB Plan. Recourse under the floating charge of the trustee is limited to the lower of £100 million and the amount that would be due to the UK DB Plan under section 75 of the U.K. Pensions Act 1995 assuming the UK

DB Plan commenced wind-up one day before the date of the security being enforced. The security is enforceable in the event of an insolvency of AML or upon the occurrence of certain insolvency related events.

Discussions with the trustee about the 2023 actuarial valuation are ongoing and are expected to be concluded as soon as possible and, in any case, in advance of the statutory deadline of July 5, 2024.

The Pensions Regulator has powers to intervene in triennial funding valuations, including the power to set assumptions and contribution levels which may be available in certain circumstances, including if AML and the trustee cannot agree the deficit or contributions in any future triennial funding valuation. In cases where the deficit and funding levels are agreed, the Pensions Regulator can still intervene if it is not satisfied that the statutory funding plans comply with the statutory funding regime.

As is the case for all formerly contracted-out defined benefit pension plans in the UK, the liabilities of the UK DB Plan, and so the funding level, could also be impacted by a 2018 High Court decision requiring the impact of unequalized guaranteed minimum pension benefits provided to men and women to be equalized. In addition, as with many defined benefit pension plans in the UK, the trustee has the power under the UK DB Plan's governing documentation to wind-up the UK DB Plan in certain circumstances, which if exercised could accelerate and increase funding obligations to the plan.

See also "*Risk Factors—Risks Relating to Our Business and Industry—We operate a number of employee pension arrangements, including an underfunded UK defined benefit pension scheme to which we are required to make significant contributions and to which future additional contributions will be required as a result of the regular triennial actuarial valuations, the most recent of which is currently underway and which will need to be concluded by July 5, 2024*."

Off-Balance Sheet Arrangements

Wholesale Finance Facility

We entered into a new multi-currency wholesale finance facility with CA Auto Bank S.p.A. ("*CA Auto Bank*") and its regional designates (the "*Wholesale Finance Facility*"). Under the Wholesale Finance Facility, we finance dealer trade receivables with CA Auto Bank around the time a sale has been made under our revenue recognition policy and receive consideration equal to the value of the trade receivable financed. We have the option to subvent the dealer financing cost, which provides the dealer network an interest free period. Since substantially all of the risks are transferred to CA Auto Bank, we classify the Wholesale Finance Facility as an off-balance sheet arrangement. Due to this classification, financing costs of £2.5 million associated with the scheme are presented in our operating cash flows. As at December 31, 2023, £83.8 million was financed under the Wholesale Finance Facility.

Chinese Inventory Funding Arrangements

We are party to three inventory funding arrangements in China: one with Ningbo Commerce Bank, one with China Guangfa Bank and one with China Ping An Bank. The arrangements provided under or in relation to these financings may be utilized by certain Aston Martin dealers in China (who are also parties to these financings) to purchase vehicles from us. The Chinese Inventory Funding Arrangements are treated as off-balance sheet arrangements. These agreements are non-recourse to us.

Qualitative and Quantitative Disclosures about Credit Risk, Interest Rate Risk, Currency Risk and Liquidity Risk

The main risks arising from our financial instruments are credit risk, interest rate risk, currency risk and liquidity risk as explained below. Our Board has overall responsibility for the establishment and oversight of our risk management framework. Our risk policies are established to identify and analyze the risks faced by us, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

Our Board oversees how management monitors compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by us.

For further information on the risks discussed below, please see note 23 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2023.

Credit Risk

We sell vehicles through our global dealer network. Dealers outside of North America are required to pay for vehicles in advance of their dispatch or use the Wholesale Finance Facility. Credit risk on receivables purchased by CA Auto Bank under the Wholesale Finance Facility is borne by CA Auto Bank. We have no credit risk associated with the Wholesale Finance Facility. Our remaining vehicle sales to territories where there is currently no wholesale financing are made on credit terms ranging from 30 to 180 days. We manage the default risk of such sales via a credit risk insurance policy. Dealers within North America are allowed 10-day credit terms from the date of invoice. In certain circumstances, after thorough consideration of the credit history of an individual dealer, we may sell vehicles outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on net 30-day credit terms. Servicing receivables are due for payment on collection of the vehicle.

Interest Rate Risk

The rate of interest on the Existing Revolving Credit Facility, the Revolving Credit Facility, the Wholesale Finance Facility and the Chinese Inventory Funding Arrangements are determined at the date the borrowing commences and are based on a formula provided in the agreements. The interest rate charged on the Revolving Credit Facility is based on SONIA and compounded in arrears.

Borrowings, including the Notes, the Existing Notes and the loan to finance the paint shop in St Athan (which was repaid during March 2022), are at fixed interest rates. During the year ended December 31, 2021, the rate of interest on the Existing Revolving Credit Facility, which is attached to the Existing Notes, was based on LIBOR plus a percentage spread and was predetermined at the date of the drawdown of the Existing Revolving Credit Facility so was considered to be fixed rate for the analysis above. During the years ended December 31, 2023, 2022 and 2021, we entered into Inventory Repurchase Arrangements. The interest charged on these Inventory Repurchase Arrangements is determined as the difference between the sales and repurchase value and is therefore fixed at the time of entering into the Inventory Repurchase Arrangements.

Surplus cash funds, when appropriate, are placed on deposit and attract interest at a variable rate derived from SONIA.

Foreign Currency Risk

We are also exposed to risk from changes in foreign currency exchange rates, which could affect operating results as well as our financial condition and cash flows. In addition, we will continue to have debt service obligations in both U.S. dollar and pound sterling. Management monitors our exposures to these currency risks and generally employs operating and financing activities to offset these exposures where appropriate. If we do not have operating or financing activities to sufficiently offset these exposures, from time to time, we may employ derivative financial instruments such as swaps, collars, forwards, options or other instruments to limit the volatility to earnings and cash flows generated by these exposures.

Our primary foreign currency exposure relates to the pound sterling to U.S. dollar exchange rate due to a significant proportion of our sales being to U.S. dollar denominated markets. However, the foreign currency exposures also relate, but are not limited to, the euro, Australian dollar, Canadian dollar, Chinese renminbi and Japanese yen. While we incurred 55.7% of our operating costs in pound sterling for the year ended December 31, 2023, we are also subject to cost based currency exposure in relation to the euro due to a significant portion of our costs sustained in this currency for the year ended December 31, 2023. As of December 31, 2023, 91.6% and 8.4% of our gross debt was denominated in U.S. dollar and pound sterling, respectively.

It is our policy that significant transaction exposures are hedged. Accordingly, management identifies and measures our exposure from transactions denominated in other than our own functional currency. Management calculates our net exposure on a cash flow basis considering anticipated revenues and expenses. Foreign currency exposures, up to a maximum period of five years, are progressively hedged using forward contracts.

Liquidity Risk

We seek to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to allow investment cash assets safely and profitably. Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. See "*Risk Factors—Risks Relating to Our Business and Industry—We may not be able to generate sufficient cash to fund our capital expenditures and sustain our* *operations, or to satisfactorily meet our other liquidity requirements*" and "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—Our business model assumes the Wholesale Finance Facility is, and similar replacement financing arrangements will be, available on an ongoing basis. Certain liquidity risks as well as the loss of our ability to draw under these or similar facilities or the applicable credit insurance backing could adversely affect our liquidity and therefore have a material adverse effect on our business.*" A significant part of our capital expenditure is contracted or necessary in order to maintain our business.

Critical Accounting Policies

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as of 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 our accounting policies, management has made certain estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

(1) impairment of finite life intangible assets;

(2) the measurement of defined benefit pension assets and obligations; and

(3) the recognition of deferred tax assets.

Impairment of Finite Life Intangible Assets

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

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

Measurement of Pension Assets and Obligations

There are a range of assumptions that could be made, and the measurement of defined benefit pension assets and obligations are very sensitive to these. 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.

Recognition of Deferred Tax Assets

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

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

In considering recoverability of the deferred tax assets, we rely on future forecasts, which inherently increases the level of significant estimation uncertainty in the later periods.

INDUSTRY

Market Overview

We primarily operate within the ULS vehicle market where we are positioned along with other key participants including Bentley, Ferrari, Lamborghini, McLaren and Rolls-Royce. Some of Aston Martin's models also compete with certain players within both the luxury and performance premium market.

Compared with the broader passenger vehicle market, the ULS vehicle market shares several characteristics with other luxury goods, such as brand heritage, prestige and exclusivity, aesthetics, appreciation of performance and quality. The luxury goods market is affected by global macro-economic conditions, but is more directly affected by population wealth, and wealth of HNWIs and UHNWIs. Given the significant cost and high degree of customization of vehicles offered within the ULS, its customers tend to be HNWIs and UHNWIs.

The ULS vehicle market can be broken down by price range and degree of sporting characteristics. Classifications include hypercars, supercars, sports cars, GT cars, super GT cars, SUVs and sedans. ULS vehicle brands are considered to be those with an average selling price of over £100,000. Historically, customers have typically purchased ULS vehicles as incremental vehicles, particularly supercars and focused sports cars, which may only be driven on special occasions or purchased as trophy assets and driven rarely to preserve their value and condition. The driving characteristics and more limited comfort levels typically found in supercars and focused sports cars may also limit their utility as a regular means of transport. At the other end of the spectrum, less aggressive sports cars and GT cars, which have a greater focus on comfort and drivability, may be purchased as everyday driving cars, as weekend cars, or, in the case of more versatile four-seater models, sedans and increasingly SUVs, they may even be used as family vehicles and will often be purchased as a primary household vehicle. At the top of the ULS vehicle market are hypercars and special editions. These products are produced in very limited volumes, are priced at significant premiums and can appreciate quickly following their initial sale. Most ULS manufacturers use these models to provide a 'halo' effect for their product range alongside introducing new technologies which can then be applied to the broader product range.

Manufacturers in the ULS can be separated into exclusive luxury brands and large automotive companies with certain luxury product derivatives. Exclusive luxury brands follow a low-volume production strategy to maintain a reputation of exclusivity and scarcity and to promote premium pricing. Due to the relatively small size of the ULS, new product offerings tend to drive overall volume growth. Consequently, market share is not as critical compared to other segments of the automotive market.

Established and Developing Markets

Established markets (United States, Japan, Germany) benefit from high HNWI density, advanced infrastructure and generally high brand awareness. Within the North American market particularly, ULS vehicle market growth in future years is expected to be supported, in part, by increased penetration of luxury SUVs into a customer base with a strong affinity for SUV ownership.

In addition, developing markets, such as China and the wider Asia Pacific region, are rapidly gaining importance within the ULS vehicle market. Growing wealth, changing demand patterns, and significant infrastructure investments have led to an increase in demand in these markets. This trend is also likely to be supported by increasing number of working women with high incomes in these countries, which leads to a correspondingly higher household income, as well as a general corresponding increase of motor vehicle ownership per capita.

As a result, there is an increasing number of HNWIs within developing markets who represent potential purchasers for the ULS vehicle market. This is especially true in China, where there have been rising levels of affluence and growth in luxury goods consumption. Changing customer preferences in the Chinese ULS vehicle market, including an increased propensity towards SUV ownership and a choice to drive oneself rather than using a chauffeur, are expected to drive greater demand for luxury SUVs within this market in the future. These trends are also being seen in some established markets, including Japan. Lastly, brand recognition and customer experience is particularly relevant in developing markets, given that only a few brands are widely recognized.

Competitive Position

Competition in the ULS vehicle market is concentrated in a relatively small number of producers, which include large automotive companies with respect to certain brands under their ownership, as well as exclusive luxury manufacturers, like us, which are exclusively focused on luxury vehicles.

Key competitors within this segment include Ferrari, Lamborghini, Bentley, Rolls-Royce and McLaren. In addition to these main players, certain premium manufacturers also produce a small number of higher priced vehicles that compete with vehicles in the lower price bracket of our range in terms of price and performance (for example, the Porsche 911 Turbo). Competition in the ULS vehicle market is mainly driven by the strength and differentiation of the brand, the appealing styling, performance and innovation of the vehicles and the regular renewal of model offerings in order to continually stimulate customer demand.

The luxury automotive market consists of a number of key segments, including GT, sports, super GT, SUV, mid-engine supercar, mid-engine hypercar and sedan. The following table sets out our models that serve each of the key segments and certain illustrative current corresponding models from other producers. We believe we are one of the few luxury automotive manufacturers to offer a product in each of these segments, enabling us to appeal to a broader range of HNWIs than some of the other ULS manufacturers. See "*Summary—Our Strengths—Comprehensive product portfolio driving margin improvement and deleveraging*."

	Aston Martin	Ferrari	McLaren	Lamborghini	Bentley	Rolls-Royce
GT / Super GT	DB12, DBS replacement, DBS770 Ultimate	Roma, 812GTS	GTS		Continental GTC, Bacalar	Wraith
Sport	Vantage		Artura			
SUV	DBX	Purosangue 2024E[1]		Urus	Bentayga	Cullinan
Mid-Engine Supercar	Valhalla	SF90, 296	750S, 765LT	Huracán, Revuelto		
Mid-Engine Hypercar	Aston Martin Valkyrie Programme	Icona, Daytona	Elva, Solus GT, Senna	Countach, Sian FKP 37		
Sedan					The Flying Spur	Phantom, Ghost

Source: Aston Marin H1'2022 presentation, relevant company information and websites
Note: 1. Not an SUV according to Ferrari, but a four-door four-seater car. Included here for comparison since competes in this market segment

Key Market Drivers

Number of HNWIs

The principal driver of the ULS vehicle segment is the number of HNWIs with the resources available to purchase ULS vehicles. Over the past decade, global economic growth and wealth creation, particularly in certain emerging economies, and rising levels of affluence and demand from the emerging middle and upper classes, particularly in the Asia Pacific region, have led to an increase in HNWIs.

We believe that age will continue to drive penetration of the HNWIs population into the ULS vehicle market in two main ways. First, individuals are entering the HNWI population at increasingly younger ages, thereby creating a larger market. Second, the older members of the HNWI population continue to demonstrate willingness to purchase vehicles in the ULS that are associated with cutting-edge style, appearance and performance. This youthful mentality supports demand for sports cars in the market of older members of the HNWI population. Additionally, the growing number of female HNWIs, and correspondingly higher household incomes, is expected to aid the growth of the ULS vehicle market.

Penetration of ULS among HNWIs

Economic growth, an increasing concentration of wealth, changing demand patterns and significant infrastructure investments are key drivers of demand for ULS vehicles worldwide.

A further driver for the ULS vehicle market is the ownership rate of ULS vehicles within the HNWI population. The growing availability of ULS vehicles, dealership network expansions and volume increases of original equipment manufacturers, as well as affordability and desirability of the vehicles are the main factors impacting ULS vehicle ownership rates among HNWIs. Improving infrastructure and increasing ULS product awareness among HNWI consumers is expected to drive penetration levels in emerging markets, where road and traffic constraints, wide-spread reliance on chauffeurs and lack of suitable racetracks have historically led to lower penetration levels than those in more established markets.

Limited Supply to Protect Brand Exclusivity and Pricing Power

ULS vehicle manufacturers often employ a low-volume production strategy, where production volume does not typically vary based on demand, but is rather based on volume targets established with the aim of maintaining a reputation of exclusivity and scarcity among purchasers of their vehicles. Manufacturers deliberately monitor and maintain their production volumes and delivery wait-times to promote their reputation, while being sensitive to local client expectations in particular markets.

In addition, manufacturers within this segment enhance the uniqueness of particular models through bespoke customization, variants and derivatives to meet the demands of their customers. This is in line with our ultra-luxury strategy and one of our key strengths. See "*Summary—Our Strengths—Bespoke and limited edition product offering*."

A low-volume strategy, combined with the quality and performance of the vehicles produced, has typically allowed ULS vehicle manufacturers to charge high average selling prices, which, through continuous improvement in performance, technology, quality and other features, have trended up over time.

New Product Launches and Economic Confidence

Given the significant financial resources available to the HNWI customer base, a key characteristic of the ULS vehicle market is that a considerable portion of demand is driven by new product offerings. These tend to create demand and drive sales volumes even in difficult market environments, as there is a desire of HNWI customers to own the latest models available. The introduction of new derivatives, such as a convertible or second powertrain derivatives, performance upgrades, new personalization options and improved quality helps maintain demand for ULS products through the lifecycle of the product. This strategy enables ULS manufacturers to continually deliver new product variants, thereby increasing consumer demand.

Consumer demand for passenger vehicles in general is affected by global economic conditions, which in turn affect consumers' disposable income, purchasing power and the availability of credit. Although the high disposable income and liquid wealth levels of the HNWI segment mean that ULS customers are less affected by the economic cycle, other factors, such as uncertainty of economic outlook and declining return on investments driven by recent macro-economic headwinds from COVID-19 have had an effect on customers' willingness to buy ULS vehicles.

Increased Breadth of ULS Product Offering

Consistent with the changing demographics of the HNWI population, with an increased emphasis on the Asia Pacific region and a greater proportion of women and younger individuals, customer tastes and preferences in the ULS vehicle market have also evolved in recent years. Increasingly, in addition to those customers seeking the exceptional performance and driving pleasure characteristic of sports cars within the ULS vehicle market, there is growing demand for vehicles offering the versatility and comfort typically associated with SUVs and sedans.

Luxury SUVs in particular are a rapidly growing segment of the ULS vehicle market. A number of producers, including ourselves, Bentley, Lamborghini and Rolls-Royce, have developed models to capture the significant customer demand that has historically been met by certain product derivatives of large automotive companies. Furthermore, existing ownership of SUVs among the ULS vehicle customer base is expected to support the increased penetration of luxury SUVs, as producers target HNWIs seeking to upgrade their existing vehicles.

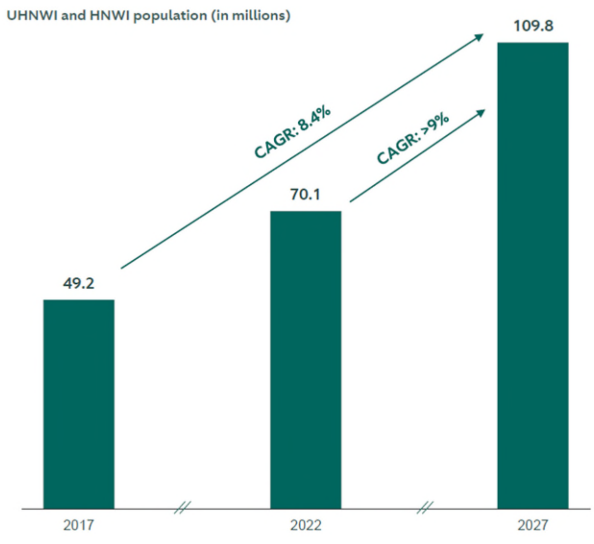
Brand Recognition and Customer Experience

Manufacturers within the ULS have strong brand recognition, built through a history of iconic, exclusive products and associations within the motorsport industry. We believe this brand recognition and history provides a barrier to entry into the ULS vehicle market. Brand recognition is enhanced through continued improvements in product offerings, restoration and maintenance of heritage products, participation within the motorsport industry and selective marketing activities to increase brand awareness.

Consistent with the broader luxury goods industry, brand centers and retail stores, often curated in partnership with other luxury goods brands, are increasingly important for ULS brands, by enhancing the visibility of the brand and helping to perpetuate an aspirational “lifestyle” choice for customers in conjunction with other bespoke brand experiences. With an increasingly youthful and brand-conscious HNWI customer base, tailored customer engagement strategies are becoming more prevalent in the ULS vehicle market to provide a more exclusive and immersive luxury experience for owners.

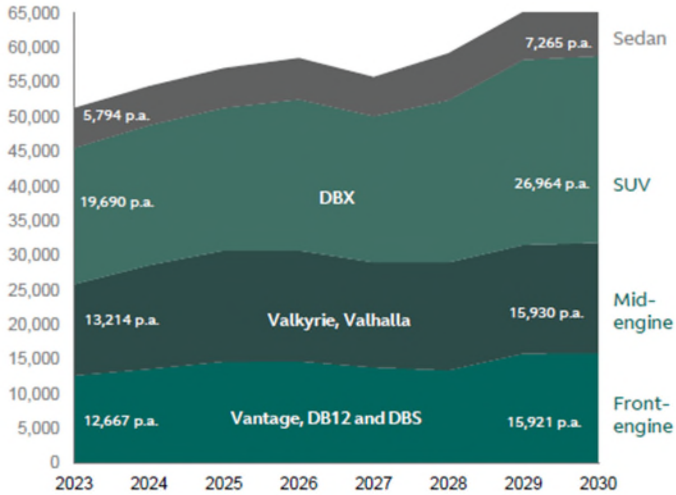
Current Trends

Compared with the broader passenger vehicle market, the ULS has historically shown higher and more resilient growth, with demand less affected by global macroeconomic conditions, but rather driven by population wealth and an increasing number of UHNWIs and HNWIs. The global UHNWI market is forecast to continue growing, particularly more millennials and women, increasing by 28.1% from approximately 626,619 UHNWIs globally in 2023 to approximately 802,891 in 2028, according to the 2024 Knight Frank Wealth Report. This is expected to be driven by 38.3% growth in Asia and 28.3% growth in the Middle East. Similarly, the HNWI population is expected to grow, as shown by the below chart.



source: the 2023 Knight Frank Wealth Report

Luxury SUVs are becoming an increasing part of premium vehicle makers’ offerings, as automakers have observed an underlying divergence in vehicle demand driven by shifting customer preferences. The SUV segment is expected to show the strongest growth momentum with sales expected to rise approximately 36.9% from 19,690 sales per year in 2023 to 26,964 sales per year by 2030, according to S&P Global Mobility forecasts published in May 2023. Sales of mid-engine vehicles are expected to grow by approximately 20.6% to 15,930 sales in 2030 from 13,214 sales in 2023 and sales of front-engine vehicles are expected to grow by approximately 25.7% to 15,921 sales in 2030 from 12,667 sales in 2023. In addition, use of traditional ICE is expected to decline over the course of the decade, with PHEVs and BEVs rising in popularity.



Note: Includes content from S&P Global Mobility Luxury Performance Vehicle Forecast, May 2023. The forecasts provided herein are based on information available at the time of its publication in May 2023. Please be aware that circumstances and data have evolved, potentially leading to changes in the forecasts since May 2023.

Other Themes (Carbon emissions and electrification)

Within the broader passenger vehicle market, the adoption of stringent emissions and economy targets by regulators combined with a consumer preference to save money on fuel has driven growth in the development and production of more fuel-efficient vehicles. In addition, consumers' increasing social and environmental awareness is affecting their vehicle purchase choices. These factors are leading to a significant increase in demand for both hybrid and electric vehicles.

Cost remains a limiting factor in the demand for electric vehicles, but advancements in BEV technology are closing the gap to conventional internal combustion powertrains. The penetration level of electric vehicles in the near-term will depend on the quality and volume of technological breakthroughs, and therefore is difficult to project. However, in the longer term, a marked shift in automotive powertrains is expected, with both governments and original equipment manufacturers announcing longer term targets towards further reducing CO_2 emissions and increasing the adoption of electric vehicles.

In recent years, the shift towards electrification has progressively reached the ULS vehicle market, and many producers have committed to developing hybrid and fully electric cars in the near future. Other luxury high-performance manufacturers have sought to address this market through hybridization of hypercars and sports cars (including the Ferrari LaFerrari & SF90, the Porsche 918 and the McLaren P1).

BUSINESS

Overview

Aston Martin is an iconic, globally recognized brand, with a unique position transcending ultra-luxury and high-performance. For more than 110 years, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our vehicles sit primarily within the ULS vehicle market, 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 in ICE, hybrid and BEV technologies. We believe our rich and prestigious heritage of delivering beautiful awe-inspiring vehicles defines Aston Martin as something truly unique within the automotive industry.

We sell vehicles worldwide from our manufacturing facilities in Gaydon, England and St Athan, Wales. Our current model line-up comprises four core models: (i) the Vantage sports car, (ii) the DB12 super tourer, (iii) the DBS V12 Flagship and (iv) the luxury DBX SUV. The majority of our sports cars are available in different core models (derivatives), including coupe and convertible models. 2024 will see the completion of our line-up of two additional next generation, front-engine sports cars, starting with the new Vantage launched in February 2024. In addition to the core range, we also regularly produce limited edition exclusive Specials, that are highly sought after amongst an active global community of automotive collectors and enthusiasts and which are typically sold at a higher price than our core models.

2021 was a year in which we redefined Aston Martin as one of the world's most desirable ultra-luxury British performance brands, under the stewardship of our Executive Chairman, Mr Lawrence Stroll, who was appointed to the role in 2020. Retail sales made through dealers reached their highest level since 2007 and our growth in the ultra-luxury SUV segment was another global success. Since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, despite increased competition within the segment. This position was expected to be further strengthened by new derivatives, including the DBX 707, the world's most powerful ultra-luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), in February 2022. For the year ended December 31, 2023, the DBX 707 represented 71% of our SUV wholesales compared to 52% of our SUV wholesales for the year ended December 31, 2022.

In 2021, we celebrated the brand's return to F1™ for the first time in more than 60 years through the sponsorship of the Aston Martin F1™ Team with the Vantage F1™ Edition, the first ever Aston Martin road vehicle to receive the F1™ badging. At a time when the sport is enjoying rising popularity, F1™ is a powerful global platform that is playing a key part in the overall Aston Martin strategy—increasing brand awareness, relevance and desirability, while accelerating technological development and digital transformation. In November 2023, in the build-up to the F1™ Las Vegas Grand Prix, we displayed the AMR23 F1™, DBX707 and DB12 on the Las Vegas MSG Sphere, the largest LED screen on earth and visible from space. This partnership with the F1™ Las Vegas Grand Prix was our largest F1™ marketing presence. This partnership continues into the 2024 season with the official new team name "Aston Martin Aramco Formula One™ Team" reflecting the new title sponsor, with 24 races scheduled. 2023 retail data shows that nearly a quarter (24%) of our customers are selecting one of our nine exclusive shades of green for their vehicle, with the official Aston Martin Racing Green color currently being the number one choice.

We also have strategic collaborations with partners, including our recent 2023 Lucid Partnership for the supply of the Lucid Technology. Access to Lucid's powertrain and battery technology will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercars to SUVs. We intend to develop a blended drivetrain approach between 2025 and 2030, developing a clear path to having a line-up of electric sports cars and SUVs. In 2023, we were awarded £9 million of government funding through the Advanced Propulsion Centre UK. The production of our first PHEV, namely the Valhalla, is scheduled for 2024, marking a key step in the electrification of our world-class product portfolio. Further, with our technical partnerships now in place, our first BEV is targeted for launch in 2026, benefitting from the very best high-performance technologies available. This aligns with our strategy to continue introducing new breath-taking ultra-luxury high-performance core models and Specials, while also keeping up with the developments in our regulatory environment and our market.

In addition to our Lucid Partnership, we entered into the MBAG Partnership for the supply of the MBAG Technology, which is crucial for the creation of our current and next generation vehicles, and a technical partnership with Mercedes-Benz Group for the supply of V8 engines.

2023 was a landmark year, where we celebrated our 110th anniversary with a series of unique global events bringing our community of customers even closer to our brand. Aligned with our vision of creating the most comprehensive product portfolio in our segment, we launched the highly acclaimed DB12 in 2023. We have seen a clear demonstration of DB12 and our other ultra-luxury vehicles addressing the growing demand for unique personalized products driving increased options revenue while also attracting new customers to the brand. The model was recently awarded "Car of the Year" for 2024 by Robb Report and confirmed by Autocar magazine as a true "Super GT," driving re-appraisal of Aston Martin amongst new audiences, whilst engaging loyal customers. The demand for our anniversary Special, the Valour, has also demonstrated our brand's unique ability to operate at the very pinnacle of the ULS, something also exemplified by further Specials such as the DBR22, the Aston Martin Valkyrie, including the first Aston Martin Valkyrie Spider, and our 110th anniversary special edition, the Valour.

DBX707 continued to win awards, named "Best Exclusive & Luxury Car" at the prestigious Auto vum Joer awards in Luxembourg, and was announced as the new Official FIA Medical Car of F1™ in conjunction with the start of the 2023 World Championship season. The transformational demand for our high-performance DBX707 since its launch in 2022 underpins the next phase of the model's evolution, now the sole SUV model marketed. We celebrated the success of the Aston Martin F1™ Team with the release of an exclusive DBX707 AMR23 Edition of the world's most powerful ultra-luxury SUV based on horsepower (compared to SUVs from Bentley, Lamborghini and Rolls-Royce). Named after our F1™ challenger, the AMR23 Edition creates a DBX707 that shares a racing identity with both the AMR23 F1™ car and the Official Medical Car of F1™. Furthermore, we continued implementation of our renewed "corporate identity" across our global distribution network including the opening of our first ultra-luxury flagship "Q New York" on 450 Park Avenue, in New York City in June 2023. The new location brings our bespoke service, "Q by Aston Martin" to North America for the first time, providing a sophisticated luxury specification experience. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

To further strengthen our high-performance DNA, in October 2023, we announced our participation in the 2025 24 Hours of Le Mans race in the Hypercar class with a racing prototype version of our Hypercar, the Aston Martin Valkyrie.

Our Strengths

An iconic ultra-luxury high-performance brand with over 110 years of heritage

Aston Martin is an iconic, ultra-luxury, high-performance British brand with over 110 years of heritage, synonymous with style, performance and exclusivity. We combine the latest technology, craftsmanship and styling to produce some of the most beautiful and accomplished cars in the world. Founded in London in 1913, Aston Martin has a long heritage of exceptional design, engineering and manufacturing of ULS and GT vehicles as well as a longstanding racing pedigree. Our brand is also closely associated with the iconic James Bond film franchise, having featured in numerous films over the course of several decades. The latest film, *No Time to Die*, was released in September 2021 and features four Aston Martin vehicles – the DB5, V8, DBS and Valhalla.

Our brand exposure, perception and desirability are strengthened by a strong, passionate, loyal and fast-growing UHNWI customer base, which has been significantly increased by the return of the Aston Martin brand to the F1™ grid for the first time since 1960, through the sponsorship of the Aston Martin Formula One™ Team. The positive impact that the return to F1™ has had on our brand can be seen from a continued increase in brand visibility, with a year-on-year rise in television exposure. As of December 31, 2023, approximately 88% of premium and luxury vehicle buyers in the United Kingdom, United States, Germany, Austria and Switzerland, China and Japan had an interest in F1™. In addition, the Vantage F1™ Edition and the DBX707 have received heightened global exposure through their new roles as Official Safety and Medical Cars of F1™, whereby we have seen a 20% increase in people submitting configurator specifications to dealers from our website on F1™ weekends.

As our brand continues on the path to becoming the world's most desirable ultra-luxury British performance brand, we continue the implementation of our renewed "corporate identity" across our global distribution network, focusing on ultra-luxury facilities across our network. Capitalizing on the prevailing trend of personalization within the realm of luxury goods, our Q by Aston Martin bespoke division has helped to increase options revenue whilst providing the tailored service our clientele seek. This included the opening of our first ultra-luxury flagship "Q New York" on 450 Park Avenue, in New York City in June 2023. The new location brings our bespoke service, "Q by Aston Martin" to North America for the first time, providing a sophisticated luxury specification experience. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers. We intend to continue the expansion of our ultra-luxury retail strategy in 2024, which includes the opening of our new showroom at The Peninsula Hotel in Tokyo and, building on the success of Q New York, the opening of a second flagship in London at a high-profile location.

Our brand portfolio includes some of the most acclaimed vehicles of recent times, including a core range of sports cars and GTs in addition to our ultra-luxury SUV. Our product range is further differentiated through our limited-edition Special vehicles. Specials continue to play a significant role in our product portfolio, demonstrating our ability to operate at the very highest level of the luxury automotive segment. Recent Specials include the Aston Martin Valkyrie, including the first Aston Martin Valkyrie Spiders, the production of DBR22 and the 110th anniversary celebration Valour. We benefit from a virtuous cycle, where the success of our Specials demonstrates the strength and global appeal of our brand, whilst enhancing it even further.

Comprehensive product portfolio driving margin improvement and deleveraging

In 2023, we delivered upon significant strategic milestones, operational objectives and financial targets, driven by continued strong demand for our vehicles. Our rich mix of sales, driven by our ongoing commitment to product innovation, supported significant growth in average selling price ("*ASP*"). From 2019 to 2023, the ASP of our vehicles (including Specials) has increased from £149,000 to £231,000, an increase of 55.0%. This, combined with our ongoing portfolio transformation, resulted in a significantly enhanced gross margin, with gross profit margins being 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023.

Our ability to differentiate our products in a highly competitive market has been key to the upward trajectory in our ASP. We do this by relying on the strength of our brand and its unique history, prioritizing our product in terms of its technological prowess and high-quality characteristics, improving our brand exposure through sponsorships such as the Aston Martin Formula One™ Team, and by offering unparalleled customization options to our customers through our flagship "Q by Aston Martin" service. "Q by Aston Martin" is our ultimate bespoke personalization service, providing optionality for customers to personalize their vehicles beyond the scope of the core option range and even commission their own unique model. It allows us to not only appeal to a wider range of customers by offering greater customization to appeal to a broader range of tastes, it also provides us with a valuable additional source of revenue, driving both our ASP and our gross margin.

In July 2021, we launched our online configurator, enabling customers to personally select their own unique specification for each Aston Martin model. The award-winning configurator continues to perform strongly, with an increase of 19% in sales leads generated for the year ended December 31, 2023, compared to the year ended December 31, 2022, including the introduction in 2023 of an F1™ environment. Our configurator has always been designed to engage, excite and inspire, with more than half of our customers using this digital tool during their purchase journey.

Alongside our customization offering, we deploy a comprehensive product portfolio that allows us to cater to customers in different segments of the ULS vehicle market. Our current model line-up comprises four core models, including the DBS, our flagship V12, the DB12, our new super tourer, the Vantage, our iconic sports car, and the DBX, our ultra-luxury SUV. The breadth of our offering – we have the most comprehensive portfolio of vehicles in the ultra-luxury SUV market – has allowed us to cater to customers across the spectrum of the ULS. For instance, since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market. We have further strengthened this position via new derivatives, including the DBX 707, the world's most powerful luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), launched in February 2022.

We plan to further build upon the strength of our product lineup with the launch of additional models in currently untapped categories in the near future. For instance, Valhalla, our award-winning mid-engine hypercar, unveiled in July 2021, is currently on course to enter production before the end of 2024. Similarly, the first deliveries of the Aston Martin Valkyrie Spider and Valour commenced in the second half of 2023. The development of our 2024 product portfolio with the completion of our line-up of next generation, front-engine sports cars, including the recently unveiled Vantage in 2024, and the continuation of our Specials program and other developments, will support the delivery of our near- and medium-term financial targets.

Ultra-luxury dealer network providing global access to the growing and resilient UHNWI market

We have an extensive third-party dealer network which is the primary means through which we sell our vehicles to customers and which we believe allows us to access the growing number of UHNWIs globally. Our dealer network is a key stakeholder in our business, and our dealer strategy is premised on our belief that the integrity and success of our brand are dependent on the responsible and careful selection of dealers. Therefore, we develop strategic and stable partnerships with highly professional, carefully selected and customer-centric retail partners.

In 2023, we continued the implementation of our renewed "corporate identity" across our global distribution network, commencing a program of investment from our dealer partners in their ultra-luxury facilities. Given our current sales growth, we anticipate that the there will be an increase in the average sales per dealer and a consequent increase in the after-sales business, resulting in increased dealer profitability and allowing us to realize appropriate returns on our investment.

To maintain the quality of the dealer network, we have a rigorous program in place to educate, develop and monitor dealer owners and managers, in order to ensure they deliver a world-class luxury customer experience and consistent brand presentation. Aston Martin standards are measured and maintained through the implementation of our "Dealer Operating Standards" which cover all areas of the business and are fundamental to providing the ultra-luxury customer experience. Our dealer strategy is designed to ensure no capital investment by us is required in our dealer network, while maintaining a certain level of control over it. This allows us to sustain an expansive dealer network with ultra-luxury facilities, while maintaining a disciplined approach to capital expenditure. We have Regional Presidents across all our main geographies who are responsible for maintaining the relationships with our dealers.

Our dealer network is well established and developed with 163 dealers representing our brand across 53 countries as of December 31, 2023. In the year ended December 31, 2023, our top five dealer groups represented approximately 20% of our core wholesale volumes. All new dealers were chosen based on historical performance, financial strength, commitment to customer service and an understanding of luxury goods marketing and brand development. New dealers have recently been appointed in Germany and Italy where clear incremental ultra-luxury market opportunities had been identified by us and partners who met all of our dealer requirement criteria were selected through a stringent selection process. An important strength of our dealer network is its geographical reach, with worldwide distribution of dealerships as of December 31, 2023 as follows:

Number of dealerships	**As of December 31, 2023**
United Kingdom and South Africa	20
EMEA (excluding United Kingdom)	54
Americas	44
APAC	45
Total	**163**

We believe that the geographical reach of our dealer network allows us to access the growing and robust UHNWI market globally. Compared with the broader passenger vehicle market, the ULS has historically shown higher and more resilient growth, with demand less affected by global macroeconomic conditions, but rather driven by population wealth and an increasing number of UHNWIs. The global UHNWI market is forecast to continue growing, particularly more millennials and women, increasing by 28.1% from approximately 626,619 UHNWIs globally in 2023 to approximately 802,891 in 2028, according to the 2024 Knight Frank Wealth Report. This is expected to be driven by 38.3% growth in Asia and 28.3% growth in the Middle East. Between 2022 and 2023, the global UHNWI market grew on average with 4.2%, driven by a 7.2% growth in North America, our largest market by wholesales. Our global dealer network strongly positions us to capitalize on this growth.

Innovative partnerships providing access to cutting edge technology

We believe that carefully chosen partnerships are critical to ensuring technical expertise, brand strength and future growth. Access to cutting edge technology is critical and one of our most important competitive advantages.

We have chosen strategic collaborations with partners including Mercedes-Benz Group and its wholly-owned subsidiary, MBAG. We have a technical partnership with Mercedes-Benz Group for the provision of certain engines, electrical/electronic architecture ("*E/E architecture*") and entertainment systems. Mercedes-Benz Group provides us with the modified M177 engine, a bespoke V8 powertrain engine for the DB12, DBX and Vantage ranges and all E/E architecture for our vehicles until 2026 (in the case of GT and sports cars). In addition, the E/E architecture of most of our previous core models is built around Mercedes-Benz Group components and networks, delivering infotainment, body electronics, safety systems and powertrain controls.

In June, 2023, and in October, 2020, we entered into a new strategic supply agreement with, respectively, Lucid and MBAG. Both the Lucid Partnership and the MBAG Partnership are critical components in our high-performance electrification strategy. Our recent 2023 Lucid Partnership for the supply of the Lucid Technology provides us with access to Lucid's powertrain and battery technology, which will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercars to SUVs. In addition, under the MBAG Partnership, we also have access to MBAG's powertrain and E/E architectures, which are crucial for the creation of our next generation ICE vehicles, PHEVs and BEVs. Both partnerships underpin our electrification strategy which includes targets (i) to launch our first BEV in 2026 and (ii) develop a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio.

These partnerships de-risk our investments in E/E architecture and powertrain architecture for conventional ICE vehicles, PHEVs and BEVs and allow us to avoid the very substantial additional investment that would be required if those technologies were developed solely in-house.

Bespoke and limited edition product offering

Our new corporate identity focuses on lower volume manufacturing and an ultra-luxury offering, which capitalizes on our iconic brand to drive higher ASP and margins. We increased our ASP from £149,000 in 2019 to £231,000 in 2023, and believe we can increase it further by focusing on our ULS product range, Specials and bespoke customization options.

We regularly produce Specials that are highly sought after amongst an active global community of automotive collectors, enthusiasts and investors, and which are sold at a far higher price than our core models. Specials are embedded in our future product roadmap, not only to provide our most distinguished loyal customers with a state-of-the-art offering and a focus on personalization, but also to serve as halo products that boost brand desirability. Specials such as the Aston Martin Valkyrie hypercar and the hybrid supercar Valhalla further drive the ASP of our portfolio. Specials are typically oversubscribed and require a substantial deposit to reserve a vehicle. For instance, the DBS 770 Ultimate, the most powerful Aston Martin production car ever, was unveiled in January 2023, and all examples were sold out before production commenced in 2023. Valour, which was launched to mark the occasion of our 110th anniversary and limited to 110 units globally, sold out within two weeks.

We are also seeing rising demand for unique and bespoke personalized products amongst luxury customers, such as custom paint and interior trim colors, to distinguish their vehicle from others in the ULS vehicle market. Our bespoke personalization service, "Q by Aston Martin," provides customers with the ability to personalize their Aston Martin beyond the scope of the core option range, and even commission their own unique model. This service allows us to not only tap additional demand by catering to an increased range of customer preferences, it also increases our ASP and improves our unit economics by increasing our margin per vehicle. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

World-class supply base

Our high-quality strategic suppliers are identified and sourced across multiple platforms. Over the past few years, we have undertaken a transformative program focusing on building long-term strategic partnerships with suppliers in order to champion continuous development to deliver new innovations.

We select suppliers for our core models based on who can deliver the best total delivered cost and on the innovative products and solutions they can provide. Suppliers are sourced early in the product development process to ensure cost, quality and delivery targets are met. Sourcing suppliers across multiple platforms helps to de-risk future models and enables the strategic development of components. By virtue of our in-house leather trimming and assembly capabilities, we are able to elect to "make or buy" a number of interior trimmed components, giving us more leverage when negotiating with potential suppliers. In 2022, we entered into a supplier agreement with Bowers & Wilkins pursuant to which the newly developed Bowers & Wilkins Surround Sound System has been integrated into our vehicles, debuting in the DB12, the first of our next generation sports cars. In 2021, we signed tier 1 supplier partnerships with Michelin, Bosch, Mavel, and Dana-Graziano to ensure long-term agreement with superior quality and innovation. We are currently working closely with Apple to introduce the next generation of Apple CarPlay to our models in 2024.

Focus on operational efficiency, strategic shareholding and investment control to support positive future cash flow generation and future deleveraging

We are committed to pursuing available revenue-generating opportunities in a manner that generates high incremental return on our investments. Our multi-year focus on optimizing our operations and supply chain has already increased our efficiency and reduced costs. We intend to continue prioritizing a disciplined capital investment strategy founded on a lower cost structure model, with lower sales combined with premium pricing power to increase revenue generation, cash flows and margins.

Our focus on efficiency has allowed us to increase our gross profit margin, which was 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023. We have also increased our Adjusted EBITDA from £134 million in 2019 to £306 million in 2023. All of this strongly positions us to increase our free cash flow and deleverage. We expect that advances, such as our modular based engineering employing a "Carry Over-Carry Across" ("*COCA*") principle, which allows us to use shared systems and components to reduce engineering complexities, will result in additional cost-saving and model synergies going forward. The modular architecture, which employs a COCA principle for key systems and components is the backbone of our current product portfolio and is planned to form the basis for a further cycle of new model introductions. We have a standardized new product introduction process ("*MISSION*"), which is a system of project gateways with clear deliverables to ensure adherence to all program targets, such as quality, cost and delivery. As a result of our in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, we can ensure a rapid time to market from design conception to launch, at what we believe to be a lower cost than typically required in the industry, while maintaining adherence to the designers' concepts. In addition, our core vehicles are based on an advanced aluminum body structure, which utilizes lightweight aerospace technologies and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models, with limited additional investment. We also utilize a number of common structures, reducing tooling investment and improving quality for new model production. These features allow us to ramp up production of different models as demand dictates, while keeping fixed costs low and providing flexibility to our business.

We have also strengthened our balance sheet via the raising of approximately £2.0 billion in aggregate since April 2020. This amount includes £79.0 million of consideration in kind in exchange for the Lucid Technology and £140.0 million of consideration in kind in exchange for the MBAG Technology. Our long term strategic investors such as MBAG, Lucid, Geely and PIF, provide us with the ability to procure vital technology and expertise while retaining a disciplined investment strategy.

In addition, we believe our disciplined capital investment levels will further benefit from our focus on lower-volume manufacturing, designed to cater to the high-growth and high-margin segments of the ULS vehicle market. For the year ending December 31, 2024, our total capital expenditures are expected to be approximately £350 million, which would represent a 11.8% decrease compared to the year ended December 31, 2023. The majority of this expenditure relates to new product development to support our growth strategy including electrification.

Our Strategies

An iconic ultra-luxury high-performance brand with over 110 years of heritage

Aston Martin is an iconic, ultra-luxury, high-performance British brand with over 110 years of heritage, synonymous with style, performance and exclusivity. We combine the latest technology, craftsmanship and styling to produce some of the most beautiful and accomplished cars in the world. Founded in London in 1913, Aston Martin has a long heritage of exceptional design, engineering and manufacturing of ULS and GT vehicles as well as a longstanding racing pedigree. Our brand is also closely associated with the iconic James Bond film franchise, having featured in numerous films over the course of several decades. The latest film, *No Time to Die*, was released in September 2021 and features four Aston Martin vehicles – the DB5, V8, DBS and Valhalla.

Our brand exposure, perception and desirability are strengthened by a strong, passionate, loyal and fast-growing UHNWI customer base, which has been significantly increased by the return of the Aston Martin brand to the F1™ grid for the first time since 1960, through the sponsorship of the Aston Martin Formula One™ Team. The positive impact that the return to F1™ has had on our brand can be seen from a continued increase in brand visibility, with a year-on-year rise in television exposure. As of December 31, 2023, approximately 88% of premium and luxury vehicle buyers in the United Kingdom, United States, Germany, Austria and Switzerland, China and Japan had an interest in F1™. In addition, the Vantage F1™ Edition and the DBX707 have received heightened global exposure through their new roles as Official Safety and Medical Cars of F1™, whereby we have seen a 20% increase in people submitting configurator specifications to dealers from our website on F1™ weekends.

As our brand continues on the path to becoming the world's most desirable ultra-luxury British performance brand, we continue the implementation of our renewed "corporate identity" across our global distribution network, focusing on ultra-luxury facilities across our network. Capitalizing on the prevailing trend of personalization within the realm of luxury goods, our Q by Aston Martin bespoke division has helped to increase options revenue whilst providing the tailored service our clientele seek. This included the opening of our first ultra-luxury flagship "Q New York" on 450 Park Avenue, in New York City in June 2023. The new location brings our bespoke service, "Q by Aston Martin" to North America for the first time, providing a sophisticated luxury specification experience. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers. We intend to continue the expansion of our ultra-luxury retail strategy in 2024, which includes the opening of our new showroom at The Peninsula Hotel in Tokyo and, building on the success of Q New York, the opening of a second flagship in London at a high-profile location.

Our brand portfolio includes some of the most acclaimed vehicles of recent times, including a core range of sports cars and GTs in addition to our ultra-luxury SUV. Our product range is further differentiated through our limited-edition Special vehicles. Specials continue to play a significant role in our product portfolio, demonstrating our ability to operate at the very highest level of the luxury automotive segment. Recent Specials include the Aston Martin Valkyrie, including the first Aston Martin Valkyrie Spiders, the production of DBR22 and the 110th anniversary celebration Valour. We benefit from a virtuous cycle, where the success of our Specials demonstrates the strength and global appeal of our brand, whilst enhancing it even further.

Comprehensive product portfolio driving margin improvement and deleveraging

In 2023, we delivered upon significant strategic milestones, operational objectives and financial targets, driven by continued strong demand for our vehicles. Our rich mix of sales, driven by our ongoing commitment to product innovation, supported significant growth in average selling price ("*ASP*"). From 2019 to 2023, the ASP of our vehicles (including Specials) has increased from £149,000 to £231,000, an increase of 55.0%. This, combined with our ongoing portfolio transformation, resulted in a significantly enhanced gross margin, with gross profit margins being 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023.

Our ability to differentiate our products in a highly competitive market has been key to the upward trajectory in our ASP. We do this by relying on the strength of our brand and its unique history, prioritizing our product in terms of its technological prowess and high-quality characteristics, improving our brand exposure through sponsorships such as the Aston Martin Formula One™ Team, and by offering unparalleled customization options to our customers through our flagship "Q by Aston Martin" service. "Q by Aston Martin" is our ultimate bespoke personalization service, providing optionality for customers to personalize their vehicles beyond the scope of the core option range and even commission their own unique model. It allows us to not only appeal to a wider range of customers by offering greater customization to appeal to a broader range of tastes, it also provides us with a valuable additional source of revenue, driving both our ASP and our gross margin.

In July 2021, we launched our online configurator, enabling customers to personally select their own unique specification for each Aston Martin model. The award-winning configurator continues to perform strongly, with an increase of 19% in sales leads generated for the year ended December 31, 2023, compared to the year ended December 31, 2022, including the introduction in 2023 of an F1^{TM} environment. Our configurator has always been designed to engage, excite and inspire, with more than half of our customers using this digital tool during their purchase journey.

Alongside our customization offering, we deploy a comprehensive product portfolio that allows us to cater to customers in different segments of the ULS vehicle market. Our current model line-up comprises four core models, including the DBS, our flagship V12, the DB12, our new super tourer, the Vantage, our iconic sports car, and the DBX, our ultra-luxury SUV. The breadth of our offering – we have the most comprehensive portfolio of vehicles in the ultra-luxury SUV market – has allowed us to cater to customers across the spectrum of the ULS. For instance, since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market. We have further strengthened this position via new derivatives, including the DBX 707, the world's most powerful luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), launched in February 2022.

We plan to further build upon the strength of our product lineup with the launch of additional models in currently untapped categories in the near future. For instance, Valhalla, our award-winning mid-engine hypercar, unveiled in July 2021, is currently on course to enter production before the end of 2024. Similarly, the first deliveries of the Aston Martin Valkyrie Spider and Valour commenced in the second half of 2023. The development of our 2024 product portfolio with the completion of our line-up of next generation, front-engine sports cars, including the recently unveiled Vantage in 2024, and the continuation of our Specials program and other developments, will support the delivery of our near- and medium-term financial targets.

Ultra-luxury dealer network providing global access to the growing and resilient UHNWI market

We have an extensive third-party dealer network which is the primary means through which we sell our vehicles to customers and which we believe allows us to access the growing number of UHNWIs globally. Our dealer network is a key stakeholder in our business, and our dealer strategy is premised on our belief that the integrity and success of our brand are dependent on the responsible and careful selection of dealers. Therefore, we develop strategic and stable partnerships with highly professional, carefully selected and customer-centric retail partners.

In 2023, we continued the implementation of our renewed "corporate identity" across our global distribution network, commencing a program of investment from our dealer partners in their ultra-luxury facilities. Given our current sales growth, we anticipate that the there will be an increase in the average sales per dealer and a consequent increase in the after-sales business, resulting in increased dealer profitability and allowing us to realize appropriate returns on our investment.

To maintain the quality of the dealer network, we have a rigorous program in place to educate, develop and monitor dealer owners and managers, in order to ensure they deliver a world-class luxury customer experience and consistent brand presentation. Aston Martin standards are measured and maintained through the implementation of our "Dealer Operating Standards" which cover all areas of the business and are fundamental to providing the ultra-luxury customer experience. Our dealer strategy is designed to ensure no capital investment by us is required in our dealer network, while maintaining a certain level of control over it. This allows us to sustain an expansive dealer network with ultra-luxury facilities, while maintaining a disciplined approach to capital expenditure. We have Regional Presidents across all our main geographies who are responsible for maintaining the relationships with our dealers.

Our dealer network is well established and developed with 163 dealers representing our brand across 53 countries as of December 31, 2023. In the year ended December 31, 2023, our top five dealer groups represented approximately 20% of our core wholesale volumes. All new dealers were chosen based on historical performance, financial strength, commitment to customer service and an understanding of luxury goods marketing and brand development. New dealers have recently been appointed in Germany and Italy where clear incremental ultra-luxury market opportunities had been identified by us and partners who met all of our dealer requirement criteria were selected through a stringent selection process. An important strength of our dealer network is its geographical reach, with worldwide distribution of dealerships as of December 31, 2023 as follows:

Number of dealerships	**As of December 31, 2023**
United Kingdom and South Africa	20
EMEA (excluding United Kingdom)	54
Americas	44
APAC	45
Total	**163**

We believe that the geographical reach of our dealer network allows us to access the growing and robust UHNWI market globally. Compared with the broader passenger vehicle market, the ULS has historically shown higher and more resilient growth, with demand less affected by global macroeconomic conditions, but rather driven by population wealth and an increasing number of UHNWIs. The global UHNWI market is forecast to continue growing, particularly more millennials and women, increasing by 28.1% from approximately 626,619 UHNWIs globally in 2023 to approximately 802,891 in 2028, according to the 2024 Knight Frank Wealth Report. This is expected to be driven by 38.3% growth in Asia and 28.3% growth in the Middle East. Between 2022 and 2023, the global UHNWI market grew on average with 4.2%, driven by a 7.2% growth in North America, our largest market by wholesales. Our global dealer network strongly positions us to capitalize on this growth.

Innovative partnerships providing access to cutting edge technology

We believe that carefully chosen partnerships are critical to ensuring technical expertise, brand strength and future growth. Access to cutting edge technology is critical and one of our most important competitive advantages.

We have chosen strategic collaborations with partners including Mercedes-Benz Group and its wholly-owned subsidiary, MBAG. We have a technical partnership with Mercedes-Benz Group for the provision of certain engines, electrical/electronic architecture ("*E/E architecture*") and entertainment systems. Mercedes-Benz Group provides us with the modified M177 engine, a bespoke V8 powertrain engine for the DB12, DBX and Vantage ranges and all E/E architecture for our vehicles until 2026 (in the case of GT and sports cars). In addition, the E/E architecture of most of our previous core models is built around Mercedes-Benz Group components and networks, delivering infotainment, body electronics, safety systems and powertrain controls.

In June, 2023, and in October, 2020, we entered into a new strategic supply agreement with, respectively, Lucid and MBAG. Both the Lucid Partnership and the MBAG Partnership are critical components in our high-performance electrification strategy. Our recent 2023 Lucid Partnership for the supply of the Lucid Technology provides us with access to Lucid's powertrain and battery technology, which will support our creation of a bespoke, singular BEV platform, suitable for all product types from hypercars to SUVs. In addition, under the MBAG Partnership, we also have access to MBAG's powertrain and E/E architectures, which are crucial for the creation of our next generation ICE vehicles, PHEVs and BEVs. Both partnerships underpin our electrification strategy which includes targets (i) to launch our first BEV in

2026 and (ii) develop a blended drivetrain approach between 2025 and 2030, including a clear path to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio.

These partnerships de-risk our investments in E/E architecture and powertrain architecture for conventional ICE vehicles, PHEVs and BEVs and allow us to avoid the very substantial additional investment that would be required if those technologies were developed solely in-house.

Bespoke and limited edition product offering

Our new corporate identity focuses on lower volume manufacturing and an ultra-luxury offering, which capitalizes on our iconic brand to drive higher ASP and margins. We increased our ASP from £149,000 in 2019 to £231,000 in 2023, and believe we can increase it further by focusing on our ULS product range, Specials and bespoke customization options.

We regularly produce Specials that are highly sought after amongst an active global community of automotive collectors, enthusiasts and investors, and which are sold at a far higher price than our core models. Specials are embedded in our future product roadmap, not only to provide our most distinguished loyal customers with a state-of-the-art offering and a focus on personalization, but also to serve as halo products that boost brand desirability. Specials such as the Aston Martin Valkyrie hypercar and the hybrid supercar Valhalla further drive the ASP of our portfolio. Specials are typically oversubscribed and require a substantial deposit to reserve a vehicle. For instance, the DBS 770 Ultimate, the most powerful Aston Martin production car ever, was unveiled in January 2023, and all examples were sold out before production commenced in 2023. Valour, which was launched to mark the occasion of our 110th anniversary and limited to 110 units globally, sold out within two weeks.

We are also seeing rising demand for unique and bespoke personalized products amongst luxury customers, such as custom paint and interior trim colors, to distinguish their vehicle from others in the ULS vehicle market. Our bespoke personalization service, “Q by Aston Martin,” provides customers with the ability to personalize their Aston Martin beyond the scope of the core option range, and even commission their own unique model. This service allows us to not only tap additional demand by catering to an increased range of customer preferences, it also increases our ASP and improves our unit economics by increasing our margin per vehicle. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

World-class supply base

Our high-quality strategic suppliers are identified and sourced across multiple platforms. Over the past few years, we have undertaken a transformative program focusing on building long-term strategic partnerships with suppliers in order to champion continuous development to deliver new innovations.

We select suppliers for our core models based on who can deliver the best total delivered cost and on the innovative products and solutions they can provide. Suppliers are sourced early in the product development process to ensure cost, quality and delivery targets are met. Sourcing suppliers across multiple platforms helps to de-risk future models and enables the strategic development of components. By virtue of our in-house leather trimming and assembly capabilities, we are able to elect to “make or buy” a number of interior trimmed components, giving us more leverage when negotiating with potential suppliers. In 2022, we entered into a supplier agreement with Bowers & Wilkins pursuant to which the newly developed Bowers & Wilkins Surround Sound System has been integrated into our vehicles, debuting in the DB12, the first of our next generation sports cars. In 2021, we signed tier 1 supplier partnerships with Michelin, Bosch, Mavel, and Dana-Graziano to ensure long-term agreement with superior quality and innovation. We are currently working closely with Apple to introduce the next generation of Apple CarPlay to our models in 2024.

Focus on operational efficiency, strategic shareholding and investment control to support positive future cash flow generation and future deleveraging

We are committed to pursuing available revenue-generating opportunities in a manner that generates high incremental return on our investments. Our multi-year focus on optimizing our operations and supply chain has already increased our efficiency and reduced costs. We intend to continue prioritizing a disciplined capital investment strategy founded on a lower cost structure model, with lower sales combined with premium pricing power to increase revenue generation, cash flows and margins.

Our focus on efficiency has allowed us to increase our gross profit margin, which was 39.1% for the year ended December 31, 2023 and 45.2% for the three month period ended December 31, 2023. We have also increased our Adjusted

EBITDA from £134 million in 2019 to £306 million in 2023. All of this strongly positions us to increase our free cash flow and deleverage. We expect that advances, such as our modular based engineering employing a "Carry Over-Carry Across" ("*COCA*") principle, which allows us to use shared systems and components to reduce engineering complexities, will result in additional cost-saving and model synergies going forward. The modular architecture, which employs a COCA principle for key systems and components is the backbone of our current product portfolio and is planned to form the basis for a further cycle of new model introductions. We have a standardized new product introduction process ("*MISSION*"), which is a system of project gateways with clear deliverables to ensure adherence to all program targets, such as quality, cost and delivery. As a result of our in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, we can ensure a rapid time to market from design conception to launch, at what we believe to be a lower cost than typically required in the industry, while maintaining adherence to the designers' concepts. In addition, our core vehicles are based on an advanced aluminum body structure, which utilizes lightweight aerospace technologies and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models, with limited additional investment. We also utilize a number of common structures, reducing tooling investment and improving quality for new model production. These features allow us to ramp up production of different models as demand dictates, while keeping fixed costs low and providing flexibility to our business.

We have also strengthened our balance sheet via the raising of approximately £2.0 billion in aggregate since April 2020. This amount includes £79.0 million of consideration in kind in exchange for the Lucid Technology and £140.0 million of consideration in kind in exchange for the MBAG Technology. Our long term strategic investors such as MBAG, Lucid, Geely and PIF, provide us with the ability to procure vital technology and expertise while retaining a disciplined investment strategy.

In addition, we believe our disciplined capital investment levels will further benefit from our focus on lower-volume manufacturing, designed to cater to the high-growth and high-margin segments of the ULS vehicle market. For the year ending December 31, 2024, our total capital expenditures are expected to be approximately £350 million, which would represent a 11.8% decrease compared to the year ended December 31, 2023. The majority of this expenditure relates to new product development to support our growth strategy including electrification.

Our Strategies

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

Our strategy is built upon our key pillars of brand, product innovation, sustainability and our world-class talent, which underpin our future growth ambitions.

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, rather than seeking market share only; and
- investing in world class talent, which will ultimately lead to increased value for the market, investors and other stakeholders.

The journey to successfully delivering the Group's strategy is broadly defined by the following three phases:

Phase One is largely complete and included the investment and new management from the Yew Tree Consortium along with other long-term strategic partners in PIF, Geely, Mercedes and Lucid, the return of the Aston Martin brand to the F1™ grid through our sponsorship of the Aston Martin Formula One™ Team and our strategic multi-year program, all which were aimed at increasing efficiency and optimizing our supplier base.

Phase Two is well underway and is focused on increased profitability underpinned by our ongoing portfolio transformation strategy, with focus on richer product mix and volumes in line with a demand-led ultra-luxury business. This aligns with our target of achieving a minimum annual 40% gross margin on all new models. These include our ultra-luxury SUV, DBX707, the highly acclaimed DB12 Super Tourer and the recently unveiled new Vantage sports car, the most driver focused and fastest Vantage in the nameplate's 74-year history. This phase continues with further next generation sport car launches in addition to our exclusive limited volume Specials, which have recently included Valour, Aston Martin Valkyrie and DBR22.

Phase Three has commenced with the development of alternatives to the ICE, with a blended drivetrain approach being adopted between 2025 and 2030, including PHEV and BEV, with a clear plan to have a line-up of electric sports cars and SUVs. Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our world-class product portfolio. With our technical partnerships now in place, our first BEV is targeted for launch in 2026, benefitting from the best high-performance technologies available to us. This timing aligns with our plans to continue introducing new ultra-luxury high-performance core models and Specials, and considers changes within the regulatory environment and our market, which we continue to closely monitor.

Four key pillars underpin our strategy and the three aforementioned phases: (i) brand, (ii) product innovation, (iii) sustainability and (iv) our world-class talent.

Our iconic brand

Aston Martin is an iconic, globally recognized brand, transcending ultra-luxury and high performance. For more than a century, our brand has been synonymous with style, luxury, performance, and exclusivity. Our rich and prestigious renown for delivering beautiful, awe-inspiring vehicles, matched with the best of British advanced engineering defines Aston Martin as a truly unique proposition within the automotive industry. Our brand exposure, perception and desirability are strengthened by a strong, passionate, and loyal customer base, which has been significantly broadened by the successful return of the Aston Martin brand to the pinnacle of motorsport in F1™. We aim to continue to strengthen our brand by focusing on a richer product mix and an ultra-luxury offering that commands commensurate pricing.

Our participation in motorsports, in particular via our sponsorship of the Aston Martin Formula One™ Team, is driving brand awareness and provides extensive brand reach and a global marketing platform without the associated team ownership costs. The Aston Martin Formula One™ Team provides us an opportunity to engage with millions of fans and customers, with 24 races scheduled in 2024, and we have a dealer footprint in all race locations that can offer a special VIP experience. In addition, the Vantage F1™ Edition and DBX enjoyed heightened global exposure through their roles as the Official Safety and Medical Cars of F1™, where we saw a 20% increase in web traffic on weekends where Aston Martin supplied the Official Safety and Medical Cars. To further strengthen our high-performance DNA, in October 2023, we announced our participation in the 2025 24 Hours of Le Mans race in the Hypercar class with a racing prototype version of our hypercar, the Aston Martin Valkyrie. The success of these initiatives in increasing our branding exposure and attracting new customers to grow our loyal customer base is evidenced by the fact that 60% of our customers in the year ended December 31, 2023 were new to the Aston Martin brand. 2023 retail data shows that nearly a quarter (24%) of our customers are selecting one of our nine exclusive shades of green for their vehicle, with the official Aston Martin Racing Green color currently being the number one choice, ahead of traditionally popular paint colors such as Xenon Grey and Magnetic Silver.

In addition, we are reconnecting with dealers and customers in the United States through our presence at the high profile Pebble Beach Concours d'Élégance. In 2022, the DBR22 was declared "Best of Show" at the Concours d'Élégance at Chantilly Arts et Élégance Richard Mille. This win was the first for Aston Martin since the inception of this Concours d'Élégance in 2014 and represents a major achievement for our brand. In November 2023, in the build-up to the F1™ Las Vegas Grand Prix, we displayed the AMR23 F1™, the DBX707 and the DB12 on the Las Vegas MSG Sphere, which is the largest LED screen on earth and is visible from space. This partnership with the F1™ Las Vegas Grand Prix was our largest ever F1™ marketing initiative.

The sustained growth in the global number of UHNWIs provides us with yet more opportunity to grow our brand. See "*—Our Strengths—Ultra-luxury dealer network providing global access to the growing and resilient UHNWI market*." To capitalize on these trends, we are investing in our brand and international marketing to appeal to luxury consumers. In particular, we have repositioned our brand towards the ultra-luxury and high performance segment of the market. This ongoing effort has resulted in a noteworthy track record of year-on-year increases in our ASP, which increased by over 50% from 2019 to 2023, representing a significantly higher ASP increase than that of some of our competitors during the same period.

Our pursuit of innovation

Driven by our ongoing commitment to innovation, we are expanding our breath-taking portfolio of ultra-luxury high-performance sports cars, including the ongoing introduction of our next generation of sports cars, continued development of our critically acclaimed DBX SUV range, and our entry into the mid-engine sports car segment. The arrival of significant and innovative new models is further boosted by our continued investment in establishing Aston Martin as an ultra-luxury, high-performance brand supercharged with the association, technology and knowledge of F1™.

We have a distinctive and comprehensive core portfolio of front-engine GT/Sport cars (Vantage, DB12 and DBS) and SUVs (DBX). Our vehicles sit primarily within the ULS vehicle market and are under-pinned by award-winning design and engineering capabilities and access to world-class advanced technology, supported by our strategic relationships with key partners in ICE and PHEV/BEV technologies. We have a strong market share in the ULS vehicle market, maintaining double digit front-engine market share in the year ended December 31, 2023. In addition, our growth in the luxury SUV segment has been another global success. Since the introduction of the DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, despite increased competition within the segment. We further strengthened this position by new derivatives, including the launch of the DBX 707, the world's most powerful luxury SUV based on horsepower (compared against SUVs from Bentley, Lamborghini and Rolls-Royce), in February 2022.

The majority of our sports cars are available in different core models (derivatives), including coupe and volante models. 2024 will see the completion of our line-up of next generation, front-engine sports cars (in addition to DB12 and the new Vantage) and our arrival into the mid-engine supercar segment with Valhalla, developed via the use of F1™ methodologies, experience and technologies.

In addition to the core range, we also regularly produce exclusive limited volume Specials. See "*—Our Strengths—Bespoke and limited edition product offering*." Furthermore, our next generation of front-engine GT/sports cars launched in 2023 with DB12, which offers new styling and E/E architecture across two core vehicles, and is the first vehicle to receive our bespoke in-house next generation "infotainment" system. DB12 continues to drive a reappraisal of Aston Martin amongst customers, with 60% of initial buyers in 2023 new to the brand, further highlighting our ability to grow our loyal customer base.

We are launching these new products into growth segments, with ultra-luxury SUV sales expected to rise approximately 36.9% from 19,690 sales in 2023 to 26,964 sales per year by 2030, according to S&P Global Mobility forecasts published in May 2023. Sales of ULS mid-engine vehicles are also expected to grow by approximately 20.6% to 15,930 sales per year by 2030 from 13,214 sales in 2023 and sales of ULS front-engine vehicles are expected to grow by approximately 25.7% to 15,921 sales per year by 2030 from 12,667 sales in 2023.

Our transition towards electrification is integral to our product innovation strategy. This transition presents us with a unique opportunity to broaden and diversify our customer base and futureproof our business. We plan to leverage our partnerships with leading industry participants to de-risk our BEV and PHEV roll-out by obtaining access to world-leading technology while maintaining a disciplined approach to capital expenditure. As part of this strategy, we have agreements in place for battery and powertrain technology, including with Lucid and MBAG. We aim to use such partnerships to undertake the electrification of our model range in a capital-efficient and sustainable manner, aligned with market demand and our business plan.

We are developing alternatives to the ICE with a blended drivetrain approach between 2025 and 2030, including PHEV and BEV, with a clear plan to have a line-up of electric sports cars and SUVs. Our strategic partnerships with Lucid and MBAG are critical components in realizing our high-performance electrification strategy and our targets which include (i) Valhalla, our first PHEV on course to enter production in 2024 (ii) with our technical partnerships now in place, our first BEV targeted for launch in 2026, benefitting from the best high-performance technologies available to us. This aligns with our strategy to continue introducing new breath-taking ultra-luxury high-performance core models and Specials, while also keeping up with the developments in our regulatory environment and our market. See "*—Our Strengths—Innovative partnerships providing access to cutting edge technology*."

Our commitment, Racing. Green

The automotive sector is on a journey of radical transformation and we are embracing a new, driving ambition: to be a world-leading sustainable ultra-luxury automotive business. A key pillar of our overall corporate strategy, the *Racing. Green* sustainability strategy, which was launched in April 2022, is built on five core priority areas that reflect our approach to sustainability. Fully aligned with the UN's Sustainable Development Goals, our strategy reflects a deep understanding of the priorities that our customers, employees and wider stakeholders care about. These five areas are (i) tackling climate change, (ii) creating a better environment, (iii) investing in people and opportunity, (iv) exporting success and (v) delivering the highest standards.

To make sure we are equipped to achieve our sustainability goals, we have focused on acquiring new capabilities and adapting our organization to meet these objectives. The initiatives we have undertaken to achieve this include setting up a new committee of the Board, the Sustainability Committee, and intensifying the work of ten dedicated sustainability working groups, covering areas ranging from energy and water use, through to safety, diversity and inclusion.

In 2022, we updated our Racing. Green. targets and are aiming to (i) achieve carbon neutral manufacturing facilities, with 100% use of renewable electricity, (ii) reduce CO2 emissions from our manufacturing facilities by 2.5% year-on-year, (iii) reduce CO2 emissions intensity and energy consumption per vehicle by 2.5% year-on-year and (iv) further improve biodiversity at our manufacturing facilities. Following an acceleration towards those 2022 targets, we achieved carbon neutral certification in 2023 for Gaydon and St Athan as well as our wider global operations (based on 2022 emissions) using gold standard CO2 emission offsets. In 2023, we (i) reported a 23% fall in CO2 emissions per vehicle manufactured compared to 2022 (t CO2e), (ii) reported an 11.2% decrease in energy consumed compared to 2022 and (iii) only used renewable energy in our Gaydon and St Athan manufacturing facilities. In addition, in 2023, we completed the installation of solar PV generation at our historic home at Newport Pagnell. We continue to progress our plans for solar PV generation at St Athan and Gaydon. In February 2024, we received local planning authority permission for the installation of solar PV at St Athan. In 2023, we also began the de-carbonization of our UK supply chain with the use of Bio-LNG trucks in our UK road transport fleet.

As part of our sustainability strategy, we are seeking to embed sustainable principles in our operations. We are planning to reduce our resource consumption by 2025, aiming for zero single-use plastic packaging waste and waste for landfill. We are also targeting to reduce water consumption by 15% by 2025 as compared to the year ended December 31, 2019 and are investigating using more sustainable materials and boosting biodiversity.

We have committed to set near-term and long-term Group-wide emissions reductions targets in line with the Science Based Targets initiative net-zero standard. We are targeting net-zero manufacturing facilities and a 30% reduction in supply chain emissions by 2030 with a net-zero supply chain target by 2039. Diversity is also important to us and we continuously seek ways to improve the representation of women across all parts of the Company. We are currently targeting 25% of our leadership team to be women by 2025 and 30% by 2030.

Our world-class talent

Committed to making Aston Martin a great place to work, we are establishing company values, creating high quality employment opportunities, and investing in early careers, training, and skills. Our values are Unity, Openness, Trust, Ownership, and Courage. At the core of our values is one single guiding tenet “No one builds an Aston Martin on their own.”

We believe that our workforce is a key part of what enables us to provide world-class technology, precision and craftsmanship. The arrival of our Executive Chairman Mr. Lawrence Stroll in 2020 has been pivotal, and he is supported by a substantial bench of Executive Committee talent with experience in the ultra-luxury automotive sector. Since the arrival of Mr. Stroll, our focus on our people has accelerated, in turn enabling us to deploy the strength of our brand to attract new talent to complement our world-class team. Key management hires have been made throughout the entire business, spanning operational to commercial functions, including the new BEV Chief Engineer, the Chief Industrial Engineer, the Chief Procurement Officer and the Chief People Officer. Leadership in key regions has also been strengthened, including the appointment of a new Regional President for Japan and South Korea in August 2022, the appointment of a new Regional President for Aston Martin Europe in December 2022 and the appointment of a new President for Aston Martin Greater China in August 2023.

In 2021, the Group redefined its internal vision, mission and behaviors with an F1™ inspired performance mindset that seeks to foster agility, speed and a winning culture among employees. The strength of the Aston Martin brand continues to attract new talent to complement the skills of our existing world-class team, fostering engineering excellence, innovation and passion. Since 2020, we have hired a significant number of new employees to bolster our in-house engineering capabilities across multiple disciplines, as the business has renewed its focus on in-house intellectual property development, including software and skills relating to electric vehicles, thereby fostering engineering excellence and innovation. In addition, we have established Engineering Centres of Excellence with a global footprint, including our Electrification Centre of Excellence, a dedicated BEV training facility that offers training in several aspects of BEV production such as powertrain installation and the safe handling of high-voltage batteries. In 2023, we delivered 2,377 hours of dedicated BEV-related training to 205 colleagues.

Our production methods and employee base are optimized for reducing cost and streamlining production in a lean and flexible manner. We have a flexible employee base, with our engineers and technicians trained on most of our production stations and models. This allows us to add or reduce personnel as needed to accommodate our production needs, as well as shift employees across different areas of production, to maximize our production rate and capacity as dictated by demand. Our manufacturing and quality team ensures that our production processes meet the highest standards of quality and engineering.

Our History

We were founded in London in 1913 and for much of our history, we were a niche producer of luxury, high-performance sports cars, mainly for UK customers. For more than 110 years, Aston Martin has been internationally recognized for its elegant and sophisticated British style, having built approximately 120,000 vehicles (of which approximately 95% still exist), from the iconic DB5 seen in the 1964 James Bond film *Goldfinger*, to the current core models, Vantage, DB12, DBS and DBX, supplemented by exclusive limited edition highly sought after Specials. We have produced some of the most iconic vehicles in the world and also have a historic racing pedigree, which includes a motorsport debut at the French Grand Prix in 1922, DBR1's famous Le Mans 24-hour race victory in 1959, as well as the victory in the GTE Pro class of the 2017 Le Mans 24-hour race and five class wins since 2007. Our DBR1 has since become the most expensive British vehicle ever sold. In 1947, we acquired the Lagonda brand, another niche producer of luxury vehicles, which was founded in 1904. One of our famous heritage vehicles, the Lagonda M45R Rapide, from which our Rapide models take their name, recorded a victory at the 24 Hours of Le Mans in 1935.

In 1987, Ford acquired a 75% stake in Aston Martin Lagonda Group Limited (formerly known as AML Holdings Limited), which it increased to 100% in 1994. Following the Ford acquisition, our operations and sales expanded through the introduction of DB7 and the Vanquish models. In 2004, the "*Vertical Horizontal*" architecture was introduced as the underpinning of our new products and DB9 and V8 Vantage were introduced, increasing sales from an average of fewer than 200 vehicles per year in the years prior to 1987 to an average of approximately 6,800 from 2006 to 2008, with a peak of over 7,000 in 2007. In 2007, Ford sold its majority stake in Aston Martin Lagonda Group Limited to a consortium of investors (including Investment Dar (UK) Limited and Adeem Investment and Wealth Management Company), and the Group was reorganized with Aston Martin Holdings (UK) Limited as ultimate holding company. In 2013, investment subsidiaries of Investindustrial V L.P. acquired 37.5% of Aston Martin Holdings (UK) Limited. Between 2013 and 2014, Mercedes-Benz Group became the holder of non-voting shares representing 4.9% of Aston Martin Holdings (UK) Limited's issued ordinary share capital.

In December 2017, we acquired AM Brands Limited in order to deliver a more focused strategy in our complementary brand extension activities. In 2018, we started production of Vantage, replacing the successful V8 Vantage S and V12 Vantage S models. In July 2018, a 1961 Aston Martin DB4 GT Zagato (raced by F1™ champion, Jim Clark) became the most expensive British vehicle ever to be sold at a European auction. In September 2018, the Group was reorganized with AML Global Holdings as ultimate holding company and in October 2018, the shares of AML Global Holdings were admitted to trading on the Main Market for listed securities of the London Stock Exchange. In 2019, we completed the construction and facilitation of our new St Athan manufacturing facility dedicated to the production of our SUV, the DBX.

In 2020, during the COVID-19 pandemic, we strengthened our liquidity position by raising an aggregate of £687.8 million of gross proceeds through the placement and issuance of shares in AML Global Holdings. In particular, we also placed and issued shares in AML Global Holdings to the Yew Tree Consortium, the Adeem/Primewagon Significant Shareholder Group and MBAG. In September 2022, we further strengthened our liquidity position by completing the 2022 Equity Capital Raise, which added PIF as a new significant shareholder. In May 2023, Geely became a shareholder pursuant to the Geely Transactions (see "*Principal Shareholders*" for more information on the Geely Transactions). In addition, in August 2023, AML Global Holdings raised an additional £216.1 million of gross proceeds by way of the 2023 Equity Placing to support long-term growth, as well as providing an accelerated pathway towards achieving a reduction in net leverage ratio, including the 2023 Partial Redemption.

Market Overview

We primarily operate within the ULS vehicle market where we are positioned along with other key participants such as Bentley, Ferrari, Lamborghini, McLaren and Rolls-Royce. Some of Aston Martin's models also compete with some peers within both the luxury and performance premium market.

Compared with the broader passenger vehicle market, the ULS vehicle market has historically shown higher and more resilient growth, with demand less affected by global macroeconomic conditions, but rather driven by population wealth and an increasing number of UHNWIs. The global UHNWI market is forecast to continue growing, particularly more millennials and women, increasing by 28.1% from approximately 626,619 UHNWIs globally in 2023 to approximately 802,891 in 2028, according to the 2024 Knight Frank Wealth Report. This is expected to be driven by 38.3% growth in Asia and 28.3% growth in the Middle East. Between 2022 and 2023, the global UHNWI market grew on average with 4.2%, driven by a 7.2% growth in North America, our largest market by wholesales.

Luxury SUVs are becoming an increasing part of premium car makers' offerings, as automakers have observed an underlying divergence in vehicle demand driven by shifting customer preferences. The SUV segment is expected to show the strongest growth momentum with sales expected to rise approximately 36.9% from 19,690 sales in 2023 to 26,964 sales per year by 2030, according to S&P Global Mobility forecasts published in May 2023. Sales of ULS mid-engine vehicles are also expected to grow by approximately 20.6% to 15,930 sales per year by 2030 from 13,214 sales in 2023 and sales of ULS front-engine vehicles are expected to grow by approximately 25.7% to 15,921 sales per year by 2030 from 12,667 sales in 2023. In addition, use of traditional ICE is expected to decline over the course of the decade, with PHEVs and BEVs rising in popularity.

Aston Martin Vehicles

Our products include a range of core models. The current core line-up comprises (i) Vantage sports car, (ii) DB12 super tourer, (iii) DBS V12 Flagship and (iv) DBX SUV. All of our sports cars are available in different core models (derivatives, including some recent limited editions including DBS 770 Ultimate and V12 Vantage), including coupe and convertible models (which are branded as "Volante" for models with two front seats and a small backseat and a "Roadster" for models with only two front seats).

In addition to the core range, we also regularly produce limited edition exclusive Specials that are typically sold at a higher price than our standard models. We sold 98, 89 and 151 Specials in the years ended December 31, 2021, 2022 and 2023, respectively. The Specials have recently included the Aston Martin Valkyrie, the Aston Martin Valkyrie spider, V12 Speedster, DBR22 and Valour. Specials are typically oversubscribed and require a substantial deposit to reserve a vehicle.

In the year ended December 31, 2023, we wholesaled 6,620 vehicles (including 151 Specials) to our dealers, which generated sale of vehicle revenues of £1,545.4 million.

SUV – DBX

The ultra-luxury DBX, our first SUV, was unveiled in November 2019. We started full production in June 2020 at our St Athan facility in Wales and made the first deliveries in July 2020. Since the introduction of DBX in 2020, we have consistently maintained an approximately 20% share in key markets of the global ultra-luxury SUV market, despite increased competition within the segment. Following on from the success of the initial DBX, we have unveiled several derivatives. In November 2021, we launched our first DBX derivative, the DBX Straight-Six, which was launched exclusively in China. In February 2022, we launched at the time the world's fastest and most powerful ultra-luxury SUV in terms of horsepower (compaired against SUVs from Bentley, Lamborghini and Rolls-Royce), DBX707, with first deliveries completed in May 2022. DBX707 continued to win awards, named 'Best Exclusive & Luxury Car' at the prestigious Auto vum Joer awards in Luxembourg, and was announced as the new Official FIA Medical Car of F1™ in conjunction with the start of the 2023 World Championship season. Since its launch, we have enhanced every area of DBX707 to boost performance, intensify driving pleasure and amplify its on-road presence. In 2023, we celebrated the success of the Aston Martin F1™ Team with the release of an exclusive AMR23 Edition. Named after the brand's F1™ challenger, the AMR23 Edition creates a DBX707 that shares a racing identity with both the AMR23 F1™ car and the Official Medical Car of F1™. For the year ended December 31, 2023, the DBX 707 represented 71% of our SUV wholesales compared to 52% of our SUV wholesales for the year ended December 31, 2022. The transformational demand for our high-performance DBX707 since its launch in 2022 underpins the next phase of the model's evolution, now the sole SUV model marketed.

The ULS of the SUV market is the newest of the ULS vehicle market. The DBX enables us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable product. The DBX has widened the appeal of the Aston Martin brand and allowed us to capture a more diverse global audience.

Super Tourer – DB12

The DB12 is the first vehicle of our next generation of sports cars and is built at our Gaydon facility in Warwick, UK. The DB12 two-door coupe debuted at the 2023 Cannes Film Festival in May 2023, with first wholesale deliveries commencing in the third quarter of 2023. The highly acclaimed DB12 was recently awarded "Car of the Year" for 2024 by Robb Report and confirmed by Autocar magazine as a true "Super GT," driving re-appraisal of Aston Martin amongst new audiences, whilst engaging loyal customers.

The DB12 is powered by a 4.0 liter twin-turbo charged V8 AMG engine, provided through our partnership with Mercedes-Benz Group (see "*—Production—Manufacturing Facilities and Partnerships— Partnerships with Mercedes-Benz Group and MBAG*"). The DB12 is the first vehicle to receive our in-house next generation "infotainment" system, which is entirely bespoke and developed with industry leading suppliers of hardware, UI, UX and audio systems. It is also supplemented by a new customer connectivity app, which allows interaction, control and feedback to and from the customers' DB12 via their personal device. In addition, DB12 is also our first vehicle to offer the newly developed Bowers & Wilkins Surround Sound System as a result of our audio partnership with Bowers & Wilkins. See "*—Procurement"* for more information on the Bowers & Wilkins partnership.

In August 2023, we launched the DB12 Volante, which is the DB12 convertible model. First wholesale deliveries of the DB12 Volante commenced in the fourth quarter of 2023. DB12 Volante is the latest addition to our high-performance convertibles.

Sports Car – Vantage

The previous model Vantage started production in the second quarter of 2018, available as a two-door coupe, powered by a 4.0 liter twin-turbo charged V8 AMG engine and a maximum speed of 195mph, provided through our partnership with Mercedes-Benz Group (see "*—Production—Manufacturing Facilities and Partnerships— Partnerships with Mercedes-Benz Group and MBAG*"). The Vantage was the first Aston Martin to feature an electronic rear differential, providing superior stability and cornering.

In the second quarter of 2019, we launched a limited edition Vantage AMR. Production was limited to 200 vehicles, and it was the first introduction of a manual gearbox into the Vantage. In early 2020, we unveiled the Vantage Roadster, which was first delivered in the fourth quarter of 2020. In March 2021, in celebration of the return of the Aston Martin brand to F1™ for the first time in over 60 years through the sponsorship of the Aston Martin F1™ Team, we launched the Vantage F1™ Edition, the first Aston Martin road vehicle to receive the F1™ badging.

In addition, in March 2022, we launched the V12 Vantage, which celebrates the 15-year history of V12-engined sports cars. The production of the V12 Vantage was limited to 333 units globally, all of which were sold ahead of release with an oversubscribed register of interest. In August 2022, we introduced the V12 Vantage Roadster at the Pebble Beach Concours d'Élégance. The production of the V12 Vantage Roadster was limited to 249 units globally, all of which were sold ahead of release with an oversubscribed register of interest.

Building on the successful launch of DB12, on February 12, 2024, we unveiled the second of our next generation of sports cars, the new Vantage. The new Vantage is the most driver focused and fastest Vantage in history. The new Vantage will also be the second model to feature our next-generation infotainment. Powered by a heavily reworked, hand-built 4.0 Twin-Turbo V8 engine with peaks of 665PS and 800Nm of torque, the new Vantage also makes the biggest leap in power and torque compared to the model it succeeds, those increases of 155PS and 115Nm equating to gains of 30% and 15% respectively. These higher outputs have been achieved through extensive tuning by Aston Martin engineers, the adoption of modified cam profiles, optimized compression ratios, larger turbos, and increased cooling, creating a sharper and high performing engine.

V12 Flagship – DBS

The DBS is based on the same modular platform as the DB12. The DBS was available as a coupe or Volante, powered by a 5.2 liter twin turbocharged V12 engine developing 715BHP and 900Nm of torque. The body is made from a combination of aluminum and light carbon composites, enabling acceleration of 0-60mph in less than 3.2 seconds and a maximum speed of 211mph.

In January 2023, we unveiled a limited edition DBS 770 Ultimate, the most powerful production of Aston Martin ever, with all examples sold out before the start of production in 2023. Made available in both Coupe and Volante form, DBS 770 Ultimate was built in strictly limited numbers (300 Coupes and 199 Volantes), with all examples sold ahead of release. The DBS 770 Ultimate marks the end of our current DBS production with a new flagship replacement model expected to launch in the second half of 2024.

Aston Martin Valkyrie

The Aston Martin Valkyrie has been developed in conjunction with Red Bull Advanced Technologies and represents a ground-breaking transfer of F1™ technology to the road. The Aston Martin Valkyrie is intended to be the first of a lineage of Aston Martin mid-engine vehicles. The Aston Martin Valkyrie has a 6.5-liter naturally aspirated V12 engine, torque-enhanced during take-off with an electric motor for a power boost. The Aston Martin Valkyrie is our first road-legal hypercar, of which there will be a road vehicle version and a track-only Aston Martin Valkyrie AMR Track Pro version. All 150 road vehicle versions have been reserved. Deliveries of the Aston Martin Valkyrie began in December 2021. The road vehicle version was four times oversubscribed. In August 2021, we unveiled the Aston Martin Valkyrie Spider, which combines F1™ inspired aerodynamics and performance with open roof driving. The Aston Martin Valkyrie Spider is the fastest and most extreme open-top, road-legal Aston Martin ever built. The first deliveries of the Aston Martin Valkyrie Spider commenced in the third quarter of 2023.

Valhalla

The Valhalla, a mid-engine hypercar, unveiled in July 2021 and limited to 999 units globally, is expected to compete with, for example, Ferrari LaFerrari and McLaren Senna. The Valhalla was named "Design of the Year" at the 2021 Automobile Awards. This mid-engine range will draw on the learnings and technology developed by the Aston Martin Valkyrie. The Valhalla represents our first joint development integration between Aston Martin's road car engineers and the Aston Martin Aramco Formula One™ Team's engineering capabilities, facilitated by the consulting arm of the team, Aston Martin Performance Technologies Limited ("*AMPT*").

The Valhalla is planned to be our first next generation PHEV and is on course to enter production in 2024. By entering the mid-engine segment, we are expecting to achieve higher average selling prices and attract a new group of customers to the brand. With Valhalla, we are targeting customers focused on sports and performance, who drive vehicles primarily for leisure and pleasure, and care about high tech specifications as well as unique range of customizations and personalizations.

DBR22

In August 2022, the DBR22 was unveiled for the first time at the Monterey Car Week in celebration of the ten year anniversary of "Q by Aston Martin," our ultra-luxury bespoke division. The DBR22 is a V12-engined two-seater coach-built design concept with a top speed of 198mph and which has the ability to accelerate from a standstill to 60mph in 3.4 seconds. In September 2022, the DBR22 was declared "Best of Show" at the Chantilly Arts et Élégance Richard Mille. The DBR22 has only been made available to an ultra-exclusive number of "Q by Aston Martin" customers. The first wholesales of the DBR22 started in the fourth quarter of 2023.

Valour

In July 2023, in celebration of our 110th anniversary, we revealed the Valour, an ultra-exclusive 6-speed manual transmission special edition powered by a 5.2 liter twin turbocharged V12 engine. The Valour is the only front-engined V12 sports car available with a manual transmission. Production of the Valour is limited to 110 units globally, all of which were sold within two weeks with a growing waiting list. The first wholesales of the Valour started in the fourth quarter of 2023.

Customization and Optionality for Vehicles

Customers enjoy a degree of customization within the base vehicle, including color options for the exterior and the interior. Customers can choose from a wide variety of options, including different wheel designs, technology upgrades, interior trim and paint color upgrades. This large range of customization options means that we offer an enhanced service to all our customers (almost all of our vehicles sold included some customization) and also contributes positively to profit margins.

To increase our customization service, we are expanding our "Q by Aston Martin" offering, our ultimate bespoke personalization service, providing the option for customers to personalize their vehicles beyond the scope of the core option range and even commission their own unique model. In June 2023, we opened our first ultra-luxury flagship "Q New York" on 450 Park Avenue, in New York City, which brings our bespoke service to North America for the first time. This aligns with our focus on addressing demand for unique and bespoke personalized products amongst luxury consumers, which has delivered growth in total options revenue of 67% between 2021 and 2023, ahead of total revenue growth over the period.

Production

We have made significant investments in our manufacturing facilities (including our Gaydon and our St Athan facilities), which enables us to expand our production capacity to meet our expected unit growth with limited additional investment. In addition, our core vehicles are based on an advanced aluminum body structure, which utilizes lightweight aerospace technologies and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models, with limited additional investment. We also utilize a number of common structures, reducing tooling investment and improving quality for new model production.

We have a flexible employee base, each of whom is trained on most of our production stations and models, which allows us to add or reduce personnel as needed to accommodate our production needs, as well as shift employees across different areas of production, to maximize our production rate and capacity as dictated by demand. Our manufacturing and quality team ensures that our production processes meet the highest standards of quality and engineering.

We believe that Gaydon and St Athan are modern and flexible automotive manufacturing facilities in the ULS vehicle market, where efficiency, versatility and quality control are central and which requires highly skilled employees, as well as suitable training and controls and procedures. In 2012, we became the first automotive manufacturer to win the British Safety Council's highest award for safety, the Sword of Honour in recognition of our commitment to achieving the highest standards of health and safety management. Additionally, we were the first ever recipient of the new British Safety Council award for "Outstanding Practice" for our provision of safety information directly at the point of use on the shop floor.

Manufacturing Facilities and Partnerships

Gaydon

Our original production facility is located in Gaydon, England. The Gaydon facility, which houses our manufacturing facility, design team and senior management, was tailor-built for us. Gaydon is an advanced manufacturing facility with a physical capacity of 7,000 units per year, whilst currently optimized to run at lower capacity levels. Whilst currently optimized to run at lower capacity levels, we can increase production at the Gaydon facility as needed by adjusting line configurations and shifts, with little impact on capital expenditure. We have a stand-up/stand down agreement that enables us to accommodate seasonality requirements without the need for additional headcount. The production lines at Gaydon deliver a fully flexible and efficient assembly line for our GT/Sport cars, consolidating all sports cars and Specials manufacturing in one "center of excellence" in Gaydon.

St Athan

Our manufacturing facility in St Athan is dedicated to the production of the DBX and its derivatives, including the DBX707. The St Athan manufacturing facility uses similar processes to the main plant in Gaydon, however, based on our experience with the main plant in Gaydon, we have enhanced these processes to improve quality and to reduce the hours of production per vehicle. Some of our technicians at St Athan have been trained at Gaydon to ensure that knowledge that has been built up through development of processes at Gaydon is transferred to the new manufacturing site. Physical capacity at St Athan is 7,000 units per year, whilst currently optimized to run at lower capacity levels.

Strategic changes to the way we paint vehicles have also driven huge efficiencies by fully utilizing the capacity of the St Athan paint shop. Standard colors on all Aston Martin vehicles are now painted in St Athan, with colleagues at Gaydon painting all special colors and graphics.

We lease the St Athan facility from a third party under a 30-year lease. Certain of our obligations under the lease agreement are guaranteed by the government of Wales, in exchange for which we have agreed to pay the government of Wales a fee pursuant to the Guarantee Fee Agreement.

Aston Martin Works, Newport Pagnell

Newport Pagnell is the historic home of Aston Martin with a heritage stretching back to the early 1960s, before the Gaydon site became operational in 2003. The factory remains the home of our restoration business, Aston Martin Works, which provides a full vehicle service offering to customers, including servicing, restoration, assured provenance, sales, body shop repairs, accident repairs, track day works and upgrades. These services are provided on a global basis, with vehicles shipped back to Newport Pagnell for repair. Experienced mechanics are also sent to conduct works at facilities local to vehicle owners.

The V12 engines designed by us for our advanced modular architecture-based vehicles are built by Autocraft under a long-term supply agreement which expires on April 30, 2025. All pre-existing intellectual property rights associated with the engines and their production are licensed to us under this agreement. Any new intellectual property rights generated under the agreement belong to the party responsible for their creation. This agreement may be terminated with three years' notice, as well as immediately in a limited set of circumstances. See "*Risk Factors—Risks Relating to Our Business and Industry—We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers.*"

Lucid Agreements

On June 26, 2023, we moved forward in our electrification strategy by entering into the Lucid Partnership for the supply of the Lucid Technology for the creation of ultra-luxury high performance BEVs. Under the Lucid Agreements, Lucid will provide us with access to their proprietary Lucid Technology in exchange for ordinary shares in AML Global Holdings (the "*Lucid Consideration Shares*") and phased cash payments. The aggregate value of the Lucid Consideration Shares and the cash payments total approximately $232 million (£182 million).

We believe that this strategic partnership will give us access to leading electric powertrain technology, which is engineered and manufactured exclusively in-house by Lucid. The Lucid Partnership will also provide us with technical support from Lucid in integrating the Lucid Technology into a bespoke all-new electric vehicle platform developed by us, as well as the supply of Lucid components. See "*Certain Relationships and Related Party Transactions—Lucid Agreements*" and "*Risk Factors—Risks Relating to Our Business and Industry— Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results*."

Motorsports

In early 2020, we entered into an agreement, which was amended in May 2022 and further amended and restated in March 2023, under which the Racing Point F1™ team became the Aston Martin F1™ Team, which was rebranded in 2024 as the Aston Martin Aramco Formula One™ Team.

The agreement includes an initial sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our previous annual F1™ expenditure and is renewable for additional five and ten year periods up to the end of 2060, subject to certain conditions. We believe that this agreement strengthens our brand presence without the associated direct costs of owning an F1™ team. See "*Certain Relationships and Related Party Transactions—F1™ Sponsorship Agreement*."

Our participation in motorsports has given and will continue to give the Aston Martin brand global exposure, particularly in key growth markets. Our involvement in motorsports is an important brand building tool, as there are high levels of interest in F1™ among premium and luxury vehicle owners globally. As of December 31, 2023, approximately 88% of premium and luxury vehicle buyers in the United Kingdom, United States, Germany, Austria and Switzerland, China and Japan had an interest in F1™.

Our sponsorship of the Aston Martin Aramco Formula One™ Team provides us with a significant global marketing platform, with 23 races held in 2023, and 24 races scheduled in 2024, in different locations across the world, and with Aston Martin dealers in all of these locations, providing the opportunity to engage with a high proportion of our customers and partners on a yearly basis. Our Aston Martin Aramco Formula One™ Team continues to connect the Aston Martin brand with engaged audiences, raising consideration in key markets, with its global fan-base surpassing 391 million in 2023. This is further supported by third party market research indicating that a large proportion of viewers of the Netflix series "Drive to Survive" are women, which supports our attempts to broaden our customer demographic.

In 2023, highlights on the track for the Aston Martin Aramco Formula One™ Team included two-time F1™ World Champion Fernando Alonso claiming six podiums in Aston Martin racing green during the 2023 F1™ Championship, including a third place in his first race for the team in the Bharain Grand Prix. With both Fernando Alonso and Lance Stroll finishing in the top ten of the driver standings in 2023, the Aston Martin Aramco Formula One™ Team finished fifth in the Constructor Championship. On the track, Aston Martin welcomed more 600 customers and prospects at 20 events throughout the 2023 season. Fernando Alonso features in the very latest advertisement for the new 2024 Vantage Coupe, connecting the high-performance with ultra-luxury.

In addition, the Vantage F1™ Edition and the DBX707 have received heightened global exposure through their new roles as Official Safety and Medical Cars of F1™, whereby we have seen a 20% increase in people submitting configurator specifications to dealers from our website on F1™ weekends.

Partnerships with Mercedes-Benz Group and MBAG

We have a technical partnership with Mercedes-Benz Group for the provision of certain engines, electrical architecture and entertainment systems. Mercedes-Benz Group, which in 2023 was our largest supplier by spend, also provides us with the modified M177 engine, a bespoke V8 powertrain engine for the DB12 and the Vantage range. In addition, DBX electrical architecture is built around Mercedes-Benz Group components and networks, delivering infotainment, body electronics, safety systems and powertrain controls. Under the supply agreements for this technical partnership and engine supply arrangements, Mercedes-Benz Group has agreed to provide bespoke V8 engines and all electrical architecture for our vehicles until 2026 (in the case of GT and sports cars). See "*Certain Relationships and Related Party Transactions—Mercedes-Benz Group Agreement*" for details regarding our technical partnership with the Mercedes-Benz Group.

We also entered into the MBAG Partnership for the supply of the MBAG Technology, which is crucial for the creation of our current and next generation ICE vehicles, PHEVs and BEVs. See "*Certain Relationships and Related Party Transactions—MBAG Amended and Restated Strategic Cooperation Agreement*" for details regarding the MBAG Amended and Restated Strategic Cooperation Agreement and "*Risk Factors—Risks Relating to Our Business and*

Industry— Our electrification strategy may be materially adversely affected if the Lucid Partnership or the MBAG Partnership do not achieve their desired results" and "*Risk Factors—Risks Relating to Our Business and Industry—The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*."

Manufacturing Process

Products are built at two main locations: GT/Sport cars and Specials in Gaydon and SUVs in St Athan. The manufacturing process at the Gaydon and St Athan facilities consists of chassis production, body assembly, painting, trimming, assembly and quality processes. These manufacturing operations are underpinned by a high level of real-time visibility and engagement by those running the manufacturing process to ensure that any quality-control issues are identified, contained and resolved quickly.

Most of our vehicles are based on the modular architecture that is the backbone of our product portfolio. The architecture is a highly flexible integrated modular structure that employs a COCA principle for key systems and components. This is being incorporated into a commodity strategy to enable the development of a common family of commodities that will support the full portfolio of vehicles. This will allow for a high degree of product differentiation and includes the vehicle body structure as well as common systems and components. The application of this flexible architecture enables us to produce low volumes of vehicles and easily adapt to new models, thereby reducing our production and development costs for incremental models based on the architecture. The aluminum body structure of our vehicles comprises a number of common structures, which provide flexibility in overall vehicle dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market.

Specials such as the Aston Martin Valkyrie and the V12 Speedster are produced in Gaydon in a dedicated facility, specifically for ultra-low volume, highly complex vehicles. Each technician in this area is highly skilled and qualified in order to produce these complex vehicles to the highest standards.

Chassis Construction

The body structure of our vehicles comprises anodized aluminum components from a wide variety of manufacturing processes including various casting processes, extrusions, and hot and cold sheet forming processes. These are joined together with a state-of-the-art bonding process using a heat-cured epoxy adhesive and mechanical fasteners to create a rigid and lightweight chassis, known as the "bonded monocoque." The production facility consists of a two-stage conveyor-based system where components for manufacturing the bonded monocoques have adhesive applied to them by robotic application cells. The St Athan system also includes an AGV system for transporting the adhesed parts to the main build line. The main build-line transports this assembly through a series of geometry stations and sub-assemblies, and finally through a curing oven. The now cured body is measured on an automated measuring machine in Gaydon and an off-line system in St Athan and then goes through the second main build-line (body-in-white) for the exterior body panels to be bonded or bolted on.

Body Assembly

All bodies are assembled on an assembly line by hand with mechanical assistance. Sound-reducing materials are fitted to the chassis and the adhesive paths are cleaned and primed. Sub-assemblies are assembled by hand beside the assembly line before a robot cell applies adhesive to the body-sides and boot-lid surround and the sub-assemblies and main body panels are fitted to the chassis tub at framing stations by hand. Framing is a fully automated process for all core vehicles. Further down the assembly line, closures are fitted before final inspection and hand finishing. The bodies then proceed to the paint preparation area.

Painting

The majority of vehicle bodies are painted through a highly automated paint facility in St Athan and a small volume of special color options through a highly flexible, manual facility in Gaydon. This allows us to create a wide exterior body color offering. Vehicle bodies taking the high-volume route are first sealed and then cleaned and transferred to the primer line. An automatic pressure blower cleans off any dirt particles before the body is sprayed and cured in gas-fired ovens. For most colors, the spraying is primarily carried out by robots, although some elements, such as some localized interior areas, are carried out by hand. For special colors, the application of the basecoat, clearcoat and any graphics is carried out by hand through the flexible facility in Gaydon. The whole vehicle, including painted bolt-on components, is painted at the same time to ensure color harmony. We are able to offer a large range of colors, including color matching to a customer-specific requirement, and the robots are capable of painting in any color sequence.

Following painting and curing, the bodies are transferred to the polish line to be polished before final inspection. There are a number of paint rectification booths, where the painted body will be checked and retouched as required before the finished painted body is transferred to the painted body store.

Trim Shop

We use leather and other luxury materials such as Alcantara to handcraft each interior trim panel. Our trained sewing and trimming technicians use their skills to handcraft each piece of trim. The trim shop uses innovative and patented technology processes and details such as perforating, quilting, broguing, embroidery and embossing. The detailed quilting options are very substantial. Some of our vehicles have over one million stitches on each interior. Instrument panels are assembled as part of the trim shop on a carousel conveyor with eight stations. After assembly, the instrument panel is electrically tested before finally being transferred to the main assembly line. Front seats are hand-built on special ergonomic fixtures, then fully tested for functionality before being dispatched to the main assembly line.

Assembly Line

All core vehicles are assembled on a final assembly system in both plants, which is divided into three sections, each with an indexing conveyor, and is then further divided into a number of stations. In order to reduce complexity of the parts delivered to line technicians each vehicle is delivered with a kit of parts, specific for each vehicle, from a central warehouse. The assembly lines are equipped with manipulators to load the engine, instrument panel, seats, doors, fuel tank, roadster hoods, batteries and wheels. A mix build is in effect on the line and as such our employees are able to work on multiple models and have a high level of process expertise.

Quality Processes

Following assembly, the vehicles proceed to an area equipped with a laser to set vehicle geometry on both front and rear wheels and to align the headlights. Following this, the vehicles proceed to a mechanical rolling road test, which checks the ABS braking system and powertrain operation.

Vehicles are fitted with their undertrays before undergoing specific, dynamic testing at the on-site facilities, including squeak and rattle testing and waterproof testing, after which they proceed to the finishing stations for panels, electrical or trim items before undergoing a paint mark-up and repair process. Lastly, the vehicles go through a final thorough inspection, which involves an inspector making rigorous multi-point checks on each vehicle to ensure the quality of the final product and concludes with the inspector's name being stamped in the engine bay as a mark of quality. Only then are the Aston Martin wings affixed to the vehicle.

In addition to all inspections and testing that forms part of our manufacturing process, we also undertake regular consumer perception audits to help maintain our high standards.

In addition to the quality controls in place at the production level, we are also focused on delivering high-quality service and support to both customers and dealer as part of our post-sale customer offering. The facility in Gaydon has a team dedicated to managing field issues by providing advice in connection with technical requests, coordinating vehicle recoveries and physical support deployments. This team, working in conjunction with regionally based specialists, is also responsible for ensuring that any customer complaint is appropriately tracked and resolved. All customer cases are reviewed on a daily basis. We also offer a symptom-based diagnostic tool, which assists dealers with guided diagnosis, enabling any issues to be identified and resolved quickly at the dealer level, thereby reducing demand on the post-sale team. Furthermore, we operate a real time dealer workshop monitoring system, which immediately informs us of vehicles entering workshops, monitors the location of the vehicle and time spent in repair, and ultimately assists with earlier problem detection.

Procurement

Our Procurement function strategically controls and has commercial responsibility to manage the whole of our supplier base for the sourcing of production components, raw materials such as aluminum, leather components and site services. We place purchase orders to ensure ownership of all unique tools and fixtures used by our suppliers for the manufacture of our components. The primary function of Procurement is to ensure and implement a robust supplier partnership strategy, with the aim of strengthening our operations for a sustainable, long-term growth.

We select suppliers for our core models based on who can deliver the best total delivered cost and on the innovative products and solutions they can provide. Suppliers are sourced early in the product development process to ensure cost, quality and delivery targets are met. Sourcing suppliers across multiple platforms helps to de-risk future models and enables the strategic development of components. By virtue of our in-house leather trimming and assembly capabilities, we are able to elect to "make or buy" a number of interior trimmed components, giving us more leverage when negotiating with potential suppliers.

In 2023, we entered into a supplier agreement with Bowers & Wilkins pursuant to which the newly developed Bowers & Wilkins Surround Sound System has been integrated in our vehicles, debuting in the DB12. In 2021, tier 1 supplier partnerships have been signed with Michelin, Bosch, Mavel, and Dana-Graziano to ensure long-term agreement with superior quality and innovation.

In addition, on June 26, 2023 we announced the Lucid Partnership as part of our high-performance electrification strategy. We also entered into the MBAG Partnership for the supply of the MBAG Technology and a technical partnership with Mercedes-Benz Group for the supply of V8 engines. See "*Certain Relationships and Related Party Transactions.*"

Our Procurement function collaboratively engages with other major functional areas to ensure that overall supplier performance is taken into consideration when sourcing. Suppliers are measured based on their overall performance against quality, delivery, cost optimization and sustainability. To reduce investment and increase economies of scale, we normally source each component from a single supplier, although we typically have a number of suppliers for each commodity group so that a competitive tender process can take place. By engaging a variety of suppliers within each commodity group, organic market-driven competition supports the Procurement function in delivering cost reduction initiatives, across our activities. In addition to this, collaborative ways of working and engagement with major suppliers facilitate the development of strategic supplier partnerships. These beneficial partnerships drive cost reduction workstreams and support the wider Group's mission deliverables, in particular those relating to sustainability matters. The long-term procurement strategy is focused on evolving our supplier engagements from a supplier management model to a supplier partnership model, which will improve operational actions, strengthen business relationships, and optimize the total delivered cost of our products.

We have a risk management process in place that seeks to manage and reduce the risk of disruption to our supply of materials and components. This includes an initial risk assessment and ongoing risk monitoring of our suppliers, with mitigation plans for what we consider to be our highest risk suppliers in each supply area. These mitigation plans include a member of senior management being nominated as the "supplier champion" for each supplier considered to pose a greater performance or delivery risk and a development program through which we work closely with those strategic suppliers that we consider to be underperforming. We also seek to balance sourcing decisions across our model range, to limit our risk and reliance on one supplier. We further carry out structured supplier visits at key preparation milestones in connection with new models, to ensure that suppliers are ready to commence production and to ensure quality and on time execution and delivery, at the right cost. As part of our strategy, we expect to: (i) engage additional suppliers and (ii) increase the demand from existing suppliers, in order to deliver our increased volume targets. Each supplier is assessed on its ability to "run at rate" during the pre-production process, focusing both on the quality of the parts produced and the ability to produce them at the rate required when the vehicle goes into production.

Customer Sales and Marketing

We maintain a franchised dealer network, which is the primary means through which we sell our vehicles to customers. Aligned with the 2023 launch of our renewed "corporate identity" across our global distribution network, our dealership network has been continuously strengthened through new appointments and upgraded dealerships as part of our focus on continually enhancing and developing the network's viability, profitability and sustainability. Our dealer strategy is premised on our belief that the integrity and success of the Aston Martin brand is dependent on the responsible and careful selection of dealers. Therefore, we develop strategic and stable partnerships with highly professional, carefully selected and customer centric retail partners.

Under our franchise agreements, franchisee dealers purchase our vehicles and make certain other contractual commitments and in return are permitted to sell our vehicles and merchandise. Our policy is to sell to dealers who provide an in-store experience and who promote the vehicles in a manner consistent with the Aston Martin brand. Non-authorized dealers are not able to sell new or certified pre-owned Aston Martin vehicles. Our dealer strategy is designed to ensure no capital investment by us is required in our dealer network, while maintaining a level of control over it.

We aim to ensure the sales and service experience at our dealers is fully reflective of the Aston Martin brand by delivering a world class luxury customer experience and consistent brand presentation. We have a dealership design consultancy team that works directly with individual dealers to ensure consistency. This team has developed a focused Aston Martin design to be reflected in the interior and exterior appearance of a dealership. Any design for a new dealership must be approved by us. The financing of necessary investment in dealership facilities is provided by the dealers themselves. A specific program and set of design guidelines have also been put in place for the development of after-sales areas, such as workshops and service areas. In developing our sales outlets in this way, we aim to transform the buying process into an exclusive, boutique experience so that the customer is assured an ultra-luxury experience at every touch-point with us and the Aston Martin brand. In July 2021, we introduced an all-new online configurator tool to enhance the enquiry and ordering process for customers. The award-winning configurator continues to perform strongly, with an increase of 19% in configurator sessions for the year ended December 31, 2023 compared to the year ended December 31, 2022.

To maintain the quality of the dealer network, we have a rigorous program in place to educate, develop and monitor dealer owners and managers as to the new model range, brand positioning and required service standards. We are also focused on training, in particular for the repair technicians in the dealer network, to guarantee a satisfactory aftermarket experience for Aston Martin owners.

Dealers range from fully brand-dedicated, standalone dealerships on Solus sites, offering sales and after-sales services, to shared sites (with complementary brands), to shared multi-franchise branded sites, to standalone showrooms and standalone after-sales facilities. All dealers provide sales and after-sales services. Authorized repairers offer after-sales services only, of which there are only two within Europe (one in the Netherlands and one in Switzerland).

Our dealer network is a key stakeholder in our business. The dealer network is well established and developed with 163 dealers representing our brand across 53 countries as of December 31, 2023. All new dealers were chosen based on historical performance, financial strength, commitment to customer service and an understanding of luxury goods marketing and brand development. Both incumbent and new dealers are required to demonstrate a willingness and ability to invest in showroom models as well as hiring and training skilled employees. We inspect dealers for financial stability, brand management and selling capability and are able to terminate a dealer's contract if these criteria are not met to our standards. All dealers in the dealer network are independent dealers, with the exception of Aston Martin Works, in which we own a 50% stake.

The worldwide distribution of dealerships as of December 31, 2023 was as follows:

Number of dealerships	**As of December 31, 2023**
United Kingdom and South Africa	20
EMEA (excluding United Kingdom)	54
Americas	44
Asia Pacific	45
Total	**163**

Our network strategy is focused on the upgrading of premises and partners and not specifically through increasing the network footprint. As our brand follows the path to become the world's most desirable ultra-luxury British performance brand, we embarked on a new "corporate identity" global roll-out program requesting dealer partners to invest in ultra-luxury facilities. Given the current sales growth being delivered by Aston Martin, we anticipate that the average sales per dealer will continue to grow, the after-sales business will grow and dealer profitability will increase, allowing for investment with appropriate returns.

When evaluating the level of Aston Martin market representation, we conduct market studies to identify any potential opportunities using relevant datasets such as dealer locations, UHNWIs and wealth distribution, customer profiles, vehicle parc, primary drive time catchments by ULS brand, ULS competitor locations and ULS registration data. New dealers have recently been appointed in Germany and Italy where clear incremental ultra-luxury market opportunity had been identified by us and partners who met all of our dealer requirement criteria were selected through a stringent selection process.

Our standards are measured and maintained through the implementation of our "Dealer Operating Standards," which covers all areas of the business and are fundamental to providing the ultra-luxury customer experience. In the year ended December 31, 2023, our top five dealer groups represented approximately 20% of our core wholesale volumes.

The following table sets out the geographical distribution of our total wholesales to dealers for the years ended December 31, 2021, 2022 and 2023.

	For the year ended December 31,		
Location	**2021**	**2022**	**2023**
United Kingdom	1,109	1,110	1,141
EMEA (excluding United Kingdom)	1,270	1,508	1,994

Americas	1,984	1,980	2,037
Asia Pacific	1,815	1,814	1,448
Total	**6,178**	**6,412**	**6,620**

Dealer Pricing and Marketing Support

Although we provide a manufacturer's suggested retail price for all our vehicles, individual dealers are permitted to negotiate different prices with customers (within set parameters) and to provide financing to those customers. While some of our customers purchase the vehicles from dealers in cash, we have relationships with certain banks and financial services companies that our dealers can engage with to provide finance and leasing services to customers, if requested. We provide these financial services through licensed third parties operating under the Aston Martin Financial Services brand in certain key markets. As of December 31, 2023, we operated this financial services business with four partners in 17 markets around the world and they are particularly popular in the United Kingdom, Italy, Germany, Japan and the United States. Our partners use their own capital, have full credit and compliance risk and, depending on the market and finance product, have some or all of the residual value risk. We do not contribute any capital or contribute to any operating costs, and we are paid a commission by the partners based on volume performances.

We may from time to time choose to support the profitable sale of new Aston Martin vehicles through our franchised dealer network. This is known as "marketing support." The mechanism of support varies according to the local market needs and customs in order to achieve optimum value from such contributions.

We also have the Wholesale Finance Facility in some markets, which may be utilized in connection with sales of our vehicles and which are backed by credit insurance in the event of dealer default. Where any of these facilities is used in conjunction with a banking partner, we receive the purchase price of a vehicle upon invoicing the dealer (and subject to satisfaction of certain other requirements). Where we cannot utilize any of these facilities in connection with the sale of a vehicle to a dealer, the dealer is required to pay for the vehicle before delivery.

Production Allocation

We closely monitor production relative to demand for our products. While this primarily involves controlling production volumes, it also involves managing allocations to specific markets and to individual dealers. Production levels are initially calculated on a regional basis among the United Kingdom and South Africa, Europe, the Americas, Asia Pacific and Middle Eastern and North African markets. These calculations take into account factors such as local market size, order books and historical performance. From the allocation to a specific region, individual dealers are each given an annual maximum allocation, designed to ensure market demand remains ahead of available supply.

Wholesale volumes reached 6,620 units for the year ended December 31, 2023 (comprised of 151 Specials, 2,939 SUVs and 3,530 sport/GT vehicles (including Vantage, DBS and DB12 vehicles)), compared to 6,412 for the year ended December 31, 2022 (comprised of 89 Specials, 3,219 SUVs and 3,104 sports/GT vehicles (including Vantage, DBS and DB11 vehicles)), and 6,178 for the year ended December 31, 2021 (comprised of 98 Specials, 3,001 SUVs and 3,068 sports/GT vehicles (including Vantage, DBS and DB11 vehicles)).

Secondary Market

Our global certified pre-owned sports car program "Timeless," which is available worldwide, offers customers pre-owned Aston Martin sports cars with high levels of quality, assurance and confidence. The program covers all Aston Martin models from the last decade.

"Timeless" assures the quality of used vehicles sold via approved dealers in the United Kingdom, EMEA, United States and Asia Pacific. Specifically, this involves the provision of a comprehensive extended warranty by us for a premium and a mandatory multi-point check by the dealers on all vehicles sold under the scheme. These efforts, together with the general desirability of the vehicles, have contributed to supporting the secondary market prices of our vehicles, generate limited revenue for us and ensure Aston Martin vehicles are being bought and driven around. In addition, buyers of used Aston Martin vehicles are more likely to buy a new vehicle in the future.

Marketing

Our marketing expenditure is mainly attributable to F1™ sponsorship, new product launches, key UHNWI motoring events, such as the Goodwood Festival of Speed and Goodwood Revival, the Pebble Beach Concours d'Élégance and the Geneva, Shanghai and Beijing Motor Shows. We actively use product placements, one-on-one regional and dealer marketing events, factory tours and sponsorship arrangements, such as luxury lifestyle/sports events. We also benefit from our historic partnership with the James Bond franchise. *No Time to Die*, the latest James Bond film, released in 2021, featured four Aston Martin vehicles, including the DB5, the DBS and the Valhalla.

In November 2023, in the build-up to the F1™ Las Vegas Grand Prix, we illuminated the Las Vegas MSG Sphere (the "*Sphere*"), the largest LED screen on earth and visible from space. This partnership with the F1™ Las Vegas Grand Prix was our largest ever F1™ marketing presence with the display of immersive Aston Martin content on the Sphere throughout the race week.

Away from core automotive activities, we have also attracted UHNWI customers and prospects via our "Art of Living" experiential events platform, capitalizing on a trend that the target market spends significantly on experiences such as driving breaks and access to exceptional lifestyle experiences that may not always involve driving. In particular, these experiences are an effective way to attract a stronger female following and, in general, bring clients closer to the Aston Martin brand and our partners. In 2023, our female customer base increased with 8% compared to 2022. In addition, investments in digital marketing and tools, such as social media platforms like Instagram, Facebook and TikTok, has led to internal efficiencies and increased online leads, along with a social media following, which reached nearly 21 million people as of December 31, 2023. Our social media engagement rate has also increased by 39% compared to 2022.

Our marketing has been boosted by new product launches, which attract new customers and include several limited edition special projects that are revealed privately to an exclusive VIP audience, ahead of public announcement. A club exists for the top customers, which forms the group of those who are typically asked to attend VIP events and launches of limited run models. This strategy has resulted in collectable new products being pre-sold ahead of announcement, leading to desirable invitation-only demand for the brand.

Motorsports

Our participation in motorsports has given the Aston Martin brand global exposure, particularly in key growth markets and has enabled us to debut the Aston Martin Valkyrie in July 2019 in front of a home crowd at the British Grand Prix. More recently, our 110th anniversary was featured at the 2023 British Grand Prix with a celebration lap featuring 110 Aston Martins. Our participation in motorsports also gives a platform to learn about the extremes of design and engineering and has created the opportunity to share technology and processes with the most advanced form of racing.

We believe that our involvement in motorsports is an important brand building tool, as there are high levels of interest in F1™ among premium and luxury vehicle owners globally. See also "*—Manufacturing Facilities and Partnerships—Motorsports*" for more information. 2023 retail data shows that nearly a quarter (24%) of our customers are selecting one of our nine exclusive shades of green for their vehicle, with the official Aston Martin Racing Green color currently being the number one choice, ahead of traditionally popular paint colors such as Xenon Grey and Magnetic Silver.

We market indirectly through the Aston Martin Racing ("*AMR*") program, which promotes our brand through participation in every top global GT endurance series, as well as contesting a broad spectrum of blue riband events such as the 24 Hours of Le Mans and the Nürburgring 24 Hours. The success of these initiatives in increasing our branding exposure and attracting new customers to grow our loyal customer base is evidenced by the fact that 60% of our customers in the year ended December 31, 2023 were new to the Aston Martin brand, with more than 7,000 new customers entering our database. As a customer based program, AMR self generates a significant contribution to the program's funding, through volume sales, sporting and technical support and partnerships with its large partner team network.

Through the longstanding Vantage program, AMR has achieved a consistent level of success. AMR clinched the FIA World Endurance Championship drivers and manufacturers' titles as well as a double class victory at Le Mans in 2020. Moreover, AMR achieved second place in 2021 and another victory in 2022 at Le Mans. The Vantage also won IMSA's GTD class championship in 2022 and won America's most prestigious endurance classic "the Rolex 24 at Daytona" in 2023, through a partnership with the Heart of Racing ("*HoR*"). HoR is the works team for the upcoming Valkyrie Hypercar Le Mans Hypercar program in 2025, heralding a joint program overseen by Aston Martin Performance Technologies.

Design and Product Development

Our product development and design team comprises designers, engineers and technicians, covering almost all aspects of new vehicle planning, design and development. The modular architecture, which employs a COCA principle for key systems and components is the backbone of our current product portfolio and is planned to form the basis for a further cycle of new model introductions. This is being incorporated into a commodity strategy to enable the development of a common family of commodities that will support the full portfolio of vehicles. We have a standardized new product introduction process ("*MISSION*"), which is a system of project gateways with clear deliverables to ensure adherence to all program targets, such as quality, cost and delivery. As a result of our in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, we can ensure a rapid time to market from design conception to launch, at what we believe to be a lower cost than typically required in the industry, while maintaining adherence to the designers' concepts. Following our investment in our aluminum architecture, engines and shared systems for DB12, Vantage and DBS required less product development expenditure than DB12.

Most of our design activities are carried out by our design team at our design facility in Gaydon. This team consists of designers, engineers and technicians, including clay modelers, electronic modelers and other skilled craftsmen. Their processes include sketching and physical and electronic modeling. The design team is also responsible for trim and attention to detail in design, for which we have become recognized. We have received numerous awards. For example, the Valhalla was named "Design of the Year" at the 2021 Automobile Awards and in September 2022, the DBR22 was declared "Best of Show" at the Chantilly Arts et Élégance Richard Mille. DB12 was recently awarded "Car of the Year" for 2024 by Robb Report.

Parts Business

We run a parts and distribution service from our facility at Wolverton Mill, Milton Keynes. This division supplies parts for classic and current models with stocks dating back to 1958. With our annual vehicle sale volumes having increased from the low hundreds during the 1980s and 1990s to 6,620 in 2023, this division is expected to benefit from the increasing number of customer vehicles currently on the road requiring regular parts and maintenance. We sell parts to our authorized dealer network, as well as to approved third-party service centers that are not part of the authorized dealer network. Our revenues from the parts business was £70.8 million and £80.0 million in the years ended December 31, 2022 and 2023, respectively.

Servicing Business

We provide a maintenance and accident repair service, as well as the restoration of our older models, through our servicing business, Aston Martin Works, based in Newport Pagnell. Aston Martin Works represents every facet of the Aston Martin and the Lagonda brands through its activities. We employ highly skilled craftsmen, who can hand manufacture almost all vehicle components.

Our Heritage Operations, a division of Aston Martin Works, offer service and repairs to owners. We are recognized as the leader in restoration of our vehicles, of which around five are completed per year.

In addition to generating revenue, these activities help protect our heritage, which we believe underpins much of our brand appeal and our continued development. Our revenue from the servicing business was £9.3 million and £9.8 million in the years ended December 31, 2022 and 2023, respectively.

Servicing and repair services are also available from authorized service centers in franchised Aston Martin dealers. These are almost entirely independent businesses and therefore do not generate revenue for us, except indirectly through our parts business.

Aston Martin Works Limited, which owns our servicing business, is a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by AML. See "*Certain Relationships and Related Party Transactions*."

Sustainability

We are embracing a new, driving ambition: to be a world-leading sustainable ultra-luxury automotive business. A key pillar of our overall corporate strategy, the "*Racing. Green*" sustainability strategy, which was launched in April 2022, is built on five core priority areas that reflect our approach to sustainability. Fully aligned with the UN's Sustainable Development Goals, our strategy reflects a deep understanding of the priorities of our customers, employees and wider stakeholders. These five areas are (i) tackling climate change, (ii) creating a better environment, (iii) investing in people and opportunity, (iv) exporting success and (v) delivering the highest standards.

To ensure that we are equipped to achieve our sustainability goals, we have focused on acquiring new capabilities and adapting our organization, including setting up a new committee of the Board, the Sustainability Committee, and intensifying the work of ten dedicated sustainability working groups, covering areas ranging from energy and water use, through to safety, diversity and inclusion.

Environmental

Since 2002, the average CO_2 emissions from our vehicles have fallen by 40.1% (based on EU retails sales and NEDC data), and we have continued to drive progress through ongoing investment in technology and engineering innovation. In 2022, we updated our "*Racing. Green*" targets and are aiming to (i) achieve carbon neutral manufacturing facilities, with 100% use of renewable electricity, (ii) reduce CO_2 emissions from our manufacturing facilities by 2.5% year-on-year, (iii) reduce CO_2 emissions intensity and energy consumption per vehicle by 2.5% year-on-year and (iv) further improve biodiversity at our manufacturing facilities. Following an acceleration towards those 2022 targets, we achieved carbon neutral certification in 2023 for Gaydon and St Athan as well as our wider global operations (based on 2022 emissions) using gold standard CO_2 emission offsets. In 2023, we (i) reported a 23% fall in CO_2 emissions per vehicle manufactured compared to 2022 (t CO_2e), (ii) reported a 11.2% decrease in energy consumed compared to 2022 and (iii) only use renewable energy in our Gaydon and St Athan manufacturing facilities. In 2023, we began the decarbonization of our UK supply chain with the use of Bio-LNG trucks in our UK road transport fleet. We have committed to set near-term and long-term Group-wide emission reductions in line with the Science Based Targets initiative's net-zero standard. We are targeting net-zero manufacturing facilities and a 30% reduction in supply chain emissions by 2030 with a net-zero supply chain target by 2039.

We are also developing alternatives to the ICE vehicles with a blended drivetrain approach between 2025 and 2030, including PHEV and BEV, with a clear path to have a line-up of electric sports cars and SUVs. The Valhalla, our first PHEV, is on course to enter production in 2024, marking a key step in the electrification of our product portfolio. Supported by our technical partnerships, our first BEV is targeted for launch in 2026, benefitting from high-performance technologies available. This aligns with our strategy to continue introducing new breath-taking ultra-luxury high-performance core models and Specials, while also keeping up with the developments in our regulatory environment and our market.

We have also intensified our work on reducing and minimizing other environmental impacts. In December 2021, we completed a comprehensive waste stream mapping exercise including a deep-dive analysis to provide enhanced data on waste generated by our 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 categorized data in real time. By 2025, we aim to achieve zero single-use plastic packaging waste from our manufacturing facilities and to reduce our water consumption by 15% compared with 2019 levels.

Our manufacturing facilities are powered by 100% renewable electricity, using suppliers backed by the Renewable Energy Guarantee of Origin ("*REGOs*"), an electronic certificate system which certifies that their electricity is indeed renewable. To reduce our dependency on the national electricity distribution network and increase the supply of renewable electricity to others, we continued to advance renewable electricity generation projects across our sites. In 2023, we completed the installation of solar PV generation at our historic home at Newport Pagnell. We continue to progress our plans for solar PV generation at St Athan and Gaydon. In February 2024, local planning authority permission was granted for the installation of solar PV at St Athan.

Social

We believe investing in people and opportunity will continue to shape our future. We rely on the skills and dedication of a strong team, a team we must keep safe, support and sustain for the long term. This requires a focus on achieving zero accidents, ensuring employees can realize their potential, and creating a more diverse and inclusive environment that promotes and attracts the very best talent. Sustaining a strong team also demands that we inspire young people about the exciting possibilities of a future in engineering and manufacturing, as well as play a proactive role supporting the communities we are part of.

Health and Safety

Targeting zero accidents is our continuous focus, which is why we launched a new safety training program and campaign, "*Zero Harm. Zero Tolerance*" in 2022. During 2023, we continued our work to build a strong safety culture, with our accident frequency rate per 100 workers falling 24.5% from 0.53 in 2022 to 0.4 in 2023. In 2023, following a review guided by our commitment to best practice and our transition to BEV production, we have appointed the British Standards Institute ("*BSI*") as our new safety auditing body. BSI's approach includes best-practice safety indicators: leadership; stakeholder engagement; risk management; organizational health and safety culture; continual improvement; and wellbeing.

In 2024, we intend to implement a new safety management system, which enables real-time online reporting of safety-related incidents using mobile devices.

Our track record is built on a safety-led culture embedded through leadership and training, shared accountability, rigorous reporting, and investment in the latest technology and systems. Supported by a team of dedicated safety professionals, we continue to deliver and pioneer best practice. During 2023, we continued to work towards ISO 45001 certification, an international standard for health and safety at work, at St Athan, Wellesbourne, Wolverton Mill and Newport Pagnell in addition to Gaydon. Our safety training regime was enhanced by the roll out of e-learning courses backed by the Institution of Occupational Safety and Health ("*IOSH*"). The courses cover critical aspects of safety management, including the importance of risk assessment, incident reporting and human factors. Colleagues across the company, in relevant roles, are offered the opportunity to study for IOSH-accredited qualifications.

During the European Safety week in 2023, our safety team visited all our main UK sites, engaging over 1,000 staff in person about safety processes and policies. Our health and safety processes include regular reviews of risk assessments to identify significant hazards, as well as "toolbox talks," highlighting safety during team briefings for operational colleagues. As part of our performance monitoring, safety specialists meet senior executives twice per month to review the latest safety data, to consider trends and identify actions needed. In addition, all safety data is reported to the Sustainability Committee on quarterly basis.

People

All of our work on sustainability is guided by our support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-corruption. In 2023, this was further reflected by our continued work to ensure strong governance, including the launch of a new Code of Conduct. The Code of Conduct represents our values in action, particularly in areas with key ethical or legal considerations, marking what we stand for and what we expect from each other. Making sure our employees are equipped with the right skills and can advance their professional development is a key part of ensuring that we continue to have the right team to drive our future success. As a result, we offer comprehensive training for employees throughout the business, equipping them with the skills they need to develop and grow, and helping them realize their aspirations. In 2023, we delivered 23,515 hours of training to our employees, a 20% increase from 2022.

Our industry-leading four-year apprenticeship program combines classroom-based and online learning with mentorship and on-the-job experience across multiple areas of the business. In 2023, 19 apprentices joined this program ensuring our talent pipeline of the future.

In addition, we continue to enjoy great success with our graduate scheme, which is split between technical and professional career paths. A two-year program allows graduates to rotate through various areas of the business and in 2023 we welcomed 12 graduates. Employees can also access training opportunities to work towards Chartered Institute of Management and MBA qualifications. We continue to make courses available to employees using our e-learning platform. The range of courses offered covers all aspects of the business, including electric and hybrid vehicle hazardous voltage safety awareness, anti-bribery and corruption, environmental awareness and cyber security.

Our Electrification Centre of Excellence, a dedicated BEV training facility, offers training in several aspects of BEV production such as powertrain installation and the safe handling of high-voltage batteries. In 2023, we delivered 2,377 hours of dedicated BEV-related training to 205 colleagues.

Diversity and Inclusion

We are committed to creating, delivering and incentivizing an inclusive employee experience that aligns with what we need in order to deliver our strategy. Diversity is core to our principles of fairness and respect and drives creativity, innovation and strategic decision making. Broadening our diversity and inclusivity agenda has been a key priority for us. The Diversity and Inclusion Working Group, chaired by the Director of Reward and Policy introduced the new Diversity and Inclusion Policy, which was approved by the Board in December 2020. In 2022, we launched our Employee Inclusion Network, which meets monthly to support our employees. We have five dedicated strands within our network that focus on different areas of equity, diversity and inclusion. These strands are: I AM Gender, I AM Pride, I AM Ability, I AM Embraced and I AM Well. In 2023, we continued to focus on delivering our Equity, Diversity and Inclusion ("*EDI"*) strategy by organizing events and engagements coinciding with Black History Month, International Women's Day, National Inclusion Week, Pride and Transgender Week. In addition, we continue to seek ways to support women to secure leadership roles and, guided by our Female Advisory Board, our "Elevating Women in Leadership" program continues to progress. We continuously seek ways to improve the representation of women across all parts of the Company and are targeting 25% of our leadership team to be women by 2025 and 30% by 2030.

In April 2022, the FCA announced additional diversity targets for FTSE listed companies, the reporting of which were effective for financial accounting periods commencing April 1, 2022 onwards. These diversity targets are: (i) at least

40% of the board should be women, (ii) at least one of the senior board positions (the Chair, Chief Executive Officer, Senior Independent Director and/or Chief Financial Officer) should be a woman and (iii) at least one member of the board should be from a minority ethnic background. Whilst we currently already meet one of these FCA additional diversity targets (i.e., at least one of our Directors is from a minority ethnic background), we intend to continue to monitor the Board's diversity when recruiting new Directors.

Community

We provide employment opportunities and contributes to the economic wellbeing of surrounding communities. During 2023, 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 is an essential part of making sure young people are equipped to pursue careers in engineering and manufacturing, as well as enabling us to access the skills we need for the long term. Our long term partnerships with local schools includes the WMG Academy for Young Engineers (age 14 to 19) in Coventry. Every year our apprentices and other employees visit the Academy to help educate students about automotive manufacturing and engineering, as well as to share their experiences working at Aston Martin.

In addition to our partnerships with local schools to promote careers in STEM, we work to support local and international charities and good causes. We are committed to supporting communities and helping those in need nationally, including through our long-standing partnership with The Prince's Trust, a youth charity that helps vulnerable young people aged 11 to 30 to access employment, education and training. In March 2023, we took part in The Prince's Trust event in Birmingham, where we participated in an industry discussion making careers in the automotive industry more accessible to disadvantaged young people. In December 2023, we offered our Q New York flagship showroom for a major charity event run by The Prince's Trust USA. In May 2023, we donated our first DB12 customer vehicle for auction at the amfAR Gala in Cannes, which supports the Foundation for AIDS Research. At the event, the DB12 achieved a price tag of £1.3 million. Earlier in the year, an auction of the very first hand-built Aston Martin DBS 770 Ultimate raised £680,000 for the online safety charity Action Innocence at its Charity Gala in Gstaad, Switzerland.

Governance

We are committed to high standards of corporate governance to enhance performance, mitigate risks and ensure positive relationships with our key stakeholders. See "*Management—The Board and Corporate Governance*."

Intellectual Property

Our success depends in part on our ability to protect and promote our IP rights as well as our freedom to manufacture, import, export, advertise and sell our products and services globally on a daily basis without risk of infringing or misappropriating the IP of a third party. Protecting our IP and the freedom to use it helps protect, preserve and enhance the uniqueness and identity of the Aston Martin products and brands. We therefore assign a high priority to protecting such IP and attempt to safeguard all important new developments and enhancements of our IP appropriately.

Patents

We own a number of patent applications and granted patents, and a significant amount of confidential information and know-how, in relation to technologies used in our products and the manufacturing processes used to create them. We also benefit from licenses from third-party licensors and suppliers to use technologies deployed in our products and in creating and developing them. For example, as part of the Lucid Partnership, we benefit from various licenses to use certain technology and confidential know-how arising in respect of agreed applications of the Lucid Technology in our products. See "*Certain Relationships and Related Party Transactions—Lucid Agreements*" for details regarding the Lucid Partnership. Licenses are also sought from suppliers of services and components that we use in the creation of our products. We have business processes and contractual and security arrangements (including for both our premises and our information technology systems) aimed at ensuring that we protect our confidential information, including in respect of technologies, but also product and business plans and other sensitive confidential information.

Designs and Copyright

We have won numerous awards and have achieved widespread recognition for our designs in the territories in which we operate. The design of our products is often identified as an important feature underpinning the success of our brand and is often a "why buy" factor for consumers. We invest resources in securing design registration in various key global regions and markets including for both entire new products and various iconic individual design features of those products. The imagery surrounding the products is also often important from a sales perspective, and we invest in securing rights to make use of superior digital content (including moving and still images) to represent our products.

Trademarks

We own a significant portfolio of registered and unregistered trademark rights around the world. These rights include, among others and without limitation, a significant portfolio of registered trademark rights in respect of the words "Aston Martin" and "Lagonda," in our famous "Aston Martin" and "Lagonda" wings logos, and in a wide range of sub-brands and model names, for example the "DB," and "Vantage" model names. Our front grill design and the configuration of the side vent on our vehicles are also registered trademarks in certain countries.

In addition to being registered for use in the automotive sector, several of our key trademarks are registered in other sectors, including jewelry, sunglasses, mobile phones, clothing, watches, boats and luxury condominiums.

In respect of automotive applications of our trademarks, we, like other original equipment manufacturers, license the Aston Martin brand for use in connection with a franchise network of dealerships spanning many countries across the world.

Information Technology

We rely on an increasing number of modern IT solutions to support our business. A new Target Operating Model for IT has been developed that has created a business focused, agile, IT capability. This model uses external specialized partners with a focus on scalable technology design and team evolution to build our in-house capability to drive the digital future.

We have implemented a significant number of new technologies over the past three years. Our new CRM solution, New Dealer Management System, leading configurator system, new finance system and the majority of a cloud based full ERP system are now in place. The completion of the remaining parts of our ERP system are scheduled for 2024 and early 2025. We are also developing a new Product Lifecycle Management system to enhance our engineering capabilities. This continues to support our IT strategy to remove legacy applications and optimize digital efficiency.

The second phase of our IT transformation will begin to address the manufacturing space with a manufacturing execution system at the core, integrated into our new enterprise architecture.

The IT team is located at our headquarters to drive efficiency, collaboration, agility and growth. The majority of IT solutions are cloud based with a small footprint on site supporting key manufacturing solutions. Our long-term IT strategy calls for a cloud first approach where appropriate.

We continue to evolve and enhance our Cyber Security capabilities through a combination of managed services and leading new technologies. We are continuously looking for ways to strengthen our cyber security posture through innovation and automated detect and respond mechanisms.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property coverage, product liability (which does not include claims under warranties) terrorism and workers' compensation insurance. We insure our manufacturing facilities and stock against such hazards as fire, explosion, theft, flood, mischief and accidents. We have also taken out credit insurance in respect of dealer default under a Wholesale Finance Facility that we have entered into with those dealers. All of our policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, in terms of both coverage limits and deductibles. We believe that our insurance coverage is reasonably adequate for the risks associated with our operations.

Regulatory

We manufacture and sell vehicles around the world and therefore our operations are subject to laws and governmental regulation in many jurisdictions concerning, among other things, vehicle emissions, environmental damage, original spare parts, technical safety, road safety, export and import quotas and other customs regulations; consumer and data protection; the advertisement, promotion and sale of merchandise; the health, safety and working conditions of our employees; and our competitive and marketplace conduct. These laws regulate our vehicles, including their emissions, fuel consumption and safety, as well as our manufacturing facilities and operations. Certain of these regulations are expected to become more stringent over the coming years and our compliance costs may increase significantly. See "*Risk Factors—Risks Relating to Our Business and Industry—New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions or vehicle safety could give rise to significant costs*."

Greenhouse Gas, CO_2 and Fuel Economy Legislation

Legislation is in place in many of our markets to regulate the environmental effect of passenger vehicles.

Several jurisdictions, including major markets where we are represented, have regulations that limit manufacturers to a specific fleet average for greenhouse gas ("*GHG*") emissions. Manufacturer targets can be based on mass or vehicle footprint and measured against a calculated glideslope.

Several jurisdictions have also announced plans to phase out ICE vehicles entirely. In addition, consumers who elect to buy high emission ULS vehicles may be subject to taxes based on vehicles' CO_2 emissions. For example, a bill significantly increasing such taxes based on vehicles' CO_2 emissions has been implemented in Switzerland.

European Union and the United Kingdom

The EU offers derogations to "small-volume" manufacturers. As such, we have been granted a small-volume derogation, available to light-duty vehicle manufacturers that register fewer than 10,000 new vehicles within the EU per year, wherein we have agreed bespoke CO_2 targets with the EU.

The European Commission has presented a proposal for its 2030 Climate Target Plan. With the 2030 Climate Target Plan, the Commission proposes to raise the EU's ambition on reducing greenhouse gas emissions to at least 55% below 1990 levels by 2030, which is a substantial increase compared to the existing target of at least 40% of the 1990 level. The proposal of the European Commission includes considerations which, if enacted, could require producers of vehicles being required to phase out combustion engines and significantly reducing their CO_2 emissions compared to their current targets.

Following the end of the Brexit transition period, the United Kingdom has initially replicated the EU's CO_2 targets and "small-volume" manufacturers provisions for the short term. The United Kingdom's government has outlined that it will manage vehicle fleet criteria using its own metrics, such as zero emissions quota.

United States

In the United States, the NHTSA and the United States Environmental Protection Agency (the "*EPA*") jointly established the "National Program," which regulates the fuel economy and aggregate GHG output of passenger vehicles. Since the 2017 model year, manufacturers are no longer eligible for conditional exemptions from the GHG standard, and must either comply with the standard or request an alternative fleet average GHG standard for each model year based on capability to reduce their emissions (while also adhering to a notional year-on-year improvement). Our fleet average GHG emissions for the 2017, 2018 and 2019 model years exceeded the GHG standard that would apply, unless alternative standards are agreed with the EPA. Therefore, we have petitioned the EPA for an alternative GHG standard in respect of model years commencing from 2017 and the EPA has agreed an alternative GHG standard in respect of model years 2017 to 2021. The EPA also allowed the alternative standard to be carried back to 2015 and 2016 model years. We are negotiating Operational Independence status with the EPA which enables the return to Small Volume Manufacturer benefits with the EPA.

Under the National Program, the NHTSA regulates fuel economy by setting corporate average fuel economy ("*CAFE*") standards for passenger automobiles, but retains the authority to exempt manufacturers that produce fewer than 10,000 passenger automobiles worldwide from those generally applicable CAFE standards by petition of an alternative standard. We have petitioned NHTSA for alternative CAFE standards for each model year from 2008 to 2024. The NHTSA has not acted on any of these petitions. Although the NHTSA has not taken the position that we failed to meet CAFE standards applicable to past model years, a manufacturer is subject to substantial civil penalties if it fails to meet these standards. The NHTSA rules only apply to passenger automobiles such as our sports cars but not to light duty trucks such as DBX. Therefore, we will continue to be able to apply for CAFE alternative standards for our passenger automobile fleet (not including DBX) as long as the annual global total volume of our passenger vehicle fleet remains below the 10,000 unit limit. Our light duty truck fleet (DBX) will be subject to the light duty truck CAFE standards, which apply irrespective of annual global production volume and civil penalties may be imposed to the extent we do not comply therewith.

In addition, California has recently announced a plan to phase out sales of new, gasoline-powered vehicles by 2035.

China

China's fuel consumption regulation came into effect in 2005 with a phased approach and the latest phase (phase 5) came into force in 2021. The China Fuel consumption standard, issued by the Ministry of Industry and Information Technology, is no longer aligned with the EU's fuel consumption legislation. In the short-term, we are able to use a small-volume definition (for imported vehicles, fewer than 2,000 per year) within the Chinese standard, that allows a higher fuel consumption to be applied if improvements can be demonstrated against the previous year's performance. In addition, manufacturers producing fewer than 30,000 vehicles per annum in China are not required to have a minimum percentage of the fleet being electric vehicles. The Chinese Fuel Economy standard allows a manufacturer to purchase CO_2 credits to balance a manufacturer's CO_2 fleet commitments.

In addition, many other markets in which we operate either have or will shortly define similar climate change related standards.

Vehicle Exhaust Emissions Legislation

As well as regulating emissions relating to climate change, a number of jurisdictions in which we operate also regulate other air pollutants such as oxides of nitrogen, carbon monoxide, hydrocarbons and particulates. The EU, the United States and more recently China lead the implementation of exhaust emissions programs, with other nations and states typically follow by adopting similar regulations.

European Union and the United Kingdom

The EU has adopted stringent standards for light-duty vehicles that significantly limit the allowable emissions for several pollutants. Light-duty vehicles are tested in a laboratory environment using the world harmonized light vehicles test cycle procedure. Real-world Driving Emissions ("*RDE*") tests apply to all vehicles and are intended to complement laboratory testing to measure compliance in a real-world setting. In addition to RDE, the European Commission has introduced changes to the Evaporative Emissions test methods. As a further development, the European Commission is looking to extend the scope of the emissions tests to include more gaseous pollutants, reducing tailpipe emissions limits and to reduce particulate pollutants from combustion and non-combustion sources.

Following the end of the Brexit transition period, the United Kingdom currently remains aligned with the EU's vehicle exhaust emissions legislation and limits.

United States

In the United States, the EPA and CARB have responsibility for establishing and enforcing emission control standards regulating passenger vehicles and light trucks. They have adopted increasingly stringent vehicle emission control standards over time. These standards govern: vehicle exhaust emissions, vehicle evaporative emissions, on-board diagnostic systems for monitoring emissions, and emissions during cold temperature operation, among other matters. In 2014, the EPA finalized Tier 3 standards, beginning with model year 2017 and increasing in stringency through to 2025, which have further reduced the allowed levels of exhaust and evaporative emissions and petrol sulfur content. We have taken advantage of flexibilities offered to small-volume manufacturers, which will enable us to meet a defined set of fleet standards extending out to the 2028 model year.

In the fourth quarter of 2021, credit purchases were secured for U.S. NMOG+NOX Tier 3, U.S. NMOG+NOX Green States and U.S. CAFÉ. The purchase secured credits based on our expected future five-year sales plan in the United States.

China

In 2016, the Chinese Ministry of Environmental Protection published the stage 6 emissions limits, which entered into force in July 2020. Combining elements of both U.S. Federal and European emissions standards, the Chinese stage 6 emissions standard was introduced in two phases, China 6a (July 2020) broadly in line with European emissions limits, and China 6b (July 2023), which will introduce a further reduction in particulates and the need to comply with the Chinese Real World Driving Emissions. A Chinese National Air Quality scheme allows provinces to adopt the China 6 standard from 2019. As a result of the early adoption of China 6 by the National Air quality scheme, all Chinese vehicles had to comply with China 6 from 2019 in order to allow vehicles to be registered throughout the region. For 2023, the China 6b requirements will require the introduction of technologies such as the gasoline particulate filter.

In the first quarter of 2022, credit purchases were secured for China Fuel Economy. The purchase secured credits based on our expected future five-year sales plan in China.

Vehicle Safety

All our products are tested in accordance with requirements relating to the markets in which they are sold and applicable certification is achieved in each respective country or market. Certification in each of the respective countries is maintained and supported by our conformity of production activities.

Globally, activity on passive safety standards (protection of the occupant in the event of a crash or protection of a pedestrian in the event of being struck by a vehicle) has stabilized recently. The area of greatest regulatory activity, across all territories, has been on active safety and cyber security.

European Union and United Kingdom

Vehicles sold within the EU are subject to vehicle safety regulations established by the EU. The EU has continued to develop safety requirements, with a significant update to the General Safety Regulation adopted in 2020. This update included new and revised legislation on passive and active safety items, introducing advanced emergency braking and emergency lane-keeping systems on all motor vehicles registered within the EU. This regulatory activity has also included development of new safety subjects in areas such as cyber security and software updates of vehicle electrical systems. As well as safety, the changes to the European Framework Directive have enhanced requirements in market surveillance, conformity of production and consumer awareness of vehicle defects.

The United Kingdom is expected to continue to be aligned with the European regulatory safety requirements for the foreseeable future.

Several other countries, with the notable exception of the United States, recognize and adopt United Nations Economic Commission for Europe ("*UNECE*") regulations into their national standards and have either implemented regulations that mirror the UNECE regulations or permit passenger vehicles that are compliant with the UNECE regulations.

United States

In the United States, the National Traffic and Motor Vehicle Safety Act of 1966 (the "*Safety Act*") requires vehicle manufacturers to meet certain safety standards for vehicles sold in the United States, and NHTSA has the authority to investigate complaints into vehicle safety and issue recalls for vehicles that do not comply with applicable standards. The Safety Act prohibits the sale in the United States of any new vehicles or equipment that does not conform to applicable vehicle safety standards established by NHTSA. NHTSA standards are updated frequently to incorporate new technologies and requirements. We and other manufacturers are required to notify owners of any defects in vehicle safety and remedy such defects through vehicle recalls. Depending on the nature of the repair and the number of vehicles affected, the cost of any such recalls could be substantial.

To comply with the United States Transportation Recall Enhancement, Accountability and Documentation Act, we are required to report claims involving fatalities, whether occurring within or outside the United States, to the NHTSA.

In line with regulatory activity in other regions, the United States has proposed rulemaking on active safety crash avoidance measures and technologies that detect driver distraction. It is intended that such rules will be accommodated through autonomous functionality and the introduction of advanced vehicle-to-vehicle and vehicle-to-infrastructure communication technologies. These requirements would have a significant influence on a vehicle's electrical architecture and the cost and complexity of designing and producing vehicles and associated equipment.

China

In China, vehicle safety regulations are issued, maintained and implemented by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the Certification and Accreditation Administration (CNCA). Since 2003, a China Compulsory Certification (CCC) marking on all vehicles and components has been a compulsory requirement in China. Many of the Chinese National Guobiao standards (mandatory "GB" standards and recommended "GB/T" standards) are closely aligned with European and United Nations regulations, with China operating a witness certification system similar to the systems required by European and United Nations regulations. Until recently, China allowed manufacturers importing vehicles in low volumes to use European and United Nations safety certification as part of the China Compulsory Certification (CCC) process. However, from April 2021, all vehicles are required to have both their emission and safety tested and certified in China.

As well as continuing to align with United Nations legislation on subjects such as autonomous emergency braking and pedestrian protection, China has started to develop significant legislation on the safety and communication of electrical vehicles and electrical vehicles batteries. The new battery safety legislation will introduce safety requirements with an emphasis on thermal management and fire safety. In addition to the safety regulation, communication legislation is introduced, which will require vehicles in use to allow monitoring through on-board vehicle communications systems.

Litigation

We are from time to time involved as plaintiffs or defendants in claims and litigation relating to our products, commercial matters, intellectual property and other matters, including allegations claiming defects in design and manufacture. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, it is our belief that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position. We also maintain insurance against product liability claims in various jurisdictions. However, we cannot assure that the outcome of any arbitration, litigation or other proceedings in which we may be involved from time to time, will not have a material adverse effect on our consolidated statement of income for a particular period. See "*Risk Factors—Risks Relating to Our Business and Industry—We may become subject to risks arising from legal disputes and may become the subject of government investigations*."

In June 2021, we filed legal proceedings against Nebula Project AG ("*Nebula*") and its board members to investigate potential criminal behavior following Nebula's failure to pay us the customer deposits for certain Aston Martin Valkyrie orders received by Nebula. Nebula has subsequently initiated proceedings against us by way of an arbitration in London, which we believe are without merit. The final hearing in this arbitration has taken place and the Tribunal is expected to render an award later this year. Further, in late 2023 and early 2024, bankruptcy proceedings against five companies managed and ultimately owned by the same board members as Nebula (including against AF Cars AG, a company operating Aston Martin St. Gallen in Switzerland) have been initiated. We have terminated all other agreements with Nebula, including the dealership arrangements with AF Cars AG, and no similar agreements are currently in place with Nebula. All deposits for Specials are now received directly by us and not through a third party. Despite not having received payment of the customer deposits from Nebula, we have been delivering vehicles to our customers affected by Nebula's conduct, prioritizing these customer relationships.

MANAGEMENT

Board and Directors

The members of the board of directors of AML Global Holdings (the "*Board*," and its members the "*Directors*") and their principal functions within AML Global Holdings, together with a brief description of their business experience and principal business activities outside AML Global Holdings, are set out below. The business address of each of the Directors (in such capacity) is Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

Name	Position
Lawrence Stroll	Executive Chairman
Amedeo Felisa	Chief Executive Officer
Doug Lafferty	Chief Financial Officer
Sir Nigel Boardman	Senior Independent Non-Executive Director
Robin Freestone	Independent Non-Executive Director
Natalie Massenet	Independent Non-Executive Director
Marigay McKee	Independent Non-Executive Director
Anne Stevens	Independent Non-Executive Director
Jean Tomlin	Independent Non-Executive Director
Michael de Picciotto	Non-Executive Director
Franz Reiner	Non-Executive Director
Ahmed Al-Subaey	Non-Executive Director
Scott Robertson	Non-Executive Director
Daniel Li Donghui	Non-Executive Director
Cyrus Jilla	Non-Executive Director

Lawrence Stroll

Mr. Stroll began his career over 30 years ago when his family acquired the Pierre Cardin children's wear license for Canada. Shortly thereafter, he acquired the license for Polo Ralph Lauren children's wear in Canada. Almost immediately following, he launched Polo Ralph Lauren men's, women's and children's apparel throughout Europe under the company Poloco S.A. In 1989, Mr. Stroll and Mr. Chou formed Sportswear Holdings Limited to acquire Tommy Hilfiger Corporation, where Mr. Stroll served on the board of directors from 1992 to 2002 and was the company's Co-Chairman from 1998 to 2002. Sportswear Holdings Limited also acquired Pepe Jeans London Corporation in 1991, of which Mr. Stroll was Group Chief Executive Officer from 1993 through 1998. Mr. Stroll also served as the Co-Chairman of Hackett Ltd. from 2007 until 2012. In 2003, Sportswear Holdings Limited acquired a majority interest in Michael Kors Holdings Limited, where Mr. Stroll served as Co-Chairman from 2003 to 2011, when Mr. Stroll and Mr. Chou led Michael Kors' successful IPO, and continued as a director until 2014. Mr. Stroll is the owner of AMR GP and has diversified into different asset classes, including the luxury automotive and motorsport sectors in which he has, for many years, been an active investor, including the Ferrari dealership in Quebec and the Circuit Mont-Tremblant racing circuit in Quebec, Canada. In 2018, Mr. Stroll led a consortium to acquire the F1™ team currently known as BWT Racing Point F1™ team, of which Mr. Stroll is Chairman.

Amedeo Felisa

Mr. Felisa was appointed Chief Executive Officer in May 2022 having previously served on the Board as a non-executive Director since July 2021. Mr. Felisa brings to the Board his extensive automotive industry and technical and commercial experience. Mr. Felisa spent 26 years of his career with Ferrari S.p.A in senior management roles, the last eight years of which as the Chief Executive Officer. Prior to joining Ferrari, Mr. Felisa was a product development team leader at Alfa Romeo S.p.A. Mr. Felisa currently serves as Chairman at Atop S.p.A and senior advisor to the Chairman at IMA Group. Mr. Felisa was awarded a degree in mechanical engineering from the Milan Polytechnic University.

Doug Lafferty

Mr. Lafferty was appointed Chief Financial Officer in May 2022. Prior to joining Aston Martin, Mr. Lafferty was the Chief Financial Officer of FTSE 250-listed fuel retailer Vivo Energy plc. He previously spent three years as Chief Financial Officer for Williams Grand Prix Holdings plc and 16 years in a wide range of senior finance and leadership roles at British American Tobacco. Mr. Lafferty is a member of CIMA and holds a BSc Hons in Management Studies from Royal Holloway, University of London.

Sir Nigel Boardman

Mr. Boardman joined the Board in October 2022. He was a partner at the law firm Slaughter and May from 1982 until 2019 specializing in mergers and acquisitions and corporate advisory and remained a consultant at the firm until 2022. Mr. Boardman was awarded a Knighthood in the Queen's Birthday Honours List in June 2022 for services to the legal profession. Mr. Boardman is chair of Help for Heroes, a military veterans charity, is trustee and chair designate of The Medical College of Saint Bartholomew's Hospital Trust, a charity funding medical research and is Trustee Emeritus and member of the audit committee for the British Museum and is a director of the London Philharmonic Orchestra. He was previously a non-executive board member of the Department for Business, Energy & Industrial Strategy and chaired its audit committee. Mr. Boardman currently serves as Chair at Arbuthnot Latham, Mile Group Unlimited and Glyde Group Unlimited, and as non-executive director at Arbuthnot Banking Group.

Robin Freestone

Mr. Freestone is a qualified chartered accountant, with significant financial, management, business transformation and diversification experience within leading UK-listed global businesses. Previously, Mr. Freestone 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. Mr. Freestone has wide non-executive director experience and was previously a non-executive director at eChem Limited, Chair of the 100 Group and senior independent director and Audit Committee Chair at Cable & Wireless Communications plc. Mr. Freestone currently serves as lead director at Capri Holdings Ltd and Chair and Nomination Committee Chair at Moneysupermarket.com. Mr. Freestone holds a BA in Economics from Manchester University.

Natalie Massenet

Ms. Massenet brings her knowledge of luxury retail sales, marketing and commercial experience to the Board. Ms. Massenet is the co-founder and managing partner of Imaginary Ventures, a capital firm focusing on innovations at the intersection of retail and technology. Previously, Ms. Massenet revolutionized 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. Ms. Massenet has also held several non-executive and advisory positions as a director of NuOrder Inc in 20221, a director and Co-Chairman of Farfetch Inc from 2017 to 2020 and the Chairwoman of British Fashion Council from 2012 until 2017. Ms. Massenet currently serves as a director at Everlance Inc. In 2016, Ms. Massenet was made Dame Commander of the British Empire in recognition of her contributions to the UK fashion and retail industry and was named as one of the 100 most influential people by TIME magazine.

Marigay McKee

Ms. McKee has extensive retail sales, marketing and luxury brand experience. In 2018, Ms. McKee co-founded Fernbrook Capital LLC, a venture fund based in New York and Los Angeles, specializing in consumer tech. Ms. McKee 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, Ms. McKee joined Saks Fifth Avenue in New York as its President rebuilding Saks' luxury launch platform for new and emerging and international brands. Ms. McKee currently serves as board member at The Webster and Need & Thread Design Holdings Limited, as director at Fernbrook Capital LLC and advisory council member at EShop World. In the 2022 Queen's New Year Honours List, Marigay was awarded an MBE in recognition of her services to British retail overseas.

Anne Stevens

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

Jean Tomlin

Ms. Tomlin joined the Board in October 2023 as an independent non-executive Director. Ms. Tomlin is the founder and Chief Executive Officer of Chanzo Limited, a firm that provides consulting, operational delivery and international recruitment services to major event and sport sectors. Ms. Tomlin served as Director of Human Resources of the London Organising Committee of the Olympic and Paralympic Games from 2006 to March 2013. Ms. Tomlin was also the Group HR Director at Marks & Spencer plc and prior to that she spent 15 years at Prudential plc and nine years at Ford Motor Company in various human resources management positions. Currently, Ms. Tomlin serves as a non-executive director of Capri Holdings Ltd, a luxury fashion group where she chairs the remuneration committee, and of Hakluyt & Company Ltd, a privately owned management consultancy. Ms. Tomlin was previously a non-executive director of J Sainsbury Plc from 2013 to 2020.

Michael de Picciotto

Mr. de Picciotto is a well-known investor and businessman who has extensive experience in investments, management and finance. Mr. de Picciotto started his career at RBC Dominion Securities, a global Canadian investment bank, in 1982 where he held several roles in Paris and London and was co-head of the Capital Markets department from 1986 to 1988. He left in 1988 when it was taken over by the Royal Bank of Canada to join Union Bancaire Privée (UBP), a family-owned Swiss private bank, where he worked for 27 years until 2015. During his tenure at UBP, Mr. de Picciotto held a number of senior leadership positions including responsibility for UBP's global financial activities in London and Geneva, the UHNW division and the bank's Asian activities. Mr. de Picciotto served as a long-standing member of the executive board of UBP and remains a shareholder of the bank. In March 2016, Mr. de Picciotto became a large shareholder and the vice-chairman of the Supervisory Board of Engel & Volkërs AG. In September 2021, he co-led the sale of Engel & Volkërs to the investment fund Permira and exited the business. In 2018, Mr. de Picciotto joined a consortium of investors into buying what would become the Aston Martin F1™ Team, based in Silverstone and of which he is also a member of the board. In 2020, he joined the Yew Tree Consortium in acquiring a substantial stake in AML Global Holdings. Mr.de Picciotto studied at the faculty des Hautes Etudes Commerciales (HEC) at the University of Lausanne.

Franz Reiner

Mr. Reiner has been the Chief Executive Officer of Mercedes-Benz Mobility AG since June 2019, which finances and leases vehicles delivered by Mercedes-Benz. Mr. Reiner has played a key role in leading Mercedes-Benz Mobility with its three core financial services activities, fleet management and digital mobility solutions. Since joining the company in 1992, Mr. Reiner has held various positions, including Head of Sales & Marketing and Member of the Board of Management for the private and corporate customer business of Mercedes-Benz Bank. In 2009, Mr. Reiner was appointed to the Management Board of Mercedes-Benz Mobility, initially responsible for the Americas region, and from 2011 for the region Europe. Mr. Reiner currently serves as supervisory board member at VfB Stuttgart 1983 AG and Mercedes-Benz Leasing Deutschland GmbH and as advisory council member at Allianz Global Corporate and Specialty SE.

Ahmed Al-Subaey

Mr. Al-Subaey joined the Board as representative non-executive Director of PIF in November 2022. Mr. Al-Subaey is Chief Executive Officer of Bahri, the National Shipping Company of Saudi Arabia, which is listed on the Saudi Stock Exchange. He was previously the Chief Executive Officer of S-Oil in South Korea and has held various leading roles in Saudi Aramco, most recently Vice President for marketing, sales and supply planning. Mr. Al-Subaey holds a BSC and Masters degree in electrical engineering from the University of Arizona and an executive MBA from Stanford University.

Scott Robertson

Mr. Robertson joined the Board as representative non-executive Director of PIF in November 2022. He is a senior director and the head of public investments in the international investments division at PIF. Prior to joining PIF in 2018, Mr. Robertson worked in various investment positions at Soros Fund Management, Paulson & Co. and Stonepeak Partners. Mr. Robertson holds a Bachelor of Arts in Economics from Cornell University.

Daniel Li Donghui

Mr. Li joined the Board as representative non-executive Director of Geely in July 2023. Mr. Li is currently the Chief Executive Officer of Geely, having joined the company in April 2011 as Vice President and Chief Financial Officer, serving as a director on its board. In April 2012, Mr. Li was appointed as a director on the board of Volvo Cars. From May 2011 to April 2014, he served as executive director of Geely Automobile Holdings Co., Ltd. From June 2016 to November 2020, he served as executive Vice President and Chief Financial Officer of Geely Holding Group. In July 2016, Mr. Li was appointed to the position of executive director and Vice Chairman of Geely Automobile Holdings Co., Ltd. In 2017, Mr. Li was appointed as a member of the board of Polestar. Mr. Li is currently also the Chairman of Lotus Technology Inc.

Cyrus Jilla

Mr. Jilla joined the Board in October 2023 representing Ernesto Bertarelli, a significant member of the Yew Tree Consortium. Mr. Jilla is Group Managing Partner at B-FLEXION, a private investment firm, overseeing their portfolio of operating businesses and investment partnerships and a director at Capital Four Group. Prior to joining B-FLEXION, Mr. Jilla was, most recently, a President and officer at Fidelity International Limited (FIL), where he had primary responsibility for FIL's proprietary investments. Earlier in his career, Mr. Jilla was Managing Partner at Bain & Company, London where he also led their European Consumer & Luxury Goods practice. Mr. Jilla has previously served as a non-executive director of numerous companies, including De Beers LV, COFRA A.G., Colt Telecom and Element Six Group.

Executive Committee

The current members of the executive committee with responsibility for day-to-day management of the Group are set out below. The business address of each of the members of the executive committee (in such capacity) is Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

Name	Position
Amedeo Felisa	Chief Executive Officer
Doug Lafferty	Chief Financial Officer
Marek Reichman	Executive Vice President and Chief Creative Officer
Marco Mattiacci	Global Chief Brand and Commercial Officer
Michael Marecki	Vice President and General Counsel
Roberto Fedeli	Group Chief Technical Officer
Giorgio Lasagni	Chief Procurement Officer
Vincenzo Regazzoni	Chief Industrial Officer
Simon Smith	Chief People Officer

See "*—Board and Directors*" for the biographies of Amedeo Felisa and Doug Lafferty.

Marek Reichman—Executive Vice President and Chief Creative Officer

Mr. Reichman joined the Group in 2005 and is the Executive Vice President and Chief Creative Officer responsible for design developments. During his professional career, he has held design roles at Ford, BMW, Land Rover, Rover Vehicles and Nissan. Prior to joining the Group, he was Design Director at Ford North America. Mr. Reichman holds a B.A. in Industrial Design from Teesside University and a Mdes in Vehicle Design from the Royal College of Art, London. In 2011, Mr. Reichman received an Honorary Doctorate from Teesside University.

Marco Mattiacci—Global Chief Brand and Commercial Officer

Mr. Mattiacci joined the business in October 2021 and is the Global Chief Brand and Commercial Officer of AML Global Holdings, responsible for all sales and marketing and communications. Mr. Mattiacci has over 30 years of automotive experience gained all over the world. Mr. Mattiacci spent the first ten years of his career at Jaguar Cars in the UK and then moved to Ferrari, where he spent over 15 years in the roles of Chief Executive Officer of Ferrari North America, Chief Executive Officer of Ferrari Asia Pacific and Managing Director and Team Principal of the Scuderia Ferrari Formula One™ racing team. In 2016, Mr. Mattiacci joined Faraday Future in the U.S., as its Global Chief Brand Officer and Chief Commercial Officer. Upon leaving Faraday in 2017, Mr. Mattiacci advised automotive clients with McKinsey & Company.

Michael Marecki—Vice President and General Counsel

Mr. Marecki joined the Group in July 2007 and is Vice President and General Counsel. Prior to his current position, Mr. Marecki worked from 1988 until June 2007 for Ford Motor Company as the Assistant General Counsel, Environment and Safety. Mr. Marecki holds a J.D. from Georgetown University Law Center and a B.A. from Fordham University.

Roberto Fedeli—Group Chief Technical Officer

Mr. Fedeli is Group Chief Technical Officer at AML Global Holdings, leading the engineering team, having joined the Company in June 2022. Mr. Fedeli is a proven leader in the luxury high-performance sports cars sector. He is considered the creator of Ferrari LaFerrari, the Italian company's first hybrid supercar as well as some of its most iconic models during his 26 year tenure. Mr. Fedeli brings his extensive knowledge, passion for innovation and his most recent experiences in the implementation of electrification technologies during his time at BMW. Mr. Fedeli holds a Master's degree in Aerospace.

Giorgio Lasagni—Chief Procurement Officer

Mr. Lasagni joined Aston Martin in January 2023 to lead the procurement function as Chief Procurement Officer. Mr. Lasagni has extensive experience of procurement and supply chain management and strategy. Mr. Lasagni joined Aston Martin from Zoppas Industries S.p.A, an Italian heating element company where he was Global Purchasing and Supplier Development Director and redesigned the purchasing and supplier development functions. Prior to that, Mr. Lasagni was at Robur S.p.A, and Candy Hoover Group S.p.A, holding a number of business unit director and procurement positions. Giorgio spent just under eight years of his career at Ferrari S.p.A, holding a variety of roles including Purchasing and Supplier Development Director and Ferrari & Maserati Engine Manufacturing Director. Mr. Lasagni holds a Master's degree in Architecture from the Politecnico of Milan.

Vincenzo Regazzoni—Chief Industrial Officer

Mr. Regazzoni is Chief Industrial Officer of Aston Martin and was appointed in 2023 to oversee all manufacturing operations. Working as an advisor to Aston Martin prior to his appointment, Mr. Regazzoni has more than two decades of experience in the low volume, ultra-luxury automotive segment, including his most recent position as Chief Manufacturing Officer of Ferrari.

Simon Smith—Chief People Officer

Mr. Smith joined AML Global Holdings in April 2022 as Chief People Officer. Mr. Smith has extensive HR experience across the engineering and manufacturing sector, starting his career with Peugeot and spending a significant part of his career at both Alstom and Rolls-Royce. More recently, Mr. Smith has held transformation and strategy leading HR roles at Johnson Matthey and Legal and General Modular Homes. Mr. Smith is a fellow of the CIPD, is a qualified Executive Coach and holds a BA Hons in Politics and International Relations from Lancaster University.

The Board and Corporate Governance

AML Global Holdings is firmly committed to high standards of corporate governance and maintaining a sound framework for our control and management. The Board has adopted a number of measures with regard to its governance arrangements, and AML Global Holdings continues to develop its corporate governance framework.

As of the date of the Offering Memorandum, our Board comprises fifteen members: the Executive Chairman, two executive Directors and twelve non-executive Directors. The Board's role is to establish our purpose, values and strategy and ensuring alignment of this to our culture. It is responsible for establishing procedures to manage risk, ensure the integrity of audit functions, oversee the internal control framework and to determine the nature and extent of the risks we are willing to take in order to achieve our long-term strategic objectives.

The UK Corporate Governance Code recommends that (i) at least half the board, excluding the chair should be non-executive directors whom the board considers to be independent, (ii) a company's remuneration and audit committees should be comprised solely of independent non-executive directors with a minimum of three on the relevant committee and (iii) the board's nomination committee should be comprised of a majority of independent non-executive directors.

As of the date of this Offering Memorandum, six of AML Global Holdings' fourteen Directors (excluding for these purposes the Executive Chairman) are considered independent non-executive directors for the purposes of the UK Corporate Governance Code. The Board regards Sir Nigel Boardman, Robin Freestone, Natalie Massenet, Marigay

McKee, Anne Stevens, Jean Tomlin to be independent for the purposes of the UK Corporate Governance Code. Lawrence Stroll, Cyrus Jilla, Daniel Li Donghui, Scott Robertson, Ahmed Al-Subaey, Franz Reiner and Michael de Picciotto as representative Directors, nominated by major shareholders, and Amedeo Felisa and Doug Lafferty as executive Directors, are not regarded as independent for the purposes of the UK Corporate Governance Code. Executive Chairman Lawrence Stroll was not independent on appointment. We are therefore currently non-compliant with the UK Corporate Governance Code in relation to the proportion of independent non-executive Directors on the Board but are compliant in respect of the composition of our committees. Our Board nomination committee concluded that appointing additional independent non-executive directors to the Board to comply with the independence requirements of the UK Corporate Governance Code would be detrimental to the effectiveness of the Board as the current Board already consists of fifteen Directors. Ensuring that the Board is kept at a manageable size so as to continue to facilitate effective discussion and decision making needs to be balanced with the benefits that independence brings. Moreover, the shareholder representative Directors act independently of one another so there is no dominant collective voice in the Board. The Board also has a very high calibre of experienced independent non-executive Directors who ensure effective independent challenge and debate at Board meetings. Therefore, despite not being in compliance with the independence requirements of the UK Corporate Governance Code, we are comfortable that the Board operates with sufficient independence of thought and power.

On May 18, 2023, in connection with the Geely Transactions, AML Global Holdings and Geely entered into the Geely Relationship Agreement. The Geely Relationship Agreement provides that Geely is entitled, for so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%, to (i) nominate one non-executive Director and (ii) nominate one observer at the meetings of the Board. For so long as Geely holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, Geely is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board. For details on the Geely Relationship Agreement, see "*Certain Relationships and Related Party Transactions—Relationship Agreements—Geely Relationship Agreement*."

In addition, on July 29, 2022, AML Global Holdings and PIF entered into the PIF Relationship Agreement. The PIF Relationship Agreement provides that PIF is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 10% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%. For so long as PIF holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board. For details on the PIF Relationship Agreement see "*Certain Relationships and Related Party Transactions—Relationship Agreements—PIF Relationship Agreement*."

On February 27, 2020, in connection with the MBAG Amended and Restated Strategic Cooperation Agreement, AML Global Holdings and MBAG entered into the MBAG Relationship Agreement. The MBAG Relationship Agreement provides that MBAG is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 15% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7.5%. For so long as MBAG holds a direct or indirect interest in 7.5% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board. For details on the MBAG Relationship Agreement see "*Certain Relationships and Related Party Transactions—Relationship Agreements—MBAG Relationship Agreement*."

On February 27, 2020, AML Global Holdings and the Yew Tree Consortium entered into the Yew Tree Consortium Relationship Agreement. The Yew Tree Consortium Relationship Agreement provides that the Yew Tree Consortium is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 10% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%. For so long as the Yew Tree Consortium holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board. For details on the Yew Tree Consortium Relationship Agreement see "*Certain Relationships and Related Party Transactions—Relationship Agreements—Yew Tree Consortium Relationship Agreement*."

Remuneration

The compensation for the executive Directors of AML Global Holdings includes base salaries, performance based bonus payments, benefits (vehicle schemes, private mileage entitlement, private health insurance, share plans, etc.), pension contributions or cash allowances in lieu of pension contributions and a long-term incentive plan. On December

14, 2022, the remuneration committee approved an adjustment to the number of shares outstanding under the long-term incentive plan awards granted to the Chief Executive Officer and Chief Financial Officer in June 2022 to take account of the 2022 Equity Capital Raise. The long-term incentive plan awards were the 2022 grant (grant date of June 13, 2022), and are in-line with the remuneration policy approved in 2022. On March 6, 2024, 78,050 new ordinary shares of AML Global Holdings of £0.10 each were admitted to the Official List of the FCA and to trading on the London Stock Exchange to satisfy AML Global Holdings' long term incentive plan and a buy-out award.

The non-executive Directors of AML Global Holdings receive fees for their services. Michael de Picciotto waived his fee for the year ending December 31, 2023. The Executive Chairman receives a nominal fee of £1 per annum.

In addition, we operate a share option scheme approved by HMRC and an unapproved share option scheme. Both schemes have no vesting conditions and are equity-settled. The approved scheme has no expiry date and the unapproved scheme has an expiry date of October 18, 2027. On May 26, 2023, AML Global Holdings announced that applications have been made to the FCA and the London Stock Exchange for a total of 1,017,505 ordinary shares of £0.10 each to be admitted to the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange to satisfy an award of free shares to our employees under our share incentive plan.

The aggregate compensation paid by us to our executive Directors and key management personnel for the year ended December 31, 2023 was £11.7 million.

DESCRIPTION OF THE ISSUER

The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017 with company number 123447 under the Companies (Jersey) Law 1991, as amended (which is also the relevant primary legislation under which the Issuer operates). The Issuer is a special purpose finance subsidiary with no significant assets other than the Notes Proceeds Loan and the shares it holds in its direct subsidiary, AM Capital. On the Issue Date, the Issuer will on-lend the proceeds from the issuance of the Notes to AML pursuant to the Notes Proceeds Loan.

The Issuer has not engaged in and will not engage in any activity other than the business and activities described or referred to in this Offering Memorandum. The Issuer will be managed and controlled by its directors in the UK.

The registered office of the Issuer is located at 28 Esplanade, St Helier, Jersey JE2 3QA and its telephone number is +44 (0) 1534 700 000. The memorandum and articles of association of the Issuer may be inspected at the registered address of the Issuer or as set out in "*Listing and General Information*."

Directors, Company Secretary and Corporate Services

The directors of the Issuer and their respective business addresses and principal activities are:

Name	Nationality	Business Address	Principal Activities
Douglas James Lafferty	British	28 Esplanade, St Helier, Director, Jersey JE2 3QA	Director
Marek Reichman	British	28 Esplanade, St Helier, Director, Jersey JE2 3QA	Director

See "*Management—Board and Directors*" for the biography of Douglas James Lafferty and "*Management—Executive Committee*" for the biography of Marek Reichman.

The secretary of the Issuer is:

Name	Business Address
JTC Corporate Officers Middle East Limited	Office 18-40, Central Park Towers, Dubai International Financial Centre, PO Box 24075, Dubai, United Arab Emirates.

JTC Group Limited provides the Issuer with general secretarial, registrar and company administration services. Fees are payable to JTC Group Limited pursuant to and in accordance with standard terms of business of JTC Group Limited.

Principal Activities

The Issuer's principal activities include the issue of the Notes, utilization of the proceeds of the Notes to on-lend to affiliates of the Issuer, the execution and performance of principal documents, the execution and performance of all documents relating thereto to which it is expressed to be a party, the provision of a guarantee under the Revolving Credit Facility Agreement, the exercise of related rights and powers and other activities reasonably incidental thereto.

Directors' Interests

The Issuer's directors are also employees and/or directors of the Company and/or its subsidiaries. The directors of the Issuer will not be remunerated by the Issuer for their role as directors.

As a matter of Jersey law, each director of the Issuer is under a duty to act honestly and in good faith with a view to the best interests of the Issuer, regardless of any other directorship such director may hold. Each director is responsible for advising the board of directors in advance of any potential conflicts of interest.

Share Capital

The Issuer was incorporated with an authorized share capital of £10,000, comprising 10,000 ordinary shares of £1.00 each. At the date of this Offering Memorandum, four ordinary shares have been allotted for cash, and are fully paid.

At the date of this Offering Memorandum, the entire issued share capital of the Issuer is held by the Company.

As of the date of this Offering Memorandum, other than as disclosed in this Offering Memorandum, there is no loan capital outstanding, loan capital created but unissued, term loan, other borrowing or indebtedness in the nature of the borrowing, contingent liability or guarantee in respect of the Issuer.

Financial Position of the Issuer

The Issuer has not traded since its incorporation on March 21, 2017, other than in relation to the issue of certain notes issued in 2017, the issue of the Existing Notes and the issue of the Notes offered hereby and the provision of guarantees under the Existing Revolving Credit Facility Agreement and the Revolving Credit Facility Agreement. AML Global Holdings publishes annual consolidated financial information of it and its subsidiaries (which includes the Issuer) in accordance with the laws of England and Wales. The Issuer will publish financial information to the extent required by Jersey law.

PRINCIPAL SHAREHOLDERS

Our share capital is wholly owned by our indirect parent company, AML Global Holdings, which successfully completed an initial public offering in October 2018. Its entire ordinary share capital is admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange.

In March and April 2020, we raised £535.7 million (less total fees of £25.1 million) of gross proceeds through the 2020 Equity Capital Raise, consisting of (i) a private placing of shares in AML Global Holdings to the Yew Tree Consortium for £171.0 million in March 2020 and (ii) a fully underwritten rights issue of shares of AML Global Holdings for £364.7 million in March and April 2020. In the course of the 2020 Equity Capital Raise, the Yew Tree Consortium acquired approximately 25% of the issued share capital of AML Global Holdings. In addition, in June and October 2020, AML Global Holdings raised an additional £152.1 million and £125.0 million of gross proceeds through, respectively, the 2020 June Equity Placing and the 2020 October Equity Placing, which were supported by, among others, the Yew Tree Consortium.

In September 2022, we raised £653.9 million (less total fees of £21.6 million) of gross proceeds through the 2022 Equity Capital Raise, consisting of (i) a private placing of shares in AML Global Holdings for £78.1 million to, among others, the Yew Tree Consortium (for £6.4 million) and PIF (for £18.5 million) in September 2022 and (ii) a fully underwritten rights issue of shares of AML Global Holdings for £575.8 million in September 2022. In the course of the 2022 Equity Capital Raise, PIF acquired 16.7% of the issued share capital of AML Global Holdings.

In May 2023, we raised an additional £94.8 million of gross proceeds through the issuance of shares in AML Global Holdings subscribed to by Geely. In May 2023, Geely entered into (i) a sale and purchase agreement with certain members of the Yew Tree Consortium, to acquire 41,575,708 existing ordinary shares in AML Global Holdings and (ii) a subscription agreement with AML Global Holdings, to subscribe for 28,300,000 new ordinary shares ((i) and (ii), the "*Geely Transactions*"). As a result, Geely became a 16.7% shareholder of AML Global Holdings. In addition, in August 2023, we raised an additional £216.1 million of gross proceeds by way of the 2023 Equity Placing, which was supported by our majority shareholders, namely the Yew Tree Consortium, PIF, Geely and MBAG.

As of the date of this Offering Memorandum, AML Global Holdings has four significant shareholders, namely, (i) the Yew Tree Consortium, (ii) PIF, (iii) Geely and (iv) MBAG. The relationship between AML Global Holdings and each of the Yew Tree Consortium, PIF, Geely and MBAG is governed by their respective Relationship Agreements. The purpose of the Relationship Agreements is to document the Director nomination rights and certain other governance arrangements between AML Global Holdings and each of the Yew Tree Consortium, PIF, Geely and MBAG and to ensure that AML Global Holdings can carry on its business independently and for the benefit of shareholders as a whole. For details on the Relationship Agreements, see "*Certain Relationships and Related Party Transactions—Relationship Agreements*."

As of December 31, 2023, AML Global Holdings had been notified of the following major interests in its issued ordinary share capital:

Shareholder	Number of ordinary shares (rounded)	% of total voting rights
Yew Tree Consortium	208.6 million	25.3%
PIF	140.5 million	17.06%
Geely	132.5 million	16.7%
MBAG	73.3 million	8.9%%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationship Agreements

As of the date of this Offering Memorandum, the relationship between AML Global Holdings and each of the Yew Tree Consortium, PIF, Geely and MBAG is governed by their respective Relationship Agreements. The purpose of the Relationship Agreements is to document the Director nomination rights and certain other governance arrangements between AML Global Holdings and each of the Yew Tree Consortium, PIF, Geely and MBAG and to ensure that AML Global Holdings can carry on its business independently and for the benefit of shareholders as a whole.

Yew Tree Consortium Relationship Agreement

On February 27, 2020, AML Global Holdings and the Yew Tree Consortium entered into a relationship agreement, as amended on March 13, 2020 (the "*Yew Tree Consortium Relationship Agreement*"). The purpose of the Yew Tree Consortium Relationship Agreement is to document the director nomination rights and certain other governance arrangements between AML Global Holdings and the Yew Tree Consortium. The Yew Tree Consortium Relationship Agreement is substantially on the same terms as the relationship agreements that AML Global Holdings has in place with PIF, Geely and MBAG.

The Yew Tree Consortium Relationship Agreement provides that the Yew Tree Consortium is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 10% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%. For so long as the Yew Tree Consortium holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board.

Throughout the term of the Yew Tree Consortium Relationship Agreement, AML Global Holdings agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of AML Global Holdings present at a meeting and entitled to vote. These matters include, among others, any changes to the material activities of the Group, any material acquisition or disposition, the adoption of or changes to the Group's annual budget or its business plan, the incurrence of indebtedness above certain specified thresholds, the issuance of securities, changes to the size of the Board and the nomination committee and the appointment or dismissal of executive Directors.

In addition, the Board cannot propose an amendment to the articles of assocation of AML Global Holdings which would be in conflict with the provisions of the Yew Tree Consortium Relationship Agreement without the prior written consent of the Yew Tree Consortium.

The Yew Tree Consortium Relationship Agreement will terminate upon the Yew Tree Consortium ceasing to have the entitlement to exercise 7% or more of the voting rights in AML Global Holdings or its shares ceasing to be admitted to the Official List of the FCA.

PIF Relationship Agreement

On July 29, 2022, AML Global Holdings and PIF entered into a relationship agreement (the "*PIF Relationship Agreement*"). The purpose of the PIF Relationship Agreement is to document the director nomination rights and certain other governance arrangements between AML Global Holdings and PIF. The PIF Relationship Agreement is substantially on the same terms as the relationship agreements that AML Global Holdings has in place with the Yew Tree Consortium, Geely and MBAG.

The PIF Relationship Agreement provides that PIF is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 10% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%. For so long as PIF holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board.

Throughout the term of the PIF Relationship Agreement, AML Global Holdings agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of AML Global Holdings present at a meeting and entitled to vote. These matters include, among others, any changes to the material activities of the Group, any material acquisition or disposition, the adoption of or changes to the Group's annual budget or its business plan, the incurrence of indebtedness above certain specified thresholds, the issuance of securities, changes to the size of the Board and the nomination committee and the appointment or dismissal of executive Directors.

In addition, the Board cannot propose an amendment to the articles of association of AML Global Holdings which would be in conflict with the provisions of the PIF Relationship Agreement without the prior written consent of PIF.

The PIF Relationship Agreement will terminate upon PIF ceasing to have the entitlement to exercise 7% or more of the voting rights in AML Global Holdings or its shares ceasing to be admitted to the Official List of the FCA.

Geely Relationship Agreement

On May 18, 2023, in connection with the Geely Transactions (see "*Principal Shareholders*" for more information on the Geely Transactions), AML Global Holdings and Geely have entered into the Geely Relationship Agreement to document the appointment rights to the Board as specified below and other terms governing their ongoing relationship. The Geely Relationship Agreement is substantially on the same terms as the relationship agreements that AML Global Holdings has in place with the Yew Tree Consortium, PIF and MBAG.

The Geely Relationship Agreement provides that Geely is entitled, for so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7%, to (i) nominate one non-executive Director and (ii) one observer at the meetings of the Board. For so long as Geely holds a direct or indirect interest in 7% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board.

Throughout the term of the Geely Relationship Agreement, AML Global Holdings agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of AML Global Holdings present at a meeting and entitled to vote. These matters include, among others, any changes to the material activities of the Group, any material acquisition or disposition, the adoption of or changes to the Group's annual budget or its business plan, the incurrence of indebtedness above certain specified thresholds, the issuance of securities, changes to the size of the Board and the nomination committee and the appointment or dismissal of executive Directors.

In addition, the Board cannot propose an amendment to the articles of association of AML Global Holdings which would be in conflict with the provisions of the Geely Relationship Agreement without the prior written consent of Geely.

The Geely Relationship Agreement will terminate upon Geely ceasing to have the entitlement to exercise 7% or more of the voting rights in AML Global Holdings or its shares ceasing to be admitted to the Official List of the FCA.

MBAG Relationship Agreement

On February 27, 2020, in connection with the Strategic Cooperation Agreement (see "*—Amended and Restated Strategic Cooperation Agreement*"), AML Global Holdings and MBAG have also entered into the MBAG Relationship Agreement to document the appointment rights to the Board as specified below and other terms governing their ongoing relationship. The MBAG Relationship Agreement is substantially on the same terms as the relationship agreement that AML Global Holdings has in place with the Yew Tree Consortium, PIF and Geely.

The MBAG Relationship Agreement provides that MBAG is entitled to (i) nominate two non-executive Directors to the Board for so long as its shareholding in AML Global Holdings is equal to or exceeds 15% and (ii) nominate one non-executive Director so long as its direct or indirect interest in the voting rights of AML Global Holdings is at least 7.5%. For so long as MBAG holds a direct or indirect interest in 7.5% or more of the voting rights in AML Global Holdings, it is further entitled to appoint one director as (i) a member of the nomination committee and (ii) an observer on each of the audit and risk committee and the remuneration committee of the Board.

In addition, the MBAG Relationship Agreement contains a set of cooperation policies that have been agreed between AML Global Holdings and MBAG in order to ensure that all interactions between them pursuant to the MBAG Partnership are carried out in a regulatory- and antitrust-compliant way.

Throughout the term of the MBAG Relationship Agreement, AML Global Holdings agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of AML Global Holdings present at a meeting and entitled to vote. These matters include, among others, any changes to the material activities of the Group, any material acquisition or disposition, the adoption of or changes to the Group's annual budget or its business plan, the incurrence of indebtedness above certain specified thresholds, the issuance of securities, changes to the size of the Board and the nomination committee and the appointment or dismissal of executive Directors.

In addition, the Board cannot propose an amendment to the articles of association of AML Global Holdings which would be in conflict with the provisions of the MBAG Relationship Agreement without the prior written consent of MBAG.

The MBAG Relationship Agreement will terminate upon MBAG ceasing to have the entitlement to exercise 7.5% or more of the voting rights in AML Global Holdings or its shares ceasing to be admitted to the Official List of the FCA.

Lucid Agreements

On June 26, 2023, we moved forward further in our electrification strategy by entering into a long-term strategic partnership with AML Global Holdings, AML, Lucid, Lucid GT and Atieva for the supply of electric powertrain components and battery systems (the "*Lucid Technology*") for the creation of ultra-luxury high performance BEVs (the "*Lucid Partnership*"). Lucid is majority-owned and controlled by PIF, our second largest shareholder. Under the terms of the initial implementation agreement dated June 26, 2023 (the "*Lucid Implementation Agreement*"), the parties have agreed to enter into an integration agreement and a supply agreement that will provide us with access to the Lucid Technology, which is engineered and manufactured exclusively in-house by Lucid (respectively, the "*Lucid Integration Agreement*" and the "*Lucid Supply Agreement*," and together with the Lucid Implementation Agreement, the "*Lucid Agreements*"). Lucid will supply its technology to us in exchange for 28,352,273 new ordinary shares in AML Global Holdings (the "*Lucid Consideration Shares*") and phased cash payments. The aggregate value of the Lucid Consideration Shares and the cash payments are totalling approximately $232 million (£182 million).

Lucid was selected by us through a competitive process and will provide advanced electric powertrain technologies, including its ultra-high performance twin motor drive unit, renowned battery technology and revolutionary Wunderbox. The twin motor rear drive unit's prodigious power combines with torque vectoring to extend the capabilities of the vehicle beyond that achievable with a passive all-wheel-drive system. These technically innovative electric motors incorporate Lucid's microjet stator cooling and wave winding, new heat exchanger technology and heightened coolant flow rate, as well as an accompanying battery system that is likewise upgraded for higher power and more precise thermal logic.

We believe that the Lucid Partnership will further support (i) our target to launch our first BEV by 2025, (ii) our long-term high-performance electrification strategy and (iii) our wider "*Racing. Green*" sustainability strategy.

Lucid Implementation Agreement

Under the terms of the Lucid Implementation Agreement, AML Global Holdings issued the Lucid Consideration Shares, worth £79 million (equivalent), to Atieva on November 6, 2023, following which Atieva became a 3.4% shareholder in AML Global Holdings. Subject to certain customary exceptions, Atieva has agreed not to dispose of the Lucid Consideration Shares for a period of 365 days from the date of their allotment. In addition to the issuance of the Lucid Consideration Shares, AML Global Holdings will make certain phased cash payments to Atieva in the aggregate amount of $132 million (£104 million), with (i) an initial amount of $33 million (£26 million) payable on November 6, 2023 and (ii) subsequent amounts payable in multiple stages on certain future dates in 2025 and 2026, provided that neither AML Global Holdings, nor Atieva are in material breach of the Lucid Implementation Agreement and no material warranty breach for either party occurred.

The Lucid Implementation Agreement also includes certain exclusivity provisions for our benefit. In particular, Atieva has agreed that it will not, and will ensure that its affiliates will not:

(i) provide commercial volumes of any goods to be provided to AML Global Holdings to certain key competitors of AML Global Holdings (an "*AML Competitor*") before the earlier of (i) three months after AML Global Holdings starts commercial production of a BEV under the Aston Martin brand incorporating powertrain components supplied by Lucid or (ii) April 1, 2026; and

(ii) announce any partnership with any AML Competitor before December 1, 2023.

Some other key terms of the Lucid Implementation Agreement stipulate that:

(i) for as long as Atieva's shareholding in AML Global Holdings represents at least 3% of AML Global Holdings' issued share capital, if AML Global Holdings carries out a pre-emptive offer to all shareholders of its ordinary shares for cash, it will ensure that Atieva is offered its pro rata allocation in such offer; and

(ii) subject to applicable laws, Atieva will be provided with certain limited information rights, including where such information is required by Lucid in connection with its own accounting, reporting and regulatory obligations.

Lucid Integration Agreement

Under the Lucid Integration Agreement, entered into on November 1, 2023, by and between AML, Lucid and Atieva, AML and Atieva will work together to integrate the Lucid Technology into our BEV chassis, with Atieva providing related services to AML for a four-year period. AML will, over that period, pay Atieva a total of $10 million (£8 million) as integration fee for the integration services to be provided to AML over the four-year period. Lucid, as the parent entity of Atieva, will remain liable for any breach of Atieva's obligations under the Lucid Integration Agreement.

Each party will retain ownership of its respective background IP and will own any developments, enhancements or modifications to it created by either or both parties, except that AML will own certain specified integration IP which may be developed by either or both parties. Other IP developed jointly by the parties in performing their integration activities during the term will be jointly owned by the parties and each party may freely use and exploit that IP. The parties will grant each other various cross-licenses to their IP in order to fulfil their obligations under the Lucid Integration Agreement. The Lucid Integration Agreement will also contain obligations on Atieva to (i) defend any claims against AML and its subsidiaries alleging that technology provided by Atieva to AML under the Lucid Integration Agreement infringes a third party's IP rights (excluding patents) and (ii) indemnify AML and its subsidiaries against certain losses arising out of any such claim and use reasonable best efforts to design around the infringement or obtain a license for AML to continue using the relevant technology.

The Lucid Integration Agreement will be terminable:

(i) upon mutual written agreement of the parties;

(ii) by either party for material breach by the other party following a 60-day cure period (subject to certain exceptions);

(iii) by either party upon certain insolvency or bankruptcy events;

(iv) by Atieva if AML fails to pay any undisputed amounts within 60 days;

(v) by Atieva within 45 days (i) if AML Global Holdings or AML is acquired by a BEV-exclusive original equipment manufacturer, designer or seller (including BEV-exclusive manufacturers, designers or sellers of material powertrain components) or (ii) if all or substantially all of AML Global Holdings' or AML's assets are acquired by an original equipment manufacturer, designer or seller whose range of vehicles includes a BEV (including manufacturers, designers or sellers of material powertrain components for BEVs); or

(vi) by either party if there is substantial hindrance of the other's performance due to a force majeure event for over 180 days.

Each party's aggregate liability to the other in connection with the Lucid Integration Agreement will be limited to a fixed monetary cap of $15,000,000 million, subject to certain exceptions.

Lucid Supply Agreement

Under the Lucid Supply Agreement, which AML Global Holdings, AML, Lucid, Lucid GT and Atieva will enter into pursuant to and in accordance with the Lucid Implementation Agreement, Lucid GT will supply the Lucid Technology to AML during the Supply Lifecycle. Lucid, as a parent guarantor, will remain liable for Lucid GT's performance under the Lucid Supply Agreement.

While the Lucid Supply Agreement is yet to be executed, the agreed key supply terms, as included in Schedule 5 to the Lucid Implementation Agreement, are listed below:

(i) AML will purchase complete vehicle sets of powertrain and battery components (each a "*Unit*") at certain pre-agreed prices, which may periodically be adjusted in certain circumstances based on commodity price movements and volume efficiencies;

(ii) AML will provide a forecast to purchase a certain number of Units across the Supply Lifecycle, with an annual breakdown that is weighted towards later years (the "*Lifecycle Forecast*"). Each year during the Supply Lifecycle, AML would have a right to order (and Lucid GT would be required to supply) up to a certain agreed percentage in excess of the number of Units set out in the Lifecycle Forecast for that year;

(iii) AML will provide regular rolling forecasts to Lucid GT (to be determined at AML's discretion) during the Supply Lifecycle and commit to take or pay for a certain agreed percentage of the next 12 months of those regular forecasts; and

(iv) every two years, AML will be required to purchase an agreed minimum percentage of the Units set out in the Lifecycle Forecast for those two years (the "*Minimum Purchase Threshold*") or pay liquidated damages to Lucid GT (subject to a fixed cap of $225 million (£177 million) over the full term of the Lucid Supply Agreement (the "*Liquidated Damages Cap*") for the shortfall at a fixed rate per Unit for each Unit below the Minimum Purchase Threshold ("*Liquidated Damages*"). If AML buys Units in excess of the Minimum Purchase Threshold in any two-year cycle, such excess Units would be credited against the Minimum Purchase Threshold for all subsequent two-year cycles until that excess is exhausted.

Either AML or Lucid GT will be entitled to terminate the Lucid Supply Agreement on 12 months' notice (the "*Order Volume Termination Right*") if one of the following two separate triggers occurs:

(i) AML has paid Liquidated Damages which, in aggregate, amount to the Liquidated Damages Cap; or

(ii) AML has purchased from Lucid GT a fixed number of Units, which number has been agreed between the parties to be equal to the Liquidated Damages Cap amount divided by the fixed Liquidated Damages rate per Unit.

If Lucid GT exercises its Order Volume Termination Right, AML will have the right to make a one-time purchase of goods to meet its anticipated future requirements during the remainder of the Supply Lifecycle. If AML exercises its Order Volume Termination Right, AML will have the right to make a one-time purchase of Units to meet its anticipated future requirements during the subsequent 24 months.

In addition to the Order Volume Termination Right, both Lucid GT and AML will have the right to terminate the Lucid Supply Agreement on the occurrence of certain events, including the other's unremedied material breach and a force majeure event persisting for six months (subject to certain conditions). Lucid GT will have the right to terminate the Lucid Supply Agreement (i) for material unremedied non-payment by AML (subject to certain conditions) or (ii) if AML Global Holdings or AML is acquired by an original equipment manufacturer, designer or seller whose range of vehicles includes a BEV (including manufacturers, designers or sellers of material powertrain components for BEVs), subject to a four-year tail period during which the parties' supply and purchase obligations will continue prior to termination taking effect.

AML will have the right to terminate the Lucid Supply Agreement if Lucid GT fails to deliver at least a minimum agreed percentage of ordered Units over a certain fixed period of time.

Each of Lucid GT's and AML's aggregate liability to the other in connection with the Lucid Supply Agreement will be limited to a variable, and in some instances fixed, monetary cap, subject to certain exceptions.

Lucid GT has further agreed that it will:

(i) supply service parts and software bug fixes to AML during the term of the Lucid Supply Agreement and for a certain period thereafter. AML may also order replacement parts and a reasonable number of prototypes from Lucid GT;

(ii) Warrant that the goods supplied conform to certain specifications, are free from defects in materials and workmanship and comply with applicable law; and

(iii) Defend any claims against AML and its subsidiaries alleging that the powertrain and battery components supplied by Lucid GT infringe a third party's IP rights. Lucid GT will also indemnify AML and its subsidiaries against certain losses arising out of any such claim and, if AML is required to cease using the relevant component(s), use reasonable best efforts to design around the infringement or obtain a license for AML to continue using the relevant component(s).

MBAG Amended and Restated Strategic Cooperation Agreement

On October 27, 2020, AML Global Holdings announced that it intends to enter into an enhanced strategic cooperation arrangement (the "*Strategic Cooperation Agreement*") with one of its existing shareholders, Mercedes-Benz AG ("*MBAG*"), pursuant to which MBAG provided AML Global Holdings with access to a wide range of technology, including certain powertrain and electric/electronic architectures, for the creation of ICE vehicles, PHEVs and BEVs (the "*MBAG Technology*"), in consideration for which AML Global Holdings agreed to issue to MBAG up to 458,942,744 new ordinary shares (the "*MBAG Consideration Shares*") in at least two tranches by no later than July 2024 (the "*MBAG Partnership*").

The first tranche of MBAG Consideration Shares with an aggregate value of £140 million was issued on December 7, 2020 but the second tranche will remain unissued. On June 26, 2023, we amended the Strategic Cooperation Agreement pursuant to which the second tranche of unissued MBAG ordinary shares has been replaced with a restated commitment to the existing strategic collaboration that any potential future supply of MBAG Technology will be payable in cash. As a consequence, no further ordinary shares or related cash top up payments are payable to MBAG.

The MBAG Partnership will continue to provide us with access to a wide range of the MBAG Technology, including powertrain and electric/electronic architectures, and IP for our current and next generation vehicles (including ICE, hybrid and electrical vehicles). The MBAG Amended and Restated Strategic Cooperation Agreement does not affect the MBAG Relationship Agreement, which will remain in place and in accordance with which MBAG will retain representation on the Board (see "*—MBAG Relationship Agreement*"). MBAG likewise preserves its shareholding in AML Global Holdings, which as of the date of this Offering Memorandum represents approximately 8.9% of AML Global Holdings' issued share capital.

Key Commercial Terms in relation to IP

MBAG has granted AML Global Holdings and the rest of the Group a non-exclusive, personal, irrevocable, non-transferable license to use relevant MBAG IP for certain purposes relating to the MBAG Partnership (including the use of relevant parts and components supplied to the Group and the modification of relevant parts and components for use in our vehicles). MBAG will also make available certain third-party IP to us to the extent that MBAG has a right to sub-license that IP to us. We will license to MBAG any of our IP that MBAG needs to use in relation to the MBAG Partnership. AML Global Holdings and MBAG will jointly own any IP they create jointly in connection with the MBAG Partnership, and each of them will be free to use and exploit any jointly owned IP in relation to its own vehicles. Under the MBAG Amended and Restated Strategic Cooperation Agreement, AML Global Holdings and MBAG will each indemnify the other (and its affiliates) for losses relating to certain IP infringement claims brought by third parties in relation to the use (in accordance with the IP licenses granted under the MBAG Amended and Restated Strategic Cooperation Agreement) of parts or components supplied by the indemnifying party or made to its specification. Each party's liability for any indemnity claims is subject to the £10 million aggregate liability cap under the MBAG Amended and Restated Strategic Cooperation Agreement.

Termination Rights

MBAG shall have the right to terminate the MBAG Amended and Restated Strategic Cooperation Agreement with immediate effect if:

- AML Global Holdings is in material breach of the terms of the MBAG Amended and Restated Strategic Cooperation Agreement, which is either incapable of being remedied or has not been remedied within 30 business days of AML Global Holdings being notified of it; or

- AML Global Holdings suffers or is subject to an insolvency event.

The MBAG Amended and Restated Strategic Cooperation Agreement also provides that the terms of all operational agreements shall include a strategic MBAG competitor termination right for MBAG, providing MBAG the right to terminate the operational agreements if a strategic MBAG competitor (i) acquires more than 30% of the ordinary shares of AML Global Holdings, (ii) is granted the right to nominate a person for appointment to the Board or nominates such a person who is then elected by shareholders at a general meeting as a member a member of the Board or (iii) enters into a strategic business arrangement with AML Global Holdings. Any strategic MBAG competitor termination right under any operational agreement can only be exercised by MBAG on four years' prior notice to us.

AML Global Holdings shall have the right to terminate the MBAG Amended and Restated Strategic Cooperation Agreement if:

- MBAG is in material breach of the terms of the MBAG Amended and Restated Strategic Cooperation Agreement, which is either incapable of being remedied or has not been remedied within 30 business days of MBAG being notified of it; or

- MBAG suffers or is subject to an insolvency event.

Other Key Terms

At the time of entry into the MBAG Amended and Restated Strategic Cooperation Agreement, AML Global Holdings and MBAG have provided to each other a set of customary contractual warranties. Both parties provided warranties in relation to due authorization, absence of breach, insolvency, and litigation, and AML Global Holdings also provided additional warranties to MBAG in relation to key assets, accounts and tax. Each party's aggregate liability in respect of all loss under or in connection with the MBAG Amended and Restated Strategic Cooperation Agreement is subject to an overall liability cap of £10 million (in addition to any liability of the AML Global Holdings to pay liquidated damages as described below).

Under the terms of the MBAG Amended and Restated Strategic Cooperation Agreement, each party's aggregate liability in respect of all loss under or in connection with the MBAG Amended and Restated Strategic Cooperation Agreement is subject to an overall liability cap of £10 million (in addition to any liability of the AML Global Holdings to pay liquidated damages as described below). Moreover,we are required to comply with specific confidentiality obligations relating to certain commercially and competitively sensitive MBAG Technology and information that will be made available to us as MBAG Technology. In the event that we breach those confidentiality terms, MBAG would be entitled to withdraw our access to that technology and require AML Global Holdings to pay £10 million in liquidated damages to MBAG.

Mercedes-Benz Group Agreement

We have a technical partnership with Mercedes-Benz Group, the parent of one of our major shareholders, MBAG, for the provision of engines, electrical architecture and entertainment systems. Our technical and commercial partnership with Mercedes-Benz Group began in 2013, when Mercedes-Benz Group became one of our shareholders. The shareholding was later transferred from Mercedes-Benz Group to MBAG. The agreements governing the technical partnership contain provisions that provide that where a strategic Mercedes-Benz Group competitor or one of its affiliates acquires an interest in AML Global Holdings or its subsidiaries, Mercedes-Benz Group is entitled to terminate these operational agreements on three years prior notice.

On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Mercedes-Benz Group. See "*—Amended and Restated Strategic Cooperation Agreement*" and "*—The development of our next generation of vehicles may be materially adversely affected if we do not have access to the MBAG Technology*."

F1™ Sponsorship Agreement

On February 27, 2020, AML, AMR GP and AMR GP Holdings Limited entered into a sponsorship agreement, as amended on May 24, 2022 and as amended and restated on March 5, 2023 (the "*F1™ Sponsorship Agreement*"), pursuant to which AML has granted AMR GP the worldwide, royalty-free right to use the "*Aston Martin*" name, logo and branding (the "*AML Branding*") in relation to its participation in F1™ for a period ending ten years after the termination or expiration of the Sponsorship Arrangements (as defined below), in any event, no later than December 31, 2060 (the "*Branding Arrangements*").

In addition to granting AMR GP the right to use AML Branding under the Branding Arrangements, AML will sponsor AMR GP's F1™ team for an initial sponsorship term lasting from January 1, 2021 to December 31, 2025, with the possibility to extend the term for an additional five year period up to the end of 2030, at the Board's discretion, and thereafter, with the possibility to extend the term for additional ten year periods up to the end of 2060 (the "*Sponsorship Arrangements*"). During the term of the Sponsorship Arrangements, AML will receive certain sponsorship, hospitality and promotional benefits (including, but not limited to, tickets and guest passes to F1™ events, access to team drivers and public relations activities) in return for paying sponsorship fees to AMR GP. If the Sponsorship Arrangements are not renewed or are otherwise terminated, AMR GP will continue to use the AML Branding in respect of its F1™ participation for a period ending ten years after the termination or expiration of the Sponsorship Arrangements.

AMR GP is majority-owned and controlled by Lawrence Stroll, who leads the Yew Tree Consortium and is the Executive Chairman of AML Global Holdings. One of our non-executive Directors, Michael de Picciotto, also holds an ownership position in AMR GP and is part of the Yew Tree Consortium.

In accordance with the terms of the F1™ Sponsorship Agreement (i) AMR GP Holdings will allot and issue to AML, no later than January 30, 2026, such number of shares as constituted 2.5% of all outstanding AMR GP shares on February 27, 2020, (ii) AML has the right to subscribe for such number of shares as constituted 5.0% of all outstanding AMR GP shares on February 27, 2020 (the "*Primary Warrant*") and (iii) AML has the right to subscribe for such number of shares as constituted (a) if the Primary Warrant has been exercised, 2.5% of all outstanding AMR GP shares on February 27, 2020 or (b) if the Primary Warrant has not been exercised, 7.5% of all outstanding AMR GP shares on February 27, 2020 (the "*Secondary Warrant*"). AML may, subject to certain conditions, exercise (i) the Primary Warrant at any time until December 31, 2025, and in case the Sponsorship Arrangements are extended, until December 31, 2030 and (ii) the Secondary Warrant at any time on or after January 1, 2031 until February 27, 2035. In addition, under the F1™ Sponsorship Agreement, AML has been granted a right of first offer in relation to transactions resulting in a change of control of AMR GP or AMR GP Holdings.

Our Chief Executive Officer shall have one seat on the AMR GP Holdings board for so long as the Sponsorship Arrangements remain in effect in order to protect the use of AML Branding and have oversight of financial and racing performance. The F1™ Sponsorship Agreement contains other provisions for the protection of AML Branding, including but not limited to: (i) AML shall have the right to approve (such approval not to be unreasonably withheld, conditioned or delayed) the appointment of any team title partner, (ii) AML shall have the right to approve the overall "look and feel" of the AML Branding in, and presentation and approach of, any marketing, communications, hospitality and similar materials, as well as communication and marketing campaigns that use the AML Branding and (iii) AML shall have certain approval rights in respect of team official partners and suppliers, with AML having enhanced approval rights in respect of the team's appointment of automotive manufacturers that are the Group's competitors or certain categories of persons that would be likely to damage the Group's reputation by their association with the AML Branding. Pursuant to the F1™ Sponsorship Agreement, neither AML nor any of its affiliates may sponsor, supply or otherwise partner with another F1™ team.

Transactions with Directors and Key Management Personnel ("*KMP*")

During the year ended December 31, 2023, we had the following transactions with Directors and KMP:

- We incurred a net marketing expense amounting to £19.4 million of sponsorship in the normal course of business with AMR GP, an entity indirectly controlled by a member of the KMP. AMR GP and its legal structure is separate from us and we do not have control or significant influence over AMR GP or its affiliates. As of December 31, 2023, £0.7 million remains due from AMR GP in relation to these transactions.

- Under the terms of the F1™ Sponsorship Agreement, we are 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 our financial position and performance. One of the racing drivers is an immediate family member of one of our KMP. A separate immediate family member of one of our KMP incurred costs of less than £0.1 million relating to the export and transport of a vehicle. The services were provided by a Group company. As of December 31, 2023, no amounts were outstanding in relation to these transactions.

- We incurred costs of £8.5 million associated with engineering design on two upcoming vehicle programs from Aston Martin Performance Technologies Limited ("*AMPT*"). AMPT is an associated entity of AMR GP. As of December 31, 2023, £2.8 million is outstanding to AMPT.

- An entity controlled by a member of our KMP as well as a separate member of our KMP and non-executive Director purchased vehicles. As of December 31, 2023, no amounts were outstanding in respect of such purchases.

Terms and Conditions of Transactions with Related Parties

We have entered into transactions, in the ordinary course of business, with entities with significant influence over the Group and other related parties of the Group.

We believe that sales and purchases between related parties are made at normal market prices. Outstanding balances with related parties 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. As of December 31, 2023 the Group did not make any provision for impairment relating to amounts owed by related parties.

Aside from those transactions described above, the Group has not otherwise been party to any transactions with related companies that merit disclosure.

DESCRIPTION OF OTHER FINANCIAL ARRANGEMENTS

The following contains a summary of certain of our existing financial arrangements and the material provisions of the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility Agreement

Overview and Structure

In connection with the Transactions, with effect from settlement of the Existing Notes, repayment of the Existing Revolving Credit Facility and the satisfaction of customary closing conditions, including the issuance of the Notes, the Company as parent, AML as borrower, Barclays Bank PLC, Deutsche Bank AG, London Branch, Goldman Sachs International and HSBC UK Bank plc as arrangers, U.S. Bank Global Corporate Trust Limited, as agent and U.S. Bank Trustees Limited, as security agent entered into a revolving facility agreement dated on or about the date of this Offering Memorandum (the "*Revolving Credit Facility Agreement*"). The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of £170 million on a committed basis.

The maturity date of the Revolving Credit Facility Agreement will be approximately three months prior to the maturity of the Notes. The Revolving Credit Facility may be utilized by any current or future borrower (subject to certain exceptions) under the Revolving Credit Facility Agreement in sterling or certain other currencies by the drawing of cash advances or, subject to the appointment of an Issuing Bank, the issue of letters of credit and/or bank guarantees and by way of Ancillary Facilities (capitalized terms used in this sentence that are not otherwise defined in this Offer Memorandum have the meaning ascribed to them in the Revolving Credit Facility Agreement). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings will be available to be used towards financing or refinancing the general corporate and working capital purposes of AM Investments and its Restricted Subsidiaries.

Additional Facilities

The Revolving Credit Facility Agreement contemplates the incurrence of additional uncommitted revolving facilities in a maximum amount not to exceed (after taking account of the commitments under the Revolving Credit Facility) the amount able to be incurred under paragraph (1) of the second paragraph of the covenant described under "*Description of the New Notes—Certain Covenants—Limitation on Indebtedness*" (*provided* that not more than £175.0 million may be incurred pursuant to such paragraph prior to 1 January 2025), whether as a new facility or commitment, as an additional tranche of any existing facility or by increasing the commitments under an existing facility. Such additional facilities shall be secured and shall rank *pari passu* with the Revolving Credit Facility. The lenders of any such additional facilities, if not already lenders under the Revolving Credit Facility Agreement, shall be required to accede to the Revolving Credit Facility Agreement and shall have the benefit of the guarantees and Transaction Security (as defined in the Revolving Credit Facility Agreement). The availability, maturity, pricing and other terms of any additional facility will be those agreed between the Issuer and the relevant lenders of that additional facility, provided that no additional facility may have a maturity date that is earlier than the maturity date of the Revolving Credit Facility unless the maturity date of the Revolving Credit Facility is amended to match that of the additional facility.

Availability

The Revolving Credit Facility may, subject to satisfaction of customary conditions precedent, be utilized until the date falling one month prior to the maturity date of the Revolving Credit Facility, however, if the Agent has not received or waived the requirement to receive all of the initial conditions precedent documents and other evidence required in accordance with the Revolving Credit Facility on or before May 31, 2024 then all the commitments under the Revolving Credit Facility will be immediately and automatically cancelled at 5.30 p.m. London time on May 31, 2024.

Maturity and Repayment Requirements

The Revolving Credit Facility matures approximately three months prior to the maturity of the New Notes. Each advance must be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility.

Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

Interest Rate and Fees

The interest rate on cash advances under the Revolving Credit Facility is the percentage rate per annum equal to the aggregate of the applicable margin and (i) for loans denominated in sterling, a compounded reference rate based on SONIA compounded in arrear, (ii) for loans denominated in US dollars, a compounded reference rate based on SOFR compounded in arrear and (iii) for loans denominated in euros, EURIBOR (in each case subject to a zero floor). The initial margin at the date of the Revolving Credit Facility is 3.00%, subject to a margin ratchet pursuant to which the margin on the loans are reduced if certain leverage ratio thresholds are met.

A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility until the last day of the availability period for the New Revolving Credit Facility at a rate of 30% of the then applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears.

Default interest is calculated as an additional 1% on the overdue amount.

The Company is also required to pay customary agency fees to the Facility Agent and the Security Agent during the life of the Revolving Credit Facility.

Guarantees

The Company, AML, AML Group Ltd., AM Capital and the Issuer are the guarantors under the Revolving Credit Facility Agreement (the "*RCF Guarantors*"). The RCF Guarantors have agreed, subject to any agreed limitation language, to provide a senior guarantee of all amounts payable to the Finance Parties (as defined in the Revolving Credit Facility Agreement) by any of the Company's Restricted Subsidiaries which accedes to the Revolving Credit Facility Agreement as an additional borrower or an additional guarantor.

The Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles), on the date when the Annual Financial Statements (as defined in the Revolving Credit Facility Agreement) are required to be delivered, the aggregate earnings before interest, tax, depreciation and amortization and gross assets of the guarantors is equal to at least 80% of the Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement) and gross assets, respectively of the Group (as defined in the Revolving Credit Facility Agreement) (the "*Guarantor Coverage Test*"). The Company shall ensure that, if the Guarantor Coverage Test is not satisfied, within 90 days of such relevant test date, such other Restricted Subsidiaries of the Company (subject to the Agreed Security Principles) become guarantors until the Guarantor Coverage Test is satisfied (to be calculated as if such additional guarantors had been guarantors on the last day of the relevant financial year).

Security

The Revolving Credit Facility (subject to the Agreed Security Principles set out in the Revolving Credit Facility Agreement) is secured by security over certain assets as set out under "*Description of the Notes—Security*."

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the security (whether or not shared with the holders of the Notes) are required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary, materiality, actual knowledge and other qualifications, exceptions and baskets, including: (i) status; (ii) binding obligations; (iii) non-conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) filing and stamp taxes; (viii) no default; (ix) financial statements; (x) no litigation; (xi) compliance with laws; (xii) environmental laws; (xiii) taxation; (xiv) pari passu ranking; (xv) legal and beneficial ownership; (xvi) shares; (xvii) intellectual property; (xviii) pension schemes; (xix); insurances; (xx) centre of main interests and establishments; (xxi) sanctions; and (xxii) anti-corruption law.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the Revolving Credit Facility Agreement also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative Covenants

The affirmative covenants include, among others: (i) authorizations and consents, (ii) a *pari passu* covenant; (iii) compliance with laws; (iv) maintenance of Guarantor Coverage Test; (v) further assurance; (vi) preservation of assets; (vii) insurance; (viii) maintenance of material intellectual property; and (ix) funding of pension schemes provisions; (x) people with significant control; (xi) Sanctions; and (xii) Anti-corruption law.

With respect to intellectual property, the affirmative covenants include a covenant that Aston Martin Investments Limited shall not (and shall ensure that no obligor will) without the consent of Super Majority Lenders (as defined in the Revolving Credit Facility Agreement) enter into any transaction to sell (including a "sale and lease-back"), transfer or otherwise dispose of the legal title to the trademark name "Aston Martin" as it relates to luxury sports cars to any person that is not an obligor under Revolving Credit Facility Agreement, other than in connection with any Permitted Collateral Liens (as defined in the Revovling Credit Facility Agreement). Any license, sub-license, lease, sublease, right of use or distribution arrangement or other similar disposition of the trademark name "Aston Martin" in the ordinary course of business is permitted however.

Negative Covenants

The negative covenants in the Revolving Credit Facility Agreement are substantially the same as the negative covenants in the Indenture.

Mandatory Prepayment Requirements upon a Change of Control

The Company is required to notify the Facility Agent under the Revolving Credit Facility Agreement of a Change of Control (as defined in the Revolving Credit Facility Agreement), following which each lender under the Revolving Credit Facility Agreement is entitled to require, by written notice to the Company, repayment of all outstanding amounts owed to that lender and the cancellation of that lender's commitments. Notwithstanding the foregoing, any Ancillary Lender or, as the case may be, Issuing Bank may, as between itself and the relevant member of the Group, agree to continue to provide such Ancillary Facility or, as the case may be, Letter(s) of Credit (with such arrangements continuing on a bilateral basis and not as part of, or under, the Finance Documents and the Transaction Security shall not, following release by the Security Agent, secure any such Letter(s) of Credit or Ancillary Facility in respect of any claims that arise after such cancellation). Capitalized terms used in this paragraph that are not otherwise defined in this Offer Memorandum have the meaning ascribed to them in the Revolving Credit Facility Agreement.

Notes Purchase Condition

The Revolving Credit Facility Agreement will have restrictions on the ability of the Group to prepay, purchase, defease or otherwise retire for value), or otherwise directly or indirectly acquire any Senior Secured Notes (as defined in the Intercreditor Agreement) for cash (each a "*Notes Purchase*"). The Group will be able to purchase the Senior Secured Notes if either (i) the aggregate principal amount of all Senior Secured Notes which is the subject of Notes Purchases made since the Closing Date (excluding fees, make-whole payments or other redemption premia) does not exceed 50% of the aggregate original principal amount of the Senior Secured Notes as at the Closing Date or incurred at any time after the Closing Date; or (ii) to the extent the aggregate principal amount of all Senior Secured Notes which is the subject of Notes Purchases made since the Closing Date (excluding fees, make-whole payments or other redemption premia) exceeds 50% of the aggregate principal amount of the New Senior Secured Notes as at the Closing Date or incurred at any time after the Closing Date, Commitments are cancelled and (if applicable) prepaid pro rata.

Financial Covenants

Leverage Covenant

The Revolving Credit Facility Agreement includes a financial covenant requiring the Leverage Ratio not to exceed a ratio of 4.00:1 on each quarter date from and including September 30, 2024 until and including December 31, 2024 and 3.50:1 from and including March 31, 2025 and each quarter date thereafter. The Leverage Ratio is calculated in the same way as the Consolidated Senior Secured Debt Ratio (as defined in "*Description of the New Notes*") but calculated excluding all Indebtedness secured on the Transaction Security but ranking behind the Senior Secured Notes (in each case as defined in the Intercreditor Agreement) in the application of proceeds from enforcement of security in accordance with the Intercreditor Agreement and is tested quarterly on a rolling basis, subject to the aggregate amount of all loans outstanding under the Revolving Credit Facility (but excluding any ancillary facilities and any utilization by way of letter of credit) less the amount of all cash and cash equivalents (other than any cash that is identified as restricted for the purposes of financial statements) held by the Group being greater than 40% drawn on the relevant test date ("*Test Condition*"). The Leverage Ratio acts as a draw stop to new drawings under the Revolving Credit Facility and, if breached, will also trigger an event of default under the Revolving Credit Facility Agreement (subject to cure as described in the next paragraph).

The Revolving Credit Facility Agreement contains an equity cure provision enabling the shareholders of Aston Martin Investments Limited to make equity contributions by way of debt and/or equity to Aston Martin Investments Limited to (i) increase the consolidated EBITDA under the Revolving Credit Facility Agreement, (ii) decrease Indebtedness as defined in the Revolving Credit Facility Agreement, or (iii) prepay the Revolving Credit Facility so that the Test Condition is no longer satisfied. The equity cure right may not be exercised on more than four occasions during the term of the Revolving Credit Facility, or in consecutive quarters, and may not be exercised to apply to increase the consolidated EBITDA more than once over the term of the Revolving Credit Facility.

Regardless of whether or not an equity cure right is exercised, if the Leverage Covenant is not satisfied on the quarter date when it is tested, but is satisfied or is not required to be satisfied on a subsequent quarter date, or if earlier, the first date after the first quarter date on which the Test Condition is no longer satisfied, then the prior breach of the Leverage Covenant and any default or event of default shall be deemed cured and satisfied and no longer outstanding or continuing for the purposes of the finance documents unless a declared default has occurred and is then continuing.

Events of Default

The Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the Senior Secured Notes. In addition, the Revolving Credit Facility Agreement provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) breach of the Leverage Covenant subject to the cure rights (as described and defined in "*Financial Covenants*" above) (ii) representations or warranties found to be untrue or misleading when made or deemed repeated subject to a 45 day grace period; (iii) unlawfulness and invalidity; (iv) failure to comply in any material respect with the provisions of, or the material obligations under, the Intercreditor Agreement subject to a 30 day grace period; (v) repudiation and rescission subject to a 30 day grace period; (vi) cessation of business; (vii) expropriation; and (viii) cross payment default under the Guarantee Fee Agreement.

Intercreditor Agreement

On or around the Issue Date, the Company and, among others, the Security Agent will enter into the Intercreditor Agreement to, among other things, establish the relative rights of the parties thereto in respect of the Notes, the Revolving Credit Facility and any future loan, bond indebtedness or other indebtedness incurred by the parties thereto and permitted to be incurred.

The Notes will be issued under the Notes Indenture and the trustee of the Notes and any Additional Senior Secured Notes (as defined below) (the "*Senior Secured Notes Trustee*") will be a party to the Intercreditor Agreement. By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Senior Secured Notes Trustee to be party to the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility Agreement, the Notes Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

Capitalized terms used and not defined in this section shall have the meaning given to them in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offer Memorandum.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Company and certain of its subsidiaries, including the Issuer, in respect of the Revolving Credit Facility Liabilities (as defined below), the Senior Secured Note Liabilities (as defined below), Future Pari Passu Debt (as defined below), the Super Senior Hedging

Liabilities (as defined below), the Pari Passu Hedging Liabilities (as defined below), the Second Lien Liabilities (as defined below), the Intra-Group Liabilities (as defined below) and the Shareholder Debt Liabilities (as defined below);

- the relative ranking of certain security granted by certain members of the Group (as defined below);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("*Enforcement Action*") can be taken, including in respect of the Transaction Security (as defined below);
- provisions relating to the making of any acceleration or demand for payment in respect of the Senior Secured Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of the Transaction Security;
- when the Transaction Security and any guarantee(s) issued by certain Debtors will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of the Transaction Security and other amounts received by the Security Agent.

Parties

The senior secured creditors (together the "*Senior Secured Creditors*") include, among others, the agent under the Revolving Credit Facility (the "*Senior Agent*"), the Security Agent, the lenders under the Revolving Credit Facility (the "*RCF Lenders*"), issuing banks and ancillary lenders under the Revolving Credit Facility and the Senior Secured Notes Trustee for the holders of the Senior Secured Notes. The Intercreditor Agreement also allows for accession by creditors of future loan or bond indebtedness incurred by, among others, the Company and/or the Debtors (which is permitted by or not restricted under the terms of the Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt (as defined below) and the Second Lien Debt (as defined below)), including any senior secured notes issued after the Issue Date pursuant to the Senior Secured Notes Indenture ("*Additional Senior Secured Notes*"), or other indebtedness permitted to be incurred on a *pari passu* basis to share in the relevant security shared by the Senior Secured Creditors (the "*Future Pari Passu Debt*") and hedge counterparties party to hedging agreements referred to below, which are secured on a super senior basis (the "*Super Senior Hedging Agreements*") (the "*Super Senior Hedging Banks*") and hedge counterparties party to hedging agreements which are permitted to be secured on a pari passu basis (the "*Pari Passu Hedging Agreements*") (the "*Pari Passu Hedging Banks*" and, together with the Super Senior Hedging Banks, the "*Hedging Banks*"). Holders of Future Pari Passu Debt and such hedge counterparties are also Senior Secured Creditors.

The Intercreditor Agreement also allows for accession by creditors of future indebtedness of the Debtors (which is permitted to be incurred on a *pari passu* basis to share in the relevant security shared by the Second Lien Creditors (as defined below) under the terms of the finance documents relating to debt owing to the Senior Secured Creditors as senior secured creditors (the "*Senior Secured Debt*") and the Second Lien Debt (as defined below)) and provided that such future indebtedness complies with agreed parameters (if any) for the relevant class of such future indebtedness. Any future indebtedness that is subordinated to the Senior Secured Debt and complies with agreed parameters (if any) for second lien debt is "*Second Lien Debt*" for the purposes of the Intercreditor Agreement. Holders of Second Lien Debt are "*Second Lien Creditors*." The Security Agent has been appointed to act at all times on behalf of all Senior Secured Creditors and Second Lien Creditors.

Neither the Company nor any of its Restricted Subsidiaries (each a member of the "*Group*") nor shareholder of a member of the Group which is not otherwise party to (1) a document creating security in favor of the Senior Secured Creditors or the Second Lien Creditors or (2) the debt documents thereby secured, are, or will become, party to the Intercreditor Agreement save for (i) any person that elects to become party to the Intercreditor Agreement as a Shareholder Creditor (each a "*Shareholder Subordinated Lender*" and, together with Holdco, the "*Shareholder Creditors*") (and the

Intercreditor Agreement contains subordination provisions and restrictions relating to the receivables owing from any member of the Group to any Shareholder Creditor (the "*Shareholder Debt Liabilities*")) and (ii) subject to certain exceptions, certain Debtors that lend to a Debtor or another member of the Group (each an "*Intragroup Lender*") that acceded, or may in the future be required to accede, to the Intercreditor Agreement with respect to the loans or indebtedness owing from such Debtor or member of the Group to such lending Debtor in respect of intra-group loans (other than cash pooling arrangements entered into in the ordinary course of business with any Debtor and loans of less than £25 million or loans outstanding for less than 90 days) (the "*Intra-Group Liabilities*"). The Intercreditor Agreement contains subordination provisions relating to any Intra-Group Liabilities. However, Debtors are not prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an Acceleration Event under any Secured Debt Document is continuing.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the Liabilities, as the case may be, in respect of the Revolving Credit Facility (the "*Revolving Credit Facility Liabilities*"), the Senior Secured Notes (the "*Senior Secured Notes Liabilities*"), the Future Pari Passu Debt (the "*Future Pari Passu Debt Liabilities*"), the amounts owing to the Super Senior Hedging Banks under the Super Senior Hedging Agreements (the "*Super Senior Hedging Liabilities*") and the amounts owing to the Pari Passu Hedging Banks under the Pari Passu Hedging Agreements (the "*Pari Passu Hedging Liabilities*"), certain costs and expenses of the Senior Secured Notes Trustee (the "*Senior Secured Trustee Liabilities*") and any Second Lien Debt Representative and the Second Lien Debt (the "*Second Lien Liabilities*") rank equally (without preference among them) in right and priority of payment and in priority to the liabilities of the Debtors, as the case may be, in respect of the Intra-Group Liabilities and the Shareholder Debt Liabilities.

The Intra-Group Liabilities rank in priority to the Shareholder Debt Liabilities.

The Intercreditor Agreement does not rank any liabilities and/or obligations under the Debt Documents owed by Holdco to any Creditor.

Priority of Security

The Intercreditor Agreement provides that the Transaction Security (as defined below) shall rank and secure the following liabilities in the following order (and subject to the proceeds of such security being distributed in accordance with the Payments Waterfall defined below):

- first, the Revolving Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities, certain costs and expenses of the Senior Secured Notes Trustee and any Second Lien Debt Representative and the Pari Passu Hedging Liabilities; and

- second, the Second Lien Liabilities (other than the Second Lien Debt Trustee Amounts).

If security is to be granted for Future Pari Passu Debt then, to the extent such Future Pari Passu Debt cannot be secured on a *pari passu* basis with the Senior Secured Debt without existing security first being released, the Parties agreed that such Future Pari Passu Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a second- or lesser-ranking basis and such Future Pari Passu Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security *pari passu* with Senior Secured Debt which would otherwise have the same ranking as contemplated above and any amounts to be applied towards such Future Pari Passu Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

If security is to be granted for Second Lien Debt then, to the extent such Second Lien Debt cannot be secured on a subordinated basis to the Senior Secured Debt and/or on a *pari passu* basis with other Second Lien Debt without existing security first being released, the Parties agreed that such Second Lien Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser-ranking basis and such Second Lien Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Second Lien Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

Equivalent provisions to the two paragraphs above are included in the Intercreditor Agreement in respect of additional credit facilities that are to benefit from a similar position under the terms of the Intercreditor Agreement to that of the Revolving Credit Facility. See the section entitled "*—General*" below.

Any guarantees or security to be provided by (or over the shares or assets of) the Company or a Restricted Subsidiary of the Company in respect of any Second Lien Debt shall not be given if such entity has not also given, or does not also give, a corresponding guarantee or security in relation to such Senior Secured Debt.

Payments and Prepayments; Subordination of the Second Lien Debt

The Debtors may make payments and prepayments in respect of the Revolving Credit Facility, the Super Senior Hedging Liabilities, the Pari Passu Hedging Liabilities, and the Senior Secured Notes Liabilities at any time in accordance with their terms until an Acceleration Event has occurred.

Following the occurrence of an Acceleration Event, no member of the Group may make the payments described above except from the proceeds of enforcement of security or recoveries distributed in accordance with the section "*—Application of Proceeds/Waterfall*" below or as otherwise agreed by the Senior Agent, Creditor Representatives for the Credit Facility Lenders, Senior Secured Notes Trustee and any relevant Future Pari Passu Debt Representatives subject to certain provisos (the "*Payment Block*").

At any time following an Acceleration Event, if the Majority Super Senior Creditors constitute the Instructing Group, the Senior Agent may deliver a Payment Block Suspension Notice to the Security Agent which suspends the Payment Block. Only one Payment Block Suspension Notice may be delivered during the life of the RCF Facility.

Prior to the discharge of all Senior Secured Debt, neither the Issuer nor any Guarantor may make payments in respect of the Second Lien Liabilities without the consent of the Majority Super Senior Secured Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) except for, among others, the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Second Lien Liabilities which is either (1) not prohibited from being paid by a Revolving Credit Facility finance document, the Senior Secured Notes Indenture or any Future Pari Passu Debt finance document or (2) is paid on or after the final maturity of the Second Lien Liabilities (provided that such maturity is not earlier than that contained in the documents evidencing the Second Lien Liabilities as of the first date of incurrence of such Second Lien Liabilities); or

(ii) any other amount which is not an amount of principal or capitalized interest and default interest on the Second Lien Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Second Lien Debt, additional amounts payable as a result of the tax gross up provisions relating to the Second Lien Liabilities and amount in respect of currency indemnities in the relevant debt documents for the Second Lien Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Second Lien Liabilities (a "*Payment Blockage Notice*") is outstanding; and

(c) no payment default under the Revolving Credit Facility and no payment default of £ 100,000 (or its equivalent in other currencies) or more in respect of the Senior Secured Notes Liabilities or Future Pari Passu Debt Liabilities is continuing (a "*Senior Payment Default*"); or

(2) the payment is in respect of properly incurred costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the debt documents for the Second Lien Debt (including in relation to any reporting or listing requirements under the debt documents for the Second Lien Debt);

(3) the payment is in respect of properly incurred costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Second Lien Debt in compliance with the Intercreditor Agreement, the Revolving Credit Facility, the Senior Secured Notes Indenture and any Future Pari Passu Debt Document;

(4) the payment is in respect of any Second Lien Debt Trustee Amounts or in respect of any Second Lien Debt issued in the form of notes, certain costs and expenses payable to the Second Lien Debt Representative;

(5) if the payment is funded directly or indirectly with Second Lien Debt; or

(6) if any other amount not exceeding £5,000,000 (or its equivalent) in any financial year of the Company.

Prior to the discharge of all the Senior Secured Debt, if a Senior Payment Default has occurred and is continuing payments in respect of the Second Lien Liabilities (other than certain exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt, if one or more specified events of default (other than a Senior Payment Default) under the finance documents in respect of the Senior Secured Debt and/or an acceleration in respect of any of the Senior Secured Debt (a "*Material Event of Default*") has occurred and is continuing and the creditor representative of the Second Lien Creditors (the "*Second Lien Debt Representative*") has received a Payment Blockage Notice from either the Senior Agent or the Senior Secured Notes Trustee or the representative of the Future Pari Passu Debt representing Future Pari Passu Debt (as the case may be) (the "*Relevant Representative*") within 60 days of the date such Relevant Representative receives notice in writing of the occurrence of such Material Event of Default, confirming that it is a Material Event of Default and specifying the relevant Material Event of Default; all payments in respect of the Second Lien Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain specified exceptions) are suspended until the earliest of:

(a) the date on which a default under the Second Lien Debt occurs for failure to pay principal at the original scheduled maturity of the Second Lien Debt;

(b) 179 days after the receipt by the Second Lien Debt Representative of the Payment Blockage Notice;

(c) the repayment and discharge of all obligations in respect of the Senior Secured Debt;

(d) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time a Material Event of Default or a Senior Payment Default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of which the notice was given), the Relevant Representative(s) in respect of that other Senior Secured Debt) notify/ies the Second Lien Debt Representative that the Payment Blockage Notice is cancelled;

(e) the date on which the Security Agent or Second Lien Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(f) the date on which the relevant Material Event of Default is no longer continuing and if the Senior Secured Debt has been accelerated such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt); or

(g) if a Standstill Period (as defined below) is in effect at any time after delivery, of a Payment Blockage Notice, the date on which the Standstill Period expires.

No Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Material Event of Default or a Senior Payment Default more than 60 days after the date that the Relevant Representative received notice of that Material Event of Default or Senior Payment Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Material Event of Default or Senior Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Second Lien Debt and if it does so promptly any Event of Default under the Second Lien Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may has been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Restrictions on Enforcement by the Second Lien Debt; Standstill

Prior to the discharge of all the Senior Secured Debt, neither the Second Lien Debt Representative nor the holders of the Second Lien Debt may take Enforcement Action with respect to the Second Lien Debt (including any action against the Company or the guarantors of the Second Lien Debt (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security Document without the prior consent of or as required by an Instructing Group (as defined below), except if (1) an Event of Default has occurred under the Second Lien Debt resulting from failure to pay principal at final maturity, (2) at the same time as, or prior to, that action, Enforcement Action has been taken in respect of the Senior Secured Debt, in which case the Second Lien Creditors may take the same Enforcement Action as has been taken in respect of the Senior Secured Debt or (3):

(a) an Event of Default under the debt documents for the Second Lien Debt is continuing;

(b) the Senior Agent and the other representatives of the Senior Secured Debt have received notice of the specified event of default from the Second Lien Debt Representative;

(c) a Standstill Period (as defined below) has expired; and

(d) the relevant Event of Default is continuing at the end of the Standstill Period,

provided that no such action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of the Instructing Group (or another party is taking such action or instructions of the Security Agent under and pursuant to the Intercreditor Agreement) to take steps for Enforcement and such action might reasonably likely adversely affect such Enforcement.

A "*Standstill Period*" means the period starting on the date that the Second Lien Debt Representative serves an enforcement notice on the Senior Agent and the Second Lien Debt Representative and the representative of any Future Pari Passu Debt until the earliest of:

(a) 179 days after such date;

(b) the date on which the Senior Secured Creditors take Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that the Second Lien Debt Representative and holders of Second Lien Debt may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Creditors and may not take any other action against any other member of the Holdco Group;

(c) the date on which a default under the Second Lien Debt occurs for failure to pay principal at the original scheduled maturity of the Second Lien Debt; and

(d) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

To the extent permitted under applicable law, following the occurrence of an insolvency event in respect of a Debtor, each Second Lien Creditor may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Second Lien Creditor) exercise any right they may otherwise have against such Debtor to:

(a) accelerate any of that Debtor's Second Lien Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that Debtor in respect of any Second Lien Liabilities;

(c) exercise any right of set-off or take or receive any Payment or claim in respect of any Second Lien Liabilities of that Debtor; or

(d) claim and prove in the liquidation, administration or other insolvency proceedings of that Debtor for the Second Lien Liabilities owing to it.

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

Enforcement by Holders of Secured Debt

The Security Agent will act on the instructions of (i) the RCF Lenders and the Super Senior Hedging Banks whose super senior credit participations represent more than 50% of the aggregate super senior credit participations of all RCF Lenders and such Super Senior Hedging Banks and their relevant representatives (the "*Majority Super Senior Creditors*") and/or (ii) the holders of the Senior Secured Notes, the holders of Future Pari Passu Debt and the Pari Passu Hedging Banks (collectively, the "*Pari Passu Creditors*") whose aggregate senior secured credit participations represent more than 50% of the aggregate senior secured credit participations of all such creditors (the "*Majority Senior Secured Creditors*"), in each case subject to the Consultation Period referred to below and provided that such instructions are consistent with the security enforcement principles set forth below.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the paragraph below, in the event that conflicting instructions (and for these purposes failure to give instructions is deemed to be a conflicting instruction) are received from either Instructing Group by the end of the Consultation Period (which have not be resolved), the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions.

If:

(a) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period;

(b) the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period; or

(c) an insolvency event has occurred with respect to a Debtor or Holdco and the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Debtor or Holdco,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors).

Prior to the discharge of all Senior Secured Debt:

(a) if both the Majority Super Senior Creditors and the Majority Senior Secured Creditors have instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or

(b) in the absence of instructions from either the Majority Super Senior Creditors and the Majority Senior Secured Creditors, in each case, to the extent such group is entitled to give enforcement instructions as described above at the relevant time,

and, in each case, neither the Majority Super Senior Creditors or the Majority Senior Secured Creditors has required any member of the Holdco Group to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Second Lien Creditors whose aggregate Second Lien Credit Participations represent more than 50% of the aggregate Second Lien Credit Participations of all Second Lien Creditors (the "*Majority Second Lien Creditors*") (acting through its respective Creditor Representative) (in each case provided the same are Qualifying Instructions) are then entitled to give to the Security Agent in accordance with "*—Restrictions on Enforcement by the Second Lien Debt; Standstill.*"

Following the discharge of all Senior Secured Debt, the Security Agent will act on the instructions of the Majority Second Lien Creditors.

Consultation

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security and/or the requesting of a Distressed Disposal and/or the release or disposal of claims or Transaction Security on a Distressed Disposal ("*Enforcement*"), the relevant representative of the Senior Secured Debt shall notify the other Senior Secured Debt representatives that the applicable Transaction Security has become enforceable. As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions to enforce security given by the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the Senior Agent (acting on the instructions of the Majority Super Senior Creditors), the Senior Secured Notes Trustee and the representative of the holders of Future Pari Passu Debt will consult in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the "*Consultation Period*").

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of the Consultation Period, in each case provided such instructions comply with the Security Enforcement Principles set forth below ("*Qualifying Instructions*")) where:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting a Debtor or Holdco; or

(b) if the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors determine in good faith (and notifies each other representative agent of the other creditors party to the Intercreditor Agreement) that any delay caused by such consultation could reasonably be expected to reduce the amount likely to be realized to a level such that (following application thereof in accordance with the Payments Waterfall described below) the Super Senior Liabilities would not be discharged in full or to have a material adverse effect on the ability to effect an Enforcement or a Distressed Disposal and, in each case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Principles, the Creditor Representatives for the relevant Super Senior Creditors or the Senior Secured Creditors shall give notice to the Creditor Representatives for the other Super Senior Creditors and the Senior Secured Notes Creditors and Future Pari Passu Creditors (as appropriate) and, to the extent that the Security Agent is enforcing the Security on the instructions of the Majority Second Lien Creditors at such time, the Second Lien Creditors, after which the Creditor Representatives for the other Super Senior Creditors and the Senior Secured Notes Creditors and the Future Pari Passu Creditors and, to the extent applicable, the Second Lien Creditors shall consult with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of Enforcement provided that such Creditor Representative shall not be obliged to consult more than once in relation to each Enforcement Action.

The benefit of this section shall be for the Senior Secured Creditors and the Super Senior Creditors only.

Security Enforcement Principles

Unless otherwise agreed between the Majority Super Senior Creditors and the Majority Senior Secured Creditors, enforcement of the Transaction Security must be conducted in accordance with the "*Security Enforcement Principles*," which are summarized as follows:

(a) It shall be the aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realization of value from enforcement of the Transaction Security, and in a manner consistent with the Intercreditor Agreement, the recovery of the RCF Lenders, the Hedging

Banks, the holders of the Senior Secured Notes, the holders of the Future Pari Passu Debt and the holders of the Second Lien Debt (in each case without prejudice to the Payments Waterfall) (the "*Security Enforcement Objective*") subject to applicable law.

(b) The Security Enforcement Principles may be amended, varied or waived with the prior written consent of Senior Secured Notes Required Holders (as defined below), the Future Pari Passu Debt Required Holders (as defined below) and the Majority Super Senior Creditors.

(c) Without prejudice to the Security Enforcement Objective the Transaction Security will, subject to applicable law, be enforced such that either (1) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all cash) for distribution in accordance with the Payments Waterfall; or (2) sufficient proceeds of Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).

(d) On (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds £ 5.0 million (or its equivalent); or (ii) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, the Security Agent shall (unless such enforcement or sale is made pursuant to a public auction or process supervised by a court of law which makes a determination as to value) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "*Financial Advisor*") to opine (A) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Principles and maximize recovery, (B) that the proceeds received from enforcement is fair from a financial point of view after taking into account all relevant circumstances (provided that the provider of such opinion may limit its liability in respect of such opinion to the amount of its fees in respect of such engagement), and (C) that such sale is otherwise in accordance with the Security Enforcement Objective.

(e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement or any other provision of the Intercreditor Agreement.

(f) The opinion of the Financial Advisor (or an equivalent opinion obtained by the Security Agent in relation to any other Enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

Turnover

The Intercreditor Agreement also provides that if any Primary Creditor (as defined below) receives or recovers the proceeds of any enforcement of any Transaction Security and in addition if any Second Lien Creditor receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with the "*Application of Proceeds/Waterfall*" described below that it shall (subject to certain prior actual knowledge qualifications in the case of the notes trustees):

(a) in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds/Waterfall

All amounts received or recovered by the Security Agent in connection with the realization of all or any part of the Transaction Security or on an Enforcement or Distressed Disposal or otherwise paid to the Security Agent in accordance with the Intercreditor Agreement for application in accordance with the Payments Waterfall will be paid to the Security Agent for application in accordance with the following payments waterfall (the "*Payments Waterfall*"):

- first, in payment of the following amounts in the following order (i) *pari passu* and *pro rata* any sums owing to the Senior Secured Notes Trustee, any Second Lien Debt Representative and Security Agent (or any receiver or delegate) in respect of their costs and expenses and then (ii) *pari passu* and *pro rata* to each other creditor representative to the extent not included in (i) above and excluding any Hedge Counterparty as its own creditor representative in respect of their costs and expenses and any receiver, attorney or agent appointed by such creditor representative under any Transaction Security Document or the Intercreditor Agreement;

- secondly, *pari passu* and *pro rata*, in or towards payment of all costs and expenses incurred by the holders of Super Senior Liabilities in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- thirdly, pari passu and pro rata to (i) the RCF Lenders in respect of all amounts then due and payable to the RCF Lenders at such time; and (ii) to the Super Senior Hedging Banks in respect of amounts then due and payable under any Super Senior Hedging Agreements;

- fourth, *pari passu* and *pro rata* to the Senior Secured Notes Trustee (and/or the representative of any Future Pari Passu Creditors) for application towards any unpaid costs and expenses incurred by or on behalf of any holders of Senior Secured Notes, holders of Future Pari Passu Debt or holders of Pari Passu Hedging Liabilities in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- fifth, *pari passu* and *pro rata* to the Senior Secured Notes Trustee on behalf of the holders of the Senior Secured Notes for application towards the discharge of all Senior Secured Notes Liabilities, to the representative of the holders of Future Pari Passu Debt on behalf of such holders of Future Pari Passu Debt for application towards the discharge of all Future Pari Passu Debt Liabilities and to the Pari Passu Hedging Banks in respect of amounts then due and payable under any Pari Passu Hedging Agreements;

- sixth, *pari passu* and *pro rata* in or towards payment to each Second Lien Debt Representative on behalf of the Second Lien Creditors of all costs and expenses incurred by the holders of Second Lien Debt in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- seventh, *pari passu* and *pro rata* in or towards payment to each Second Lien Debt Representative on behalf of the holders of Second Lien Debt for application towards the discharge of all amounts then due and payable to the holders of Second Lien Debt at that time; and

- eighth, after the final discharge date, to any relevant Debtor or such other person as may be entitled thereto.

Acceleration

If an Event of Default occurs under the Revolving Credit Facility, the Senior Secured Notes or Future Pari Passu Debt then any decision to accelerate the Revolving Credit Facility or Senior Secured Notes or Future Pari Passu Debt and, subject as provided below, to take any other Enforcement Action will be determined in accordance with the provisions of the Revolving Credit Facility or the Senior Secured Notes Indenture or in accordance with the terms of the Future Pari Passu Debt (as applicable). The Intercreditor Agreement contains provisions requiring each representative of any Pari Passu Creditors, the Senior Agent and the Senior Secured Notes Trustee to notify the other representatives of the Senior Secured Creditors and the Second Lien Creditors of any instructions to accelerate the Revolving Credit Facility, Senior Secured Notes or Future Pari Passu Debt (as applicable).

Non-distressed Disposal

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to a Distress Event being a "*Distressed Disposal*") and are otherwise permitted by the terms of the Senior Secured Notes Indenture and the debt documents for the Future Pari Passu Debt and the Second Lien Debt and the finance documents for the Revolving Credit Facility, the Intercreditor Agreement provides that the Security Agent is authorized (i) to release the Transaction Security (and in connection with such release, execute any related documents); and (ii) in respect of a disposal to a person or persons outside the Group, if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities to the Senior Secured Creditors or Second Lien Creditors or others ("*Primary Liabilities*") or trading and other liabilities it may have to Shareholder Creditors, Intragroup Lenders, Holdco or Debtors ("*Other Liabilities*"); (b) any Transaction Security granted by: that Debtor or any subsidiary of that Debtor over any of its assets; and any holding company of that Debtor over any shares, loans, claims or other rights in or against that Debtor; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by: any subsidiary of that holding company over any of its assets; and any holding company of that holding company over any shares, loans, claims or other rights in or claims against that holding company; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide, for (1) the transfer of liabilities to another Debtor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Debtor or holding company (which may include claims against the Issuer).

If the Instructing Group is constituted by the Majority Senior Secured Creditors, Super Senior Liabilities may not be released or disposed of unless sufficient cash proceeds are received from the relevant Distressed Disposal and applied in discharge in full of all Super Senior Liabilities.

If the Instructing Group is constituted by the Majority Second Lien Creditors (or if the Distressed Disposal is conducted pursuant to instructions from the Majority Second Lien Creditors), the liabilities with respect to the Senior Secured Debt (the "*Senior Secured Liabilities*") may not be released or disposed of unless (i) sufficient cash proceeds are received from the relevant Distressed Disposal and applied towards the irrevocable discharge in full of all the Super Senior Liabilities and (ii) all Senior Secured Liabilities will be paid (or repaid) in full immediately following such release.

If before the discharge of all Second Lien Debt, a Distressed Disposal is being effected such that guarantors of the Second Lien Debt and/or Transaction Security over shares in the Company, the issuer/borrower of the Second Lien Debt or assets of a guarantor of the Second Lien Debt, the Company or the issuer/borrower of the Second Lien Debt will be released, it is a further condition to the release that either:

(i) the Second Lien Debt Representative has approved the release on the instructions of the Second Lien Debt Required Holders; or

(ii) each of the following conditions are satisfied:

   (A) the proceeds of such sale or disposal are in cash (or substantially in cash);

   (B) all present and future obligations owed to the Senior Secured Creditors under the Senior Secured Debt documents by a member of the Group all of whose shares that are pledged in favor of the Senior Secured Creditors are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of or transferred concurrently with such sale or disposal (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security granted by a member of the Group in respect of the liability owed to the Senior Secured Creditors under the Senior Secured Debt documents in respect of the assets that are so sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(1) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

(2) where a Financial Advisor selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such Financial Advisor in giving such opinion may be limited to the amount of its fees in respect of such engagement.

Application of Proceeds of a Distressed Disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "*—Application of Proceeds/Waterfall*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Voting and Amendments

Voting in respect of the Revolving Credit Facility, the Senior Secured Notes, the Second Lien Debt and/or Future Pari Passu Debt is conducted in accordance with the relevant documents.

Except for amendments to cure defects or omissions, resolve ambiguities or inconsistencies or to reflect changes of a minor, technical or administrative nature or which are otherwise for the benefit of all or any of the Secured Parties, which may in each case be effected by the Security Agent and the Company without the consent of any other party and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement require the written agreement of:

(a) if the relevant amendment or waiver (the "*Proposed Amendment*") is prohibited by the Revolving Credit Facility Agreement, the Senior Agent (acting on the instructions of the requisite RCF Lenders);

(b) if the Proposed Amendment is prohibited by the terms of the Senior Secured Notes Indenture, the Senior Secured Notes Trustee;

(c) if any Future Pari Passu Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Future Pari Passu Debt Documents, the Future Pari Passu Debt Representative (if applicable, acting on the instructions of the Future Pari Passu Debt Required Holders;

(d) if any Second Lien Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant debt documents for the Second Lien Debt, the Second Lien Debt Representative (if applicable, acting on the instructions of the Second Lien Debt Required Holders);

(e) if a Hedge Counterparty is providing hedging to a Debtor under a Hedging Agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable Hedging Agreement, as notified by the Company to the Security Agent at the time of the relevant amendment or waiver);

(f) the Shareholder Creditors; and

(g) the Company, *provided* that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the affected class and the Company is required.

Definitions

The Intercreditor Agreement provides that:

(a) "*Future Pari Passu Debt Required Holders*" means, in respect of any direction, approval, consent or waiver, the Pari Passu Creditors holding in aggregate a principal amount of Future Pari Passu Debt which is not less than the principal amount of Future Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Pari Passu Debt, in accordance with the relevant Future Pari Passu Debt Documents;

(b) "*Primary Creditors*" means the Super Senior Creditors, the Senior Secured Notes Creditors, the Future Pari Passu Creditors, the Second Lien Creditors and the Non-Priority Hedge Counterparties;

(c) "*Second Lien Debt Required Holders*" means in respect of any direction, approval, consent or waiver, the holders of Second Lien Debt holding in aggregate a principal amount of Second Lien Debt which is not less than the principal amount of Second Lien Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Second Lien Debt in accordance with the relevant debt documents for the Second Lien Debt;

(d) "*Senior Secured Notes Required Holders*" means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Senior Secured Notes which is not less than the principal amount of Senior Secured Notes required to vote in favor of such direction, consent or waiver under the terms of the Senior Secured Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Secured Notes (as applicable) in accordance with the Senior Secured Notes Indenture;

(e) "*Transaction Security*" means the security created or expressed to be created under or pursuant to the Transaction Security Documents; and

(f) "*Transaction Security Documents*" means: (i) as defined (or equivalent term) in the Revolving Credit Facility, any other Credit Facility (as referred to below) and/or a document governing any Future Pari Passu Debt; (ii) any other document entered into at any time by any member of the Holdco Group (or any substitute entity (if any)) creating any security in favor of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible and subject to the Agreed Security Principles is created in favor of the Security Agent as trustee for the Secured Parties in respect of their liabilities.

Option to Purchase

Following:

(a) any notice that the Transaction Security has become enforceable; or

(b) either (i) an acceleration of the Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt or the Second Lien Debt which is continuing, or (ii) the enforcement of any Transaction Security as a result of an acceleration of the Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt or the Second Lien Debt which is continuing (a "*Distress Event*"), the holders of the Senior Secured Notes and Future Pari Passu Debt shall have an option to purchase all (but not part) of the RCF Lenders' (or their affiliates) commitments under the Revolving Credit Facility and all exposures in respect of any Hedging Agreement at par plus accrued interest and all other amounts owing under the Revolving Credit Facility and Hedging Agreements, with such purchase to occur all at the same time.

Following a Distress Event, the holders of the Second Lien Debt shall have an option to purchase all (but not part) of the Senior Secured Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt, with such purchase to occur all at the same time.

Hedging

All payments permitted under a Hedging Agreement (other than close out payments (or payments when a scheduled payment from the hedging counterparty is due and unpaid)) are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions in relation to the circumstances in which a Hedging Bank may take Enforcement Action in relation to its hedging.

General

The Intercreditor Agreement contains provisions dealing with:

(a) close-out rights for the Hedging Liabilities;

(b) permitted payments (including without limitation, the repayment of Shareholder Debt Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt and the Second Lien Debt);

(c) incurrence of Future Pari Passu Debt or Second Lien Debt that will allow certain creditors and agents with respect to such Future Pari Passu Debt or Second Lien Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement (including, without limitation, note trustee protections and permissions associated with the payment of note trustee amounts) so long as not prohibited under the Revolving Credit Facility, the Senior Secured Notes Indenture, any Future Pari Passu Debt finance document and the debt documents relating to the Second Lien Debt and in compliance with the agreed parameters for such class of debt (if any) and the Second Lien Debt shall be subject to the relevant subordination provisions under the Intercreditor Agreement;

(d) the ability to incur additional Credit Facilities benefiting from a similar position under the terms of the Intercreditor Agreement as the Revolving Credit Facility (to the extent such additional Credit Facilities are allowed under the terms of the finance documents relating to Senior Secured Notes to share in the Transaction Security with the rights and obligations equivalent to that of the Revolving Credit Facility Lenders and which is permitted by the terms of the finance documents relating to Senior Secured Notes to rank senior to the Senior Secured Notes Liabilities with respect to the proceeds of any Enforcement of the Transaction Security); and

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the Payments Waterfall.

Governing Law

The Intercreditor Agreement is governed by and to be construed in accordance with English law.

Wholesale Finance Facility

We entered into a new multi-currency wholesale finance facility with CA Auto Bank S.p.A. ("*CA Auto Bank*") and its regional designates (the "*Wholesale Finance Facility*"). Under the Wholesale Finance Facility, we finance dealer trade receivables with CA Auto Bank around the time a sale has been made under our revenue recognition policy and receive consideration equal to the value of the trade receivable financed. We have the option to subvent the dealer financing cost, which provides the dealer network an interest free period. Since substantially all of the risks are transferred to CA Auto Bank, we classify the Wholesale Finance Facility as an off-balance sheet arrangement.

Falcon Inventory Repurchase Arrangements

On November 28, 2019, AML and Falcon Group (UK & Europe) Limited ("*Falcon*"), an affiliate of Falcon Group Europe Limited, entered into a master purchase agreement (the "*MPA*") and a master sales agreement (the "*MSA*"), as amended on June 25, 2020 and replaced on December 13, 2022. The MPA and the MSA provide for a framework for individual inventory repurchase arrangements on a rolling basis. Pursuant to such inventory repurchase arrangements, certain parts for resale, service parts and production stock are sold to Falcon gross of indirect tax and subsequently repurchased by AML gross of indirect tax on extended payment terms (each an "*Inventory Repurchase Arrangement*" and together the "*Inventory Repurchase Arrangements*"). As part of the Inventory Repurchase Arrangements, legal title to the relevant goods is surrendered to Falcon but AML retains control over the relevant goods. The payment obligations to Falcon are secured by certain surety bonds issued by Aviva Insurance Limited and Everest Insurance (Ireland) DAC. The Company and its subsidiaries provide counter cash indemnities to Aviva Insurance Limited and Everest Insurance (Ireland) DAC in respect of any amounts paid by the insurers under the surety bonds. In addition, the MPA and the MSA provide for certain trigger events, including, among others, failure to pay amounts due under the MPA or MSA or any Inventory Repurchase Arrangement or any breach of their terms, certain insolvency events, a change of control of AML and other event of default type events. Following the occurrence of such a trigger event, all amounts under the MPA and MSA and individual Inventory Repurchase Arrangements become due and payable and the individual Inventory Repurchase Agreements are terminated.

The maximum amount available under the Inventory Repurchase Arrangements is £40 million. The interest charged on each Inventory Repurchase Arrangement is determined as the difference between the sales and repurchase value and is therefore fixed at the time of entering into an Inventory Repurchase Arrangement. The repayment terms of each Inventory Repurchase Arrangement are not in excess of 180 days. As of December 31, 2023, we fully settled the Inventory Repurchase Arrangements. The MPA and the MSA will expire on January 31, 2026.

Chinese Inventory Funding Arrangements

We are party to three inventory funding arrangements in China: one with Ningbo Commerce Bank, one with China Guangfa Bank and one with China Ping An Bank. The arrangements provided under or in relation to these financings may be utilized by certain Aston Martin dealers in China (who are also parties to these financings) to purchase vehicles from AML. The Chinese Inventory Funding Arrangements are treated as off-balance sheet arrangements. These agreements are non-recourse to AML.

HSBC Bilateral Revolving Credit Facility

We had entered into a bilateral revolving credit facility with HSBC UK Bank plc, whereby Chinese renminbi were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the UK. The overdraft facility was for an aggregate amount of up to £50.0 million. During the year ended December 31, 2023, the bilateral revolving credit facility was repaid but remains available. We are currently in negotiations with HSBC to amend the bilateral revolving credit facility to extend the maturity date to March 2027 with an option to further extend the maturity date by up to two years thereafter.

Other Financial Arrangements of the Group

Aston Martin Works Limited is a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by AML. As we control the board of AMWS Limited, we include the debt arrangements of Aston Martin Works Limited in our consolidated statement of financial position. On October 16, 2012, Aston Martin Works Limited entered into a facility agreement with BMW Financial Services (GB) Limited pursuant to which BMW Financial Services (GB) Limited provides Aston Martin Works Limited a facility of up to £4.5 million for the purchase of new, demonstrator and used motor vehicles. As of December 31, 2023, this facility was undrawn by Aston Martin Works Limited. The facility has no maturity date and has a variable interest rate equal to the Bank of England Base rate plus 2% per annum.

DESCRIPTION OF THE NOTES

The following is a description of $960,000,000 aggregate principal amount of 10.000% senior secured notes due 2029 (the "*Dollar Notes*") and £400,000,000 aggregate principal amount of 10.375% senior secured notes due 2029 (the "*Sterling Notes*" and, together with the Dollar Notes, the "*Notes*"). The Notes will be issued by Aston Martin Capital Holdings Limited (the "*Issuer*") under an Indenture (the "*Indenture*") between, among others, the Issuer, Aston Martin Investments Limited (the "*Company*"), certain subsidiaries of the Company (together with the Company, the "*Guarantors*"), U.S. Bank Trustees Limited, as trustee (the "*Trustee*") and as security agent (the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). See "*Transfer Restrictions*." The Dollar Notes and the Sterling Notes are separate series of the Notes but will be treated as a single class of securities under the Indenture, except as otherwise stated herein. As a result, among other things, holders of each series of the Notes will not have separate and independent rights to give written notice of a Default or to direct the Trustee to exercise remedies in the event of a Default or otherwise.

The proceeds of the Notes will be used, together with cash on balance sheet, (i) to redeem in full the outstanding amount of Existing Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full the borrowings under the Existing Revolving Facility Agreement, including accrued and unpaid interest thereon and (iii) to pay fees and expenses incurred in connection with the Transactions. See "*Use of Proceeds*."

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement. This summary does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes and the Intercreditor Agreement because they, and not this description, define your rights as Holders of the Notes. Copies of the Indenture, the form of Note and the Intercreditor Agreement will be available as set forth under "*Listing and General Information*."

Certain defined terms used in this description but not defined below under "—*Certain Definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—*Certain Definitions*." In this description, the term "*Issuer*" refers only to Aston Martin Capital Holdings Limited and its successors, and the "*Company*" refers only to Aston Martin Investments Limited and its successors and not to any of its Subsidiaries. The terms of the Notes include those stated in the Indenture and will not incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. Holders of the Notes are referred to the Indenture for the complete terms of the Notes.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

Brief Description of the Notes and the Guarantees

The Notes

The Notes will be:

- senior obligations of the Issuer;
- secured by liens over the Collateral (as defined under "—*Security—The Collateral*"), with the Collateral also securing the liabilities under the Revolving Credit Facility, certain Hedging Obligations, if any, and any Additional Notes (as defined under "—*Additional Notes*") on a first ranking basis, and pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations) have been paid in full, as described below under "—*Security—The Collateral*";
- *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes (including the senior guarantee given by the Issuer in favor of the Revolving Credit Facility);
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;

- effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- fully and unconditionally guaranteed by the Guarantors on a joint and several basis, subject to the guarantee limitations described herein.

The Guarantees

The Guarantees:

- will be the senior obligations of the relevant Guarantor;
- will be secured by liens over the Collateral, with the Collateral being intended to also secure the liabilities under the Revolving Credit Facility, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis, and pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including to lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations) have been paid in full, as described below under "*—Security—The Collateral*";
- will rank *pari passu* in right of payment with all of the Guarantors' existing and future senior indebtedness, including any indebtedness under the Revolving Credit Facility;
- will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors;
- will be effectively subordinated to any existing and future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' guarantees of the Notes, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be subject to limitations described herein.

Principal and Maturity

The Issuer will issue $960,000,000 in aggregate principal amount of Dollar Notes and £400,000,000 in aggregate principal amount of Sterling Notes on the Issue Date. The Notes will mature on March 31, 2029.

The Dollar Notes and the Sterling Notes will initially be issued in denominations of $200,000 and £100,000, respectively, and in integral multiples of $1,000 and £1,000, respectively, in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes will be subject to applicable procedures of DTC (in the case of the Dollar Notes) or Euroclear and Clearstream (in the case of the Sterling Notes). If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Notes

Interest on the Dollar Notes will accrue at the rate of 10.000% per annum and interest on the Sterling Notes will accrue at the rate of 10.375% per annum and, in each case, will be payable, in cash, semi-annually in arrear on May 1 and November 1 of each year, commencing on November 1, 2024, to holders of record on the close of business of the Business Day immediately preceding the applicable interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

General

If the interest payment date in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "*—Certain Covenants—Limitation on Liens*," the Issuer shall be permitted to issue additional Notes ("*Additional Notes*"), which shall have terms substantially identical to the Notes, except in respect of any of the following terms which shall be set forth in an Officer's Certificate, or at the election of the Issuer in its sole discretion, a supplemental indenture, delivered by the Issuer to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued and will mature;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in minimum denominations of \$200,000 or £100,000, as applicable, and integral multiples of \$1,000 or £1,000, as applicable, in excess thereof, in respect of the Additional Notes, the denominations in which such Additional Notes shall be issued and redeemed;

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes;

(9) the obligation to pay Additional Amounts (as defined under "*—Withholding Taxes*") to reflect a change in tax law since the date of the Indenture in a Relevant Taxing Jurisdiction (as defined below under "*—Withholding Taxes*"); and

(10) any relevant limitation language with respect to Guarantees and Security Documents.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes*," references to the "*Notes*" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Additional Notes may also be designated as Additional Dollar Notes or Additional Sterling Notes, but only if having terms substantially identical in all material respects to the Dollar Notes or the Sterling Notes, as the case may be. The initial Dollar Notes and any Additional Dollar Notes shall be deemed to form one series and references to the "*Dollar Notes*" shall be deemed to include the Dollar Notes initially issued on the Issue Date as well as any Additional Dollar Notes. The initial Sterling Notes and any Additional Sterling Notes shall be deemed to form one series and references to the "*Sterling Notes*" shall be deemed to include the Sterling Notes initially issued on the Issue Date as well as any Additional Sterling Notes. However, in order for any Additional Notes to have the same ISIN or Common Code or CUSIP, as applicable, as the Notes, such Additional Notes must be fungible with the Notes for U.S. federal income tax purposes.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts, if any, on the Global Notes (as defined under "—*Transfer and Exchange*") will be payable at the specified office or agency of one or more Paying Agents (as defined under "—*Paying Agents and Registrars for the Notes*"); *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of DTC, Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof. Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "—*Paying Agents and Registrars for the Notes*."

Paying Agents and Registrars for the Notes

The Issuer will maintain one or more paying agents for the Notes (each a "*Paying Agent*") in each of (i) London (the "*Principal Paying Agent*") and (ii) the Borough of Manhattan, City of New York (the "*U.S. Paying Agent*"). The initial Paying Agents for the Notes will be Elavon Financial Services DAC, UK Branch (as Principal Paying Agent) and U.S. Bank Trust Company, National Association (as U.S. Paying Agent).

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and one or more transfer agents in London and the Borough of Manhattan, City of New York (each, a "*Transfer Agent*"). The initial Registrars will be U.S. Bank Trust Company, National Association (in respect of the Dollar Notes) and Elavon Financial Services DAC (in respect of the Sterling Notes), and the initial Transfer Agents will be U.S. Bank Trust Company, National Association (in respect of the Dollar Notes) and Elavon Financial Services DAC (in respect of the Sterling Notes). The Registrars and the Transfer Agents will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any. The Paying Agents will make payments on, and the Transfer Agents will facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. The Issuer, the Company or any of its Subsidiaries may act as Paying Agent, Registrar or Transfer Agent in respect of the Notes. For so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in accordance with the requirements of such rules.

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "*144A Global Notes*").

- The 144A Global Notes representing the Dollar Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The 144A Global Notes representing the Sterling Notes will, upon issuance, be deposited with and registered in the name of the common depositary for the accounts of Euroclear and Clearstream.

- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*").

- The Regulation S Global Notes representing the Dollar Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Sterling Notes will, upon issuance, be deposited with and registered in the name of a common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under

"*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in DTC (in the case of the Dollar Notes) or participants in Euroclear or Clearstream (in the case of the Sterling Notes) will be effected by DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) or persons who hold interests through such participants, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "*qualified institutional buyer*" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will initially be issued in minimum denominations of $200,000 principal amount and integral multiples of $1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 principal amount and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes) upon receipt by the relevant Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of $200,000 principal amount and integral multiples of $1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 principal amount and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes). In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of the Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of the Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to the relevant Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer (as defined under "*—Repurchase at the Option of Holders—Change of Control*") or an Asset Sale Offer (as defined under "*—Repurchase at the Option of Holders—Asset Sales*").

The Issuer, the Trustee, the Registrars and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries will be "*Restricted Subsidiaries*" for the purposes of the Indenture. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Guarantees

As of the Issue Date, the obligations of the Issuer pursuant to the Notes under the Indenture, including any payment obligation resulting from a Change of Control Offer or an Asset Sale Offer, will (subject to the Agreed Security Principles) be guaranteed, jointly and severally on a senior basis, by the Guarantors. The Guarantees will also benefit the Revolving Credit Facility.

As of and for the year ended December 31, 2023, the Guarantors represented (on a consolidated basis after giving effect to intercompany eliminations and as adjusted for the impact of IFRS 16) approximately 95.9% and 89.9% of the Group's Adjusted EBITDA and total assets, respectively. As of December 31, 2023, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the Notes (excluding the Issuer), had no third-party borrowings.

In addition, as described below under "*—Certain Covenants—Additional Guarantees and Collateral*" and subject to the Intercreditor Agreement, the Agreed Security Principles and limitations described in the following paragraph, each Restricted Subsidiary of the Company (other than the Issuer) that in the future guarantees the Revolving Credit Facility Agreement, Public Debt or certain other indebtedness shall also enter into a supplemental indenture under the Indenture as a Guarantor of the Notes, and shall accede to the Intercreditor Agreement.

The Indenture will limit the obligation to grant guarantees in favor of obligations under the Notes. The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Notes. The Agreed Security Principles and the Indenture will include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory limitations, regulatory requirements or restrictions, financial assistance, corporate benefit, capital maintenance rules, liquidity protection rules, fraudulent preference, "earnings stripping," "controlled foreign corporation," "thin capitalization" rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar principles. The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect these limitations and other legal restrictions applicable to the Guarantors and their respective shareholders and directors. See "*Certain Insolvency and Local Law Limitations*." Each Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—The security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws*" and "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—Enforcement of the Collateral across multiple jurisdictions may be difficult*." See "*Certain Insolvency and Local Law Limitations*."

Each Guarantee by a Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged:

- except for the Guarantee given by the Company, upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;

- except for the Guarantee given by the Company, in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any parent of such Guarantor (other than the Company)) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "*Asset Sale*" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (as defined below);

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";

- upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- as described under the caption "*—Amendment, Supplement and Waiver*"; or

- with respect to a Subsidiary Guarantor (as defined below), so long as no Event of Default has occurred and is continuing, to the extent that such Subsidiary Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility Agreement and (ii) does not guarantee any other Credit Facility or Public Debt.

Substantially all the operations of the Company are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority shareholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders. The Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred and minority shareholders of non-Guarantor Subsidiaries of the Company.

Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of the Company and the Restricted Subsidiaries of the Company, the limitations will be subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by such Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*."

Security

The Collateral

As of the Issue Date, subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the Notes and the related Guarantees will be secured by the following initial collateral ("*Initial Collateral*"):

- limited recourse first-priority security interest under English law granted by Aston Martin Holdings (UK) Limited over the issued Capital Stock of the Company;

- first-priority security interest under Jersey law granted by the Company over the issued share capital of the Issuer;

- first-priority security interest under Jersey law granted by the Issuer over the issued share capital of Aston Martin Capital Limited;

- first-priority security interest under the English law debenture (referred to in the last bullet point of this paragraph) granted by the Company over the issued Capital Stock of Aston Martin Lagonda Group Limited;

- first-priority security interest under the English law debenture (referred to in the last bullet point of this paragraph) granted by Aston Martin Lagonda Group Limited over the issued Capital Stock of Aston Martin Lagonda Limited;

- first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreement (including the Notes Proceeds Loan thereunder); and

- an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables and material intellectual property from each of the Company, Aston Martin Lagonda Group Limited and Aston Martin Lagonda Limited.

In addition, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, each subsidiary of the Company that becomes a Guarantor of the Notes after the Issue Date will grant security in connection therewith (together with the Initial Collateral, the "*Collateral*"). All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens. Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected) in accordance with the Agreed Security Principles.

The Agreed Security Principles will apply to the granting of security in favor of obligations under the Notes. The Agreed Security Principles include restrictions on the granting of security where, among other things, such grant would be restricted by corporate benefit, financial assistance, fraudulent preference or "thin capitalization" laws or regulations (or analogous restrictions), or where an action would result in a significant risk to the officers of the relevant grantor of security of contravention of their fiduciary duties and/or of civil and/or criminal liability, or result in costs disproportionate to the benefit obtained by the beneficiaries of that security. See "*Description of other financial arrangements—Intercreditor Agreement*."

The Collateral is intended to also secure the liabilities under the Revolving Credit Facility Agreement, the Notes, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis. Pursuant to the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations permitted to be incurred under the covenant "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" will be permitted to be secured on the Collateral on a super priority basis, and will receive priority over the Holders of the Notes with respect to any proceeds received upon any enforcement action over any Collateral. Subject to certain conditions, including compliance with the covenant described under "*—Certain Covenants—Impairment of Security Interest*," the Company will be permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral, after all liabilities in respect of obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and any other Indebtedness of the Company or its Restricted Subsidiaries ranking *pari passu* in right of enforcement with the Notes permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement, after which all remaining proceeds will be applied in payment of obligations under any other Indebtedness of the Company or its Restricted Subsidiaries that is subordinated to the Notes.

Administration of Security and Enforcement of Liens

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of certain terms of the Intercreditor Agreement, see "*Description of other financial arrangements—Intercreditor Agreement.*"

The ability of Holders of the Notes to realize upon the Collateral will be subject to various insolvency law limitations in the event of the Issuer's or a Guarantor's insolvency. See "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*." In addition, the enforcement of the Collateral will be limited to the maximum amount permitted under applicable law to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer's obligation under the Notes and a Guarantor's obligations under its Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Certain Insolvency and Local Law Limitations*."

Subject to the terms of the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the Holders of the Notes and the payment obligations under the Revolving Credit Facility Agreement and any Hedging Obligations secured by the Collateral. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. See "*Description of other financial arrangements—Intercreditor Agreement*."

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed U.S. Bank Trustees Limited, as Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement and each Holder will also be deemed to have authorized the Trustee to enter into the Intercreditor Agreement and any such Additional Intercreditor Agreement.

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents as between (a) the lenders under the Revolving Credit Facility Agreement, (b) the counterparties under certain hedging agreements and (c) the Trustee and the Holders under the Indenture and (d) the creditors of certain other Indebtedness (including Indebtedness that may be incurred in the future) permitted to be secured by such Collateral, respectively, are established by the terms of the Intercreditor Agreement and the Security Documents, which will provide, among other things, that the obligations under the Notes will receive proceeds or enforcement of security over the Collateral only after obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations are satisfied. See "*Description of other financial arrangements—Intercreditor Agreement*." In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Release of Liens

Subject to the terms of the Intercreditor Agreement, upon receipt of an Officer's Certificate, the Security Agent shall release, and the Trustee shall, if so directed, direct the Security Agent to release, without the need for consent of the Holders of the Notes, Liens over the property and other assets constituting Collateral securing the Notes and the Guarantees:

(1) in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any of its Restricted Subsidiaries (but excluding any transaction subject to "*—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets—The Company and the Issuer*") that is permitted by the Indenture (with respect to the Lien on such Collateral) or (b) the Company or any Restricted Subsidiary consistent with the Intercreditor Agreement or any Additional Intercreditor Agreement or if permitted by the Revolving Credit Facility Agreement;

(2) in the case of a Guarantor that is released from its Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(5) as described under the caption "*—Amendment, Supplement and Waiver*";

(6) as described under the caption "*—Certain Covenants—Impairment of Security Interest*";

(7) automatically without any action by the Trustee, if the Lien granted in favor of the Revolving Credit Facility Agreement, Public Debt or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof); *provided* that such release would otherwise be permitted by another clause above;

(8) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "—*Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets*"; or

(9) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement.

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders. The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate.

The Company, the Issuer and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring, paying off or using up or otherwise disposing of current assets or intercompany receivables in the ordinary course of business; and (iii) any other action not prohibited by the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the incurrence of any Indebtedness by the Company or any of its Restricted Subsidiaries that is permitted to share in the Collateral (and which the Company elects shall share in the Collateral), the Trustee and the Security Agent shall, at the request of the Company or the Issuer, enter into with the Company, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "*Additional Intercreditor Agreement*"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company or the Issuer shall furnish to the Trustee and the Security Agent such documentation in relation thereto as they may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under "—*Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Company or the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness (including Subordinated Indebtedness) covered by any such Intercreditor Agreement that may be incurred by the Company or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure the Notes, Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Company or the Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—*Amendment, Supplement and Waiver*" or as permitted by the terms of such Intercreditor Agreement, and the Company or the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, indemnification or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder of Notes issued pursuant to the Indenture, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement and enter into any Additional Intercreditor Agreement on each Holder's behalf.

A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and, for so long as any Notes are listed on the Official List of the Exchange and the rules of the Authority so require, at the offices of the relevant Registrar.

Optional Redemption

Optional Redemption of the Dollar Notes

Except as set forth below and under "*—Redemption for Taxation Reasons*" and "*—Repurchase at the Option of Holders—Asset Sales*," the Issuer will not be entitled to redeem the Dollar Notes at its option prior to March 15, 2026.

At any time prior to March 15, 2026, the Issuer may, at its option and on one or more occasions, redeem all or any part of the Dollar Notes, upon notice as described under "*—Selection and Notice*," at a redemption price equal to 100% of the principal amount of the applicable Dollar Notes redeemed plus the Dollar Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption.

At any time on and after March 15, 2026, the Issuer may, at its option and on one or more occasions, redeem all or any part of the Dollar Notes, upon notice as described under "*—Selection and Notice*," at the redemption prices (expressed as percentages of principal amount of the applicable Dollar Notes to be redeemed) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable date of redemption, if redeemed during the twelve month period beginning on March 15 of each of the years indicated below:

Year	**Dollar Notes Redemption Price**
2026	105.000%
2027	102.500%
2028 and thereafter	100.000%

In addition, at any time prior to March 15, 2026, the Issuer may, at its option and on one or more occasions, upon notice as described under "*—Selection and Notice*," redeem up to 40% of the aggregate principal amount of the Dollar Notes (including Additional Dollar Notes) at a redemption price (as calculated by the Company) equal to (i) 110.000% of the aggregate principal amount thereof, with an amount equal to or less than the Net Cash Proceeds from one or more Equity Offerings to the extent such Net Cash Proceeds are received by or contributed to the Company, plus (ii) accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption; *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the principal amount of the Dollar Notes originally issued on the Issue Date (excluding the principal amount of any Additional Dollar Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

In addition, at any time prior to March 15, 2026, the Issuer may redeem up to 10% of the aggregate principal outstanding amount of the Dollar Notes (calculated after giving effect to the issuance of any Additional Dollar Notes) during each 12-month period commencing from the Issue Date, from time to time, upon notice as described under "*—Selection and Notice*," at a redemption price equal to 103% of the principal amount of the Dollar Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption.

Optional Redemption of the Sterling Notes

Except as set forth below and under "*—Redemption for Taxation Reasons*" and "*—Repurchase at the Option of Holders—Asset Sales*," the Issuer will not be entitled to redeem the Sterling Notes at its option prior to March 15, 2026.

At any time prior to March 15, 2026, the Issuer may, at its option and on one or more occasions, redeem all or any part of the Sterling Notes, upon notice as described under "—*Selection and Notice*," at a redemption price equal to 100% of the principal amount of the applicable Sterling Notes redeemed plus the Sterling Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption.

At any time on and after March 15, 2026, the Issuer may, at its option and on one or more occasions, redeem all or any part of the Sterling Notes, upon notice as described under "—*Selection and Notice*," at the redemption prices (expressed as percentages of principal amount of the applicable Sterling Notes to be redeemed) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable date of redemption, if redeemed during the twelve month period beginning on March 15 of each of the years indicated below:

Year	**Sterling Notes Redemption Price**
2026	105.1880%
2027	102.5940%
2028 and thereafter	100.0000%

In addition, at any time prior to March 15, 2026, the Issuer may, at its option and on one or more occasions, upon notice as described under "—*Selection and Notice*," redeem up to 40% of the aggregate principal amount of the Sterling Notes (including Additional Sterling Notes) at a redemption price (as calculated by the Company) equal to (i) 110.375% of the aggregate principal amount thereof, with an amount equal to or less than the Net Cash Proceeds from one or more Equity Offerings to the extent such Net Cash Proceeds are received by or contributed to the Company, plus (ii) accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption; *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the principal amount of the Sterling Notes originally issued on the Issue Date (excluding the principal amount of any Additional Sterling Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

In addition, at any time prior to March 15, 2026, the Issuer may redeem up to 10% of the aggregate principal outstanding amount of the Sterling Notes (calculated after giving effect to the issuance of any Additional Sterling Notes) during each 12-month period commencing from the Issue Date, from time to time, upon notice as described under "—*Selection and Notice*," at a redemption price equal to 103% of the principal amount of the Sterling Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption.

General

Notwithstanding the foregoing, in connection with any tender offer, Change of Control Offer or Asset Sale Offer for one or more series of Notes, if Holders of not less than 90% in aggregate principal amount of the then outstanding Notes of such series validly tender and do not validly withdraw such Notes in such offer and the Issuer, or any third party making such offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not validly withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 60 days following such purchase date, to redeem all Notes of such series that remain outstanding following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such offer (which may be less than par) plus, to the extent not included in the offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of redemption of the Notes. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of a series have validly tendered and not validly withdrawn Notes in a tender offer, Change of Control Offer or Asset Sale Offer, as applicable, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer, Change of Control Offer or Asset Sale Offer, as applicable.

Notice of any redemption or offer to purchase, whether in connection with an Equity Offering, Change of Control, Asset Sale Offer or other transaction or event or otherwise, may, at the Issuer's discretion, be given prior to the completion or occurrence thereof, and any such redemption, offer to purchase or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of a related Equity Offering, Change of Control, Asset Sale or other transaction or event, as the case may be. The Issuer may redeem Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption or repurchase date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption or purchase date, or by the redemption or purchase date so delayed, or that such notice may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived. In addition, the Issuer may provide in such notice or offer to purchase that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption or offer to purchase may be performed by another Person.

If the Issuer effects an optional redemption of the Notes, it will, for so long as such Notes are listed on the Official List of the Exchange and the rules of the Authority so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period.

The Issuer, the Company, its direct and indirect equityholders, including the Investors, any of its Subsidiaries and their respective Affiliates and members of our management may from time to time trade in the Notes in privately negotiated or open market transactions, by tender offer or otherwise. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series.

Mandatory Redemption; Offers to Purchase

The Issuer will not be required to make any mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the caption "*—Repurchase at the Option of Holders*."

Selection and Notice

If the Issuer is redeeming or purchasing less than all of the Dollar Notes and/or Sterling Notes issued under the Indenture at any time, selection of the Notes to be redeemed or purchased will be made in accordance with applicable procedures of DTC (in the case of the Dollar Notes) and Euroclear or Clearstream (in the case of the Sterling Notes), as applicable; *provided* that no Notes in denominations of $200,000 or less (in the case of the Dollar Notes) or £100,000 or less (in the case of the Sterling Notes) can be redeemed or purchased in part. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

Notices of redemption or purchase will be delivered electronically at least 10 days (except as set forth in the first paragraph under "*—Optional Redemption—General*") but not more than 60 days (except as set forth in the second paragraph under "*—Optional Redemption—General*") before the applicable redemption date to each Holder of the applicable series of Notes in accordance with the procedures of DTC, Euroclear and/or Clearstream, as applicable, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance or a satisfaction and discharge of the Indenture with respect to such series of Notes. The Issuer may provide in any redemption or purchase notice that payment of the redemption price and the performance of the Issuer's obligations with respect to such redemption or purchase may be performed by another Person. If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed.

With respect to Notes represented by certificated notes, the Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note; *provided* that new Notes will only be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes). Notes called for redemption or purchase become due on the date fixed for redemption or purchase, unless such redemption or purchase is conditioned on the happening of a future event. On and after any date of redemption of the Notes, or applicable purchase date, unless the Issuer defaults in the payment of the redemption or purchase price, interest ceases to accrue on the Notes called for redemption or purchase.

Redemption for Taxation Reasons

The Issuer or Successor Company (as defined under "*—Merger, Consolidation or Sale of All or Substantially All Assets—The Company and the Issuer*") may redeem the Notes in whole, but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes of the applicable series (with a copy to the Trustee and Paying Agent) (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date occurring prior to the Tax Redemption Date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, Successor Company or any Guarantor determines in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published practice) of a Relevant Taxing Jurisdiction

(each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the relevant Payor (as defined under "*—Withholding Taxes*") is, or on the next interest payment date in respect of the Notes of such series would be, required to pay any Additional Amounts, and the Issuer or Successor Company determines in good faith that such obligation cannot be avoided by taking reasonable measures available to the relevant Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable but not including assignment or novation of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this offering memorandum, such Change in Tax Law must be formally announced and become effective after the date of this offering memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this offering memorandum, such Change in Tax Law must be publicly announced and become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. If the relevant Payor is a Guarantor, the foregoing provisions shall apply only if neither the Issuer nor any other Guarantor is able to make payments on the Notes without the payment of such Additional Amounts. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which such Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, such Payor will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that such Payor has or would become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee shall accept, and will be entitled to conclusively rely on, such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any successor to the Issuer and to any jurisdiction in which any successor to the Issuer is incorporated or organized, resident or engaged in business for tax purposes or has a permanent establishment, or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by or on behalf of the Issuer, Successor Company or any Guarantor (including any successor entity) (a "*Payor*") in respect of the Notes or with respect to any Guarantees, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) England and Wales or any political subdivision or taxing authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note or Guarantee is made, or any political subdivision or taxing authority or agency thereof or therein; or

(3) any other jurisdiction in which the Payor is incorporated or organized, resident or engaged in business for tax purposes or has a permanent establishment in, or any political subdivision or taxing authority or agency thereof or therein;

(each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of a Payor with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the relevant Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary to ensure that the net amounts received in respect of such payments, after such withholding or deduction (including any such deduction or withholding in respect of such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in or a dependent agent in, or being physically present in, or having a place of management present or deemed present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership, holding or disposition of such Note or the receipt of any payment in respect of the Notes or any Guarantee;

(b) any Taxes that are imposed, deducted or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 60 days before any withholding or deduction would be made), to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any certification, information, documentation or other reporting requirement relating to such matters, which, in each case, is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes, but only to the extent that the Holder or beneficial owner is legally eligible to provide such certification or other evidence;

(c) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Guarantee;

(d) any estate, inheritance, gift, value, use, sales, excise, transfer, personal property or similar Tax;

(e) any Taxes that are imposed or withheld pursuant to (a) Sections 1471 through 1474 of the Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (b) any intergovernmental agreement entered into in connection with the implementation of (a), or (c) any law, regulation or other official guidance enacted in any other jurisdiction relating to an intergovernmental agreement described in (b); or

(f) any combination of the above.

Such Additional Amounts will also not be payable if the payment could have been made without such deduction or withholding if the Holder had presented the Note for payment (where presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period).

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership (or entity treated as partnership for tax purposes) or other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership (or such other entity treated as partnership for tax purposes) or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The relevant Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The relevant Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee. For the avoidance of doubt, in no event shall the Trustee be required to determine the amount of withholding taxes attributable to any Holder.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made with respect to any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, transfer, issue, registration, court or documentary taxes or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto), that arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery or registration of or receipt of payments with respect to, any Notes, any Guarantee, the Indenture, the Security Documents or any other document or instrument in relation thereto, and any such taxes that arise in any jurisdiction from the enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than in connection with a transfer of the Notes after this offering and limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments with respect to the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (a), (b), (d) and (e) and any combination of clauses (a), (b), (d) and (e)), and the Payor agrees to indemnify the Holders for any such Taxes paid by such Holders.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is incorporated or organized, resident or engaged in business for tax purposes or has a permanent establishment, or any jurisdiction from or through which any payment under, or with respect to the Notes or Guarantees thereof is made by or on behalf of such Payor, or, in each case, any political subdivision or taxing authority or agency thereof or therein.

Repurchase at the Option of Holders

Change of Control

The Indenture will provide that if a Change of Control occurs after the Issue Date, unless (i) a third party makes a change of control offer as described herein or (ii) the Issuer has previously or concurrently delivered a redemption notice with respect to all the outstanding Notes as described under "—*Optional Redemption*," the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a purchase price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of purchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date. Within 60 days following any Change of Control, the Issuer will deliver (or cause to be delivered) notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC, Euroclear or Clearstream, as applicable, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "*Change of Control*," and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 10 days nor later than 60 days from the date such notice is sent (the "*Change of Control Payment Date*"), except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below;

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "*Option of Holder to Elect Purchase*" on the reverse of such Notes completed or otherwise in accordance with the procedures of DTC, Euroclear or Clearstream, as applicable, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders whose Notes are being purchased only in part will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to at least $200,000 or any integral multiple of $1,000 in excess thereof (in the case of the Dollar Notes) or £100,000 or any integral multiple of £1,000 in excess thereof (in the case of the Sterling Notes);

(7) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control and shall describe each such condition, and, if applicable, shall state that, in the Issuer's discretion, the Change of Control Payment Date may be delayed until such time (including more than 60 days after the notice is sent) as any or all such conditions shall be satisfied or waived, or that such repurchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed, or such notice or offer may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived;

(8) any other instructions, as determined by the Issuer, consistent with this Change of Control covenant, that a Holder must follow; and

(9) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the applicable paying agent receives, not later than the close of business on the tenth Business Day prior to the expiration date of the Change of Control Offer, a facsimile transmission or letter setting forth the name of the holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes, or a specified portion thereof, and its election to have such Notes purchased.

If and for so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, the Issuer will publish notices relating to the Change of Control Offer, as soon as reasonably practicable after the Change of Control Payment Date, on the official website of the Exchange.

While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes or withdraw such election through the facilities of DTC, Euroclear or Clearstream, as applicable, subject to the applicable rules and regulations.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations described in the Indenture by virtue thereof. The Issuer may rely on any no action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law:

(1) accept for payment all Notes issued by it or portions thereof validly tendered pursuant to the Change of Control Offer;

(2) deposit with the applicable paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered and not validly withdrawn;

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the relevant Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the relevant Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount that is at least $200,000 or any integral multiple of $1,000 in excess thereof (in the case of the Dollar Notes) or £100,000 or any integral multiple of £1,000 in excess thereof (in the case of the Sterling Notes).

Under the Revolving Credit Facility Agreement, the occurrence of a change of control would give the lenders thereunder the right to require the repayment of any debt outstanding under the Revolving Credit Facility Agreement. Future debt of the Company or its Subsidiaries may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt.

The Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—We may not be able to finance a Change of Control Offer required to repurchase the Notes upon a Change of Control*."

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and, in the case of Secured

Indebtedness, "*—Certain Covenants—Limitation on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of all the then outstanding Notes. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not validly withdrawn under such Change of Control Offer. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer. A Change of Control Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, Notes, Guarantees and/or Security Documents (but the Change of Control Offer may not condition tenders on the delivery of such consents).

If Holders of not less than 90% in aggregate principal amount of Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, all Holders shall be deemed to have consented to such Change of Control Offer and the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice to the Holders of the Notes, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of purchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date. In determining whether the Holders of at least 90% of the aggregate principal amount of the Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control, including the definition of "Change of Control," may be waived or modified with the written consent of the Holders of a majority in principal amount of all the then outstanding Notes.

Asset Sales

The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including, but not limited to, by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, in connection with, such Asset Sale) at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration for such Asset Sale received by the Company or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) the greater of the principal amount and the carrying value of any liabilities (as reflected on the Company's or such Restricted Subsidiary's most recent consolidated balance sheet or in the footnotes thereto or, if incurred or increased subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Company's or such Restricted Subsidiary's consolidated balance sheet or in the footnotes thereto if such incurrence or increase had taken place on or prior to the date of such balance sheet, as determined by the Company) of the Company or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes, that are (i) assumed by the transferee of any such assets (or a third party in connection with such transfer) pursuant to a written agreement which releases or indemnifies the Company or such Restricted Subsidiary from such liabilities or (ii) cancelled or terminated in connection with the transaction;

(b) any securities, notes or other obligations or assets received by the Company or such Restricted Subsidiary from such transferee that are converted or reasonably expected by the Company acting in good faith to be converted by the Company or such Restricted Subsidiary into Cash Equivalents (to the extent of the Cash Equivalents received or expected to be received) or by their terms are required to be satisfied for Cash Equivalents within 180 days following the closing of such Asset Sale; and

(c) any Designated Non-Cash Consideration received by the Company or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (i) £46.5 million and (ii) 15.0% of LTM EBITDA at the time of the receipt of such Designated Non-Cash Consideration (or, at the Company's option, at the time of contractually agreeing to such Asset Sale), without giving effect to subsequent changes in value, shall be deemed to be Cash Equivalents for purposes of this provision and for no other purpose.

Within 365 days after the later of (a) the date of any Asset Sale and (b) the receipt of any Net Proceeds of such Asset Sale, the Company or such Restricted Subsidiary, at its option, may apply an amount not to exceed the Net Proceeds from such Asset Sale,

(1) to reduce Indebtedness (through a redemption, prepayment, repayment, purchase, open-market purchase or privately negotiated transactions, as applicable) as follows:

(a) Obligations under the Notes (either (i) through open-market repurchases, (ii) in accordance with the provisions set forth below for an Asset Sale Offer or (iii) to redeem Notes as described under "—*Optional Redemption*");

(b) Obligations under any Consolidated Senior Secured Indebtedness at a price of no more than 100% of the principal amount of such Consolidated Senior Secured Indebtedness (unless required to exceed 100% by the terms thereof), plus the amount of accrued but unpaid interest, if any, thereon, and, other than Obligations in respect of any revolving Credit Facility, to correspondingly reduce commitments with respect thereto; *provided* that the Company shall redeem, repay or repurchase such Consolidated Senior Secured Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Consolidated Senior Secured Indebtedness repaid pursuant to this clause (b) by, at its option, (x) redeeming Notes as provided under "—*Optional Redemption*" and/or (y) purchasing Notes through open-market purchases or in privately negotiated transactions and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer on an equal or ratable basis with any such Consolidated Senior Secured Indebtedness repaid pursuant to this clause (b);

(c) Obligations of a Restricted Subsidiary of the Company that is not the Issuer or a Subsidiary Guarantor, other than Indebtedness owed to the Company or any Restricted Subsidiary; or

(d) to the extent such Net Proceeds are from an Asset Sale of property or assets of a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor or of property or assets not constituting Collateral, Obligations of the Issuer or a Subsidiary Guarantor other than Subordinated Indebtedness and other than Indebtedness owed to the Company or any Restricted Subsidiary;

provided that to the extent the Company or any Restricted Subsidiary has elected to purchase any amount of Obligations under the Notes or Consolidated Senior Secured Indebtedness at a price of no less than 100% of the principal amount thereof, to the extent the creditors in respect of such Indebtedness (including the Holders) elect not to tender their Indebtedness, the Company will be deemed to have applied an amount of Net Proceeds equal to such amount not so tendered, and such amount shall not increase the amount of Excess Proceeds (as defined below); or

(2) to make (a) an Investment in any one or more businesses, *provided* that any such Investment in any business is in the form of the acquisition of Capital Stock and results in the Company or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes or continues to constitute a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other properties or assets that, in each of (a), (b) and (c), are used or useful in a Similar Business or replace the businesses, properties and/ or assets that are the subject of such Asset Sale; or

(3) any combination of the foregoing;

provided that a binding commitment or letter of intent entered into not later than such 365th day shall be treated as a permitted application of the Net Proceeds from the date of such commitment or letter of intent so long as the Company, or such Restricted Subsidiary enters into such commitment or letter of intent with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment or letter of intent within the later of such 365th day and 180 days of such commitment or letter of intent (an "*Acceptable Commitment*") or, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Company or such Restricted Subsidiary enters into another Acceptable Commitment (a "*Second Commitment*") within 180 days of such cancellation or termination; *provided*, *further*, that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds, as the case may be.

Notwithstanding any other provisions of this covenant, (i) to the extent that the application of any or all of the Net Proceeds of any Asset Sale by the Company or a Subsidiary is prohibited or delayed by applicable local law from being repatriated, an amount equal to the portion of such Net Proceeds so affected will not be required to be applied in compliance with this covenant, and such amounts may be retained by the Company or the applicable Subsidiary; *provided* that if at any time within one year following the date on which the respective payment would otherwise have been required, such repatriation of any of such affected Net Proceeds is permitted under the applicable local law, an amount equal to such amount of Net Proceeds so permitted to be repatriated will be promptly applied (net of any taxes, costs or expenses that would be payable or reserved against if such amounts were actually repatriated whether or not they are repatriated) in compliance with this covenant and (ii) to the extent that the Company has determined in good faith that repatriation of any or all of the Net Proceeds of any Asset Sale could have a material adverse tax consequence with respect to such Net Proceeds (which for the avoidance of doubt, includes, but is not limited to, any prepayment whereby doing so the Company, any Restricted Subsidiary or any of their respective Affiliates and/or their equityholders would incur a tax liability, including as a result of a tax in respect of a dividend or a withholding tax), the Net Proceeds so affected may be retained by the Company or the applicable Subsidiary and an amount equal to such Net Proceeds will not be required to be applied in compliance with this covenant. The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default. For the avoidance of doubt, nothing in the Indenture shall be construed to require the Company or any Subsidiary to repatriate cash.

Any Net Proceeds from an Asset Sale (other than any amounts excluded from this covenant as set forth in the immediately preceding paragraph) that are not invested or applied as provided and within the time period set forth in the second preceding paragraph shall be deemed to constitute "*Excess Proceeds*"; *provided* that any amount of Net Proceeds offered to Holders pursuant to clause (1)(a) of the second paragraph of this covenant at a price of no less than 100% of the principal amount of the Notes shall not be deemed to be Excess Proceeds regardless of whether such offer is accepted by any Holders. When the aggregate amount of Excess Proceeds exceeds the greater of (x) £46.5 million and (y) 15.0% of LTM EBITDA (the "*Excess Proceeds Threshold*"), the Issuer shall make an offer (an "*Asset Sale Offer*") to all Holders of the Notes and, if required or permitted by the terms of any Indebtedness that ranks pari passu in right of payment with the Notes ("*Pari Passu Indebtedness*"), to the holders of such Pari Passu Indebtedness, to purchase the maximum aggregate principal amount (or accreted value, as applicable) of the Notes and such Pari Passu Indebtedness that is, with respect to the Notes only, in an amount equal to $200,000, or an integral multiple of $1,000 in excess thereof (in the case of the Dollar Notes), or £100,000, or an integral multiple of £1,000 in excess thereof (in the case of the Sterling Notes), that may be purchased out of the Excess Proceeds at an offer price, in the case of the Notes, in cash in an amount equal to 100% of the principal amount thereof (or accreted value thereof, if less), plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture, and in the case of such Pari Passu Indebtedness, at the offer price required by the terms thereof (and if not so required, at a price no greater than 100% of the principal amount thereof), in accordance with the procedures set forth in the agreement(s) governing such Pari Passu Indebtedness. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within 20 Business Days after the date that Excess Proceeds exceed the Excess Proceeds Threshold by delivering to the Holders the notice required pursuant to the terms of the Indenture. The Issuer may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds prior to the time period that may be required by the Indenture with respect to all or a part of the available Net Proceeds (the "*Advance Portion*") in advance of being required to do so by the Indenture (an "*Advance Offer*").

To the extent that the aggregate amount (or accreted value, if applicable) of Notes and Pari Passu Indebtedness, as the case may be, tendered pursuant to an Asset Sale Offer is less than the amount offered in the Asset Sale Offer (or in the case of an Advance Offer, the Advance Portion), the Issuer may use any remaining Excess Proceeds (or in the case of an Advance Offer, the Advance Portion) for any purposes not otherwise prohibited under the Indenture. If the aggregate principal amount (or accreted value, if applicable) of Notes or the Pari Passu Indebtedness, as the case may be, surrendered by such holders thereof exceeds the amount offered in the Asset Sale Offer (or in the case of an Advance Offer, the Advance Portion), the Issuer shall purchase the Notes (subject to the applicable procedures of DTC, as applicable, as to global notes) and such Pari Passu Indebtedness, as the case may be, on a pro rata basis based on the aggregate principal amount (or accreted value, if applicable) of the Notes or such Pari Passu Indebtedness, as the case may be, tendered with adjustments as necessary so that no Notes or Pari Passu Indebtedness, as the case may be, will be repurchased in part in an unauthorized denomination. Upon completion of any such Asset Sale Offer (or Advance Offer), the amount of Excess Proceeds that resulted in the requirement to make an Asset Sale Offer shall be reset to zero (regardless of whether there are any remaining Excess Proceeds upon such completion). Upon consummation or expiration of any Asset Sale Offer, any remaining Net Proceeds shall not be deemed Excess Proceeds and the Issuer may use such Net Proceeds for any purpose not otherwise prohibited under the Indenture.

An Asset Sale Offer or Advance Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, the Notes and/or the Guarantees (but the Asset Sale Offer or Advance Offer may not condition tenders on the delivery of such consents).

Pending the final application of the amount of any Net Proceeds pursuant to this covenant, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness, or otherwise use such Net Proceeds in any manner not prohibited by the Indenture.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer or an Advance Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of all the then outstanding Notes.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture that will apply to the Company and its Restricted Subsidiaries.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, (i) the Notes have achieved Investment Grade Status and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*" and the date thereof being referred to as the "*Suspension Date*"), then, the covenants specifically listed under the following captions in this "*Description of the Notes*" section of this Offering Memorandum will no longer be applicable to such Notes (collectively, the "*Suspended Covenants*") until the occurrence of the Reversion Date (as defined below):

(1) "*—Repurchase at the Option of Holders—Asset Sales*";

(2) "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(3) "*—Limitation on Restricted Payments*";

(4) clause (3) of the first paragraph and the entire fifth paragraph of "*—Merger, Consolidation or Sale of All or Substantially All Assets*";

(5) "*—Transactions with Affiliates*";

(6) "*—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*"; and

(7) "*—Additional Guarantees and Collateral*."

In addition, upon delivery of an Officer's Certificate confirming that a Covenant Suspension Event has occurred and is continuing, so long as no Indebtedness incurred pursuant to a Credit Facility and any Refinancing Indebtedness in respect of such Indebtedness incurred under clause (1) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" is at such time (i) guaranteed in a manner that would require a Guarantee of the Notes pursuant to the covenant described under the caption "*—Certain Covenants—Additional Guarantees and Collateral*" or (ii) secured in a manner that would require the granting of a Lien pursuant to the covenant described under the caption "*—Limitation on Liens*," the Trustee will instruct the Security Agent, and the Security Agent will execute any documents delivered to it by the Issuer, to evidence or effect the release, discharge and termination in respect of all Guarantees and, if applicable, all Liens on the Collateral, and the covenant described under "*—Limitation on Liens*" shall be amended mutatis mutandis with references to "Collateral" and "Permitted Collateral Liens" deemed removed. Any such release shall be effected by the Security Agent and, to the extent required or necessary, the Trustee, without the consent of the Holders.

During any period that the foregoing covenants have been suspended, the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries.

During the Suspension Period (as defined below), the Company and its Restricted Subsidiaries will be entitled to incur Liens to the extent provided for under "*—Limitation on Liens*" (including, without limitation, Permitted Liens) and any Permitted Liens which may refer to one or more Suspended Covenants shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of the "*—Limitation on Liens*" covenant and the "Permitted Liens" and "Permitted Collateral Liens" definitions and for no other covenant).

If and while the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") the Notes no longer have an Investment Grade Status, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events. The period of time between the Suspension Date and the Reversion Date is referred to in this description as the "*Suspension Period*." Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from any Asset Sales shall be reset to zero.

Notwithstanding the foregoing, in the event of any such reinstatement of the Suspended Covenants, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to the Notes, and no Default or Event of Default will be deemed to exist or have occurred as a result of any failure by the Company or any Restricted Subsidiary to comply with any of the Suspended Covenants during the Suspension Period; *provided* that (1) with respect to Restricted Payments (as defined under "*—Limitation on Restricted Payments*") made after such reinstatement, the amount available to be made as Restricted Payments will be calculated as though the covenant described under the caption "*—Limitation on Restricted Payments*" had been in effect prior to, but not during, the Suspension Period (including with respect to an Applicable Transaction entered into during the Suspension Period); (2) all Indebtedness incurred or committed, or Disqualified Stock or Preferred Stock issued, during the Suspension Period (or deemed incurred or issued in connection with an Applicable Transaction entered into during the Suspension Period) will be classified to have been incurred or issued pursuant to clause (3)(c) of the second paragraph of "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; (3) any Affiliate Transaction (as defined under "*—Transactions with Affiliates*") entered into after such reinstatement pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (6) of the third paragraph of the covenant described under "*—Transactions with Affiliates*"; (4) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not the Issuer or a Guarantor to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "*—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (a) of the first paragraph of the covenant described under "*—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*"; (5) no Subsidiary of the Company shall be required to comply with the covenant described under "*—Additional Guarantees and Collateral*" after such reinstatement with respect to any guarantee or obligation entered into by such Subsidiary during any Suspension Period; and (6) all Investments made during the Suspension Period (or deemed made in connection with an Applicable Transaction entered into during the Suspension Period) will be classified to have been made under clause (5) of the definition of "Permitted Investments."

Notwithstanding that the Suspended Covenants may be reinstated after the Reversion Date, (1) no Default, Event of Default or breach of any kind will be deemed to exist under the Indenture, the Notes or the Guarantees with respect to the Suspended Covenants, and none of the Company or any of its Subsidiaries shall bear any liability for any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising during any Suspension Period, in each case as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or, upon termination of the Suspension Period or after that time based solely on any action taken or event that occurred during the Suspension Period), and (2) following a Reversion Date, the Company and each Restricted Subsidiary will be permitted, without causing a Default or Event of Default, to honor, comply with or otherwise perform any contractual commitments or obligations arising during any Suspension Period and to consummate the transactions contemplated thereby.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Rating. The Trustee shall be notified of a Covenant Suspension Event. The Trustee shall have no duty to (i) monitor the ratings of the Notes, (ii) ascertain whether a Covenant Suspension Event or Reversion Date have occurred, or (iii) notify the Holders of any of the foregoing.

Financial Calculations

When calculating the satisfaction of or availability under any Applicable Metric in the Indenture in connection with any Applicable Transaction, the date of determination of such Applicable Metric shall, at the option of the Company, be any Applicable Test Date. If the Company elects to determine any Applicable Metric as of any Applicable Test Date, it shall give pro forma effect to any other Applicable Transactions that have occurred up to (and including) such Applicable Test Date; *provided* that the pro forma calculation may exclude any non-recurring fees, costs and expenses attributable to any Applicable Transaction.

If compliance with an Applicable Metric is established in accordance with the prior paragraph, such Applicable Metric shall be deemed to have been complied with (or satisfied) for all purposes; *provided* that (1) the Company may elect, in its sole discretion, to recalculate any Applicable Metric on the basis of a more recent Applicable Test Date, in which case, such date of redetermination shall thereafter be deemed to be the relevant Applicable Test Date for purposes of such Applicable Metrics; and (2) save as contemplated in clause (1) above, compliance with any Applicable Metric shall not be determined or tested at any time after the relevant Applicable Test Date for such transaction and any actions or transactions related thereto.

If any Applicable Metric for which compliance was determined or tested as of an Applicable Test Date would at any time after the Applicable Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in such Applicable Metric (or any other Applicable Metric), such Applicable Metric will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations.

If any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the Applicable Test Date would at any time after the Applicable Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing).

If an item of Indebtedness (or any portion thereof) is committed, incurred or issued, any Lien is committed or incurred or any other transaction is undertaken or any Applicable Metric is tested in reliance on a ratio-based basket based on the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio, the Fixed Charge Coverage Ratio or the LTM EBITDA or any other ratio-based Applicable Metric, such ratios shall be calculated without regard to any undrawn commitments for Indebtedness (including under a revolving facility or guarantee facility).

Subject to the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," if a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a numerical permission and at a later time would subsequently be permitted under a ratio-based permission, unless otherwise elected by the Company, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based permission.

If any amount is incurred or utilized under any ratio-based basket, such amount shall be permitted notwithstanding any subsequent decline in the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio, the Fixed Charge Coverage Ratio or the LTM EBITDA or any other financial ratio or metric.

If (x) any transaction is entered into between (a) the Company or any Restricted Subsidiary and (b) any other Person which is not a Restricted Subsidiary on the date of such transaction; (y) such transaction is permitted pursuant to a fixed basket or an incurrence based basket; and (z) following such transaction, such other Person becomes a Restricted Subsidiary, such transaction shall be deemed to be reallocated to any applicable basket allowing transactions of such type to be entered into on an unlimited basis between the Company and a Restricted Subsidiary or between Restricted Subsidiaries.

If a proposed action, matter, transaction or amount (or a portion thereof) meets the criteria of more than one applicable basket, permission or threshold under the Indenture, the Company shall be entitled to divide or classify or later divide or reclassify (based on circumstances existing on the date of such reclassification) such action, matter or amount (or a portion thereof) between such baskets, permissions or thresholds as it shall elect from time to time.

For purposes of determining compliance with any restriction, basket, threshold or permission under the Indenture: (x) any reference to an amount in a given currency shall be deemed to include reference to its Currency Equivalent in other currencies; (y) no amount incurred or utilized under any restriction, basket, threshold or permission will be deemed to be increased as a result of (a) any change in applicable currency exchange rates after the date on which the Currency Equivalent of such incurrence or utilization was calculated under the Indenture for the purpose of permitting such incurrence or utilization; (b) any election made from time to time under the definition of "GAAP" after the date on which such incurrence or utilization was calculated under the Indenture for the purpose of permitting such incurrence or utilization or (c) subsequent changes in the fair market value of any Investment; and (z) for the avoidance of doubt, any restriction, basket, threshold or permission which would (but for sub-clause (y) above) be exceeded as a result of (i) any change in applicable currency exchange rates or (ii) any election made from time to time under the definition of "GAAP," shall be deemed not to have been exceeded and it shall be deemed that no Default, Event of Default or breach of any representation and warranty or undertaking under the Indenture has arisen in connection therewith.

If (x) any Indebtedness, Disqualified Stock, Preferred Stock or financing liability (a "*Refinancing Amount*") is or is to be issued or incurred to refinance or replace any existing or previous Indebtedness, Disqualified Stock, Preferred Stock or financing liability; and (y) such refinancing or replacement would otherwise cause any applicable restriction, basket, threshold or permission to be exceeded, such restriction, basket, threshold or permission shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Amount does not exceed the principal amount of the existing or previous Indebtedness, Disqualified Stock, Preferred Stock or financing liability being refinanced or replaced (plus all accrued, paid in kind, capitalized or accreted interest, prepayment premia, break costs and other fees, costs, expenses and amounts accrued thereon or incurred in connection with such refinancing or replacement).

Any calculation or measure that is determined with reference to the Company's financial statements (including, without limitation, LTM EBITDA, Consolidated Interest Expense, Consolidated Net Income, Consolidated Senior Secured Debt Ratio, Consolidated Total Debt Ratio, Fixed Charge Coverage Ratio, Fixed Charges, and clause (c)(i) of the first paragraph of the covenant described under "*—Limitation on Restricted Payments*") may be determined with reference to the financial statements of a direct or indirect parent company of the Company instead, so long as such parent company does not hold any material assets other than, directly or indirectly, the Equity Interests of the Company (as determined in good faith by the Company).

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "*incur*" and collectively, an "*incurrence*") with respect to any Indebtedness (including Acquired Indebtedness) and the Company will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor to issue Preferred Stock; *provided* that the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness) and issue shares of Disqualified Stock and any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor may issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio for the most recently ended four fiscal quarters for which internal financial statements are available is no less than 2.00 to 1.00 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period, *provided*, *further*, that the aggregate principal amount of Indebtedness (including

Acquired Indebtedness), Disqualified Stock and Preferred Stock that may be incurred or issued, as applicable, pursuant to this paragraph (plus any Refinancing Indebtedness in respect thereof) by Restricted Subsidiaries that are not the Issuer or Subsidiary Guarantors at any time outstanding shall not exceed the greater of £62.0 million and 20.0% of LTM EBITDA (in each case, determined on the date of such incurrence or issuance, as applicable).

The foregoing limitations will not apply to:

(1) Indebtedness incurred pursuant to any Credit Facility by the Company or any Restricted Subsidiary; *provided* that immediately after giving effect to any such incurrence or issuance (including pro forma application of the net proceeds therefrom), the then outstanding aggregate principal amount of all Indebtedness incurred or issued under this clause (1) does not exceed £200.0 million, and any Refinancing Indebtedness in respect thereof and guarantees in respect of such Indebtedness;

(2) (a) guarantees or co-issuances by the Company or any Restricted Subsidiary of Indebtedness or other obligations of the Company or any Restricted Subsidiary to the extent such guaranteed or co-issued Indebtedness or other obligations was permitted to be incurred by another provision of this covenant; or (b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness or other obligations of the Company or any Restricted Subsidiary so long as the incurrence of such Indebtedness or other obligations is permitted under the terms of the Indenture;

(3) Indebtedness represented by (a) the Notes (but excluding any Additional Notes), (b) the Notes Proceeds Loan, (c) any Indebtedness (other than Indebtedness described in clause (1) above, clauses (3)(a) and (3)(b) and clauses (7) and (8) below) of the Company and its Restricted Subsidiaries outstanding on the Issue Date, and (d) Refinancing Indebtedness that is incurred in respect of any Indebtedness described in this clause (3) of this paragraph or incurred pursuant to the first paragraph of this covenant;

(4) Indebtedness (including, to the extent applicable in accordance with the terms of the Indenture and GAAP, Financing Lease Obligations and Purchase Money Obligations), Disqualified Stock and Preferred Stock incurred or issued by the Company or any of its Restricted Subsidiaries to finance the purchase, lease, expansion, construction, development, installation, replacement, relocation, renewal, maintenance, upgrade, repair or improvement of property (real or personal), equipment or any other asset, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amount (together with any Refinancing Indebtedness) not to exceed the greater of (x) £77.5 million and (y) 25.0% of LTM EBITDA;

(5) Indebtedness incurred by the Company or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit, bank guarantees, banker's acceptances, warehouse receipts, or similar instruments issued or created, or relating to obligations or liabilities incurred, in the ordinary course of business or consistent with past practice, including letters of credit in favor of customers, suppliers or trade creditors or in respect of workers' compensation claims, performance or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, performance or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance;

(6) Indebtedness, Disqualified Stock and Preferred Stock arising from (a) Permitted Intercompany Activities and (b) agreements of the Company or its Restricted Subsidiaries providing for customary guarantees, indemnification, deferred purchase price, adjustment of purchase price, earn-outs or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Person or any Capital Stock of a Subsidiary or Investment, other than guarantees of Indebtedness incurred by any Person acquiring or disposing of all or any portion of such business, assets, Person or Subsidiary or Investment for the purpose of financing such acquisition or disposition;

(7) Indebtedness, Disqualified Stock and Preferred Stock of the Company owing to and held by a Restricted Subsidiary; *provided* that any such Indebtedness, Disqualified Stock or Preferred Stock owing to a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor, excluding any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued in the ordinary course of business or consistent with past practice, is subordinated in right of payment (to the extent permitted by applicable law) to the Guarantee of the Notes by the Company (for the avoidance of doubt, any such Indebtedness, Disqualified Stock or Preferred Stock owing to a Restricted Subsidiary that is not the Issuer or a

Subsidiary Guarantor shall be deemed to be expressly subordinated in right of payment to the Guarantee of the Notes by the Company unless the terms of such Indebtedness, Disqualified Stock or Preferred Stock expressly provide otherwise); *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness, Disqualified Stock or Preferred Stock (except to the Company or another Restricted Subsidiary or any pledge of such Indebtedness, Disqualified Stock or Preferred Stock constituting a Permitted Lien) shall be deemed, in each case, to be an incurrence of such Indebtedness, Disqualified Stock or Preferred Stock (to the extent such Indebtedness, Disqualified Stock or Preferred Stock is then outstanding) not permitted by this clause (7);

(8) Indebtedness, Disqualified Stock and Preferred Stock of a Restricted Subsidiary owing to and held by the Company or another Restricted Subsidiary; *provided* that if the Issuer or a Guarantor incurs such Indebtedness, Disqualified Stock or Preferred Stock owing to a Restricted Subsidiary that is not the Issuer or a Guarantor, excluding any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued in the ordinary course of business or consistent with past practice, such Indebtedness, Disqualified Stock or Preferred Stock is subordinated in right of payment (to the extent permitted by applicable law) to the Notes or the Guarantee of the Notes by such Guarantor (for the avoidance of doubt, any such Indebtedness, Disqualified Stock or Preferred Stock owing to a Restricted Subsidiary that is not the Issuer or a Guarantor shall be deemed to be expressly subordinated in right of payment to the Notes or the Guarantee of the Notes by such Guarantor, as applicable, unless the terms of such Indebtedness, Disqualified Stock or Preferred Stock expressly provide otherwise); *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness, Disqualified Stock or Preferred Stock (except to the Company or another Restricted Subsidiary or any pledge of such Indebtedness, Disqualified Stock or Preferred Stock constituting a Permitted Lien) shall be deemed, in each case, to be an incurrence of such Indebtedness, Disqualified Stock or Preferred Stock (to the extent such Indebtedness, Disqualified Stock or Preferred Stock is then outstanding) not permitted by this clause (8);

(9) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);

(10) obligations in respect of self-insurance and obligations in respect of stays, customs, performance, bid, indemnity, appeal, judgment, surety, VAT or other tax and other similar bonds or instruments and performance, bankers' acceptance and completion guarantees and warranties similar obligations provided by the Company or any of its Restricted Subsidiaries or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case in the ordinary course of business or consistent with past practice;

(11) (a) Indebtedness or Disqualified Stock of the Company and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary in an aggregate principal amount or liquidation preference up to 100% of the Net Cash Proceeds received by the Company since the 2025 Notes Issue Date from the issue or sale of Equity Interests or Subordinated Shareholder Funding of the Company or cash contributed to the capital of the Company (in each case, other than Excluded Contributions, proceeds of Disqualified Stock or sales of Equity Interests or Subordinated Shareholder Funding to the Company or any of its Subsidiaries) as determined in accordance with clauses (c)(ii) and (c)(iii) of the first paragraph of "*—Limitation on Restricted Payments*" (*provided* that, for purposes of this clause (11)(a), such clauses shall be deemed to be calculated from the 2025 Notes Issue Date) to the extent such Net Cash Proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments pursuant to the first paragraph of "*—Limitation on Restricted Payments*" or to make Permitted Investments specified in clauses (10), (12), (22) or (23) of the definition thereof, and

(b) Indebtedness or Disqualified Stock of the Company and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary in an aggregate principal amount or liquidation preference, which, when aggregated with any Refinancing Indebtedness and guarantees in respect thereof and the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (11)(b), does not at any time outstanding exceed the greater of (x) £77.5 million and (y) 25.0% of LTM EBITDA;

(12) Indebtedness (i) of any Person incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) incurred to provide or refinance all or any portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or otherwise in connection with or contemplation of such acquisition; *provided, however*, with respect to each of clause (12)(i) and (12)(ii), that at the time of such acquisition or other transaction (x) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the relevant acquisition and the incurrence of such Indebtedness pursuant to this clause (12) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(13) Indebtedness (i) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice and (ii) in respect of any lease, concession or license of property (or guarantee thereof) which would have been considered an operating lease under IAS 17 (Leases);

(14) [*Reserved*];

(15) Indebtedness representing deferred compensation or similar arrangements (i) to any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of the Company (or any direct or indirect parent thereof) or any of its Restricted Subsidiaries incurred in the ordinary course of business or consistent with past practice or (ii) incurred in connection with any Investment or acquisition (by merger, consolidation, amalgamation or otherwise);

(16) to the extent constituting Indebtedness, customer deposits and advance payments (including progress premiums) received in the ordinary course of business or consistent with past practice from customers for goods and services purchased in the ordinary course of business or consistent with past practice;

(17) (a) Indebtedness owed on a short-term basis to banks and other financial institutions incurred in the ordinary course of business or consistent with past practice of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; (b) Indebtedness in respect of Bank Products, bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case, incurred or undertaken in the ordinary course of business or consistent with past practice and (c) Indebtedness in respect of Inventory Funding Facilities then outstanding and incurred pursuant to this clause (17) not to exceed the greater of (x) £60.0 million and (y) 20.0% of LTM EBITDA;

(18) Indebtedness of the Company or any of its Restricted Subsidiaries consisting of (a) the financing of insurance premiums or (b) take or pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business or consistent with past practice;

(19) Indebtedness of the Company or any of its Restricted Subsidiaries undertaken in connection with cash management, cash pooling or netting or setting off arrangements and related activities with respect to any Subsidiary or joint venture in the ordinary course of business or consistent with past practice;

(20) Indebtedness attributable to (but not incurred to finance) the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case, with respect to any transaction permitted under the Indenture;

(21) Indebtedness incurred by the Company or any of its Restricted Subsidiaries to the extent that the net proceeds thereof are deposited with the Trustee at or promptly after the funding of such Indebtedness to satisfy and discharge the Notes or exercise the Issuer's legal defeasance or covenant option as described under "—*Defeasance*," in each case, in accordance with the Indenture;

(22) Indebtedness incurred under any Qualified Receivables Financing;

(23) Indebtedness incurred pursuant to the Wales Guarantee Fee Agreement; and

(24) Indebtedness under any overdraft, working capital, current account, letter of credit, local credit line, bilateral financing line, foreign exchange, SWIFT and/or other similar or equivalent facilities or financial accommodation, or any other facility or financial accommodation by the Company or any Restricted Subsidiary; *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (24) does not exceed the greater of £46.5 million and 15.0% of LTM EBITDA, and any Refinancing Indebtedness in respect thereof.

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (24) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, may divide or classify, and may from time to time redivide and reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will be permitted to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one or more of the above clauses under the first and/or second paragraph of this covenant; *provided* that all Indebtedness incurred pursuant to the Revolving Credit Facility which is outstanding on the Issue Date shall be treated as incurred under clause (1) of the second paragraph above;

(2) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness, Disqualified Stock or Preferred Stock that is otherwise included in the determination of a particular amount of Indebtedness, Disqualified Stock or Preferred Stock shall not be included;

(3) for purposes of calculating the Fixed Charge Coverage Ratio in connection with the incurrence of any Indebtedness pursuant to the first or second paragraph above or for purposes of calculating the Consolidated Senior Secured Debt Ratio in connection with the creation or incurrence of any Lien pursuant to the definition of "Permitted Collateral Liens," the Company may elect, at its option, to treat all or any portion of the committed amount of any Indebtedness (and the issuance and creation of letters of credit and bankers' acceptances thereunder), including any portion of any committed amount of any Indebtedness of Persons that are acquired by the Person or any Restricted Subsidiary or merged into or consolidated or amalgamated with the Company or a Restricted Subsidiary, which is to be incurred (or any commitment in respect thereof) or secured by such Lien, as the case may be (any such committed amount elected until revoked as described below, the "*Reserved Indebtedness Amount*"), as being incurred as of such election date, and, if such Fixed Charge Coverage Ratio or Consolidated Senior Secured Debt Ratio, as applicable, is satisfied or, in the case of paragraph (12)(y) of the second paragraph above, is no worse in accordance with the terms thereof, with respect thereto on such election date, any subsequent borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be deemed to be permitted under this covenant or the definition of "Permitted Liens," as applicable, whether or not the Fixed Charge Coverage Ratio or the Consolidated Senior Secured Debt Ratio, as applicable, at the actual time of any subsequent borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) is met; and

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness (including pay-in-kind ("*PIK*") interest), the payment of dividends in the form of additional shares of Disqualified Stock or Preferred Stock, as the case may be, of the same class, or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. If Indebtedness, Disqualified Stock or Preferred Stock originally incurred in reliance upon a percentage of LTM EBITDA under this covenant is being refinanced and such refinancing would cause the maximum amount of Indebtedness, Disqualified Stock or Preferred Stock thereunder to be exceeded at such time, then such refinancing will nevertheless be permitted thereunder and such additional Indebtedness, Disqualified Stock or Preferred Stock will be deemed to have been incurred under the applicable provision so long as the principal amount or liquidation preference of such Refinancing Indebtedness, Disqualified Stock or

Preferred Stock does not exceed the principal amount or liquidation preference of Indebtedness, Disqualified Stock or Preferred Stock being refinanced plus amounts permitted by the next paragraph.

For purposes of determining compliance with any restriction, as applicable, on the incurrence of Indebtedness, Disqualified Stock or Preferred Stock denominated in a given currency, the Currency Equivalent of the aggregate principal amount of Indebtedness or liquidation preference of Disqualified Stock or Preferred Stock denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness, Disqualified Stock or Preferred Stock was incurred, or, at the option of the Company, first committed or first incurred or upon execution of the definitive documentation in respect thereof (whichever yields the lower Currency Equivalent); *provided* that (a) if such Indebtedness is incurred to refinance other Indebtedness denominated in another currency, and such refinancing would cause the applicable currency denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such currency denominated restriction, as applicable, shall be deemed not to have been exceeded so long as the principal amount or liquidation preference of such Refinancing Indebtedness does not exceed the principal amount or liquidation preference of such Indebtedness being refinanced plus any amount to pay premiums (including tender premiums), accrued and unpaid interest, expenses, defeasance costs and fees in connection therewith, (b) the Currency Equivalent of the aggregate principal amount of any such Indebtedness and the aggregate liquidation preference of any such Disqualified Stock or Preferred Stock outstanding shall be calculated based on the relevant currency exchange rate in effect on the Applicable Test Date, and (c) if and for so long as any such Indebtedness, Disqualified Stock or Preferred Stock is subject to any Currency Agreement with respect to the currency in which such Indebtedness, Disqualified Stock or Preferred Stock is denominated covering principal amounts and interest payable on such Indebtedness or the liquidation preference and preferred equity returns on such Disqualified Stock or Preferred Stock, the amount of such Indebtedness, Disqualified Stock or Preferred Stock if denominated in a given currency will be the amount of the principal payment or liquidation preference required to be made under such Currency Agreement and, otherwise, the Currency Equivalent of such amount plus the Currency Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

The Indenture will not treat (a) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (b) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same collateral or because it is secured by different collateral or issued or guaranteed by other obligors.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except (i) in the case of any property or asset or income or profits therefrom that does not constitute Collateral or constitutes Collateral solely by virtue of being subject to a "*floating charge*" or other "*floating*" security, Permitted Liens or (ii) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens) (each, a "*Subject Lien*") that secures Obligations under any Indebtedness or any related guarantee of Indebtedness, on any asset or property of the Company or any Restricted Subsidiary, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of Subject Liens on any Collateral, the Notes and the Guarantees thereof are secured by a Lien on such asset or property that is senior in priority to such Subject Lien; and

(2) in all other cases, the Notes and the Guarantees are equally and ratably secured.

Any Lien created for the benefit of the Holders of the Notes pursuant to clause (2) of this covenant shall be deemed automatically and unconditionally released and discharged upon the release and discharge of the Subject Lien that gave rise to the obligation to secure the Notes. In addition, the Company may, at its option and without consent from any Holder, elect to release and discharge any Lien created for the benefit of the Holders pursuant to clauses (1) or (2) of the preceding paragraph if the Subject Lien has been (or will simultaneously be) released or discharged.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any payment or distribution on account of the Company's, or any of its Restricted Subsidiaries', Equity Interests (in each case, solely to a holder of Equity Interests in such Person's capacity as a holder of such Equity Interests), including any dividend, payment or distribution payable in connection with any merger, amalgamation or consolidation other than:

(a) dividends, payments and distributions by the Company payable solely in Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Funding of the Company or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock) or in Subordinated Shareholder Funding; or

(b) dividends, payments and distributions by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Subsidiary, the Company or a Restricted Subsidiary receives at least its pro rata share of such dividend, payment or distribution in accordance with its Equity Interests in such class or series of securities;

(2) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Company or any direct or indirect parent company of the Company, including any purchase, redemption, defeasance, acquisition or retirement in connection with any merger, amalgamation or consolidation, in each case held by a Person other than the Company or a Restricted Subsidiary;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or scheduled maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (7) and (8) of the second paragraph of the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; or

(b) the payment, redemption, purchase, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of payment, redemption, purchase, repurchase, defeasance or acquisition or retirement;

(4) make any payment (whether of principal, interest or other amounts, but other than by capitalization of interest, principal or other amounts) on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (5) above (other than any exceptions thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(a) no Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) the Fixed Charge Coverage Ratio for the most recently ended four fiscal quarters for which internal financial statements are available is no less than 2.00 to 1.00 determined on a pro forma basis as if the Restricted Payment had been made, and the application thereof had occurred, at the beginning of such four-quarter period; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1) (without duplication) and (6)(c) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment; *provided* that such amount shall not be less than zero; plus

(ii) 100% of the aggregate Net Cash Proceeds and the fair market value of marketable securities or other property received by the Company or its Restricted Subsidiaries after the Issue Date (other than Net Cash Proceeds to the extent such Net Cash Proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (11)(a) of the second paragraph of "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*") from the issue or sale of:

(A) Equity Interests or Subordinated Shareholder Funding of the Company, including Treasury Capital Stock (as defined below), but excluding Net Cash Proceeds and the fair market value of marketable securities or other property received from the sale of:

(x) Equity Interests or Subordinated Shareholder Funding of the Company to any future, present or former employees, directors, officers, managers, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any direct or indirect parent company of the Company or any of the Company's Subsidiaries after the Issue Date, to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such Net Cash Proceeds, marketable securities or other property are actually contributed to the Company or any of its Restricted Subsidiaries, Equity Interests of the Company or any of the Company's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of any such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(C) Indebtedness of the Company or a Restricted Subsidiary that has been converted into or exchanged for such Equity Interests or Subordinated Shareholder Funding of the Company or a parent company of the Company;

(*provided* that this clause (ii) shall not include the proceeds from (w) Refunding Capital Stock (as defined below) applied in accordance with clause (2) of the next succeeding paragraph, (x) Equity Interests or convertible debt securities of the Company or a Restricted Subsidiary sold to a Restricted Subsidiary or to the Company, (y) Disqualified Stock or debt securities that have been converted into Disqualified Stock or (z) Excluded Contributions); *plus*

(iii) 100% of the aggregate amount of Cash Equivalents and the fair market value of marketable securities or other property contributed to the capital of the Company or a Restricted Subsidiary (including the aggregate principal amount of any Indebtedness of the Company or a Restricted Subsidiary contributed to the Company or a Restricted Subsidiary for cancellation) or that becomes part of the capital of the Company or a Restricted Subsidiary through consolidation, amalgamation or merger following the Issue Date (other than (i) Net Cash Proceeds to the extent such Net Cash Proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (11)(a) of the second paragraph of the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of*

Disqualified Stock and Preferred Stock," (ii) contributions by a Restricted Subsidiary and (iii) any Excluded Contributions); *plus*

(iv) 100% of the aggregate amount received in Cash Equivalents and the fair market value of marketable securities or other property received by the Company or any Restricted Subsidiary by means of:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of, or other returns on Investments from, Restricted Investments made by the Company or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments made by the Company or its Restricted Subsidiaries, in each case after the Issue Date; or

(B) the issuance, sale or other disposition (other than to the Company or a Restricted Subsidiary) of the Equity Interests of, or a dividend or distribution (other than an Excluded Contribution) from, an Unrestricted Subsidiary (other than, in each case, to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment, but including such Cash Equivalents and fair market value to the extent exceeding the amount of such Investment), in each case, after the Issue Date; or

(C) any returns, profits, distributions and similar amounts received on account of any Permitted Investment or an Investment classified as a Restricted Payment subject to a sterling-denominated, percentage-based or ratio-based basket (to the extent in excess of the original amount of such Investment) and without duplication of any returns, profits, distributions or similar amounts included in the calculation of such basket; *plus*

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets, other than to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment made after the Issue Date, but, to the extent exceeding the amount of such Permitted Investment, including such excess amounts of fair market value.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or other distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or other distribution or the giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or other distribution or redemption payment would have complied with the provisions of the Indenture;

(2) (a) the redemption, repurchase, defeasance, retirement or other acquisition of any Equity Interests ("*Treasury Capital Stock*"), including any accrued and unpaid dividends thereon, Subordinated Shareholder Funding or Subordinated Indebtedness of the Company or any Restricted Subsidiary or any Equity Interests of any direct or indirect parent company of the Company, in exchange for, or in an amount not to exceed the proceeds of, the substantially concurrent sale or issuance (other than to a Restricted Subsidiary) of Equity Interests or Subordinated Shareholder Funding of the Company or any direct or indirect parent company of the Company to the extent contributed to the Company (in each case, other than any Disqualified Stock) ("*Refunding Capital Stock*"), (b) the declaration and payment

of dividends on Treasury Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company or to an employee stock ownership plan or any trust established by the Company or any of its Subsidiaries) of Refunding Capital Stock, and (c) if, immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clauses (6)(a) or (b) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Company) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the prepayment, defeasance, redemption, repurchase, exchange or other acquisition or retirement of (a) Subordinated Indebtedness of the Issuer or a Guarantor made by exchange for, or in an amount not to exceed the proceeds of the sale of, new Indebtedness of the Issuer or a Guarantor or Disqualified Stock of the Issuer or a Guarantor made within 120 days of such incurrence or issuance of new Indebtedness or Disqualified Stock or (b) Disqualified Stock of the Issuer or a Guarantor made by exchange for, or in an amount not to exceed the proceeds of the sale of, Disqualified Stock of the Issuer or a Guarantor made within 120 days of such issuance of Disqualified Stock, that, in each case, is incurred or issued, as applicable, in compliance with the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," and that in each case, constitutes Refinancing Indebtedness;

(4) a Restricted Payment to pay for the repurchase, redemption or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Company or any direct or indirect parent company of the Company held by any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any employee, director, officer, manager, member, partner, independent contractor or consultant equity plan or stock option plan or any other employee, director, officer, manager, member, partner, independent contractor or consultant benefit plan or agreement, or any equity subscription or equityholder agreement or any termination agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Company or any direct or indirect parent company of the Company in connection with such repurchase, retirement or other acquisition), including any Equity Interest received or rolled over by any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of the Company, any of its Subsidiaries or any direct or indirect parent company of the Company in connection with any Applicable Transaction; *provided* that the aggregate amount of Restricted Payments made under this clause (4) does not exceed in any calendar year an amount equal to (i) £5 million plus (ii) £2.5 million multiplied by the number of calendar years that have commenced since the Issue Date; *provided*, *further*, that such amount in any calendar year under this clause may be increased by an amount not to exceed:

(a) the cash proceeds from the sale or issuance of Equity Interests (other than Disqualified Stock and other than to a Restricted Subsidiary) or Subordinated Shareholder Funding of the Company and, to the extent contributed to the Company or its Subsidiaries, the cash proceeds from the sale or issuance of Equity Interests or Subordinated Shareholder Funding of any of the Company's direct or indirect parent companies, in each case to any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date, to the extent the cash proceeds from the sale or issuance of such Equity Interests or Subordinated Shareholder Funding have not otherwise been applied to the payment of Restricted Payments by virtue of clause (b) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Company or its Restricted Subsidiaries (or any direct or indirect parent company of the Company to the extent contributed to the Company or one of its Subsidiaries) after the Issue Date; *less*

(c) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a) and (b) of this clause (4);

provided that the Company may elect to apply all or any portion of the aggregate increase contemplated by clauses (a) and (b) of this clause (4) in any calendar year; and *provided*, *further*, that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of the Company's direct or indirect parent companies or any of the Company's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Company or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" to the extent such dividends or distributions are included in the definition of "Fixed Charges";

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Company after the Issue Date;

(b) the declaration and payment of dividends to any direct or indirect parent company of the Company, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by such parent company after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Company from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided that, in the case of each of (a) and (c) of this clause (6), for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Company could incur £1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of Cash Equivalents or marketable securities (until such proceeds are converted to Cash Equivalents), not to exceed the greater of (x) £46.5 million and (y) 15.0% of LTM EBITDA at the time of such Investment, plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments;

(8) payments made or expected to be made by the Company or any Restricted Subsidiary in respect of employer taxes, withholding or similar taxes payable upon or in connection with the exercise or vesting of Equity Interests or any other equity award by any future, present or former employee, director, officer, member of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company or any Restricted Subsidiary or any direct or indirect parent company of the Company and any repurchases or withholdings of Equity Interests in connection with the exercise or vesting of stock options, warrants or the issuance of restricted stock units or similar equity-based awards or payments in lieu of the issuance of fractional Equity Interests with respect to stock options, warrants, restricted stock units or similar equity-based awards;

(9) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment of dividends on, or the purchase, redemption, defeasance or other acquisition or retirement for value of, the Company's common equity (or the payment of dividends to any direct or indirect parent company of the Company to fund a payment of dividends on such company's common equity or to fund such company's purchase, redemption, defeasance or other

acquisition or retirement for value of such company's common equity) in an aggregate amount per annum not to exceed 6% of the Market Capitalization;

(10) Restricted Payments that are made (a) in an amount that does not exceed the aggregate amount of Excluded Contributions received following the Issue Date or (b) without duplication with clause (a), in an amount not to exceed the cash proceeds from a sale, conveyance, transfer or other disposition in respect of property or assets acquired after the Issue Date, if the acquisition of such property or assets was financed with Excluded Contributions;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), (a) Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (11)(a) (in the case of Restricted Investments, at the time outstanding (without giving effect to the sale of an Investment to the extent the proceeds of such sale do not consist of, or have not been converted to, Cash Equivalents)) not to exceed the greater of (x) £62.0 million and (y) 20.0% of LTM EBITDA at such time, plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of any Restricted Investments made in reliance on this clause (11)(a); and (b) any Restricted Payments, so long as, after giving pro forma effect to the payment of any such Restricted Payment, the Consolidated Total Debt Ratio shall be no greater than 2.70 to 1.00;

(12) distribution or payment of any Receivables Fees and purchases of Receivables Assets pursuant to Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(13) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness, Disqualified Stock or Preferred Stock pursuant to the provisions similar to those described under the captions "*—Repurchase at the Option of Holders—Change of Control*" and "*—Repurchase at the Option of Holders—Asset Sales*"; *provided* that if the Issuer shall have been required to make a Change of Control Offer or Asset Sale Offer, as applicable, to purchase the Notes on the terms provided in the Indenture applicable to Change of Control Offers or Asset Sale Offers, respectively, all Notes validly tendered by Holders of such Notes in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed, acquired or retired for value;

(14) the declaration and payment of dividends or distributions by the Company to, or the making of loans to, any direct or indirect parent company of the Company in amounts required for any direct or indirect parent company of the Company to pay, in each case without duplication, any Parent Expenses;

(15) the distribution, by dividend or otherwise, of Capital Stock of an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), or Indebtedness owed to the Company or a Restricted Subsidiary by an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), in each case, other than Unrestricted Subsidiaries the primary assets of which are Cash Equivalents;

(16) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment so long as the amount of such redemptions are no greater than the amount that constituted such Restricted Payment or Permitted Investment; and

(17) payments or distributions to dissenting shareholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with any Permitted Investment or a consolidation, merger or transfer of assets that complies with, or is not prohibited by, the covenant described under "*—Merger, Consolidation or Sale of All or Substantially All Assets*."

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or a portion thereof) meets the criteria of clauses (1) through (17) above and/or one or more of the clauses contained in the definition of "Permitted Investments," or is entitled to be made pursuant to the first paragraph of this covenant, the Company will be entitled to divide or classify or later divide or reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment (or a portion thereof) between such clauses (1) through (17) and such first paragraph and/or one or more of the clauses contained in the definition of "Permitted Investments," in any manner that otherwise complies with this covenant.

Notwithstanding anything herein to the contrary, (a) the Company and its Restricted Subsidiaries shall not be permitted to contribute, sell, transfer, dispose of or otherwise transfer legal title to, or license, directly or indirectly, on an exclusive basis, any Material Intellectual Property to any Unrestricted Subsidiary, whether as an Asset Sale, Investment, dividend or otherwise, and (b) the Company shall not be permitted to designate any Restricted Subsidiary that holds Material Intellectual Property as an Unrestricted Subsidiary (whether upon initial designation or subsequent investment).

As of the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. The Company will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the penultimate sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the penultimate sentence of the definition of "Investments." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, pursuant to this covenant or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture.

Merger, Consolidation or Sale of All or Substantially All Assets

The Company and the Issuer

Neither the Company nor the Issuer may consolidate or merge with or into or wind up into (whether or not the Company or the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) the Company or the Issuer is the surviving Person or (b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company or the Issuer, as the case may be) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made (such Person being herein called the "*Successor Company*"), (i) expressly assumes, in the case of the Company, all the obligations of the Company under the Indenture and its Guarantee, or, in the case of the Issuer, all of the obligations of the Issuer under the Indenture and the Notes, in each case, pursuant to supplemental indentures or other applicable documents or instruments and (ii) is a Person organized or existing under the laws of a Permissible Jurisdiction;

(2) immediately after such transaction, no Event of Default exists;

(3) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period (a) the Company or the Successor Company, as applicable, would be permitted to incur at least £1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; or (b) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries or the Successor Company and its Restricted Subsidiaries, as applicable, would be equal to or greater than the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction;

(4) the Company or, if applicable, the Successor Company shall have delivered to the Trustee an Officer's Certificate stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; and

(5) to the extent any assets of the Person which is merged, consolidated or amalgamated with or into the Company or the Issuer, as applicable, are assets of the type which would constitute Collateral under the Security Documents in accordance with the Agreed Security Principles, the Company, the Issuer or the Successor Company, as applicable, shall take such action, if any, as may be reasonably necessary to cause such property and assets to be made subject to the Lien of the applicable Security Documents in the manner and to the extent required in accordance with the applicable Security Documents (including the Agreed Security Principles).

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been incurred in compliance with the covenant described under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*."

The Successor Company will succeed to, and be substituted for, the Company or the Issuer, as the case may be, under the Indenture, the Guarantees and the Notes, as applicable, and the Company or the Issuer, as applicable, will automatically be released and discharged from their respective obligations under the Indenture, the Guarantees and the Notes, as applicable.

Notwithstanding clauses (2) and (3) of the first paragraph of this covenant, (a) the Company may consolidate or amalgamate with or merge with or into or transfer all or part of its properties and assets to the Issuer or a Guarantor, (b) the Issuer may consolidate or amalgamate with or merge with or into or transfer all or part of its properties and assets to a Guarantor, (c) any Restricted Subsidiary (other than the Issuer) may consolidate or amalgamate with or merge with or into or transfer all or part of its properties and assets to the Issuer or a Guarantor and (d) the Company or the Issuer may merge with an Affiliate of the Company or the Issuer solely for the purpose of reorganizing the Company or the Issuer in any other jurisdiction so long as the amount of Indebtedness of the Company and its Restricted Subsidiaries is not increased thereby.

Subsidiary Guarantors

No Guarantor that is a Subsidiary of the Company (a "*Subsidiary Guarantor*") may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless

  (a) the other Person is the Company or any Restricted Subsidiary that is Guarantor (or becomes a Guarantor concurrently with the transaction); or

  (b) (i) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee, and, if applicable, the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable); and (ii) immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing; or

  (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) not prohibited by the first paragraph of the covenant described under "—*Repurchase at the Option of Holders—Asset Sales*" or is otherwise permitted by the Indenture.

Notwithstanding the preceding clause (3)(b)(ii) and the provisions described above under "—*The Company and the Issuer*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor and (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor or the Company. Notwithstanding the preceding clause (3)(b)(ii) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

Notwithstanding anything to the contrary in this "*—Merger, Consolidation or Sale of All or Substantially All Assets*" covenant, the Company may contribute Capital Stock of any or all of its Subsidiaries to any Guarantor.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of the greater of (x) £15.5 million and (y) 5.0% of LTM EBITDA at such time, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or its relevant Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis or, if in the good faith judgment of the Company, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Company or such Restricted Subsidiary from a financial point of view and when such transaction is taken in its entirety; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of the greater of (x) £31.0 million and (y) 10.0% of LTM EBITDA at such time, the terms of such transaction have been approved by a majority of the members of the Board of the Company or any direct or indirect parent of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of the immediately preceding paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Company or any direct or indirect parent of the Company, if any.

The foregoing provisions will not apply to the following:

(1) (a) transactions between or among the Company or any of its Restricted Subsidiaries (or any entity that becomes a Restricted Subsidiary as a result of such transaction) and (b) any merger, amalgamation or consolidation of the Company into any direct or indirect parent company; *provided* that such merger, amalgamation or consolidation is otherwise consummated in compliance with the terms of the Indenture;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "*—Limitation on Restricted Payments*" (including any transaction specifically excluded from the definition of the term "Restricted Payments") (other than pursuant to clause (11) of the definition of "Parent Expenses") and Permitted Investments;

(3) the payment of indemnification and other similar amounts to the Investors and reimbursement of expenses of the Investors;

(4) (a) employment agreements, employee benefit and incentive compensation plans and arrangements and (b) the payment of reasonable and customary fees and compensation paid to, and indemnities and reimbursements and employment and severance arrangements provided on behalf of or for the benefit of, future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its direct or indirect parent companies or any of its Restricted Subsidiaries, including in connection with the Transactions;

(5) transactions in which the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or fair and reasonable as far as the shareholders of the Company are concerned, or stating that the terms are not materially less favorable, when taken as a whole, to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis;

(6) any agreement or arrangement as in effect as of the Issue Date (including, without limitation, the F1 Sponsorship Agreement) or any amendment or replacement thereto (so long as any such amendment or replacement is not materially disadvantageous in the good faith judgment of the Company to the Holders when taken as a whole as compared to the applicable agreement or arrangement as in effect on the Issue Date);

(7) any Intercompany License Agreements;

(8) the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of, any shareholders, investor rights or similar agreement (including any registration rights agreement or purchase agreement related thereto) to which it (or any parent company of the Company) is a party as of the Issue Date and any similar agreements which it (or any parent company of the Company) may enter into thereafter; *provided* that the existence of, or the performance by the Company or any of its Restricted Subsidiaries (or such parent company) of obligations under, any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (8) to the extent that the terms of any such amendment or new agreement are not otherwise, when taken as a whole, materially disadvantageous in the good faith judgment of the Company to the Holders than those in effect on the Issue Date;

(9) the payment of all fees and expenses related to the Transactions, including Transaction Expenses;

(10) transactions with customers, clients, lenders, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services or providers of employees or other labor that are Affiliates, in each case in the ordinary course of business or that are consistent with past practice and otherwise in compliance with the terms of the Indenture which are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Company, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(11) the issuance or transfer of (a) Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Funding of the Company to any direct or indirect parent company of the Company or to any Permitted Holder or to any employee, director, officer, manager, member, partner or consultants (or their respective Affiliates or Immediate Family Members) of the Company, any of its direct or indirect parent companies or any of its Restricted Subsidiaries and (b) directors' qualifying shares;

(12) sales of accounts receivable, or participations therein, or any transaction effected as part of a Qualified Receivables Financing;

(13) (a) any transaction with a Person which would constitute an Affiliate Transaction solely because the Company or its Restricted Subsidiary owns an Equity Interest in or otherwise controls such Person or (b) transactions with a Person which would constitute an Affiliate Transaction solely because a director of such other Person is also a director of the Company or any direct or indirect parent company; *provided* that such director abstains from voting as a director of the Company or such direct or indirect parent company, as the case may be, on any matter including such other Person;

(14) payments and Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Company and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, manager, member, partner or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement that are, in each case, approved by the Company in good faith; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Company in good faith;

(15) (i) investments by Affiliates in securities or loans or other Indebtedness of the Company or any of its Restricted Subsidiaries so long as the investment is being offered by the Company or such Restricted Subsidiary generally to other investors on the same or more favorable terms (and the payment of out-of-pocket expenses incurred by such Affiliates in connection therewith), and (ii) payments to Affiliates in respect of securities or loans or other Indebtedness of the Company or any of its Restricted Subsidiaries contemplated in the foregoing sub-clause (i) or that were acquired from Persons other than the Company and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;

(16) payments to or from, and transactions with, any joint venture or Unrestricted Subsidiary in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto);

(17) payments by the Company (and any direct or indirect parent company thereof) and its Subsidiaries pursuant to, or the entry into, tax sharing agreements among the Company (and any such parent company) and its Subsidiaries, to the extent such payments are permitted under clause (13) of the definition of "Parent Expenses";

(18) any lease entered into between the Company or any Restricted Subsidiary, as lessee, and any Affiliate of the Company, as lessor, which is approved by the Company in good faith;

(19) intellectual property licenses and research and development agreements in the ordinary course of business or consistent with past practice;

(20) the pledge of Equity Interests of any Unrestricted Subsidiary to lenders to support the Indebtedness of such Unrestricted Subsidiary owed to such lenders;

(21) Permitted Intercompany Activities and related transactions;

(22) transactions undertaken in the ordinary course of business pursuant to membership in a purchasing consortium; and

(23) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition of "Subordinated Shareholder Funding."

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries that is not the Issuer or a Subsidiary Guarantor to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor to:

(1) (a) pay dividends or make any other distributions to the Issuer or any Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any Guarantor;

(2) make loans or advances to the Issuer or any Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Guarantor,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) encumbrances or restrictions in effect on the Issue Date, including pursuant to (i) the Revolving Credit Facility and the related documentation, (ii) Hedging Obligations and (iii) the Wales Guarantee Fee Agreement;

(b) the Indenture, the Notes, the Guarantees, the Notes Proceeds Loan;

(c) Purchase Money Obligations and Financing Lease Obligations that impose restrictions of the nature discussed in clause (3) above on the property so purchased, leased, expanded, constructed, developed, installed, replaced, relocated, renewed, maintained, upgraded, repaired or improved;

(d) applicable law or any applicable rule, regulation or order;

(e) (i) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted

Subsidiary to the Company or a Restricted Subsidiary, any agreement or other instrument of such Unrestricted Subsidiary (but, in any such case, not created in contemplation thereof); and (ii) any agreement or other instrument of a Person acquired by or merged or consolidated with or into the Company or any of its Restricted Subsidiaries in existence at the time of such acquisition or at the time it merges with or into the Company or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person (but, in any such case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired and its Subsidiaries, or the property or assets of the Person so acquired and its Subsidiaries or the property or assets so acquired;

(f) contracts for the sale or disposition of assets, including Sale and Lease Back Transactions, including customary restrictions with respect to a Subsidiary of the Company pursuant to an agreement that has been entered into for the sale or disposition of any of the Capital Stock or assets of such Subsidiary;

(g) Indebtedness otherwise permitted to be incurred pursuant to the covenants described under "—*Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "—*Limitation on Liens*" that limits the right of the debtor to dispose of or incur Liens on the assets securing such Indebtedness;

(h) restrictions on Cash Equivalents or other deposits or net worth imposed by suppliers, customers or landlords under contracts entered into in the ordinary course of business or consistent with past practice or arising in connection with any Permitted Liens;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not the Issuer or a Subsidiary Guarantor permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—*Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(j) customary provisions in joint venture agreements and other similar agreements or arrangements relating to such joint venture;

(k) provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, including with respect to intellectual property and other agreements, in each case, entered into in the ordinary course of business or consistent with industry practices or that in the judgment of the Company would not materially impair the Issuer's ability to make payments under the Notes when due;

(l) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Company or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Company or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(m) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of any Restricted Subsidiary or the assignment of any license or sub-license agreement;

(n) provisions restricting assignment of any agreement entered into in the ordinary course of business or consistent with past practice;

(o) restrictions arising in connection with cash or other deposits permitted under the covenant "—*Limitation on Liens*";

(p) any agreement or instrument relating to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred or issued subsequent to the Issue Date pursuant to the covenant described under "—*Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" if either (i) the encumbrances and restrictions are not materially more disadvantageous, taken as a whole, to the Holders than is customary in comparable financings for similarly situated issuers (as determined in good faith by the Company), (ii) the encumbrances and restrictions are not materially more restrictive, taken as whole, with respect to such Restricted Subsidiaries, than the restrictions or encumbrances (A) contained in the Indenture, the Revolving Credit Facility or related security documents as of the Issue Date or (B) otherwise in effect on the Issue Date or (iii) either (A) the Company determines that such encumbrance or restriction will not materially impair the Issuer's ability to make principal and interest payments on the Notes as and when they come due or (B) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness;

(q) restrictions created in connection with any Qualified Receivables Financing; and

(r) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (q) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company, not materially more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common equity shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of (including the application of any standstill requirements to) loans and advances made to the Company or a Restricted Subsidiary to other Indebtedness incurred by the Company or such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Additional Guarantees and Collateral

Subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Company will not cause or permit any of its Restricted Subsidiaries that are not Subsidiary Guarantors or the Issuer, directly or indirectly, to guarantee any Indebtedness under the Revolving Credit Facility Agreement, other Indebtedness that is incurred under clauses (1) or (11)(a) of the second paragraph of the covenant described under *"—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" or any Public Debt exceeding the greater of (x) £40.0 million and (y) 13.0% of LTM EBITDA in principal amount, in whole or in part unless, in each case, such Restricted Subsidiary becomes a Guarantor within 60 days from the date on which such other guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture or other appropriate agreement pursuant to which such Restricted Subsidiary will provide a Guarantee on the same terms and conditions as those set forth in the Indenture, which Guarantee will be senior to or pari passu with such Restricted Subsidiary's guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Subsidiary Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Following the provision of any additional Guarantees as described above, subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), any such Guarantor will provide security over certain of its material assets (excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Guarantee on a senior or pari passu priority basis consistent with the security agreements related to the existing collateral securing such Restricted Subsidiary's guarantee of such other Indebtedness.

Each additional Guarantee or security will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing paragraphs, the Company will not be obligated to cause such Restricted Subsidiary to guarantee the Notes or provide security to the extent and for so long as the incurrence of such Guarantee could or the grant of such security would be inconsistent with the Intercreditor Agreement or the Agreed Security Principles.

Reports and Other Information

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 90 days after the end of Aston Martin Lagonda Global Holdings plc's ("*AML Global*") fiscal year, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of AML Global as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of AML Global for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of AML Global (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of AML Global, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope and level of detail to that included in this Offering Memorandum; (d) description of the business, management and shareholders of AML Global, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (e) a description of material risk factors and material recent developments and (f) a brief description of the material differences in the financial condition and results of operations between AML Global and the Company and a statement of the Company's total net debt, EBITDA and interest expense on a consolidated basis.

(2) within 60 days following the end of the fiscal half-year period in each fiscal year of AML Global, the half-year report of AML Global containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such half-year period and unaudited condensed statements of income and cash flow for the most recent half year to date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of AML Global (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant half year; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of AML Global, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; (d) material recent developments and (e) a brief description of the material differences in the financial condition and results of operations between AML Global and the Company and a statement of the Company's total net debt, EBITDA and interest expense on a consolidated basis;

(3) within 60 days following the end of the first and third fiscal quarters of each fiscal year of AML Global, beginning with the quarter ending March 31, 2024, a trading statement containing (i) revenue, total wholesales volumes, core wholesales, gross profit/loss, operating profit/loss, adjusted EBITDA, net debt, cash and cash equivalents and capital expenditures for the current period; and (ii) a discussion of any material recent developments; and

(4) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at AML Global or change in auditors of AML Global or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and pro forma financial information shall, at the election of the Company, be prepared in accordance with GAAP; *provided, however*, that (A) the reports set forth in clauses (1), (2) and (3) of the first paragraph of this covenant may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods and (B) the Company may elect to become the reporting entity in place of AML Global, after which election clauses (1), (2) and (3) of the first paragraph of this covenant shall be deemed to refer to the Company, and sub-clauses (1)(f) and (2)(e) of the first paragraph of this covenant shall no longer apply. Except as provided for herein, no report need include separate financial statements for any Subsidiaries of the Company.

The requirements of clauses (1), (2), (3) and (4) above shall be considered to have been fulfilled if AML Global complies with the reporting requirements of the Financial Conduct Authority (provided that the Company shall provide a trading update for the first and the third fiscal quarters in each fiscal year and a semi-annual and an annual report).

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2), (3) and (4) of the first paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (4) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, to the extent and in the manner permitted by such rules, post such reports on the official website of the Exchange.

To the extent any information is not provided within the time periods specified in this section "*—Reports and Other Information*" and such information is subsequently provided, the Company will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only, and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein, including the Company's and the Issuer's compliance with any of the covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officer's Certificate).

Impairment of Security Interest

Pursuant to the Indenture, the Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the applicable Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the applicable Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*;" *provided*, that the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the applicable Security Document.

Notwithstanding the above, nothing in this covenant under the Indenture shall restrict the discharge and release of any Liens in accordance with the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect as determined by the Company in good faith; *provided*, *however*, that, subject to the foregoing, except where permitted by the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, any one of (1) a solvency opinion, in form satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel), in form satisfactory to the

Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any new limitation or imperfection, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant under the Indenture, the Trustee and the Security Agent shall (subject to customary protections and indemnifications to their satisfaction) consent to such amendments without the need for instructions from the Holders.

Events of Default and Remedies

The Indenture will provide that each of the following is an "*Event of Default*":

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in aggregate principal amount of the then outstanding Notes to comply with any of its obligations, covenants or agreements (other than a default referred to in clause (1) or (2) above) contained in the Indenture or the Notes;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries, other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

    (a) such default has not been remedied or waived and either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its Stated Maturity; and

    (b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate £35.0 million (or its foreign currency equivalent) or more outstanding;

(5) failure by the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together (as of the latest consolidated financial statements of the Company for a fiscal quarter end provided as required under "*—Certain Covenants—Reports and Other Information*") would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of £35.0 million (net of amounts covered by insurance policies issued by reputable insurance companies), which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together (as of the latest consolidated financial statements of the Company for a fiscal quarter end provided as required under "*—Certain Covenants—Reports and Other Information*") would constitute a Significant Subsidiary);

(7) the Guarantee of the Company or any Subsidiary Guarantor that is a Significant Subsidiary (or any group of Subsidiary Guarantors that together (as of the latest consolidated financial statements of the Company for a fiscal quarter end provided as required under "*—Reports and Other Information*") would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer of the Company or any Subsidiary Guarantor that is a

Significant Subsidiary (or the responsible officers of any group of Subsidiary Guarantors that together (as of the latest consolidated financial statements of the Company for a fiscal year end provided as required under "*—Certain Covenants—Reports and Other Information*") would constitute a Significant Subsidiary), as the case may be, denies in writing that it has any further liability under its Guarantee or gives written notice to such effect), other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture and any such default continues for ten days; and

(8) only to the extent required in accordance with the Agreed Security Principles, the Liens created by the Security Documents cease to constitute valid and perfected Liens on any Collateral having a fair market value in excess of £35.0 million and such cessation occurs other than (a) in accordance with the terms of the relevant Security Document and the Indenture, (b) following the satisfaction in full of all Obligations under the Indenture or (c) as a result of any failure by the Security Agent to exercise its right for delivery of documents or otherwise, and (ii) such default continues for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in aggregate principal amount of the then outstanding Notes.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Indenture, the Trustee or the Holders of not less than 30% in aggregate principal amount of all the then outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately; *provided*, *however*, that a Default under clauses (3), (4), (5), (7) or (8) of the first paragraph of this section will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes notify the Issuer of the Default and the Issuer does not cure such Default within the time specified in such clauses after receipt of such notice.

Each Holder by accepting a Note acknowledges and agrees that the Trustee (and any agent) shall not be liable to any party howsoever arising for acting or refraining to act in accordance with the foregoing provisions or its duties under the Indenture, as the Trustee may determine in its sole discretion. The Trustee shall be entitled to rely on its rights, protections and benefits under the Indenture at all times, including without limitation for actions that are taken and subsequently stayed or annulled.

Upon the effectiveness of such declaration to accelerate the Notes, such principal of and premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Notes will become due and payable without further action or notice. A notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action with respect to an alleged Default or Event of Default may not be given with respect to any action taken, and reported publicly or to Holders, more than two years prior to such notice or instruction (*provided however*, that under no circumstances whatsoever shall the Trustee be required to monitor whether any such action has been reported publicly or to the Holders and (absent receipt of actual written notice to the contrary) the Trustee shall be entitled to assume conclusively and without further investigation that no such report(s) have been made). The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest.

The Indenture will provide, subject to the foregoing, that the Holders of a majority in aggregate principal amount of all the then outstanding Notes, by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default and its consequences under the Indenture or the Security Documents and rescind any acceleration with respect to the Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction and except a continuing Default in the payment of interest on, premium, if any, or the principal of, any Note held by a non-consenting Holder).

In the event of any Event of Default specified in clause (4) of the first paragraph of this section, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;

(2) the requisite number of holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

In case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders of the Notes unless the Holders have offered to the Trustee and the Trustee has received indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability, cost and/or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due on or after the respective due dates expressed in an outstanding Note, no Holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders comprising at least 30% in the aggregate principal amount of the then outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) Holders of the Notes have offered the Trustee and the Trustee has received indemnity and/or security (including by way of prefunding) satisfactory to it against any loss, liability, cost and/or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security and/or indemnity and/or prefunding; and

(5) Holders comprising a majority in principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such written request within such 60 day period.

Subject to certain restrictions contained in the Indenture, including those described above, the Holders of a majority in principal amount of all the then outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note or that would involve the Trustee in personal liability, and may take any other action that is not inconsistent with any such direction received from Holders of the Notes. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to it against all losses, costs and expenses caused by taking or not taking such action. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of any indemnity and/or security and/or prefunding to it, and it will be for Holders to take action directly.

The Indenture will provide that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required, within 20 Business Days upon becoming aware of any Default, to deliver to the Trustee a statement specifying such Default (unless such Default has been cured or waived within such 20 Business Day time period) and what action the Issuer is taking or proposes to take in respect thereof.

No Personal Liability of Directors, Managers, Officers, Members, Partners, Employees and Equity Holders

No past, present or future director, manager, officer, employee, incorporator, member, partner or direct or indirect equityholder of the Company or any Restricted Subsidiaries or of any of their direct or indirect parent companies (other than in such equityholder's capacity as the Issuer or a Guarantor) shall have any liability, for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Defeasance

The Issuer at any time may terminate all its and each Guarantor's obligations under the Notes and the Indenture with respect to a series of Notes ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes of such series, registrations of Notes of such series, mutilated, destroyed, lost or stolen Notes of such series and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, any Security Documents with respect to such series of Notes in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets—The Company and the Issuer*" and the covenant described under "—*Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets—Subsidiary Guarantors*") and "—*Change of Control*" and the default provisions relating to such covenants described under "—*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions, the judgment default provision, the guarantee provision and the security default provision described under "—*Events of Default and Remedies*" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option in respect of a series of Notes, payment of the Notes of such series may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes of a series, payment of the Notes of such series may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "—*Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets—The Company and the Issuer*" and the covenant described under "—*Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets—Subsidiary Guarantors*"), (4), (5), (6), (7) or (8) under "—*Events of Default and Remedies*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such entity designated by the Trustee for this purpose) cash in dollars or dollar-denominated U.S. Government Securities (in the case of the Dollar Notes) or sterling or sterling-denominated U.K. Government Obligations (in the case of the Sterling Notes), or, in each case, a combination thereof in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes of such series to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel to the effect that Holders and beneficial owners of the Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or on a change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture with respect to a series of Notes, and the rights of the Trustee and the Holders under the Notes of such series and any Security Documents with respect to such series, will be discharged and cease to be of further effect (except as to surviving rights, including those of conversion or transfer or exchange of the Notes of such series, in each case as expressly provided for in the Indenture) as to all outstanding Notes of such series when (1) either (a) all the Notes of such series previously authenticated and delivered (other than certain lost, stolen or destroyed Notes of such series and certain Notes of such series for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes of such series not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of written notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), dollars or dollar-denominated U.S. Government Securities (in the case of the Dollar Notes) or sterling or sterling-denominated U.K. Government Obligations (in the case of the Sterling Notes) or, in each case, a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes of such series not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes of such series that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture in respect of the Notes of such series; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes of such series at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture in respect of the Notes of such series have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4).

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any Guarantee, the Notes, the Security Documents and the Intercreditor Agreement (and any Additional Intercreditor Agreement) may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of all the Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes, and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes (which shall be considered waived only with respect to Notes held by consenting Holders), except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture, any Guarantee, the Notes, the Security Documents or the Intercreditor Agreement (and any Additional Intercreditor Agreement) may be waived with the consent of the Holders of a majority in principal amount of all the then outstanding Notes, other than Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes); *provided* that (x) if any such amendment or waiver will only affect one series of Notes (or less than all series of Notes) then outstanding under the Indenture, then only the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding (including, in each case, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) shall be required and (y) if any such amendment or waiver by its terms will affect a series of Notes in a manner different and materially adverse relative to the manner such amendment or waiver affects other series of Notes, then the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding (including, in each case, consents obtained in connection with a purchase of, or tender offer or exchange offer, for Notes) shall be required.

The Indenture will provide that, without the consent of at least 90% of affected Holders of the Notes, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or alter or waive the provisions with respect to the redemption of such Notes (other than provisions relating to (a) notice periods (to the extent consistent with applicable requirements of clearing and settlement systems) for redemption and conditions to redemption and (b) the covenants described above under the caption "—*Repurchase at the Option of Holders*");

(3) reduce the rate of or change the time for payment of interest on any such Note;

(4) (a) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on such Notes, except a rescission of acceleration of a series of Notes by the Holders of a majority in principal amount of all the then outstanding Notes of such series, and a waiver of the payment default that resulted from such acceleration, or (b) waive a Default or Event of Default in respect of a covenant or provision contained in the Indenture, the Notes or any Guarantee which cannot be amended or modified without the consent of at least 90% of affected Holders;

(5) make any such Note payable in money other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults;

(7) make any change in the amendment and waiver provisions that require the consent of at least 90% of affected Holders of the Notes;

(8) amend the contractual right expressly set forth in the Indenture or the Notes of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes on or after the due dates therefor;

(9) make any change to or modify the ranking of such Notes that would adversely affect the Holders; or

(10) except as expressly permitted by the Indenture, modify the Guarantees of the Company or any Subsidiary Guarantor that is a Significant Subsidiary, or any group of Subsidiary Guarantors that, taken together (as of the latest consolidated financial statements of the Company for a fiscal quarter end

provided as required under "*—Certain Covenants—Reports and Other Information*"), would constitute a Significant Subsidiary, in any manner materially adverse to the Holders of such Notes.

Notwithstanding the foregoing, without the consent of the Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding, no amendment or waiver may (a) make any change in any Security Document or the provisions in the Indenture dealing with Collateral or application of trust proceeds of the Collateral with the effect of releasing the Liens on all or substantially all of the Collateral which secure the Obligations in respect of the Notes or (b) change or alter the priority of the Liens securing the Obligations in respect of the Notes in any material portion of the Collateral in any way materially adverse, taken as a whole, to the Holders, other than, in each case, as provided under the terms of the Indenture, the Security Documents or the Intercreditor Agreement (and any Additional Intercreditor Agreement).

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee, the Indenture or the Security Documents to which it is a party), the Trustee and/or the Security Agent (and any other agents party thereto (to the extent applicable)), as the case may be, may amend or supplement the Indenture, the Notes, any Guarantee or the Security Documents without the consent of any Holder:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(3) to comply with the covenant relating to mergers, amalgamations, consolidations and sales of assets;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not materially adversely affect the legal rights under the Indenture of any such Holder;

(6) to add or modify covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to provide for the issuance of Additional Notes in accordance with the terms of the Indenture;

(8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee, a successor Security Agent or a successor paying agent thereunder pursuant to the requirements thereof;

(9) to add an obligor or a Guarantor under the Indenture;

(10) to conform the text of the Indenture, the Notes, any Guarantees or the Security Documents to any provision of this "*Description of the Notes*";

(11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided*, *however*, that such amendment does not materially and adversely affect the rights of Holders to transfer Notes;

(12) to release any Guarantor from its Guarantee pursuant to the Indenture when permitted or required by the Indenture;

(13) to release and discharge any Lien securing the Notes when permitted or required by the Indenture (including pursuant to the second paragraph under "*—Certain Covenants—Limitation on Liens*") or the Security Documents;

(14) to comply with the rules of any applicable securities depositary;

(15) to mortgage, pledge, hypothecate or grant any other Lien in favor of the Trustee or the Security Agent for the benefit of the Holders, as additional security for the payment and performance of all or any portion of the Notes Obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a Lien is required to be granted to or for the benefit of the Trustee or the Security Agent pursuant to the Indenture, any of the Security Documents or otherwise;

(16) to add additional parties to any Security Documents to the extent permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(17) to enter into any intercreditor agreement having substantially similar terms with respect to the Holders as those set forth in the Intercreditor Agreement (or any Additional Intercreditor Agreement), taken as a whole, or any joinder thereto;

(18) in the case of any Security Document, to include therein any legend required to be set forth therein pursuant to the Intercreditor Agreement or to modify any such legend as required by the Intercreditor Agreement;

(19) to provide for the succession of any parties to the Security Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of the Revolving Credit Facility or any other agreement that is not prohibited by the Indenture; and

(20) in the case of the Security Documents, mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent in any property which is required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted, to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with.

The Trustee shall be entitled to receive and to rely absolutely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under, "*—Repurchase at the Option of Holders*" or "*—Certain Covenants*," or action taken in compliance with the covenants in effect at the time of such action or in compliance with the second and fourth paragraphs under the caption "*Events of Default and Remedies*," shall be deemed to impair or affect any legal or contractual rights of any Holders of the Notes to receive payment of principal of or premium, if any, or interest on the Notes or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

Notices

For so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, to the extent and in the manner permitted by such rules, the Issuer will publish any notices with respect to the Notes on the official website of the Exchange (*www.tisegroup.com*).

Notices given by publication (including publications on the official website of the Exchange or posting of information as contemplated by the covenant described under "*—Certain Covenants—Reports and Other Information*") will be deemed given on the first date on which publication is made and notices sent electronically will be deemed given on the date of transmission. Failure to deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is published or sent in the manner provided above, it is duly given, whether or not the addressee receives it.

Notice otherwise given in accordance with the procedures of DTC, Euroclear or Clearstream, as applicable, will be deemed given on the date sent to DTC, Euroclear or Clearstream, as applicable.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer or a Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it has actual knowledge it has acquired any conflicting interest, it must eliminate such conflict within 90 days or resign.

The Indenture will provide that the Holders of a majority in principal amount of all the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which shall not be cured) of which a responsible officer of the Trustee has received written notice in accordance with the terms of the Indenture, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. Prior to such occurrence, the Trustee shall be obligated to perform only such duties as set forth specifically in the Indenture and the permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of the Notes, unless such Holder shall have offered to the Trustee and the Trustee has received indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense.

The Indenture will contain customary provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without fraud, gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance and administration of the Indenture.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) if the Trustee at any time (a) has or acquires actual knowledge of a conflict of interest that is not eliminated within 90 days or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bone fide*, Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of the appointment of a successor Trustee.

Listing

Application will be made to list the Notes on the Official List of the Exchange and for permission to be granted to deal in the Notes on the Official List of the Exchange. There can be no assurance that the application to list the Notes on the Official List of the Exchange will be approved or that permission to deal in the Notes thereon will be granted, and settlement of the Notes is not conditioned on obtaining this listing or permission.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity

U.S. dollar is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Dollar Notes and the relevant Guarantees, as the case may be, and sterling is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Sterling Notes and the relevant Guarantees, as the case may be, in each case, including damages (each, a "*Required Currency*"). Any amount received or recovered in a currency other than the Required Currency whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the amount of the Required Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that amount of Required Currency is less than the amount of the Required Currency expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth in the Indenture, for purposes of determining compliance with any sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a non-sterling currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-sterling amount is incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Company are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the Notes and any Guarantees will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture.

"*2025 Indenture*" means the indenture dated November 16, 2020 governing the terms of the 2025 Notes, as amended and/or supplemented from time to time.

"*2025 Notes Issue Date*" means November 16, 2020.

"*2025 Notes*" means the $1,143,720,000 in outstanding aggregate principal amount outstanding of 10.50% senior secured notes due 2025 originally issued by the Issuer on November 16, 2020, pursuant to the 2025 Indenture.

"*2026 Indenture*" are to the indenture dated November 10, 2020 governing the terms of the 2026 Notes, as amended and/or supplemented from time to time.

"*2026 Notes*" means the $121,660,456 in outstanding aggregate principal amount outstanding of 15.00% second lien split coupon notes due 2026 originally issued by the Issuer on November 10, 2020, pursuant to the 2026 Indenture.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Except as otherwise specifically set forth in the Indenture, Acquired Indebtedness shall be deemed to have been incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*," "*controlled by*" and "*under common control with*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in a schedule to the Revolving Credit Facility Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in the good faith judgment of the Company.

"*Applicable Gilt Rate*" means, at the time of computation, with respect to any date of redemption, the yield to maturity as of such date of redemption of UK Government Obligations with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent financial statistics that have become publicly available at least two Business Days in London prior to such date of redemption (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the date of redemption to March 15, 2026; *provided*, *however*, that if the period from the date of redemption to March 15, 2026 is less than one year, the weekly average yields of actually traded UK Government Obligations deonimated in sterling adjusted to a fixed maturity of one year shall be used; and *provided further*, that in no case shall the Applicable Gilt Rate be less than zero.

"*Applicable Metric*" means any financial covenant or financial ratio or incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio, the Fixed Charge Coverage Ratio or LTM EBITDA), any Default, Event of Default or other relevant breach of the Indenture.

"*Applicable Reporting Date*" means, as at any date of determination, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(1) the last day of the most recent fiscal quarter in respect of which a report or financial statements have been delivered pursuant to the terms of the covenant described under "*—Certain Covenants—Reports and Other Information*," with such Applicable Metric determined by reference to such report or financial statements, whichever is more recent; or

(2) the last day of the most recently completed fiscal year, calendar year, four-quarter period or any other similar annual period for which the Company and its Restricted Subsidiaries have sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information.

"*Applicable Test Date*" means the Applicable Transaction Date or, at the Company's election (which election the Company may revoke and re-make at any time and from time to time), the Applicable Reporting Date prior to any Applicable Transaction Date.

"*Applicable Transaction*" means any Investment, acquisition, disposition, sale, merger, joint venture, consolidation or other business combination transaction, incurrence, Change of Control, assumption, commitment, issuance, repayment, repurchase or refinancing of Indebtedness (including for the avoidance of doubt an additional facility under the Revolving Credit Facility Agreement), Disqualified Stock or Preferred Stock and the use of proceeds thereof, any creation of a Lien, any Restricted Payment, any Affiliate Transaction, any designation of a Restricted Subsidiary or Unrestricted Subsidiary, any Asset Sale or any other transaction for which an Applicable Metric shall be determined; *provided that*, if any such transaction (the "*first transaction*") is being effected in connection with another such transaction (the "*second transaction*"), the second transaction shall also be an Applicable Transaction with respect to the first transaction.

"*Applicable Transaction Date*" means, in relation to any Applicable Transaction, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(1) the date of any letter, definitive agreement, instrument, put option, scheme of arrangement or similar arrangement in relation to such Applicable Transaction (unilateral, conditional or otherwise);

(2) the date that any commitment, offer, announcement, communication or declaration (unilateral, conditional, or otherwise) with respect to such Applicable Transaction is made or received;

(3) the date that any notice, which may be revocable or conditional, of any repayment, repurchase or refinancing of any relevant Indebtedness is given to the holders of such Indebtedness;

(4) the date of consummation, incurrence, payment or receipt of payment in respect of the Applicable Transaction;

(5) any other date determined in accordance with the Indenture; or

(6) any other date relevant to the Applicable Transaction determined by the Company in good faith.

"*Applicable Treasury Rate*" means, at the time of computation, the weekly average (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the date of redemption) of the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the date of redemption to March 15, 2026; *provided*, *however*, that if the period from the date of redemption to March 15, 2026 is not equal to the constant maturity of a United States Treasury security for which a yield is given, the Applicable Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the date of redemption to March 15, 2026 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used; *provided* that if such rate is less than zero, the Applicable Treasury Rate shall be zero.

"*Asset Sale*" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions (including by way of a Sale and Lease Back Transaction), of property or assets of the Company or any of its Restricted Subsidiaries (each referred to in this definition as a "*disposition*"); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of Cash Equivalents or obsolete, non-core, surplus, damaged, unnecessary, unsuitable or worn out equipment, inventory or other property in the ordinary course of business or consistent with industry practice or any disposition of inventory, goods or other assets held for sale or no longer used or useful, or economically practical to maintain in the conduct of the business of the Company or any of its Restricted Subsidiaries;

(b) the disposition of all or substantially all of the assets of the Company or any Restricted Subsidiary in a manner permitted pursuant to the provisions described above under "*—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets*" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) (x) any Permitted Investment and the making of any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*," and the making of any Permitted Payment or (y) asset sales the proceeds of which are used to fund or make such Restricted Payments, Permitted Payments or Permitted Investments;

(d) any disposition of property or assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than the greater of (x) £31.0 million and (y) 10.0% of LTM EBITDA;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary, including pursuant to any Intercompany License Agreement;

(f) any exchange of like property for use in a Similar Business;

(g) the lease, assignment, sub-lease, license or sub-license of any real or personal property in the ordinary course of business or consistent with industry practices;

(h) any issuance, disposition or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary (or a Restricted Subsidiary which owns an Unrestricted Subsidiary so long as such Restricted Subsidiary owns no assets other than the Equity Interests of such Unrestricted Subsidiary);

(i) foreclosures, condemnation, expropriation, forced dispositions, eminent domain or any similar action with respect to assets or the granting of Liens not prohibited by the Indenture, and transfers of any property that have been subject to a casualty to the respective insurer of such property as part of an insurance settlement or upon receipt of the net proceeds of such Casualty Event;

(j) dispositions or discounts without recourse of accounts receivable, or participations therein, or Receivables Assets or related assets, or any disposition of the Equity Interests in a Subsidiary, all or substantially all of the assets of which are Receivables Assets, in each case in connection with any Qualified Receivables Financing or the disposition of an account receivable in connection with the collection, compromise or settlement thereof;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary, including Sale and Lease Back Transactions and asset securitizations permitted by the Indenture;

(l) the sale, discount or other disposition of inventory, accounts receivable, notes receivable, equipment or other assets in the ordinary course of business or consistent with past practice, including pursuant to an Inventory Funding Facility, or the conversion or exchange of accounts receivable to notes receivable;

(m) the licensing, sub-licensing or cross licensing of intellectual property or other general intangibles in the ordinary course of business or consistent with industry practices;

(n) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims;

(o) the unwinding or termination of any Hedging Obligations;

(p) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(q) the lapse or abandonment of intellectual property rights, which in the reasonable good faith determination of the Company are not material to the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole or are no longer used or useful or economically practicable or commercially reasonable to maintain;

(r) the granting of a Lien that is permitted under the covenant described above under "*—Certain Covenants—Limitation on Liens*";

(s) the issuance of directors' qualifying shares and shares issued to other third parties as required by applicable law;

(t) Permitted Intercompany Activities and related transactions;

(u) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions and the proceeds of such sale are used to make a Restricted Payment pursuant to clause (10)(b) under the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(v) the disposition of any assets (including Equity Interests) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Company to consummate any acquisition; and

(w) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person.

In the event that a transaction (or a portion thereof) meets the criteria of a permitted Asset Sale and would also be a permitted Restricted Payment, Permitted Payment or Permitted Investment, the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Sale and/or one or more of the types of permitted Restricted Payments, Permitted Payments or Permitted Investments.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary.

"*Authority*" means The International Stock Exchange Authority Limited.

"*Bank Products*" means any facilities or services related to cash management, including treasury, depository, overdraft, credit or debit card, purchase card, automatic clearinghouse transfer transactions, controlled disbursements, foreign exchange facilities, stored value cards, merchant services, electronic funds transfer and other cash management or similar arrangements, in each case, incurred or undertaken in the ordinary course of business or consistent with past practice.

"*Board*" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, Jersey, Channel Islands or New York, New York, United States are authorized or required by law, regulation or executive order to close; *provided*, *however*, that for any payments to be made under the Indenture, such day means any day on which the clearing system for which the Global Notes are being held is open for business. If a payment date is on a day that is not a Business Day, payment will be made on the next succeeding day that is a Business Day and no interest shall accrue for the intervening period.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock or shares in the capital of such corporation;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

(1) United States dollars or pounds sterling;

(2) (a) Canadian dollars, yen, euros or any national currency of any participating member state of the EMU; or

(b) in such other currencies held by the Company or any Restricted Subsidiary from time to time in the ordinary course of business or consistent with industry practice;

(3) securities or other direct obligations, issued or directly and fully and unconditionally guaranteed or insured by the governments of the United Kingdom, the United States (or any state or commonwealth

thereof or the District of Columbia), the European Union or any member state of the European Union, Canada, Japan, Australia, Switzerland, Norway, or, in each case, any political subdivision, agency or instrumentality thereof (*provided* that the full faith and credit obligation of such government is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar time deposits, overnight bank deposits, bankers' acceptances or demand deposits having maturities of not more than two years from the date of acquisition, in each case with any domestic or foreign commercial bank having combined capital and surplus of not less than $250.0 million (or the foreign currency equivalent thereof);

(5) repurchase obligations for underlying securities of the types described in clauses (3), (4), (7), (8) and (9) of this definition and entered into with any financial institution or recognized securities dealer meeting the qualifications specified in clause (4) above;

(6) commercial paper and variable or fixed rate notes rated at least "P 2" by Moody's or at least "A 2" by S&P or at least "F 2" by Fitch (or, if at any time none of Moody's, S&P or Fitch rate such obligations, an equivalent rating from another Rating Agency), if each of the three named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within two years after the date of acquisition thereof;

(7) marketable short-term money market and similar funds having a rating of at least "P 2," "A 2" or "F 2" from Moody's, S&P or Fitch, respectively (or, if at any time none of Moody's, S&P or Fitch rate such obligations, an equivalent rating from another Rating Agency);

(8) readily marketable direct obligations issued by, or unconditionally guaranteed by, any state, commonwealth or territory of the United States or any political subdivision, agency, public instrumentality or taxing authority thereof with maturities of not more than two years from the date of acquisition;

(9) readily marketable direct obligations issued by, or unconditionally guaranteed by, any other nation or government or any political subdivision, agency, public instrumentality or taxing authority thereof, in each case (other than in the case of such obligations issued or guaranteed by any participating member state of the EMU) having an Investment Grade Rating from Moody's, S&P or Fitch (or, if at any time none of Moody's, S&P or Fitch rate such obligations, an equivalent rating from another Rating Agency) with maturities of not more than two years from the date of acquisition;

(10) Investments with average maturities of not more than two years from the date of acquisition in money market funds rated "A" (or the equivalent thereof) or better by S&P or Fitch or "A2" (or the equivalent thereof) or better by Moody's (or, if at any time none of Moody's, S&P or Fitch rate such obligations, an equivalent rating from another Rating Agency);

(11) securities with maturities of not more than two years from the date of acquisition backed by standby letters of credit issued by any financial institution or recognized securities dealer meeting the qualifications specified in clause (4) above;

(12) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB" or higher from S&P or Fitch or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Rating Agency) with maturities of 24 months or less from the date of acquisition;

(13) bills of exchange issued in the United Kingdom, the United States (or any state or commonwealth thereof or the District of Columbia), the European Union or any member state of the European Union, Canada, Japan, Australia, Switzerland, Norway, or, in each case, any political subdivision, agency or instrumentality thereof, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(14) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in currencies, instruments or securities of the types specified in clauses (1) through (13) above; and

(15) for purposes of clause (a) of the definition of "Asset Sale," any marketable securities owned by the Company and its Subsidiaries on the Issue Date.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above, *provided* that such amounts are converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under the Indenture regardless of the treatment of such items under GAAP.

"*Casualty Event*" means any event that gives rise to the receipt by the Company or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or real property (including any improvements thereon) to replace or repair such equipment, fixed assets or real property.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, or any successor provision), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, or any successor provision), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than the Company or a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the preceding or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group (other than a Permitted Holder) includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Company beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the Board of such parent entity.

"*Clearstream*" means Clearstream Banking, S.A., or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Company*" means Aston Martin Investments Limited.

"*consolidated*" unless otherwise specifically indicated, when used with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries.

"*Consolidated Depreciation and Amortization Expense*" means with respect to any Person for any period, the total amount of depreciation and amortization expense and capitalized fees, including, without limitation, the amortization of capitalized fees or costs related to any Qualified Receivables Financing of such Person and the amortization of intangible assets, deferred financing fees or costs, debt issuance costs, commissions, fees and expenses of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income, including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in mark-to-market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Financing Lease Obligations, and (e) net payments, if any made (less net payments, if any, received), pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (p) annual agency or similar fees paid to the administrative agents, collateral agents and other agents under any Credit Facilities, (q) costs associated with obtaining Hedging Obligations, (r) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or, if applicable, purchase accounting in connection with the Transactions or any acquisition, (s) penalties and interest relating to taxes, (t) any "additional interest" or "liquidated damages" with respect to other securities for failure to timely comply with registration rights obligations, (u) amortization or expensing of deferred financing fees, amendment and consent fees, debt issuance costs, commissions, fees, expenses and discounted liabilities and any other amounts of non-cash interest, (v) any expensing of bridge, commitment and other financing fees and any other fees related to the Transactions or any acquisitions after the Issue Date, (w) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Qualified Receivables Financing, (x) any accretion of accrued interest on discounted liabilities and any prepayment, make whole or breakage premium, penalty or cost, (y) interest expense attributable to a parent company resulting from push-down accounting and (z) any lease, rental or other expense in connection with a Non-Financing Lease Obligation; plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); less

(3) interest income of such Person and its Restricted Subsidiaries for such period.

For purposes of this definition, interest on a Financing Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Financing Lease Obligation in accordance with GAAP (or, if not implicit, as otherwise determined in accordance with GAAP).

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* that, without duplication:

(1) any after tax effect of extraordinary, exceptional, infrequently occurring, non-recurring or unusual gains or losses (less all fees and expenses relating thereto, but including any extraordinary, exceptional, infrequently occurring, non-recurring or unusual operating expenses directly attributable to the implementation of cost savings initiatives and any accruals or reserves in respect of any extraordinary, exceptional, infrequently occurring, non-recurring or unusual items), charges or expenses (including relating to any strategic initiatives), Transaction Expenses, restructuring and duplicative running costs, restructuring charges or reserves, relocation costs, start-up or initial costs for any project or new production line, division or new line of business, integration and facilities opening costs, facility consolidation and closing costs, severance costs and expenses, one time charges (including compensation charges), payments made pursuant to the terms of change in control agreements that the Company or a Subsidiary or a parent company of the Company had entered into with any future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of the Company, a Subsidiary or a parent company of the Company, costs relating to pre-opening, opening and conversion costs for facilities, losses, costs or cost inefficiencies related to facility or property disruptions or shutdowns, signing, retention and completion bonuses, recruiting costs, costs incurred in connection with any strategic initiatives, transition costs, litigation and arbitration costs, charges, fees and expenses (including settlements), expenses in connection with one time rate changes, costs incurred in connection with acquisitions, investments and dispositions (including travel and out-of-pocket costs, professional fees for legal, accounting and other services, human resources costs (including relocation bonuses), litigation and arbitration costs, charges, fees and expenses (including

settlements), management transition costs, advertising costs, losses associated with temporary decreases in work volume and expenses related to maintaining underutilized personnel) and non-recurring product and intellectual property development, other business optimization expenses or reserves (including costs and expenses relating to business optimization programs and new systems design and costs or reserves associated with improvements to IT and accounting functions, retention charges (including charges or expenses in respect of incentive plans), system establishment costs and implementation costs) and operating expenses attributable to the implementation of cost savings initiatives, and curtailments or modifications to pension and post retirement employee benefit plans shall be excluded;

(2) at the election of the Company with respect to any quarterly period, the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during any such period shall be excluded;

(3) any net after tax effect of gains or losses on disposal, abandonment or discontinuance of disposed, abandoned or discontinued operations, as applicable, shall be excluded;

(4) any net after tax effect of gains or losses (less all fees, expenses and charges relating thereto) attributable to asset dispositions or abandonments or the sale or other disposition of any Capital Stock of any Person other than in the ordinary course of business shall be excluded;

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting shall be excluded; *provided* that Consolidated Net Income of such Person shall be increased by the amount of dividends or distributions or other payments (other than Excluded Contributions pursuant to clause (2) of the definition of "Excluded Contribution") that are actually paid in Cash Equivalents (or to the extent converted, or having the ability to be converted, into Cash Equivalents), or that could, in the reasonable determination of the Company, have been distributed, to such Person or a Restricted Subsidiary thereof in respect of such period;

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of "*—Certain Covenants—Limitation on Restricted Payments*," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its shareholders (other than restrictions in the Notes or the Indenture, the Revolving Credit Facility, the Intercreditor Agreement and any Additional Intercreditor Agreement), unless such restriction with respect to the payment of dividends or similar distributions has been legally waived or released (or such Person reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release) or such restriction is not prohibited pursuant to "*—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*"; *provided* that Consolidated Net Income of such Person will be increased by the amount of dividends or other distributions or other payments actually paid in Cash Equivalents (or to the extent converted, or having the ability to be converted, into Cash Equivalents) to such Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(7) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person's consolidated financial statements pursuant to GAAP (including in the inventory (including any impact of changes to inventory valuation policy methods, including changes in capitalization of variances), property and equipment, software, loans and leases, goodwill, intangible assets, in process research and development, deferred revenue and debt line items thereof) resulting from the application of recapitalization accounting or purchase accounting, as the case may be, in relation to the Transactions or any consummated acquisition or joint venture investment or the amortization or write off or write down of any amounts thereof, net of taxes, shall be excluded;

(8) any after tax effect of income (loss) from the extinguishment or conversion of (a) Indebtedness, (b) Hedging Obligations, (c) Non-Financing Lease Obligations or (d) other derivative instruments shall be excluded;

(9) any impairment charge or asset write off or write down, including impairment charges or asset write offs or write downs related to intangible assets, long lived assets, investments in debt and equity securities and investments recorded using the equity method or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded;

(10) any equity-based or non-cash compensation or similar charge or expense or reduction of revenue including any such charge, expense or amount arising from grants of stock appreciation or similar rights, stock options, restricted stock, profits interests or other rights or equity or equity-based incentive programs ("*equity incentives*"), any one time cash charges associated with the equity incentives or other long-term incentive compensation plans (including under deferred compensation arrangements of the Company or any of its direct or indirect parent entities or subsidiaries), roll over, acceleration, or payout of Equity Interests by future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants or business partners of the Company or any of its direct or indirect parent entities or subsidiaries, and any cash awards granted to future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of the Company and its Subsidiaries in replacement for forfeited awards, shall be excluded;

(11) any fees, expenses, premiums or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, recapitalization, Investment, Asset Sale, disposition, incurrence or repayment of Indebtedness (including such fees, expenses, premiums or charges related to (a) the offering and issuance of the Notes and other securities and the syndication and incurrence of any Credit Facilities (including the Revolving Credit Facility) and (b) the rating of the Notes, other securities or any Credit Facilities by the Rating Agencies), issuance of Equity Interests of the Company or its direct or indirect parent entities, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Notes and other securities and any Credit Facilities (including the Revolving Credit Facility)) and including, in each case, any such transaction consummated on or prior to the Issue Date and any such transaction undertaken but not completed, and any charges or nonrecurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful or consummated, shall be excluded;

(12) accruals and reserves that are established or adjusted in connection with the Transactions or within 24 months after the closing of any acquisition that are so required to be established or adjusted as a result of such acquisition in accordance with GAAP or changes as a result of modifications of accounting policies shall be excluded;

(13) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365 day period), shall be excluded;

(14) any non-cash compensation expense resulting from the application of any applicable accounting principle relating to the expensing of equity related compensation, shall be excluded;

(15) any net pension or post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of Statement of Financial Accounting Standards No. 87, 106 and 112; IAS 19 (*Employee Benefits*) and any other items of a similar nature, shall be excluded;

(16) the following items shall be excluded:

(a) any unrealized net gain or loss (after any offset) resulting in such period from Hedging Obligations,

(b) any unrealized net gain or loss (after any offset) resulting in such period from currency translation gains or losses including those related to currency remeasurements of Indebtedness and Non-Financing Lease Obligations (including any net loss or gain resulting from Hedging

Obligations for currency exchange risk) and any other foreign currency translation gains and losses to the extent such gains or losses are non-cash items,

(c) at the sole election of the Company with respect to any quarterly period, effects of adjustments to accruals and reserves during a prior period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks,

(d) earn-out, non-compete and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments, and

(e) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and

(17) the amount of distributions actually made to any direct or indirect parent company of such Person in respect of such period in accordance with clause (13) of the definition of "Parent Expenses" shall be included in calculating Consolidated Net Income as though such amounts had been paid as taxes directly by such Person for such period.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received or due from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

Notwithstanding the foregoing, for the purpose of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" only (other than clause (c)(iv) of the first paragraph thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Company and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Company and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Company or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (c)(iv) thereof.

"*Consolidated Senior Secured Debt Ratio*" means, as of any date of determination, the ratio of: (a) the aggregate of (i) Consolidated Senior Secured Indebtedness of the Company and its Restricted Subsidiaries as of such date of determination; plus (ii) in connection with the incurrence of any Indebtedness pursuant to the first paragraph or the proviso to clause (12) of the second paragraph of the covenant "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," the Reserved Indebtedness Amount of the Company and its Restricted Subsidiaries in respect of Indebtedness that would be included in the definition of "Consolidated Senior Secured Indebtedness," once incurred, as of such date of determination; minus (iii) cash and Cash Equivalents that would be stated on the balance sheet of the Company and its Restricted Subsidiaries as of such date of determination, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio" (and subject, for the avoidance of doubt, to the paragraphs contained in the covenant "*—Certain Covenants—Financial Calculations*") and as determined in good faith by the Company; to (b) LTM EBITDA.

"*Consolidated Senior Secured Indebtedness*" means Consolidated Total Indebtedness of the Company and its Restricted Subsidiaries, but excluding any Indebtedness which is not secured by any Lien on the Collateral and does not rank pari passu with (or in priority to) the Notes in respect of the right to receive proceeds from an enforcement of the security interests in the Collateral that secures the Notes.

"*Consolidated Total Debt Ratio*" means, as of any date of determination, the ratio of: (a) the aggregate of (i) Consolidated Total Indebtedness of the Company and its Restricted Subsidiaries as of such date of determination; plus (ii) in connection with the incurrence of any Indebtedness pursuant to the first paragraph or the proviso to clause (12) of the second paragraph of the covenant "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," the Reserved Indebtedness Amount of the Company and its Restricted Subsidiaries in respect of Indebtedness that would be included in the definition of "Consolidated Total Indebtedness" once incurred, as of such date of determination; minus (iii) cash and Cash Equivalents that would be stated on the balance sheet of the Company and its Restricted Subsidiaries as of such date of determination, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed

Charge Coverage Ratio" (and subject, for the avoidance of doubt, to the paragraphs contained in the covenant "*—Certain Covenants—Financial Calculations*") and as determined in good faith by the Company; to (b) LTM EBITDA.

"*Consolidated Total Indebtedness*" means, as of any date of determination, an amount equal to the sum of: (a) the aggregate amount of all outstanding Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis and (b) in connection with the incurrence of any Indebtedness pursuant to the first paragraph or clause (12) of the second paragraph of the covenant "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," the aggregate amount of all outstanding Disqualified Stock of the Company and all Preferred Stock of its Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance with GAAP; *provided* that Consolidated Total Indebtedness shall not include Indebtedness in respect of (A) any letter of credit, except to the extent of unreimbursed amounts under standby letters of credit; *provided* that any unreimbursed amounts under commercial letters of credit shall not be counted as Consolidated Total Indebtedness until five Business Days after such amount is drawn and (B) Hedging Obligations. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if: (i) such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total Indebtedness shall be required to be determined pursuant to the Indenture, and (ii) such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock. The Currency Equivalent principal amount of any Indebtedness denominated in a foreign currency may (at the election of the Company) reflect the currency translation effects, determined in accordance with GAAP, of Hedging Obligations for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Currency Equivalent principal amount of such Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, other than the Investors, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Company and/or other companies.

"*Credit Facilities*" means, with respect to the Company or any of its Restricted Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Indenture, the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof. The term "Credit Facility" shall have a meaning correlative to the foregoing.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Currency Equivalent*" means, with respect to any monetary amount in a currency (the "*second currency*") other than a specified currency (the "*first currency*"), at any time for determination thereof, the amount of the first currency obtained by converting the amount of the second currency into the first currency at, at the sole election of the Company:

(1) the spot rate for the purchase of the first currency with the second currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination;

(2) the spot rate for the purchase of the first currency with the second currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the Issue Date;

(3) the average exchange rate for the purchase of the first currency with the second currency over any period reasonably selected by the Company and not exceeding twelve months; or

(4) for purposes of determining compliance with any restriction on the incurrence of Indebtedness, Disqualified Stock, Preferred Stock or other financing liabilities or determining the principal amount outstanding of Indebtedness, Disqualified Stock, Preferred Stock or other financing liabilities:

(a) such rate reflecting:

(i) the currency translation effects, determined in accordance with GAAP, of Hedging Obligations for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Currency Equivalent principal amount of such Indebtedness, Disqualified Stock, Preferred Stock or other financing liability; or

(ii) the relevant currency exchange rate in effect on the date:

(A) such Indebtedness, Disqualified Stock, Preferred Stock or other financing liability was committed;

(B) such Indebtedness, Disqualified Stock, Preferred Stock or other financing liability was incurred; or

(C) the definitive documentation in respect of such Indebtedness, Disqualified Stock, Preferred Stock or other financing liability was executed,

in each case, as determined in good faith by the Company; or

(b) to the extent refinancing or replacing any existing or previous Indebtedness, Disqualified Stock, Preferred Stock or financing liability, such rate as used to permit the incurrence or issuance of the Indebtedness, Disqualified Stock, Preferred Stock or financing liability being refinanced or replaced.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured or waived prior to becoming an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of Cash

Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in exchange for consideration in the form of Cash Equivalents in compliance with "*—Repurchase at the Option of Holders—Asset Sales*."

"*Designated Preferred Stock*" means Preferred Stock of the Company or any direct or indirect parent company thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate at or prior to the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (2) of the first paragraph of "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of the Company or any direct or indirect parent of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of the Company or any direct or indirect parent of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any direct or indirect parent of the Company or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain) pursuant to a sinking fund obligation or otherwise; or

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder thereof (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain), in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding;

provided, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock, (ii) if any Capital Stock is issued pursuant to any plan for the benefit of future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of the Company or its Subsidiaries or by any such plan to such future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries or a direct or indirect parent company of the Company in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability, (iii) any Capital Stock held by any future, current or former employee, director, officer, member, partner, manager or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Company or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of the Company or any direct or indirect parent of the Company, in each case pursuant to any share subscription or shareholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement, shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries or any direct or indirect parent of the Company or in order to satisfy applicable statutory or regulatory obligations and (iv) and any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company or its direct or indirect parent company to repurchase such Capital Stock upon the occurrence of a change of control, asset sale, casualty, condemnation or eminent domain (howsoever defined or referred to) shall not constitute Disqualified Stock.

"*Dollar Applicable Premium*" means, with respect to any Dollar Note, the greater of:

(1) 1% of the principal amount of such Dollar Note, and

(2) on any date of redemption, the excess (to the extent positive), of:

(a) the present value at such date of redemption of (i) the redemption price of such Dollar Note at March 15, 2026 (such redemption price being par and excluding accrued but unpaid interest to, but excluding, the date of redemption), plus (ii) all required remaining scheduled interest payments due on such Dollar Note to and including March 15, 2026 (excluding accrued but unpaid interest to, but excluding, the date of redemption), computed upon the date of redemption using a discount rate equal to the Applicable Treasury Rate at such date of redemption plus 50 basis points, over

(b) the then outstanding principal amount of such Dollar Note.

The Issuer shall calculate, or cause the calculation of, the Dollar Applicable Premium, and the Trustee and any Paying Agent shall have no duty to calculate, or verify the Issuer's calculations of, the Dollar Applicable Premium.

"*DTC*" means The Depository Trust Company, or any successor securities clearing agency.

"*EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by the following, in each case (other than with respect to clauses (h), (k) and the applicable adjustments in clause (o)) to the extent deducted (and not added back) in determining Consolidated Net Income for such period:

(a) (i) provision for taxes based on income, profits or capital, including, without limitation, federal, state, foreign, franchise and similar taxes and withholding taxes (including any future taxes or other levies which replace or are intended to be in lieu of such taxes and any penalties and interest related to such taxes or arising from tax examinations) and (ii) the net tax expense associated with any adjustments made pursuant to clauses (1) through (17) of the definition of "Consolidated Net Income"; *plus*

(b) Fixed Charges of such Person for such period (including (w) non-cash rent expense, (x) net losses or any obligations on Hedging Obligations or other derivative instruments, (y) bank fees and other financing fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from Consolidated Interest Expense as set forth in clauses (1)(o) through (z) in the definition thereof); *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period; *plus*

(d) the amount of any equity-based or non-cash compensation charges or expenses including any such charges or expenses arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights; *plus*

(e) any other non-cash charges, expenses or losses, including non-cash losses on the sale of assets and any write offs or write downs reducing Consolidated Net Income for such period and any non-cash expense relating to the vesting of warrants (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, (i) the Company may elect not to add back such non-cash charge in the current period and (ii) to the extent the Company elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent), and excluding amortization of a prepaid cash item that was paid in a prior period; *plus*

(f) the amount of any non-controlling interest or minority interest expense consisting of Subsidiary income attributable to non-controlling or minority equity interests of third parties in any non-Wholly Owned Subsidiary; *plus*

(g) the amount of (x) Board fees (including Board fees of any direct or indirect parent of the Company), management, consulting, transaction, advisory and other fees (including termination fees) and indemnities, costs and expenses paid or accrued in such period to the Investors or otherwise to any member of the Board of the Company, any Subsidiary of the Company or any direct or indirect parent of the Company, any Permitted Holder or any Affiliate of a Permitted Holder, (y) the amount of payments made to option holders of the

Company or any of its direct or indirect parent companies in connection with, or as a result of, any distribution being made to shareholders of such Person or its direct or indirect parent companies, which payments are being made to compensate such option holders as though they were shareholders at the time of, and entitled to share in, such distribution, including any cash consideration for any repurchase of equity, in each case to the extent permitted in the Indenture and (z) any fees and other compensation paid to the members of the Board of the Company or any of its parent entities; *plus*

(h) the amount of *pro forma* "run rate" cost savings, operating expense reductions, synergies and EBITDA pursuant to contracted pricing related to mergers and other business combinations, acquisitions, Investments, dispositions, divestitures, restructurings, operating improvements, cost savings initiatives and other similar transactions or initiatives (including the modification and renegotiation of contracts and other arrangements) that are reasonably identifiable and factually supportable and projected by the Company in good faith to result from actions that have been taken or with respect to which substantial steps have been taken (in each case, including from any steps or actions taken in whole or in part prior to the Issue Date or the applicable consummation date of such transaction, initiative or event) or are expected to be taken (in the good faith determination of the Company) within 24 months after any such transaction, initiative or event is consummated, net of the amount of actual benefits realized during such period from such actions; *provided* that such cost savings, operating expense reductions, synergies and EBITDA shall not exceed 25.0% of EBITDA for the applicable four quarter period (calculated prior to giving effect to such capped adjustments), in each case, calculated on a pro forma basis as though such cost savings, operating expense reductions, synergies and EBITDA pursuant to contracted pricing had been realized on the first day of such period for which EBITDA is being determined and as if such cost savings, operating expense reductions, synergies, revenue and EBITDA pursuant to contracted pricing were realized on the first day of the applicable period for the entirety of such period; *provided* that no cost savings, operating expense reductions, synergies, revenue and EBITDA pursuant to contracted pricing shall be added pursuant to this clause (h) to the extent duplicative of any expenses or charges otherwise added to EBITDA, whether through a *pro forma* adjustment or otherwise, for such period; *plus*

(i) the amount of loss or discount on sale of receivables, Receivables Assets and related assets to any Receivables Subsidiary in connection with a Qualified Receivables Financing; *plus*

(j) any costs or expense incurred by the Company or a Restricted Subsidiary or a parent company of the Company pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or Net Cash Proceeds of an issuance of Equity Interest of the Company (other than Disqualified Stock) solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the first paragraph under "*—Certain Covenants—Limitation on Restricted Payments*"; *plus*

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(l) any losses, charges, expenses, costs or other payments (including all fees, expenses or charges related thereto) (i) from disposed, abandoned or discontinued operations, (ii) in respect of facilities no longer used or useful in the conduct of the business of the Company or its Restricted Subsidiaries, abandoned, closed, disposed or discontinued operations and any losses on disposal of abandoned, closed or discontinued operations and (iii) attributable to business dispositions or asset dispositions (other than in the ordinary course of business) as determined in good faith by the Company; *plus*

(m) at the option of the Company with respect to any applicable period, an amount equal to the net change in deferred revenue at the end of such period from the deferred revenue at the end of the previous period; *plus*

(n) compensation expense attributable to positive investment income with respect to funded deferred compensation account balances; *plus*

(o) adjustments used in connection with "Adjusted EBITDA" (or any similar or equivalent term) as contained in this Offering Memorandum, to the extent such adjustments continue to be applicable during the period in which EBITDA is being calculated and other adjustments of a similar nature to the foregoing, in each case applied in good faith by the Company; *plus*

(p) the amount of any gains or losses arising from embedded derivatives in the customer contracts of the Company or a Restricted Subsidiary; and

(2) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(a) non-cash gains (including non-cash gains on the sale of assets) increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase EBITDA in such prior period; *plus*

(b) any Net Income from disposed, abandoned, closed or discontinued operations or attributable to business dispositions or asset dispositions (other than in the ordinary course of business) as determined in good faith by the Company; *plus*

(c) the reduction in compensation expense attributable to investment loss with respect to funded deferred compensation account balances.

"*EMU*" means the economic and monetary union as contemplated in the Treaty on European Union.

"*equity incentives*" has the meaning set forth in the definition of "Consolidated Net Income."

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"*Equity Offering*" means:

(1) any public or private sale or issuance of Capital Stock (other than Disqualified Stock) of the Company, other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions; or

(2) any public or private sale or issuance of Capital Stock or other securities (including of any of the Company's direct or indirect parent entities), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock or an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any of its Restricted Subsidiaries.

"*euro*" means the single currency of participating member states of the EMU.

"*Equityholding Vehicle*" means any direct or indirect parent entity of the Company and any equityholder thereof through which future, present or former employees, directors, officers, managers, members or partners of the Company or any of its Subsidiaries or direct or indirect parent entities hold Capital Stock of the Company or such parent entity.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*Exchange*" means The International Stock Exchange and its successors and assigns.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended (and with respect to the definitions of "Change of Control" and "Permitted Holders" only, as in effect on the Issue Date).

"*Excluded Contribution*" means Net Cash Proceeds, marketable securities or Qualified Proceeds received by the Company after the Issue Date from:

(1) contributions to its common equity capital;

(2) dividends, distributions, fees and other payments from any Unrestricted Subsidiaries or joint ventures or Investments in entities that are not Restricted Subsidiaries;

(3) Subordinated Shareholder Funding; and

(4) the sale (other than to a Subsidiary of the Company or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Company) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Company or any direct or indirect parent company to the extent contributed as common equity capital to the Company,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate.

"*Existing Notes*" means the 2025 Notes and the 2026 Notes.

"*Existing Revolving Credit Facility*" means one or more facilities made available under the Existing Revolving Credit Facility Agreement.

"*Existing Revolving Credit Facility Agreement*" means the revolving credit facility agreement dated October 27, 2020, among, *inter alios*, AML as original borrower, the arrangers named therein, the financial institutions named therein as original lenders, U.S. Bank Global Corporate Trust Limited, as agent and the Security Agent, as amended, amended and restated and/or replaced from time to time.

"*F1 Sponsorship Agreement*" means the Sponsorship and Branding Rights Agreement, dated February 27, 2020, as amended on March 13, 2020 and as amended and restated on May 24, 2022, between Aston Martin Lagonda Limited and AMR GP Limited (formerly known as Racing Point UK Limited), as further amended, restated, modified, renewed, replaced, restructured or extended from time to time and including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing.

"*fair market value*" means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Company in good faith.

"*Financing Lease Obligation*" means an obligation that would have been required to be classified and accounted for as a financing or capital lease (and, for the avoidance of doubt, not a straight line or operating lease) on both the balance sheet and income statement for financial reporting purposes on the basis of IAS 17, or is required to be classified as lease liabilities on the balance sheet in accordance with IFRS 16 (Leases), subject in each case to (as applicable) the Election Option. At the time any determination thereof is to be made, the amount of the liability in respect of such lease would be the amount required to be reflected as a liability on such balance sheet (excluding the footnotes thereto) in accordance with GAAP, subject in each case to (as applicable) the Election Option.

"*Fitch*" means Fitch Ratings Ltd and any successor to its rating agency business.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person for any four-quarter period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that such Person or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock (in each case, including a pro forma application of the Net Proceeds therefrom), as if the same had occurred at the beginning of the applicable four-quarter period, subject, for the avoidance of doubt, to the paragraphs contained in "*—Certain Covenants—Financial Calculations*"; *provided*, *however*, that the pro forma calculation of Fixed Charges for purposes of the first paragraph or the proviso to clause (12) of the second paragraph of the covenant under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" (and for the purposes of other provisions of the Indenture that refer to such first paragraph or the proviso to clause (12) of the second paragraph thereof) shall not give effect to any Indebtedness being incurred on such date (or on such other subsequent date which would otherwise require pro forma effect to be given to such incurrence) pursuant to the second paragraph under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance* *of Disqualified Stock and Preferred Stock*" (other than Secured Indebtedness incurred pursuant to the proviso to clause (12) of the second paragraph thereof).

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations (as determined in accordance with GAAP) and operational changes that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and operational changes (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to an Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation, operational change or other transaction (including the Transactions), the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Company or its Restricted Subsidiaries (and may include, for the avoidance of doubt, cost savings, operating expense reductions and synergies resulting from such Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation, operational change or other transaction (including the Transactions) which is being given *pro forma* effect) calculated in accordance with and permitted by clause (1)(h) and (1)(o) of the definition of "EBITDA." If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Financing Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Financing Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth under the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charge Coverage Ratio Calculation Date*" has the meaning set forth in the definition of "Fixed Charge Coverage Ratio."

"*Fixed Charges*" means, with respect to any Person for any period, the sum of, without duplication:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

"*GAAP*" means, at the election of the Company, (1) the accounting standards and interpretations adopted by the International Accounting Standard Board ("*IFRS*") if the Company's financial statements are at such time prepared in accordance with IFRS or (2) generally accepted accounting principles in the United States ("*U.S. GAAP*") if the Company's financial statements are at such time prepared in accordance with U.S. GAAP as in effect from time to time on the date of delivery of any applicable financial statements or other financial information and/or calculations (including *pro forma* financial information and/or calculations) or, at the election of the Company, as in effect on the Issue Date or during all or part of the period to which any applicable financial statements or other financial information and/or calculations (including *pro forma* financial information and/or calculations) relate; *provided* that (a) all references to codified accounting standards specifically named in the Indenture shall be deemed to include any successor, replacement, amendment or updated accounting standard under IFRS or U.S. GAAP, as applicable, (b) neither IFRS nor U.S. GAAP shall be required to include the policies, rules and regulations of the SEC, the American Institute of Certified Public

Accountants, the International Accounting Standards Board or any other applicable regulatory or governing body applicable only to public companies, (c) neither IFRS nor U.S. GAAP shall be required to be calculated using the same accounting standard across multiple quarters and (d) in relation to the making of any determination or calculation based upon IFRS, the Company may elect (the "*Election Option*"), from time to time, to apply either (i) IAS 17 (*Leases*) or (ii) IFRS 16 (*Leases*) or any successor standard thereto to the making of such determination or calculation (*provided* that, for the avoidance of doubt, in connection with any determination under this clause (d) which is based upon the calculation of more than one component, including any determination in respect of the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio, the Fixed Charge Coverage Ratio and the LTM EBITDA, all such components shall be calculated on a consistent basis, applying the same accounting standard).

For the purpose of making any calculation or determination (including the calculation of any restriction, basket, threshold or permission) under the Indenture (a) any calculation or determination in the Indenture that requires the application of GAAP across multiple quarters need not be calculated or determined using the same accounting standard for each constituent quarter, and (b) all calculations or determinations in the Indenture shall be made without giving effect to any election under FASB Accounting Standards Topic 825, IFRS 9 (*Financial Instruments*) or any successor thereto or comparable accounting principle, to value any Indebtedness or other liabilities at "fair value" (as defined therein).

If there occurs a change in IFRS or U.S. GAAP, as the case may be, and such change would cause a change in the method of calculation of any term or measure used in the Indenture (an "*Accounting Change*"), then the Company may elect, from time to time, that such term or measure shall be calculated as if such Accounting Change had not occurred.

For the avoidance of doubt, none of the financial statements delivered pursuant to the covenant, "*—Certain Covenants—Reports and Other Information*" will be required to include any of the adjustments described in this definition.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided, however*, that the term "*guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*guarantee*" used as a verb has a corresponding meaning.

"*Guarantee*" means the guarantee by any Guarantor of the Issuer's Obligations under the Indenture and the Notes.

"*Guarantor*" means the Company (or the Successor Company) and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under (1) any rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity purchase contracts, commodity swaps, commodity options, forward commodity contracts or futures, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate protection agreements, interest rate future agreements, interest rate options, interest rate swaps, interest rate hedge agreement, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar agreements or transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (2) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Holder*" means each Person in whose name a Note is registered on the relevant Registrar's books, which shall initially be Cede & Co. as nominee of DTC (in the case of the Dollar Notes) and the common depositary as nominee of Euroclear and Clearstream (in the case of the Sterling Notes).

"*Holding Company*" means, in relation to any Person, any Person of which it is a Subsidiary.

"*IFRS*" has the meaning set forth in the definition of "GAAP."

"*Immediate Family Members*" means with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships), the estates of such individual and such other individuals above and any trust, partnership or other bona fide estate planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation, trust or fund that is controlled by any of the foregoing individuals or any donor advised foundation, trust or fund of which any such individual is the donor.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) any indebtedness of such Person:

(a) representing the principal in respect of borrowed money;

(b) representing the principal in respect of obligations evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the principal component in respect of obligations to pay the deferred and unpaid balance of the purchase price of any property, except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business, (ii) any earn-out obligations (x) until 60 days after such obligation becomes due and payable or (y) otherwise not treated as a liability on the balance sheet and (iii) accruals for payroll and other liabilities accrued in the ordinary course of business;

(d) representing the net obligations under any Hedging Obligations; or

(e) subject to the Election Option, representing Financing Lease Obligations;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided* that Indebtedness of any direct or indirect parent of the Company appearing upon the balance sheet of the Company solely by reason of push-down accounting under GAAP shall be excluded;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of such first Person), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person; *provided* that the amount of any such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness of such third Person;

provided that notwithstanding the foregoing, Indebtedness shall be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business or consistent with industry practice, (b) Qualified Receivables Financings, (c) any lease, concession or license of property (or guarantee thereof) which would, in accordance with the Election Option if the Company elects to apply IAS 17 (*Leases*), be considered an operating lease under IAS 17 (*Leases*), (d) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice, (e) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner, (f) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the seller, (g) any obligations attributable to the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, (h) accrued expenses and royalties, (i) Capital Stock and Disqualified Stock, (j) any obligations in respect of workers' compensation claims, retirement, post-employment or termination obligations (including pensions and retiree medical care), pension fund obligations or contributions or similar claims, or social security or wage taxes or contributions, (k) deferred or prepaid revenues, (l) any asset retirement obligations, (m) any liability for taxes, (n) Subordinated Shareholder Funding, or (o) Indebtedness incurred by the Company or a Restricted Subsidiary in connection with a transaction where a substantially concurrent Investment is made by the Company or a Restricted Subsidiary in the form of cash deposited with the lender of such Indebtedness, or a Subsidiary or Affiliate thereof, in an amount equal to such Indebtedness (and, for the avoidance of doubt, if any Indebtedness is excluded pursuant to this clause (o), any associated cash deposited in connection therewith shall not offset the Consolidated Total Debt Ratio); *provided*, *further*, that Indebtedness shall be calculated without giving effect to the effects of Financial Accounting Standards Board Accounting Standards Codification Topic No. 825, IFRS 9 (*Financial Instruments*) and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant of nationally or internationally recognized standing that is, in the good faith judgment of the Company, qualified to perform the task for which it has been engaged.

"*Intercompany License Agreement*" means any cost sharing agreement, commission or royalty agreement, license or sub-license agreement, distribution agreement, services agreement, intellectual property rights transfer agreement, any related agreements or other similar agreements, in each case where all parties to such agreement are one or more of the Company or a Restricted Subsidiary.

"*Intercreditor Agreement*" means the Intercreditor Agreement to be dated on or around the Issue Date between, among others, the Issuer, the Company, the Trustee and the Security Agent, as amended, restated, modified, replaced, restructured or extended in whole or in part from time to time.

"*Inventory Funding Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities or other arrangements providing for short-term financing or other Indebtedness of no longer than 270 Business Days to fund in-transit inventory and inventory held for sale, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and "BBB" (or the equivalent) by S&P or Fitch, or if the applicable securities are not then rated by Moody's, S&P or Fitch, an equivalent rating by any other Rating Agency.

"*Investment Grade Status*" shall occur when the Notes receive an Investment Grade Rating from at least two of the Rating Agencies.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (including guarantees), capital contribution or other extension of credit (excluding accounts receivable, trade credit, advances or extensions of credit to customers, suppliers, commission, travel and similar advances to future, present or former directors, officers, employees, managers, members, partners, independent contractors or consultants, in each case made in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contributions to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the incurrence of a guarantee of any obligation of, or any purchase or other acquisition for consideration of, Equity Interests, Indebtedness or other securities or similar instruments issued by any other Person and all other items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared on the basis of GAAP; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investments*" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary;

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer; and

(3) if the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be a new Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment to the extent such amounts do not increase any other baskets under the Indenture.

"*Investors*" means the Yew Tree Consortium.

"*Issue Date*" means March 21, 2024.

"*letter of credit*" means any letter of credit, stand by letter of credit, bank guarantee, bankers' acceptance, performance bond or similar instrument.

"*Lien*" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall Non-Financing Lease Obligations be deemed to constitute a Lien.

"*LTM EBITDA*" means EBITDA of the Company measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, with such pro forma adjustments giving effect to such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and operational changes or other transaction, as applicable, since the start of such four-quarter period and as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common Equity Interests of the Company (or any direct or indirect parent company) on the date of the declaration of a Restricted Payment permitted pursuant to clause (9) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments*" multiplied by (ii) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

"*Master Agreement*" has the meaning set forth in the definition of "Hedging Obligations."

"*Material Intellectual Property*" means any intellectual property owned by the Company or any Restricted Subsidiary that is, in the good faith determination of the Company, material to the operation of the automotive business of the Company and its Restricted Subsidiaries, taken as a whole.

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Cash Proceeds*" means the aggregate Cash Equivalents proceeds received in respect of any Subordinated Shareholder Funding, Equity Offering, issuance or sale of Equity Interests or other applicable transaction, in each case net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually incurred in connection with such Equity Offering, issuance, sale or other transaction, and net of taxes paid or payable as a result of any such Equity Offering, issuance, sale or other transaction.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"*Net Proceeds*" means the aggregate Cash Equivalents proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale, including any Cash Equivalents received upon the sale or other disposition of any Designated Non-Cash Consideration received in any Asset Sale, net of (1) the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-Cash Consideration, including legal, accounting, consulting and investment banking fees, payments made in order to obtain a necessary consent or required by applicable law, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, other fees and expenses, including survey costs, title and recordation expenses and title insurance premiums, (2) taxes, including tax distributions paid pursuant to clause (13) of the definition of "Parent Expenses," paid or payable as a result thereof or any transactions occurring or deemed to occur to effectuate a payment under the Indenture (including transfer taxes, deed or mortgage recording taxes and estimated taxes payable in connection with any repatriation of funds and after taking into account any available tax credits or deductions and any tax sharing arrangements), (3) amounts required to be applied to the repayment of principal, premium, if any, and interest on Senior Indebtedness or amounts required to be applied to the repayment of Indebtedness secured by a Lien on such assets and required (other than required by clause (1) of the second paragraph of "*—Repurchase at the Option of Holders—Asset Sales*") to be paid as a result of such transaction, (4) the pro rata portion of Net Proceeds thereof (calculated without regard to this clause (4)) attributable to minority interests and not available for distribution to or for the account of the Company and its Restricted Subsidiaries as a result thereof, (5) any costs associated with unwinding any related Hedging Obligations in connection with such transaction, (6) any deduction of appropriate amounts to be provided by the Company or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Company or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, (7) any portion of the purchase price from an Asset Sale placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Sale or otherwise in connection with such Asset Sale; *provided* that upon the termination of that escrow (other than in connection with a payment in respect of any such adjustment or satisfaction of indemnities), Net Proceeds will be increased by any portion of funds in the escrow that are released to the Company or any of its Restricted Subsidiaries and (8) the amount of any liabilities directly associated with such asset being sold and retained by the Company or any of its Restricted Subsidiaries. Any non-cash consideration received in connection with any Asset Sale that is subsequently converted to cash shall become Net Proceeds only at such time as it is so converted.

"*Non-Financing Lease Obligation*" means any lease obligation which is determined not to be a Financing Lease Obligation in accordance with the terms of the Indenture and GAAP.

"*Notes Proceeds Loan*" means one or more loans incurred by Aston Martin Lagonda Limited under the Notes Proceeds Loan Agreement.

"*Notes Proceeds Loan Agreement*" means the subordinated intercompany loan agreements between the Issuer and Aston Martin Lagonda Limited pursuant to which the Issuer will lend the proceeds from the issuance of the Notes on or about the Issue Date.

"*Obligations*" means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*officer*" means, with respect to any Person, (1) the chairman of the Board, any member of the Board, the chief executive officer, the chief financial officer, the chief operating officer, any president, any vice president, the treasurer, any assistant treasurer, the controller, the secretary or any assistant secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other officer of such Person designated by any such individuals. Unless otherwise specified, reference to an "officer" means an Officer of the Company.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by an officer of such Person. Unless otherwise specified, reference to an "Officer's Certificate" means a certificate signed on behalf of the Company by an officer of the Company.

"*Opinion of Counsel*" means a written opinion (which opinion may be subject to customary assumptions and exclusions) from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of, or outside counsel to, the Company or parent company.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) incurred by any direct or indirect parent company of the Company in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture, the Revolving Credit Facility Agreement or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Exchange or the London Stock Exchange plc or the respective rules and regulations promulgated thereunder;

(2) obligations of any direct or indirect parent company of the Company in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefor)) to the extent relating to the Company and its Subsidiaries;

(3) fees and expenses payable by any direct or indirect parent company of the Company in connection with the Transactions;

(4) franchise, excise and similar taxes, and other fees and expenses of any direct or indirect parent company of the Company, required to maintain its corporate or other legal existence;

(5) salary, bonus, severance, indemnity and other benefits payable to future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants of any direct or indirect parent company of the Company to the extent such salaries, bonuses, severance, indemnity and other benefits are attributable to the ownership or operation of the Company and its Restricted Subsidiaries;

(6) general organizational, operating, administrative, compliance, overhead and other costs and expenses including, without limitation, (a) professional fees and expenses (including related to auditing or other accounting or tax reporting matters) and other operational expenses of any direct or indirect parent company of the Company related to the ownership or operation of the business of the Company and any of its Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any direct or indirect parent company of the Company related to the ownership or operation of the business of the Company or any of its Subsidiaries;

(7) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any direct or indirect parent company or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed £2.5 million in any fiscal year; and

(8) fees and expenses related to any equity or debt offering, financing transaction, acquisition, divestiture, investment or other non-ordinary course transaction (whether or not successful) of any direct or indirect parent company of the Company; *provided* that any such transaction was in the good faith judgment of the Company intended to be for the benefit of the Company and its Restricted Subsidiaries;

(9) (i) cash payments in lieu of issuing fractional shares or interests in connection with the exercise of warrants, options, other equity-based awards or other securities convertible into or exchangeable for Equity Interests of the Company or any direct or indirect parent company of the Company and any dividend, split or combination thereof or any transaction permitted under the Indenture and (ii) any conversion request by a holder of convertible Indebtedness and cash payments in lieu of fractional shares or interests in connection with any such conversion and payments on convertible Indebtedness in accordance with its terms;

(10) amounts required to finance Investments that would otherwise be permitted to be made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" if made by the Company or its Restricted Subsidiaries; *provided* that (i) such Restricted Payment shall be made within 180 days of the closing of such Investment, (ii) such direct or indirect parent company shall, promptly

following the closing thereof, cause (A) all property acquired (whether assets or Equity Interests) to be contributed to the capital of the Company or its Restricted Subsidiaries or (B) the merger, consolidation or amalgamation of the Person formed or acquired into the Company or its Restricted Subsidiaries (to the extent not prohibited by the covenant described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets*") in order to consummate such Investment, (iii) such direct or indirect parent company and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment to such direct or indirect parent company in compliance with the Indenture, (iv) any property received by the Company shall not increase amounts available for Restricted Payments pursuant to clause (c) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" and (v) such Investment shall be deemed to be made by the Company or such Restricted Subsidiary pursuant to another provision of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" (other than pursuant to clause (10) of the second paragraph thereof) or pursuant to the definition of "Permitted Investments" (other than clause (1) thereof);

(11) amounts that would be permitted to be paid by the Company or its Restricted Subsidiaries under clauses (3), (4), (6), (8), (9), (11) and (14) of the third paragraph of the covenant described under "*—Certain Covenants—Transactions with Affiliates*"; *provided* that the amount of any dividend or distribution under this clause (11) to permit such payment shall reduce, without duplication, Consolidated Net Income of the Company to the extent, if any, that such payment would have reduced Consolidated Net Income of the Company if such payment had been made directly by the Company and increase (or, without duplication of any reduction of Consolidated Net Income, decrease) EBITDA to the extent, if any, that Consolidated Net Income is reduced under this clause (11) and such payment would have been added back to (or, to the extent excluded from Consolidated Net Income, would have been deducted from) EBITDA if such payment had been made directly by the Company, in each case, in the period such payment is made;

(12) amounts in respect of Indebtedness of any direct or indirect parent company of the Company (i) the proceeds of which have been contributed or loaned to the Company or any of its Restricted Subsidiaries and (ii) which is guaranteed by the Company or a Restricted Subsidiary; and

(13) payments by the Company to any direct or indirect parent of the Company for any taxable period in which the Company, the Issuer and/or any of its Subsidiaries is a member of a consolidated, combined or similar national, regional or local income or similar tax group that includes the Company, the Issuer and/or its Subsidiaries and whose common parent is a direct or indirect parent of the Company, to the extent such income or similar Taxes are attributable to the income of the Company, the Issuer and/or its Restricted Subsidiaries and, to the extent of any cash amounts actually received from its Unrestricted Subsidiaries for such purpose, to the extent such income or similar Taxes are attributable to the income of such Unrestricted Subsidiaries, to pay the portion of such national, regional and/or local income or similar Taxes (as applicable) that are attributable to the taxable income, revenue, receipts, gross receipts, gross profits, capital or margin of the Company, the Issuer and/or its applicable Subsidiaries; *provided* that in each case the amount of such payments in respect of any taxable year does not exceed the amount that the Company, the Issuer and/or its applicable Restricted Subsidiaries (and, to the extent permitted above, its applicable Unrestricted Subsidiaries), as applicable, would have been required to pay in respect of the relevant national, regional or local income or similar Taxes for such taxable year had the Company, the Issuer and/or its applicable Subsidiaries (including its Unrestricted Subsidiaries to the extent described above), as applicable, paid such Taxes separately from any such parent company.

"*Pari Passu Indebtedness*" means Indebtedness (a) of the Issuer which ranks equally in right of payment to the Notes or (b) of any Guarantor which ranks equally in right of payment to the Guarantee of such Guarantor.

"*Permissible Jurisdiction*" means the United Kingdom, Jersey, Luxembourg, any member of the European Union, the Cayman Islands or the United States, any state thereof, the District of Columbia, or any territory thereof.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange, including as a deposit for future purchases, of Related Business Assets or a combination of Related Business Assets and Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any Cash Equivalents received must be applied in accordance with the covenant described under "*—Repurchase at the Option of Holders—Asset Sales*."

"*Permitted Collateral Liens*" means:

(a) (x) Liens on the Collateral that are Permitted Liens (other than Liens described in clauses (1), (10), (14), (15) (to the extent such Liens secure Indebtedness owing to a Restricted Subsidiary that is not the Issuer or a Guarantor), (17), (25), (26) and (29) of the definition of "Permitted Liens")); (y) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be incurred under clauses (1), (2) (in the case of (2), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (3)(a), (3)(b), (3)(d) (if the original Indebtedness was so secured), (9), (11) and (24) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided* that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement, *provided*, *however*, that super priority ranking may be given to any liabilities in respect of Indebtedness incurred under clause (1) and Hedging Obligations permitted by clause (9) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; and (z) Liens on the Collateral securing Indebtedness incurred under clause (12) of the second paragraph of "*Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; *provided* that, in the case of this clause (z), after giving effect to such acquisition or other transaction on that date pursuant to which such Indebtedness was incurred and after giving effect to such incurrence on that date, the Consolidated Senior Secured Debt Ratio (A) shall be equal to or less than 2.60 to 1.00 or (B) would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and incurrence of Indebtedness;

(b) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; *provided* that, in the case of this clause (b), after giving effect to such incurrence on that date, the Consolidated Senior Secured Debt Ratio shall be equal to or less than 2.60 to 1.00; and,

(c) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes; *provided* that, in the case of this clause (c), the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement;

provided, *further*, that each of the parties to Indebtedness secured by Liens pursuant to clauses (a) or (b) of this definition or their agent, representative or trustee will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

"*Permitted Holders*" means any of (i) the Investors and any Affiliate thereof and (ii) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Company or any of its direct or indirect parent companies, acting in such capacity. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made or waived in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Intercompany Activities*" means any transactions (a) between or among the Company and its Restricted Subsidiaries that are entered into in the ordinary course of business of the Company and its Restricted Subsidiaries and, in the good faith judgment of the Company are necessary or advisable in connection with the ownership or operation of the business of the Company and its Restricted Subsidiaries, including, but not limited to, (i) payroll, cash management, purchasing, insurance and hedging arrangements and (ii) management, technology and licensing arrangements; and (b) between or among the Company and its Restricted Subsidiaries.

"*Permitted Investments*" means:

(1) any Investment in the Company or any of its Restricted Subsidiaries;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent substantially all of its assets or a division, business unit or product line, including research and development and related assets in respect of any product) that is engaged directly or indirectly in a Similar Business if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is amalgamated, merged or consolidated with or into, or transfers or conveys substantially all of its assets (or such division, business unit or product line) to, or is liquidated into, the Company or a Restricted Subsidiary,

and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation or transfer;

(4) any Investment in securities or other assets, including earn-outs, not constituting Cash Equivalents and received in connection with an Asset Sale made pursuant to "*—Repurchase at the Option of Holders—Asset Sales*" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, reinvestment or renewal of any such Investment or binding commitment existing on the Issue Date; *provided* that the amount of any such Investment may be increased in such extension, modification, replacement, reinvestment or renewal only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;

(6) any Investment acquired by the Company or any of its Restricted Subsidiaries:

(a) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business or consistent with past practice;

(b) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable (including any trade creditor, supplier or customer);

(c) in satisfaction of judgments against other Persons; or

(d) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Hedging Obligations permitted under clause (9) of the second paragraph of the covenant described in "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(8) Investments the payment for which consists of Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Funding of the Company or any of its direct or indirect parent companies; *provided* that such Equity Interests will not increase the amount available for Restricted Payments under clause (c)(ii) of the first paragraph under the covenant described in "*—Certain Covenants—Limitation on Restricted Payments*";

(9) guarantees of Indebtedness permitted under the covenant described in "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," performance guarantees and Contingent Obligations and the creation of Liens on the assets of the Issuer or any Restricted Subsidiary in compliance with the covenant described under "*—Certain Covenants—Limitation on Liens*";

(10) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the third paragraph of the covenant described under "*—Certain Covenants—Transactions with Affiliates*" (except transactions described in clauses (2), (5), (10) and (13) of such paragraph);

(11) Investments consisting of (i) purchases or other acquisitions of inventory, supplies, material or equipment, (ii) the leasing, sub-leasing, licensing, sub-licensing, cross licensing or contribution of intellectual property in the ordinary course of business or consistent with past practice or pursuant to joint marketing arrangements with other Persons, (iii) the contribution, assignment, licensing, sub-licensing or other Investment of intellectual property or other general intangibles pursuant to any Intercompany License Agreement and any other Investments made in connection therewith or (iv) the contribution, assignment, licensing, sub-licensing of or other Investment in non-automotive intellectual property or other related general intangibles and any other Investments made in connection therewith;

(12) Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (12) that are at that time outstanding not to exceed the greater of (x) £50.0 million and (y) 16.0% of LTM EBITDA (in each case, determined on the date such Investment is made, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such investments;

(13) Investments in or relating to a Receivables Subsidiary that, in the good faith determination of the Company are necessary or advisable to effect any Qualified Receivables Financing (including any contribution of replacement or substitute assets to such subsidiary) or any repurchase obligation in connection therewith;

(14) loans and advances to, or guarantees of Indebtedness of, future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants not in excess of £5.0 million outstanding at any one time;

(15) loans and advances to future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants (a) for business related travel or entertainment expenses, moving expenses and other similar expenses or payroll advances, in each case incurred in the ordinary course of business or consistent with industry practices or (b) to fund such Person's purchase of Equity Interests of the Company or any direct or indirect parent company thereof or in any management equity vehicle so investing in such Equity Interests;

(16) advances, loans or extensions of trade credit in the ordinary course of business or consistent with past practice by the Company or any of its Restricted Subsidiaries;

(17) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business or consistent with past practice;

(18) Investments made as part of, or in connection with, (a) the Transactions and (b) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice;

(19) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(20) Investments in Indebtedness of the Company and the Restricted Subsidiaries, including repurchases of the Notes;

(21) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers or in settlement of delinquent obligations of, or other disputes with, customers and suppliers arising in the ordinary course of business or consistent with past practice or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(22) Investments made in connection with Permitted Intercompany Activities and related transactions;

(23) Investments in joint ventures of the Company or any of its Restricted Subsidiaries, taken together with all other Investments made pursuant to this clause (23) that are at that time outstanding not to exceed the greater of (x) £62.0 million and (y) 20.0% of LTM EBITDA (in each case, determined on the date such Investment is made, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such investments;

(24) Investments made from casualty insurance proceeds in connection with the replacement, substitution, restoration or repair of assets on account of a Casualty Event;

(25) earnest money deposits required in connection with any acquisition permitted under the Indenture (or similar Investments); and

(26) Investments to the extent required by applicable rules under the Exchange Act or by any governmental authority, including any Investment made in order to avoid any early warning or notice requirements under such rules or requirements.

For purposes of determining compliance with this definition, in the event that a proposed Investment (or a portion thereof) meets the criteria of clauses (1) through (26) above, the Company will be entitled to divide or classify or later divide or reclassify (based on circumstances existing on the date of such reclassification) such Investment (or a portion thereof) between such clauses (1) through (26) in any manner that otherwise complies with this definition.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) Liens in favor of the Company of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing the payment of all or a part of the purchase price of, or securing Indebtedness (including Financing Lease Obligations and Purchase Money Obligations) incurred by the Company or any of its Restricted Subsidiaries to finance, the purchase, lease, expansion, construction, development, installation, replacement, relocation, renewal, maintenance, upgrade, repair or improvement of property (real or personal), equipment or any other asset, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, or securing other Indebtedness incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary, or arising from any escrow arrangement in relation to a management equity program;

(16) Liens (other than, if applicable, Permitted Collateral Liens) securing Refinancing Indebtedness incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than pursuant to clauses (25) and (29) of this definition); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Finance Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts securing Indebtedness incurred under clauses (10), (13), (16) or (17) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" with local financial institutions;

(22) Liens on any escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens incurred in the ordinary course of business with respect to obligations which do not exceed the greater of £77.5 million and 25.0% of LTM EBITDA at any one time outstanding;

(26) Permitted Collateral Liens;

(27) any security granted over the marketable securities portfolio described in clause (15) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(28) Liens on Receivables Assets incurred in connection with a Qualified Receivables Financing;

(29) Liens on Indebtedness permitted to be incurred pursuant to clause (24) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; and

(30) Liens on property or assets securing any Inventory Funding Facility.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness. In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of "Permitted Lien" to which such Permitted Lien has been classified or reclassified.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Purchase Money Obligations*" means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise (including through the purchase of Capital Stock of any Person owning such property or assets).

"*Qualified Proceeds*" means the fair market value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

"*Qualified Receivables Financing*" means the Wholesale Finance Facility and any Receivables Financing.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's, S&P and Fitch, or if Moody's, S&P or Fitch or any combination thereof or a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company which shall be substituted for Moody's, S&P or Fitch or any combination thereof, as the case may be.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any

other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinancing Indebtedness*" means Indebtedness that is incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (or unutilized commitment in respect of Indebtedness that could have otherwise been incurred in compliance with the Indenture) existing on the Issue Date or incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness (or unutilized commitment in respect of Indebtedness) of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness (or unutilized commitment in respect of Indebtedness) of the Company or a Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, of the Notes;

(2) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness (or unutilized commitment in respect of Indebtedness) being refinanced (plus, without duplication, any additional Indebtedness incurred to pay interest or premia required by the instruments governing such existing Indebtedness, tender premia and costs, expenses and fees incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated in right of payment to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary; *provided*, *further*, that the provisions of clause (3) above would not operate to preclude the refinancing of indebtedness with Indebtedness that is secured with a super priority status (or other preferential security status) if such security is otherwise permitted pursuant to the Indenture.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Business Assets*" means assets (other than Cash Equivalents) used or useful in a Similar Business or any securities of a Person received by the Company or a Restricted Subsidiary in exchange for assets transferred by the Company or a Restricted Subsidiary; *provided* that any such securities shall not be deemed to be Related Business Assets, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"*Reserved Indebtedness Amount*" has the meaning set forth in the covenant described under the caption "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*."

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, with respect to any Person, at any time, any direct or indirect Subsidiary of such Person that is not then an Unrestricted Subsidiary; *provided* that upon an Unrestricted Subsidiary ceasing to be an

Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary." Unless the context otherwise requires, any references to Restricted Subsidiary refer to a Restricted Subsidiary of the Company.

"*Revolving Credit Facility*" means one or more facilities made available under the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the revolving credit facility agreement to be entered into on or about the date of the Offering Memorandum, among, *inter alios*, Aston Martin Lagonda Limited as original borrower, Barclays Bank PLC, Goldman Sachs International Bank, Deutsche Bank AG, London Branch and HSBC UK Bank plc, as arrangers, the financial institutions named therein as original lenders, U.S. Bank Global Corporate Trust Limited, as agent and U.S. Bank Trustees Limited, as security agent, as amended, amended and restated and/or replaced from time to time.

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and any successor to its rating agency business.

"*Sale and Lease Back Transaction*" means any arrangement providing for the leasing by the Company or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission, or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries secured by a Lien.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security interest agreements, pledge agreements, security assignments, debentures and any other instrument or document creating security interests in the Collateral, as the same may be amended, supplemented or otherwise modified from time to time.

"*Senior Indebtedness*" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Revolving Credit Facility and the related guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all (x) Hedging Obligations (and guarantees thereof) and (y) obligations in respect of Bank Products (and guarantees thereof) owing to a lender under the Revolving Credit Facility or any Affiliate of such lender (or any Person that was a lender or an Affiliate of such lender at the time the applicable agreement giving rise to such Hedging Obligation was entered into); *provided* that such Hedging Obligations and obligations in respect of Bank Products, as the case may be, are permitted to be incurred under the terms of the Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Notes or any Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3); *provided* that Senior Indebtedness shall not include:

    (a) any obligation of such Person to the Company or any of its Subsidiaries (excluding any Indebtedness purchased by the Company or any of its Subsidiaries that prior to such purchase was Senior Indebtedness);

    (b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business; or

(d) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Indenture.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date, (b) the design and manufacture (including all component parts) of automobiles and other luxury products and (c) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Sterling Applicable Premium*" means, with respect to any Sterling Note, the greater of:

(1) 1% of the principal amount of such Sterling Note, and

(2) on any date of redemption, the excess (to the extent positive), of:

(a) the present value at such date of redemption of (i) the redemption price of such Sterling Note at March 15, 2026 (such redemption price being par and excluding accrued but unpaid interest to, but excluding, the date of redemption), plus (ii) all required remaining scheduled interest payments due on such Sterling Note to and including March 15, 2026 (excluding accrued but unpaid interest to, but excluding, the date of redemption), computed upon the date of redemption using a discount rate equal to the Applicable Gilt Rate at such date of redemption plus 50 basis points, over

(b) the then outstanding principal amount of such Sterling Note.

The Issuer shall calculate, or cause the calculation of, the Sterling Applicable Premium, and the Trustee and any Paying Agent shall have no duty to calculate, or verify the Issuer's calculations of, the Sterling Applicable Premium.

"*Sterling Equivalent*" means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Company or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in *The Financial Times* in the "*Currency Rates*" section (or, if *The Financial*

Times is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Company) on the date of such determination.

"*Subordinated Indebtedness*" means, with respect to the Notes,

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Notes.

"*Subordinated Shareholder Funding*" means collectively, any funds provided to the Company or any Restricted Subsidiary by a Holding Company of the Company or a Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Holding Company of the Company or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash, interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms or the Intercreditor Agreement, any Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders of the Notes than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Shareholder Liabilities" (as defined therein),

provided, *further*, that, for the avoidance of doubt, any Indebtedness shall constitute Subordinated Shareholder Funding hereunder if such Indebtedness constitutes "Shareholders Liabilities" (as defined in the Intercreditor Agreement).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

    (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "*beneficially own*" has the meaning correlative to the term "*beneficial owner*," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (or any successor provision).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

"*Transaction Expenses*" means any fees or expenses incurred or paid by the Investors, the Company or any of its (or their) Affiliates in connection with the Transactions (including payments to future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants as change of control payments, severance payments, consent payments, special or retention bonuses and charges for repurchase or rollover, acceleration or payments of, or modifications to, stock option or other equity-based awards, expenses in connection with hedging transactions related to the Revolving Credit Facility and any original issue discount or upfront fees), the Indenture, the Notes, the Finance Documents (as defined in the Revolving Credit Facility Agreement) and the transactions contemplated hereby and thereby.

"*Transactions*" means (i) the issuance of any Notes, (ii) the entrance into the Security Documents, (iii) the entrance into the Notes Proceeds Loan Agreement, (iv) the entrance into the Revolving Credit Facility Agreement, (v) the repayment in full of the borrowings under the Existing Revolving Credit Facility, including accrued and unpaid interest thereon, (vi) the entrance into the Intercreditor Agreement, (vi) the repayment, redemption or repurchase of the full principal amount of the outstanding Existing Notes, (vii) the payment or incurrence of any fees, expenses or charges associated with any of the foregoing and (viii) any transactions related to the foregoing.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa 77bbbb).

"*U.K. Government Obligations*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*U.S. GAAP*" has the meaning set forth in the definition of "GAAP."

"*U.S. Government Securities*" means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Securities or a specific payment of principal of or interest on any such U.S. Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Securities or the specific payment of principal of or interest on the U.S. Government Securities evidenced by such depository receipt.

"*Uniform Commercial Code*" means (i) the Uniform Commercial Code or any successor provision thereof as the same may from time to time be in effect in the State of New York or (ii) the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it applies to any item or items of Collateral. References in the Indenture and the Security Documents to specific sections of the Uniform Commercial Code are based on the Uniform Commercial Code as in effect in the State of New York on the Issue Date. In the event such Uniform Commercial Code is amended or another Uniform Commercial Code described in clause (ii) is applicable, such section reference shall be deemed to be references to the comparable section in such amended or other Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company which at the time of determination is an Unrestricted Subsidiary (as designated by the Company, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary of the Company (including any existing Subsidiary and any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on, any property of, the Company or any Subsidiary of the Company (other than solely any Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary); *provided* that such designation complies with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

The Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, (i) no Default shall have occurred and be continuing and (ii) (x) any outstanding Indebtedness of such Unrestricted Subsidiary would be permitted to be incurred by a Restricted Subsidiary under the covenant described under "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" (including pursuant to clause (12) of the second paragraph thereof treating such redesignation as an acquisition for the purpose of such clause) and shall be deemed to be incurred thereunder and (y) all Liens encumbering the assets of such Unrestricted Subsidiary would be permitted to be incurred by a Restricted Subsidiary under the covenant "*—Certain Covenants—Limitation on Liens*" and shall be deemed to be incurred thereunder, in each case calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period.

Any such designation by the Company shall be notified by the Company or the Issuer to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of the Company or any direct or indirect parent of the Company giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person as of any date means all classes of Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

"*Wales Guarantee Fee Agreement*" means the agreement between certain representatives of the government of Wales, Aston Martin Lagonda Limited and Aston Martin Holdings (UK) Limited dated December 8, 2016, pursuant to which Aston Martin Lagonda Limited and Aston Martin Holdings (UK) Limited have agreed to pay the government of Wales a fee in connection with its guarantee of certain obligations with respect to the occupation of the premises on which the St Athan plant is housed.

"*Wholesale Finance Facility*" means the multi-currency wholesale finance facility dated December 21, 2017, as amended on November 1, 2020 and as further amended on October 12, 2022, with CA Auto Bank S.p.A. and its regional designates, as amended from time to time, and any Receivables Financing that refinances such facility.

"*Wholly Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

"*Yew Tree Consortium*" means the consortium led by Lawrence Stroll consisting of Yew Tree Overseas Limited, Saint James Invest SA, J.C.B. Research, RRRR Investments LLC, John Idol, FrancInvest Holding Corporation, Omega Funds I Limited and ErsteAM Ltd.

BOOK-ENTRY; DELIVERY AND FORM

General

Each series of Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "*Regulation S Global Notes*"). The Regulation S Global Notes representing the Dollar Notes (the "*Dollar Regulation S Global Notes*") will be deposited upon issuance with the custodian for The Depository Trust Company ("*DTC*") and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Sterling Notes (the "*Sterling Regulation S Global Notes*") will be deposited upon issuance with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "*Rule 144A Global Notes*" and, together with the Regulation S Global Notes, the "*Global Notes*"). The Rule 144A Global Notes representing the Dollar Notes (the "*Dollar 144A Global Notes*" and, together with the Dollar Regulation S Global Notes, the "*Dollar Global Notes*") will be deposited upon issuance with the custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Rule 144A Global Notes representing the Sterling Notes (the "*Sterling 144A Global Notes*" and, together with the Sterling Regulation S Global Notes, the "*Sterling Global Notes*") will be deposited upon issuance with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Dollar Global Notes (the "*Dollar Book-Entry Interests*") and ownership of interests in the Sterling Global Notes (the "*Sterling Book-Entry Interests*" and, together with the Dollar Book-Entry Interests, the "*Book-Entry Interests*") will be limited to persons that have accounts with DTC or Euroclear and/or Clearstream, respectively, or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC or Euroclear and Clearstream, as applicable, and their participants. Clearstream and Euroclear are direct and indirect participants, respectively, in DTC and, accordingly, persons who have accounts with Clearstream or Euroclear (or with participants in Clearstream or Euroclear) may own Book-Entry Interests. The Book-Entry Interests in the Dollar Global Notes will initially be issued only in denominations of $200,000 and in integral multiples of $1,000 in excess thereof. The Book-Entry Interests in the Sterling Global Notes will initially be issued only in denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC or Euroclear and Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and the participants through which they own Book-Entry Interests, in order to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Initial Purchasers, the Issuer, the Trustee, the Paying Agent, the Transfer Agent or the Registrar under the Indenture or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "*Definitive Registered Notes*"):

- if DTC, Euroclear or Clearstream, as applicable, notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear or Clearstream following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or Euroclear and Clearstream, as applicable, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that any such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if any such Definitive Registered Note is mutilated and is surrendered to the Registrar, the Trustee or the Issuer, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect the Issuer, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear or Clearstream (or their respective nominees), as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no Book-Entry Interest of less than $200,000 principal amount in the case of a Dollar Book-Entry Interest, or £100,000 principal amount in the case of a Sterling Book-Entry Interest, may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and additional amounts) to the relevant paying agent. The relevant paying agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar Global Notes) and to the common depositary for Euroclear and Clearstream (in the case of the Sterling Global Notes), which will distribute such payments to participants in accordance with their respective procedures. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made by applicable law or regulation or otherwise as described under "*Description of the Notes—Withholding Taxes*," then, and only to the extent described under "*Description* *of the Notes—Withholding Taxes*," the Issuer will pay additional amounts as may be necessary in order to ensure that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., DTC, Euroclear or Clearstream or their respective nominees) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by DTC, Euroclear or Clearstream, or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear or Clearstream, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- DTC, Euroclear or Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name."

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interests in such Notes through DTC in U.S. dollars. The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Sterling Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in Sterling.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC, Euroclear or Clearstream, as applicable, and in accordance with the provisions of the Indenture.

The Rule 144A Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Transfer Restrictions*."

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or any other exemption (if available under the U.S. Securities Act).

Prior to 40 days after the date of initial issuance of the Notes, ownership interests in Regulation S Global Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream or persons who hold interests through DTC, Euroclear or Clearstream, and any sale or transfer of interests to U.S. persons will not be permitted unless the resale or transfer is made pursuant to Rule 144A.

Beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that the transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This paragraph refers to transfers and exchanges with respect to the Dollar Global Notes only. Transfers involving an exchange of a Dollar Book-Entry Interest in a Regulation S Global Note for a Dollar Book-Entry Interest in a 144A Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in a Regulation S Global Note prior to the expiration of the 40 days after the date of issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all applicable transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions.*"

Information concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear or Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

DTC advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Issuer expects that the Book-Entry Interests will trade through participants of DTC, Euroclear and Clearstream, as applicable, and will settle in same-day funds. Since the sale determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Trustee, the paying agent, the transfer agent or the registrar under the Indenture will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

CERTAIN TAX CONSIDERATIONS

Certain United Kingdom Tax Considerations

The following is a general description of certain United Kingdom ("*UK*") tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("*HMRC*") published practice (which may not be binding on HMRC), both of which may be subject to change, possibly with retrospective effect. The comments below do not purport to be a complete analysis of all UK tax considerations relating to the Notes, and in particular do not address the United Kingdom tax consequences of disposing of the Notes. The comments below relate only to persons who are the absolute beneficial owners of their Notes and who hold their Notes as a capital investment, and do not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. The comments below assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes).

The comments below do not purport to constitute legal or tax advice. If you are subject to tax in any jurisdiction other than the UK or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

Interest on the Notes

Payment of Interest on the Notes

Interest on the Notes may be payable by the Issuer without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "*recognised stock exchange*" within the meaning of section 1005 of the Income Tax Act 2007 ("*ITA*"). The Exchange is a recognised stock exchange for these purposes. The Notes will be treated as listed on the Exchange if they are included in the Official List of the Exchange and are admitted to trading on the Exchange.

If the Notes are not or cease to be listed on a "*recognised stock exchange*," interest may be payable by the Issuer without withholding or deduction for or on account of UK income tax where the Issuer (and any person by or through whom interest on the Notes is paid) reasonably believes at the time the payment is made that (a) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the UK through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (b) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 933-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment of interest may not be made without that withholding or deduction.

In all other cases, interest will be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20%) unless either the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty or certain other limited exceptions apply.

If interest were paid under deduction of UK income tax (e.g.*,* if the Notes are not or cease to be listed on the Exchange), holders of the Notes who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The Notes will be issued at a price that is less than their nominal amount. Any discount element of the amount payable on redemption of the Notes should not be subject to withholding or deduction for or on account of UK income tax.

Any premium payable on redemption of the Notes may be treated as a payment of interest for UK tax purposes and, accordingly, may be subject to the UK withholding tax treatment described above.

Provision of Information

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include the value of the Notes, details of the beneficial owners of the Notes, of the person for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited.

Information obtained by HMRC may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Additional UK Tax Issues

Interest, discount and premium (if any) on the Notes may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction for or on account of UK income tax.

However, interest, discount and premium (if any) received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the UK unless (a) that holder of Notes is a company which carries on a trade in the UK through a permanent establishment in the UK or, if not such a company, carries on a trade, profession or vocation in the UK through a branch or agency, and (b) the interest, discount and premium (if any) is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

Payments by a Guarantor

Payments by a Guarantor under the Guarantees in respect of interest on the Notes (or in respect of other amounts due under the Notes other than the repayment of amounts subscribed for such Notes) may be subject to UK withholding tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other relief which may apply. Such payments by a Guarantor may not, however, be eligible for the exemptions from the obligation to withhold tax described in the paragraphs above.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on the issue of the Notes, or on a transfer of the Notes provided that (i) the interest payable on the Notes does not exceed a reasonable commercial return on the nominal amount of the Notes and (ii) the Notes do not carry a right on repayment to an amount which exceeds the nominal amount of the Notes and which is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange.

Certain Jersey Tax Considerations

The following summary of the anticipated treatment of the Issuer and holders of Notes (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Prospective investors in the Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

Taxation of the Issuer

The Issuer is not regarded as resident for tax purposes in Jersey. Therefore, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and payments in respect of the Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax. The holders of Notes (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Notes.

Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of the Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Notes on the death of a holder of such Notes where such Notes are situated in Jersey. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Notes domiciled in Jersey, or situated in Jersey in respect of a holder of Notes domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000. Where the Notes are in registered form and the register is not maintained in Jersey such Notes should not be considered to be situated in Jersey for these purposes.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes. This summary deals only with Notes held as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "*Code*")) by U.S. holders (as defined below) who purchase the Notes for cash pursuant to this Offering at their "*issue price*" (the first price at which a substantial amount of the Notes is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "*U.S. holder*" means a beneficial owner of the Notes that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If any entity or arrangement classified as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the Notes, you should consult your own tax advisors. This summary does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are (i) a holder of Existing Notes or (ii) a person subject to special tax treatment under the U.S. federal income tax laws, including, without limitation:

- a broker or dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;
- a partnership or other pass-through entity or arrangement (or an investor in such an entity or arrangement);
- a person required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement;
- a person whose "functional currency" is not the U.S. dollar; or

- a U.S. expatriate.

This summary is based on the Code, U.S. Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those summarized below. We have not and will not seek any rulings from the Internal Revenue Service ("*IRS*") regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below.

This summary does not represent a detailed description of the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the Medicare contribution tax on net investment income, the alternative minimum tax or the effects of any U.S. state, local or non-U.S. tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Notes.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.

Payment of Interest

Subject to the foreign currency rules discussed below, payment of interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) will generally be taxable to you as foreign source ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

Interest on the Sterling Notes will be payable in pound sterling. If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income (as foreign source ordinary income) the U.S. dollar value of the amount of interest received on the Sterling Notes, determined by translating the pound sterling received at the spot rate on the date such payment is received, regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment (other than exchange gain or loss realized on the disposition of the pounds sterling so received).

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to interest on the Sterling Notes in accordance with either of two methods. Under the first method you will be required to include in income (as foreign source ordinary income) for each taxable year, the U.S. dollar value of the interest that has accrued on the Sterling Notes held during such year, determined by translating such interest at the average rate of exchange for the period or periods (or portions thereof) during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period;
- the last day of the taxable year if the accrual period straddles your taxable year; or
- the date the interest payment is received if such date is within five business days of the end of the accrual period.

If you elect to use the second method, the election must be consistently applied by you to all debt instruments from year to year and can be changed only with the consent oft he IRS. In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a Sterling Note (including, upon the sale of a Sterling Note, the receipt of proceeds, which include amounts attributable to accrued interest previously included in income), you will recognize United States source ordinary gain or loss, which generally will not be treated as an adjustment to interest income or expense, in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the pounds sterling received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

Additional Amounts and Foreign Tax Credits

In addition to interest on the Notes, you will be required to include in income any additional amounts paid in respect of any foreign withholding taxes and without reduction for any amounts withheld.

You may be entitled to deduct or credit any such foreign withholding tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest and any additional amounts on a Note will generally be considered foreign source income and, for purposes of the U.S. foreign tax credit, will generally be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to a Note where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. In addition, Treasury regulations (the "Foreign Tax Credit Regulations") impose additional requirements for foreign taxes to be eligible for a foreign tax credit and there can be no assurance that those requirements will be satisfied, although recent IRS guidance allows taxpayers to defer the application of many aspects of the Foreign Tax Credit Regulations until new guidance or regulations are issued. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisors regarding the Foreign Tax Credit Regulations and the availability of the foreign tax credit (or deduction in lieu of such credit) under your particular circumstances.

Sale, Exchange, Retirement, Redemption or other Taxable Disposition of the Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (other than amounts attributable to accrued and unpaid interest, which will be treated as described above under "*—Payment of Interest*") and your adjusted tax basis in the Note. Your adjusted tax basis in a Note will generally be your U.S. dollar cost for the Note.

If you purchased a Sterling Note with pound sterling, your U.S. dollar cost generally will be the U.S. dollar value of the pound sterling paid for such Sterling Note determined at the spot rate on the date of such purchase. If a Sterling Note is sold, exchanged, retired or otherwise disposed of in a taxable transaction for pound sterling, then your amount realized generally will be based on the spot rate in effect on the date of such sale, exchange, retirement or other taxable disposition. If, however, you are a cash method taxpayer and the Sterling Notes are traded on an established securities market for United States federal income tax purposes, pounds sterling paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. If you use the accrual method of accounting for United States federal income tax purposes, you may elect the same treatment with respect to the purchase and sale of Sterling Notes traded on an established securities market, provided that such election is applied consistently to all debt instruments held by you from year to year. Such election cannot be changed without the consent of the IRS. An accrual basis taxpayer that does not make the special settlement date election and sells a Sterling Note will recognize foreign currency exchange gain or loss, which generally will be treated as United States source ordinary income or loss, to the extent that there are exchange rate fluctuations between the sale date and the settlement date. Except with respect to gain or loss attributable to changes in exchange rates as discussed below, any gain or loss you recognize will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Notes for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as United States source gain or loss.

A portion of your gain or loss with respect to the principal amount of a Sterling Note may be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the principal amount of the Sterling Note is your purchase price for the Sterling Note calculated in pound sterling on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined at the spot rate on the date of the sale, exchange, retirement or other taxable disposition of the Sterling Note and (ii) the U.S. dollar value of the principal amount determined at the spot rate on the date you purchased the Sterling Note (or, possibly, in the case of cash basis or electing accrual basis taxpayers, the settlement dates of such purchase and taxable disposition, if the Sterling Note is treated as traded on an established securities market for U.S. federal income tax purposes). The amount of exchange gain or loss realized on the disposition of the Sterling Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the Sterling Note.

Disposition of pounds sterling

Your tax basis in pounds sterling received as interest on a Sterling Note or on the sale, exchange, retirement or other taxable disposition of a Sterling Note will be the U.S. dollar value thereof at the spot rate in effect on the date the pounds sterling are received. Any gain or loss recognized by you on a sale, exchange or other disposition of the pounds sterling will generally be treated as United States source ordinary income or loss.

Tax return disclosure requirements

United States Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the United States Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a receipt or accrual of interest on or a sale, exchange, retirement or other taxable disposition of a Sterling Note or pounds sterling received in respect of a Sterling Note to the extent that such receipt, accrual, sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a Sterling Note, you should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Sterling Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of interest and the proceeds from a sale or other disposition (including a retirement or redemption) of a Note paid to you, unless you are an exempt recipient and, when required, demonstrate this fact. Additionally, if you fail to provide your taxpayer identification number or a certification that you are not subject to backup withholding, you may be subject to backup withholding on any such payments or proceeds.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Certain U.S. holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in the Notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the Notes.

CERTAIN INSOLVENCY AND LOCAL LAW LIMITATIONS

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests relating to the Notes, and of certain insolvency law considerations in each of the jurisdictions in which the Issuer, the Guarantors and the providers of security (as of the date hereof) are organized or incorporated. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or in the jurisdiction of organization or incorporation of a future guarantor under the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and any security securing the Notes.

Also set out below is a brief description of certain aspects of insolvency laws in Jersey and England and Wales. In the event that any one or more of the Issuer or the Guarantors or providers of Collateral experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security granted by any of the Issuer and the Guarantors.

Jersey

Insolvency

The Issuer and AM Capital are incorporated under the laws of Jersey. Consequently, in the event of an insolvency of the Issuer or AM Capital insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: "*désastre*" and winding up. The "*désastre*" procedure in respect of a Jersey company may be instigated by the Jersey Financial Services Commission, an eligible creditor or the company making an application for an Act of the Royal Court of Jersey (the "*Royal Court*") under the Bankruptcy (*Désastre*) (Jersey) Law 1990, as amended (the "*Jersey Bankruptcy Law*") declaring the property of a debtor to be "*en désastre*" (a "*declaration*"). On a declaration of "*désastre*," title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "*Viscount*"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the debt. A secured party may, however, without the consent of the Viscount and without an order of the Royal Court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "*2012 Law*"). To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the property or person of the debtor in respect of the balance of the debt, and may not commence any legal proceedings or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the balance of the debt.

There are two forms of "creditors' winding up" available in respect of a Jersey company pursuant to the Companies (Jersey) Law 1991, as amended (the "*Jersey Companies Law*"): (i) a court ordered procedure (a "*court ordered creditors' winding up*") which is instigated by an eligible creditor of the company making an application for an order of the Royal Court to commence a creditors' winding up and (ii) a voluntary procedure (a "*non-court ordered creditors' winding up*") which is instigated by a special resolution of the shareholders of the company. On a creditors' winding up, a liquidator is nominated by the applying creditor (in the case of a court ordered creditors' winding up) or the shareholders (in the case of a non-court ordered creditors' winding up). The court (in the case of a court ordered creditors' winding up) or the creditors (in the case of a non-court ordered creditors' winding up) may approve such a liquidator or appoint a different liquidator. In the case of a court ordered creditors' winding up, the Royal Court may also appoint a provisional liquidator in the intervening period between the initial application and the order to commence the creditors' winding up. In the case of a court ordered creditors' winding up, the liquidator (including any liquidator appointed provisionally) must, within seven days of their appointment, give known creditors notice calling a creditors' meeting to be held 21 days' after the date of the relevant order of the Royal Court and, in the case of a non-court ordered creditors' winding up, the shareholders must give creditors 14 days' notice of the meeting to commence the creditors' winding up, with a meeting of creditors' to be held immediately following such commencement meeting. Any liquidator appointed provisionally will carry out such functions as conferred by, and may have their powers limited by, the Royal Court. Once the creditors' winding up has commenced, the liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the appointment of a liquidator provisionally or the commencement of the creditors' winding up, no action can be taken or proceeded with against the company except with the leave of the Royal Court. A secured party may, however, without the sanction of a liquidator and without an order of the Royal Court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the 2012 Law. To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the company, and may not, without leave of the Royal Court, take or proceed with any other action to recover the balance of the debt. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved.

The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its creditors' winding up if (among other things) three quarters in number and value of the creditors acceded to the arrangement.

Scheme of Arrangement

Although it is not an insolvency proceeding, under Article 125 of the Jersey Companies Law, the Royal Court may sanction a compromise or arrangement (a "*Scheme*") between a company and its creditors or shareholders (or a class of either of them). The Royal Court may, on application of the company (or a creditor or shareholder or, if the company is being wound up, a liquidator), order a meeting to be called at which the Scheme will need to be agreed to by a majority in number representing:

- 75% in value of the creditors (or class of creditors); or
- 75% of the voting rights of the shareholders (or class of shareholders),

as the case may be, present and voting either in person or by proxy before the Royal Court considers the sanction of the Scheme. If the requisite majority of creditors or shareholders (or of the relevant class of either of them) agree to the Scheme and, following such agreement, the Royal Court sanctions the Scheme, the Scheme is binding on all creditors or shareholders (or on the relevant class of either of them) and on the company (or any liquidator and contributories of the company if the company is being wound up).

Transactions at an Undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "*other party*") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "*relevant time*"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preferences

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "*other party*"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "*relevant time*"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate Transactions, Onerous Property, Disclaimer and Customary Law Fraudulent Dispositions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of "*désastre*" and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the rights, interests and liabilities of the company/debtor in or in respect of the property disclaimed and discharges the company/ Viscount from all liability in respect of the property as of the date of the commencement of the creditors' winding up/from the date of the declaration but shall not, except so far as is necessary for the purpose of releasing the company/debtor and the Viscount from liability, affect the rights or liabilities of any other person. A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the "*désastre*" or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Enforcement of Security and Security in Insolvency

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside Jersey, but to the extent that any floating charge or other security interest governed by a foreign law is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge or other security interest is not likely to be held valid and enforceable by the Jersey courts in respect of Jersey situs assets. The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Jersey courts may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

The Royal Court (in its inherent jurisdiction) may, however, under Article 49(1) of the Jersey Bankruptcy Law assist the courts of prescribed countries and territories and, applying general principles of comity, assist the courts in other jurisdictions, in all matters relating to the insolvency of any person to the extent that the Royal Court think fit. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If insolvency proceedings have been commenced in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

In the case of both statutory and non-statutory requests for assistance, it should be noted that the UNCITRAL provisions will not automatically be followed as this is a matter for the discretion of the Royal Court. The Royal Court's position may also not be in accordance with the Recast Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the Recast Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of center of main interests does not apply.

Enforcement of a security interest against a Jersey company may be further limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or affecting the rights of creditors, and laws in relation to transactions at an undervalue, preferences, extortionate credit transactions, disclaimer of onerous property and fraudulent dispositions also apply in Jersey.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of Jersey law. The Jersey situs assets of the Issuer and AM Investments will be secured pursuant to Jersey law governed security interest agreements. The 2012 Law provides that a secured party may enforce security over intangible movable assets by way of sale or appropriation of the collateral or proceeds. In addition, a secured party may take certain ancillary actions, including any bespoke enforcement powers included in a security agreement, to the extent not in conflict with the 2012 Law. More than one enforcement option can be taken, and taking one or more of the enforcement options specified above does not preclude the exercise of other rights of a secured party. The power of enforcement is exercisable once an event of default has occurred and written notice specifying the event of default has been served on the grantor by the secured party. If enforcement is by way of sale or appropriation, the secured party must give the grantor 14 days' prior written notice. Importantly, the grantor may agree in writing to waive its right to notice of appropriation or sale and it is usual to include such a waiver in the security agreement. The secured party is obliged on sale or appropriation, to give at least 14 days' prior written notice to (i) any person who, 21 days before the sale or appropriation, has a registered security interest in the collateral and (ii) any person other than the grantor who has an interest in the collateral and has, not less than 21 days before the sale or appropriation, given the secured party notice of that interest unless, in each case, the secured party and such person have otherwise agreed in writing. There are specific carve-outs from the obligation to give notice of sale. On exercising the power of enforcement by appropriation or sale, the secured party must (i) take all commercially reasonable steps to determine or, in the case of a sale, obtain the fair market value of the collateral, as at the time of the relevant appropriation or sale, (ii) act in a commercially reasonable manner in relation to the appropriation or sale and (iii) (in the case of a sale only) enter into any agreement for or in relation to the sale only on commercially reasonable terms. The duty of the secured party is owed to the grantor and also to any other person to whom the secured party was required to give notice of sale or appropriation (whether or not they have agreed in writing to waive the notice requirements). If, in exercising its powers of enforcement, a secured party appropriates or sells collateral, it must, within 14 days after the day on which the collateral is appropriated or sold, give certain persons (being the grantor (subject to it having waived this requirement), any person with a registered subordinate security interest and certain persons claiming an interest in the collateral) a written statement of account setting out certain information in relation to that appropriation or sale. If a secured party has sold or appropriated the collateral and the net value or proceeds of appropriation or sale (as appropriate) of the collateral exceeds the amount of the debt owed to the secured party, the secured party shall pay the amount of any resulting surplus in the following order: (i) in payment, in due order of priority, to any person who has a subordinate security interest in the collateral and has registered a financing statement over that security interest (where the registration remained effective immediately before the appropriation or sale), (ii) in payment to any other person (other than the grantor) who has given the secured party notice that that person claims an interest in the collateral and in respect of which the secured party is satisfied that that person has a legally enforceable interest in the collateral and (iii) as to the balance (if any) in payment to the relevant debtor grantor. Alternatively, the secured party may discharge its obligation above with respect to any surplus by paying that amount into the Royal Court. The surplus may then only be paid out on the order of the court on application by a person entitled to the surplus.

In the case of the bankruptcy of the grantor of a security interest under the 2012 Law, such security interest is void against the Viscount (or liquidator of such grantor) and such grantor's creditors unless such security interest is perfected in accordance with the 2012 Law before such grantor becomes bankrupt.

England and Wales

United Kingdom's Withdrawal from the EU

Following a national referendum in June 2016, the UK exercised its right pursuant to Article 50 of the Treaty on the EU to initiate a process to withdraw from the EU and ceased to be a member of the EU on January 31, 2020 at 11:00 p.m. (London time) ("*Exit Day*"). As a result, a reference in this Offering Memorandum to Regulation (EU) 2015/848 on Insolvency Proceedings (the "*Recast Insolvency Regulation*") as it applies to the UK is to be read, on or after Exit Day, as a reference to such EU regulation as it forms part of UK domestic law by virtue of section 3 of the EU (Withdrawal) Act 2018 (as amended) (the "*EUWA*"), and, as it may have been, or may from time to time be, amended, modified or re-enacted by UK domestic law and shall include any subordinate legislation made from time to time under the Recast Insolvency Regulation, as it forms part of UK domestic law by virtue of section 3 of the EUWA.

On Exit Day, the UK entered into a transition period which ended on December 31, 2020 at 11:00 p.m. (London time) ("*IP Day*"). During this transition period, the UK continued to be treated as a Member State, including for the purpose of the Recast Insolvency Regulation. Following the transition period, the UK ceased to be treated as a Member State.

The Recast Insolvency Regulation was amended with effect from IP Day pursuant to the Insolvency (Amendment) (EU Exit) Regulations 2019 (as amended by the Insolvency (Amendment) (EU Exit) Regulations 2020, the Insolvency (Amendment) (EU Exit) (No. 2) Regulations 2019 and paragraph 1, schedule 5, European Union (Withdrawal Agreement) Act 2020) (the "*Insolvency Amendment Regulations*") such that the provisions regarding mutual recognition of insolvency proceedings under the Recast Insolvency Regulation, providing for the automatic recognition of insolvency proceedings commenced in Member States, no longer apply. However, the EUWA provided for the Recast Insolvency Regulation to continue to apply, as it did pre-IP Day, to insolvency proceedings provided that the main proceedings were opened before IP Day. As such, it appears that the Recast Insolvency Regulation will not continue to apply where only territorial proceedings have been opened before IP Day. Therefore, and provided that the main proceedings were started before IP Day, the UK will continue to recognize insolvency proceedings commenced in Member States, and will receive reciprocal recognition of UK insolvency proceedings.

The Insolvency Amendment Regulations, which (with the exception of the Insolvency (Amendment) (EU Exit) Regulations 2020 which came into effect immediately prior to IP Day) came into effect on Exit Day, amend EU insolvency legislation which had direct effect in the UK. In addition to any other grounds to establish jurisdiction that apply under

English law, the post-IP Day Recast Insolvency Regulation (as amended by the Insolvency Amendment Regulations) expressly provides that jurisdiction to commence insolvency proceedings in the UK in respect of a debtor can be established where such proceedings are opened for the purposes of rescue, adjustment of debt, reorganization or liquidation and:

- the debtor's center of main interests ("*COMI*") is in the UK; or
- the debtor's COMI is in a Member State (other than Denmark) and there is an establishment in the UK.

These tests are consistent with the Recast Insolvency Regulation for determining the proper jurisdiction for a debtor's insolvency proceedings and the applicable law to be used in those proceedings. However, the Insolvency Amendment Regulations extend the English court's jurisdiction (i) provided the court considers there to be a sufficient connection with England and Wales (and that (a) there is a reasonable possibility, if a winding-up order is made, of benefit to those applying for the winding-up order and (b) one or more persons interested in the distribution of assets of the company is a person over whom the court can exercise jurisdiction), to wind up any foreign company which might be wound up as an unregistered company under UK insolvency laws, even if its COMI is in a Member State and it has no establishment in the UK and (ii) to place a company incorporated in an EEA state, or having its COMI in a Member State, into administration.

While the English courts can assume jurisdiction over certain foreign companies in respect of certain insolvency proceedings on these bases, the efficacy of such proceedings will significantly depend on the likelihood and extent of subsequent recognition of such proceedings in relevant other jurisdictions (see "*—Cross-border Recognition of English Insolvency and Restructuring Proceedings*").

Insolvency

Certain of the Guarantors and certain of the providers of Collateral are companies incorporated under the laws of England and Wales (each an "*English company*"). The courts of England and Wales have jurisdiction to open insolvency proceedings, based on English insolvency laws, over an English company.

In addition, the Cross-Border Insolvency Regulations 2006 (SI 2006/1030) (the "*Cross-Border Insolvency Regulations*"), which implement the UNCITRAL Model Law on Cross-Border Insolvency (the "*Model Law*") in the UK and which apply to foreign insolvency proceedings (subject to certain exceptions) anywhere in the world without any condition of reciprocity, provide that certain collective foreign (i.e., non-English) proceedings in respect of an English company may be recognized by the English courts as foreign main proceedings where it has its COMI in that foreign jurisdiction, or as foreign non main proceedings where it has an "establishment" (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services) in such foreign jurisdiction. Should any English company have its COMI in a jurisdiction that is not within the UK and insolvency proceedings are opened in that jurisdiction and afforded recognition by the English courts, any proceedings opened in England and Wales would be limited to the assets of the relevant company that are located in Great Britain. Upon recognition of foreign main proceedings, an automatic stay, equivalent to the stay in an English compulsory liquidation (see below), will apply to prevent certain types of creditor action in Great Britain, including commencement of proceedings concerning the debtor's assets, rights, obligations or liabilities (but the automatic stay will not affect a creditor's rights to enforce security over the debtor's property (albeit such a stay may be requested from the English court)). No automatic stay applies upon recognition of foreign non main proceedings (albeit a stay may be requested from the English court).

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways. These include, in the case of administration, the company, its directors or a creditor making an application to court for an administration order, or the company, its directors or the holder of a "qualifying floating charge" (discussed below) granted by the company and which has become enforceable appointing an administrator out of court, or, in the case of liquidation, by a creditor filing a petition at court to wind up the company or the company resolving by special resolution that it be wound up voluntarily.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. The obligations under the Notes will be guaranteed by the Guarantors on the Issue Date and the Notes will be secured by security interests over the Collateral on or about the Issue Date. English insolvency laws and other limitations could limit the enforceability of a guarantee against an English obligor and the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the Guarantees and the security interests over the Collateral. The application of these laws could adversely affect investors, their ability to enforce their rights under the Guarantees and/or the Collateral securing the Notes and therefore may limit the amounts that investors may receive in an insolvency of a Guarantor.

Administration

The Insolvency Act 1986 (as amended, the "*Insolvency Act*") and the onshore version of the Recast Insolvency Regulation (which pursuant to the Insolvency Amendment Regulations has been substantially amended) provide that an administrator may be appointed (whether in or out of court) in respect of a company incorporated in England and Wales or Scotland, a company incorporated in an EEA state, a company not incorporated in an EEA state but with its COMI in a Member State (other than Denmark), a company (wherever incorporated) having its COMI in the UK or a company (wherever incorporated) with its COMI in a Member State (other than Denmark) and an "establishment" in the UK.

Without limitation and subject to specific conditions, following an application to court for an administration order, an administration order can only be made if the court is satisfied that (i) the relevant company is or is likely to become "unable to pay its debts" and (ii) the administration order is reasonably likely to achieve the purpose of administration.

A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), in each case under Section 123 of the Insolvency Act. "Cash flow" insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 (for a period of 3 weeks) or to satisfy in full or in part a judgment debt (or similar court order). The administrator must perform his functions with the objective of rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*—Priority on Insolvency*").

Without limitation and subject to specific conditions, a company, the directors of such company or the holder of a "qualifying floating charge" granted by the company and which has become enforceable may also appoint an administrator out of court, and different procedures apply according to the identity of the appointer.

An administrator is given wide powers to conduct the business of the company to which they are appointed and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge). The entitlement of the floating charge holder(s) to receive the proceeds of the realization of the relevant property will be subject to any prior ranking claims in the statutory order of priority, (see "*—Priority on Insolvency*"). An administrator may also, with the prior approval of the court, deal with assets subject to a fixed charge, provided that disposing of the property is likely to promote the purpose of the administration and the administrator applies the net proceeds from the disposal towards discharging the obligations of the company to the fixed charge holder. An administrator may also dispose of property of a company subject to a fixed charge with the consent of the secured creditors.

In addition, certain rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of an administrator, a statutory moratorium is imposed and no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court (although a demand for payment could be made under a guarantee granted by the company). The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for permission in light of the hierarchy of statutory objectives of administration described above. An interim moratorium on similar terms will apply where an application for an administration order has been made but not yet granted or dismissed (or where an administration order has not yet taken effect) or from such time as a notice of an intention to appoint an administrator has been filed until the earlier of the appointment of an administrator and the expiry of a period of five business days (where the administrator is proposed to be appointed by the holder of a qualifying floating charge) or 10 business days (where the administrator is proposed to be appointed by the company or directors).

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realize their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) (as amended) (the "*Financial Collateral Regulations*") (see further below).

If an English company were to enter administration, whether it would be possible to enforce any security granted by it while the company was in administration without permission of the court or consent of the administrator would depend on whether such security constituted a financial collateral arrangement. A demand for payment could be made under any guarantee granted by the company but no legal process could be instituted against the company in connection therewith without the consent of the administrator or the permission of the court.

Accordingly, if any of the Issuer, the Guarantors or the providers of Collateral were to enter into administration, the Notes and the Guarantees and the Collateral, as applicable, could not be enforced (save to the extent that the Collateral constitutes a financial collateral arrangement) while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

Administration, Administrative Receivership and Floating Charges

As set out above, the Insolvency Act empowers the English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge granted by the company and which has become enforceable, and different procedures apply according to the identity of the appointer. The Notes are not secured by a floating charge.

In order to empower the chargee to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Insolvency Act to the prohibition on the appointment of administrative receivers. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act). This will apply if an English obligor incurs a debt of at least £50,000,000 during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act but is generally a rated, listed or traded debt instrument, as well as fulfilling certain other technical requirements). If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of any part of the company's property must resign if required to do so by the administrator.

In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (i) states that paragraph 14 of Schedule B1 to the Insolvency Act applies to it, (ii) purports to empower the holder to appoint an administrator of the company or (iii) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29 of the Insolvency Act. The chargee will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with any fixed charge security interests, relates to the whole or substantially the whole of the relevant English obligor's property and at least one such security interest is a qualifying floating charge. Please note that carve-outs in the security document which apply to the floating charge may, on their own, or cumulatively with other carve-outs, impact the analysis of whether the 'whole or substantially the whole of the property' is covered by the charge and therefore whether the chargee is a "holder of a qualifying floating charge in respect of a company's property." Whether the assets that are subject to the floating charges and other security will constitute the whole or substantially the whole of the company's assets at the time that the floating charges are enforced will be a question of fact at that time and there is no statutory guidance as to what percentage of a company's assets should be charged to satisfy this test.

An administrator, receiver (including administrative receiver) or liquidator of the company will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (the "*Prescribed Part*"). This applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, and the Prescribed Part is subject to a maximum aggregate cap of £800,000 (such cap being effected by the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020) (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before April 6, 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made and distributed to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefits (and, if the floating charge realizations exceed £10,000, the court may grant an order on the application of the insolvency officeholder on this basis). The Prescribed Part will not be available for any shortfall claims of secured creditors.

The requirement for an administrator, liquidator or receiver (including administrative receiver) to set aside a prescribed part of the company's property which is subject to a floating charge, and make it available for unsecured creditors, will not apply to any charge created or otherwise arising under a financial collateral arrangement (as described in the Financial Collateral Regulations 2003), as set out below.

Fixed Charge Receivership

A fixed charge receiver (as opposed to an administrative receiver, who is appointed under certain floating charges, see "*—Administration, Administrative Receivership and Floating Charges*" above) may be appointed over some or all of the assets secured by a fixed charge in accordance with the terms of a security document creating a fixed charge or (in limited circumstances) pursuant to section 101 of the Law of Property Act 1925.

If appointed pursuant to the terms of a security agreement, grounds for appointment under the terms of the charge (such as a default) must exist and the charging company must have failed to satisfy the demand made for an appointment to take place. A fixed charge receiver can be appointed in parallel to a liquidator. An administrator may require a fixed charge receiver to vacate office unless that fixed charge receiver was appointed under a charge that falls within the definition of a "security financial collateral arrangement," as per Reg. 8(4) of the Financial Collateral Regulations.

The primary duty of the fixed charge receiver is to realize the assets over which (s)he is appointed, meaning (s)he owes an over-riding duty of care to the appointor. This contrasts with the duty of an administrator, who performs his/her duties in the interests of a company's creditors as a whole. In other words, receivership is a proprietary remedy whereas administration is a collective procedure. In realizing the charged assets, the receiver will need to take reasonable care to obtain the best price obtainable in the circumstances. In doing so, the fixed charge receiver will be entitled to a statutory indemnity in respect of any liabilities from the realizations made of the assets of the company (and may also have the benefit of a contractual indemnity from the appointor).

To the extent the receiver has been appointed under a crystallized floating charge, amounts will be deducted from the proceeds of the realization of the charged assets to pay the Prescribed Part and any preferential creditors (see "*—Priority on Insolvency*").

Fixed and Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security (i) an administrator appointed to a charging company can convert floating charge assets to cash and, where the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, use such cash, or use cash subject to a floating charge, to meet administration expenses (which include the administrator's remuneration and can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder, (ii) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets (provided the floating charge had not crystallized at the time the fixed charge was granted and the fixed charge holder has no notice of any restrictions), (iii) provided that the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to the claims of the floating charge holder, (iv) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge, (v) floating charge security may be subject to certain challenges under English insolvency law (see "*—Avoidance of Transactions—Grant of Floating Charge*"), (vi) where the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, floating charge security is (a) subject to the expenses of the insolvent estate, (b) subject to the claims of certain preferential creditors (such as employee, salary claims (up to a cap per employee), employee holiday claims, certain unpaid pension contributions, and VAT and other certain tax debts due to HMRC) and (c) as noted above, subject to the ring-fencing of the Prescribed Part (as defined herein) for unsecured creditors and (vii) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court approval but the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge. With prior approval of the court, an administrator may deal with property subject to a fixed charge provided that disposing of the property is likely to promote the administration's purpose and that the administrator applies the net proceeds from the disposal of the property in question, together with any additional money required to be added to the net proceeds so as to produce the amount determined by the court as the net amount which would be realized on a sale of the property at market value, towards discharging the obligations of the company to the charge holder.

Under English law there is a possibility that a court could re-characterize fixed security interests purported to be created by an English law governed security document as properly taking effect as floating charges; as the description given to security interests by the parties is not determinative. Whether security interests purporting to be fixed security interests will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed security interest in its discretion and without the consent of the chargee in the ordinary course, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

If any fixed security interests are re-characterized as floating security interests, the proceeds of those assets could be applied in meeting other liabilities of the company in priority to the claims of the purported fixed charge holder in insolvency proceedings.

Scheme of Arrangement

Although not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006 ("*CA06*") the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise or arrangement between a company and its creditors (or any class of its creditors) in respect of the company's obligations to those creditors. An English obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign obligor which (i) is liable to be wound up under the Insolvency Act and (ii) has a "sufficient connection" to England and Wales could also pursue a scheme. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, among other things, the company's COMI is in England, the company's finance documents include (whether at the outset or following an amendment in accordance with the terms of the documents) an English governing law and/or jurisdiction clause. Further, a number of recent schemes have involved groups causing an existing or newly incorporated English company to assume primary liability (through various means) for financial obligations of the group for the sole purpose of creating the requisite nexus to pursue a scheme (in which the obligations of the existing obligors could be varied). Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not the relevant jurisdictional requirements would be satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the existing rights of such creditors against the scheme company and any new rights that such creditors are given under or in connection with the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favor of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court and delivery of the court's sanction order to the Registrar of Companies) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review, among other things, whether all relevant procedural requirements have been met, whether those voting fairly represented the interests of those entitled to vote, and whether the scheme is objectively reasonable. The court has discretion as to whether to sanction the scheme as approved by the creditors, make an order conditional upon modifications being made or refuse to sanction the scheme. The court's sanction order will have no effect until delivered to the Registrar of Companies (in the case of UK companies, for the purpose of registration). A scheme of arrangement can often involve the release or variation of guarantees and other closely connected claims against third-parties in order to ensure the effectiveness of the compromise.

Unlike an administration proceeding, the commencement of a scheme of arrangement does not automatically trigger a moratorium with respect to security enforcement or legal proceedings.

Company Voluntary Arrangement

English courts are empowered to oversee company voluntary arrangements in respect of companies incorporated in England, Wales, Scotland or an EEA State or with their respective COMI in the UK or a Member State (other than Denmark).

Pursuant to Part I of the Insolvency Act, a company (by its directors or its administrator or liquidator, as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reduction of the company's debts. Provided that the proposal is approved by the requisite majority of creditors (by way of decision procedure) and shareholders (subject to the below), it will bind all unsecured creditors who were or would have been entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent. A company voluntary arrangement also cannot affect the rights of a preferential creditor to be paid in priority to non-preferential creditors, or to be paid on an unequal basis relative to other preferential creditors, except with its consent.

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted on in a company voluntary arrangement but a secured creditor may vote to the extent that it is undersecured. A secured creditor who votes in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security. A CVA also requires the approval of more than 50% in value of the company's members present in person or by proxy and voting at a meeting on the resolution to approve the company voluntary arrangement. However, if the outcome of the meeting of members differs from the outcome of the meeting of creditors, the decision of the creditors will prevail. Like creditors, members have the right to apply to the court to challenge the approval of a company voluntary arrangement in certain circumstances.

Unlike an administration proceeding, a company voluntary arrangement does not automatically trigger a moratorium with respect to security enforcement or legal proceedings.

Filings

The prescribed particulars in respect of a security document under which an English company purports to create security, together with a certified copy of the security document, should be delivered to the Registrar of Companies within 21 days after the date of creation of the security in accordance with Chapter A1 of Part 25 of CA06. While CA06 does not impose an obligation as such on English companies to register security created on or after April 6, 2013, security will be deemed to be void against a liquidator, administrator and any creditor of the applicable charging company if not registered within the 21-day period. When security becomes so void, the debt which was intended to be secured by such security is deemed to become immediately payable. In limited circumstances, it may be possible to apply to the English courts for an order to rectify a failure to register and allow the relevant charge to be registered after the 21-day period has expired.

The application of the above Chapter to a security interest is subject to the application of the Financial Collateral Regulations. In addition, the following categories of charge are not registrable under the above Chapter (as set out in section 859A(6) of CA06) (i) a charge in favor of a landlord on a cash deposit given as a security in connection with the lease of land, (ii) a charge created by a member of Lloyd's (within the meaning of the Lloyd's Act 1982) to secure its obligations in connection with its underwriting business at Lloyd's and (iii) a charge excluded from the application of section 859A of CA06 by or under any other Act (such as charges that are exempted from registration under the Banking Act 2009).

Registration may also determine the order of priority of registrable security interests and may provide notice of a pre-existing security interest for the purpose of priorities.

Security created on or after October 1, 2011 by overseas companies over assets in England and Wales does not need to be registered with the Registrar of Companies. Registration with applicable asset registries may, however, still be required depending on the nature of the collateral assets.

Enforcement

Enforcement of security and guarantees may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities (including guarantees and security).

Assignments

Any assignment of a debt or other chose in action, including by way of security, can only take effect as a legal assignment under section 136 of the Law of Property Act 1925 if it meets the requirements of that provision, which are: (i) the assignment must be in writing under the hand of the assignor, (ii) the assignment must be absolute and not purporting to be by way of charge only and (iii) notice of the assignment must be given to the underlying obligor. If any of these requirements is not satisfied, the assignment may still constitute a valid equitable assignment. Equitable assignments, including by way of security, are subject to certain limitations, including, without limitation (i) where an equitable interest is followed by a legal interest, the subsequent legal interest will take priority if the holder acquired it for value without notice of the equitable interest and (ii) the priority of dealings in most equitable interests is determined by the time at which notice of such interest is given to the underlying obligor or to the person in control of that equitable interest. The first to give notice will take priority, if that person does not have actual or constructive notice of the prior interest and has given consideration for his or her interest.

PSC Regime

Pursuant to Part 21A of CA06 (and related Schedules 1A and 1B to CA06), certain UK incorporated companies and limited liability partnerships (for the purposes of this paragraph, each a relevant company) must keep a register of certain registrable individuals and legal entities that have significant control over them. Failure of such registrable individuals or legal entities or other persons specified in Part 21A of (and Schedule 1B to) the CA06 (for the purposes of this paragraph, each a notifying party) to comply with the requirements of that Part may give relevant companies the right to issue a restrictions notice to such notifying party for the purposes of Schedule 1B to CA06. Subject to certain exceptions, the effect of a restrictions notice is that in respect of any relevant interest in the relevant company (as defined in Schedule 1B to CA06, for example, a share in the relevant company) (i) any transfer of (or agreement to transfer) the interest is void, (ii) no rights are exercisable in respect of the interest, (iii) no shares may be issued in right of the interest or in pursuance of an offer made to the interest-holder and (iv) except in a liquidation, no payment may be made of sums due from the relevant company in respect of the interest, whether in respect of capital or otherwise. Such restrictions could adversely affect the validity of the security interests over the ability of the Security Agent to enforce its rights under the English security documents.

Liquidation/Winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and distributed by the liquidator to creditors and (if applicable) members in the statutory order of priority prescribed by the Insolvency Act (see "*—Priority on Insolvency*"). Once the liquidator has completed this task, the company is dissolved and removed from the Register of Companies. There are two forms of winding up: (i) compulsory liquidation, by order of the court and (ii) voluntary liquidation, whether members' voluntary liquidation or creditors' voluntary liquidation, in each case by resolution of the company's members (save where it follows an administration). The key difference between the two types of voluntary liquidation is whether the directors of the company are willing to swear a statutory declaration as to the company's solvency over the following 12 months (if so, the process is a members' voluntary liquidation). The primary ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act). Note that while a creditors' voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, once in place the process is subject to some degree of control by the creditors.

The English court has jurisdiction to wind up a company through compulsory liquidation if it is a company registered in England and Wales, or if it is a foreign company (i) with its COMI in England and Wales, or (ii) with its COMI in a Member State (other than Denmark) and an "establishment" in England and Wales, or (iii) in the case of an unregistered foreign company, if (a) it has enough of a "sufficient connection" with England and Wales to justify the English court exercising its jurisdiction may be wound up through compulsory liquidation, (b) there is a reasonable possibility, if a winding-up order is made, of benefits to those applying for the winding-up order and (c) one or more persons interested in the distribution of assets of the company is a person over whom the English court can exercise a jurisdiction. Only companies registered in England and Wales may be subject to voluntary liquidation (save that a foreign company where its COMI is in England and Wales or in an Member State (except Denmark) but which has an "establishment" in England and Wales) may enter a creditors' voluntary liquidation).

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced at the time of the presentation of the winding-up petition.

Once the winding up order is made by the court, a stay of all proceedings against the company will also be imposed. No legal action may be continued or commenced against the company without permission of the court although there is no freeze on the enforcement of security.

In the context of a voluntary winding up there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding up, it is for the liquidator, or any creditor or contributory of the company, to apply for a stay. This is important because, if a stay is not obtained, it means creditors, for example, can go ahead and initiate proceedings against the company (and/or enforce their security).

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property and execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, a liquidator has the power to disclaim any onerous property, which encapsulates any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to its creditors. However, this power does not apply to a contract that has already been substantially performed, nor can it be used to disturb accrued rights and liabilities. In addition, the power to disclaim onerous property does not apply to any financial collateral arrangement where the collateral provider or collateral taker under the arrangement is subject to winding up proceedings. Any person who suffers loss or damage as a result of any disclaimer is deemed to be a creditor of the company and is entitled to prove for the loss or damage as a debt in the winding up.

Priority on Insolvency

One of the primary functions of winding-up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the company in question and distribute the proceeds from those assets to the company's creditors.

In accordance with the Insolvency Act and the Insolvency Rules 2016, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined herein), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior-ranking class have been paid in full. Unless creditors have agreed otherwise with the company, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

As an exception to the principle of *pari passu* distribution, insolvency set-off, which sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and whereby only any net balance owed by the company is provable in the administration or liquidation, will apply in a liquidation or distributing administration. Insolvency set-off is mandatory and automatic as of the date of liquidation or the date on which the administrator has given notice that they intend to make a distribution to creditors. The effect of insolvency set-off is effectively to afford the creditor with a potential super priority status to the extent of the amount owed by that creditor to the company, in that it receives full value for an equivalent amount of its claim against the company (in circumstances where it might otherwise, as an unsecured creditor, receive little or no dividend in respect of that element of its claim). However, insolvency set-off will not apply to all amounts owing between the creditor and debtor company; among other things, claims arising after a certain cut-off date will be excluded and the requisite degree of mutuality must exist. Parties cannot waive the application of, or alter the scope or operation of, insolvency set-off by contractual agreement (insolvency set-off will displace all other rights of set-off, including contractual set-off, which have not been exercised before the time at which insolvency set-off applies).

The general priority on insolvency is as follows (in descending order of priority):

- First ranking: holders of fixed charge security (but only to the extent that the value of the secured assets is less than or equal to the value of the secured debt) and creditors with a proprietary interest in assets in the possession (but not full legal and beneficial ownership) of the debtor with respect to the assets in which they have a proprietary interest only;

- Second ranking: where a company exits a moratorium under Part A1 of the Insolvency Act and within the subsequent 12 weeks enters into administration or liquidation, any unpaid moratorium debts (any debt or liability that falls due during or after the moratorium by reason of an obligation incurred during it) and any priority pre-moratorium debts (largely comprising pre-moratorium debts for which the company did not have a payment holiday, save for financial debt accelerated during the moratorium), as well as any prescribed fees or expenses of the official receiver acting in any capacity in relation to the company. The relevant types of debt do not rank equally and there are statutory provisions setting out the order of priority in which they are paid;

- Third ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Fourth ranking: ordinary and secondary preferential creditors.

Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to (i) contributions to occupational and state pension schemes, (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person, (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency and (iv) bank and building society deposits eligible for compensation under the Financial Services Compensation Scheme (the "*FSCS*") up to the statutory limit. As between one another, ordinary preferential debts rank equally.

Secondary preferential debts rank for payment after the discharge of the ordinary preferential debts and include (i) bank and building society deposits eligible for compensation under the FSCS to the extent that such claims exceed the statutory limit and (ii) VAT and certain other tax debts due to HMRC as set out in section 386 and paragraph 15D of Schedule 6 to the Insolvency Act. As between one another, secondary preferential debts rank equally;

- Fifth ranking: provable debts of unsecured creditors to the extent of the Prescribed Part (as defined herein) only, unless the cost of distributing the same would be disproportionate to the resulting benefit to creditors;

- Sixth ranking: holders of floating charge security, according to the priority of their security. This would include any security interest that was stated to be a fixed charge in the document that created it but which, on proper interpretation by the court, was re-characterized as a floating charge;

- Seventh ranking:

    - firstly, provable debts of unsecured creditors and (to the extent of any unsecured shortfall) secured creditors, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realizations from unsecured assets as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors or the secured creditor elects to surrender its security;

    - secondly, interest on the company's unsubordinated debts (at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum)) in respect of any period after the commencement of liquidation or after the commencement of an administration which has been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and

    - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully repaid. This, however, does not include "currency conversion" claims following English Supreme Court's ruling dated May 17, 2017 on the Lehman Brothers case; and

- Eighth ranking: shareholders. If, after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

See "*—Administration, Administrative Receivership and Floating Charges*" above for a description of the Prescribed Part.

Avoidance of Transactions

There are circumstances under English insolvency law in which the granting by an English company of security or guarantees (among other corporate actions) can be challenged. In most cases this will only arise if the company enters administration or liquidation within a specified period (as set out in more detail below) after the relevant act. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he or she may challenge the validity of the guarantee or security given by such company, or certain transactions entered into by the company. Further, the administrator or liquidator may elect to assign such a right of action (including their proceeds) to another party who would then be entitled to pursue it.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question. In administration, the onset of insolvency is the date on which (i) the court application for an administration order is made, (ii) the notice of intention to appoint an administrator is filed at court or (iii) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation, the onset of insolvency is the date on which the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date on which the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency for the purposes of transactions at an undervalue and preferences will be as for the initial administration.

Connected Persons

A connected person, for the purposes of transactions at an undervalue, preferences and invalid floating charges, is a party who is a director, shadow director, an associate of such director or shadow director, or an associate, of the relevant company. A party is associated with an individual if they are (i) the individual's husband, wife or civil partner, (ii) a relative of (a) the individual or (b) the individual's husband, wife or civil partner, or (c) the husband, wife or civil partner of a relative of (i) the individual or (ii) the individual's husband, wife or civil partner. A party is associated with a company if employed by that company. A person is an associate of any person with whom he is in partnership, and of the husband, wife or civil partner or a relative of any individual with whom he is in partnership.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The following potential grounds for challenge may apply under English law to guarantees and security interests:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company (or an assignee of the relevant right of action) could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) if they believe that the creation of such security interest or guarantee constituted a transaction at an undervalue. A transaction might be a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company.

Such a transaction can only be challenged on this basis if (i) at the time of the transaction or as a consequence of the transaction, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act) and (ii) if the security interest or the guarantee was granted within the period of two years ending with the onset of insolvency.

In any proceedings, it is for the administrator or liquidator (or the assignee of the right of action) to demonstrate that the English company was unable to pay its debts unless the transaction was entered into by the company with a connected person (as defined in the Insolvency Act), in which case it will be presumed that the company was insolvent and the connected person must demonstrate the contrary in such proceedings.

In any case, a court will not make an order if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it.

If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantee or setting aside any security interests granted or guarantees, although there is protection for a third party that benefits from the transaction and has acted in good faith and for value). An order by the court in relation to a transaction at an undervalue may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the English company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the person was a party to the transaction.

Preference

Under English insolvency law, a liquidator or administrator of an English company (or an assignee of the relevant right of action) could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) if they believe that the creation of such security interest or such guarantee constituted a preference.

A transaction will constitute a preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position in the event of the company going into insolvent liquidation than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into.

Such a transaction can only be challenged on this basis if (i) at the time of the transaction or as a consequence of the transaction, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act) and (ii) if the security interest or guarantee was granted within the period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) ending with the onset of insolvency.

If the court determines that the transaction constituted such a preference, the court may make such order as it thinks fit for restoring the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees), subject to the same principles as are described above with respect to transactions at an undervalue. However, the court will only make such an order if it is shown that, in deciding to give the preference, the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator (or the assignee of the right of action) to demonstrate that the English company was unable to pay its debts at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the transaction was entered into by the company with a connected person (as defined in the Insolvency Act), in which case it will be presumed that the company was insolvent and that it was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence (it is not open to the connected person to rebut the presumption of insolvency).

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue (as outlined above) and was made for the substantial purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of such a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by any appointed administrator or liquidator, the supervisor of any relevant company voluntary arrangement or, subject to certain conditions, the FCA, the UK Prudential Regulation Authority and the UK Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. The Insolvency Act also does not prescribe a set time limit within which to bring the action and the relevant company does not need to be insolvent at the time of or as a result of the transaction, or in administration or liquidation for the provision to apply.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction, which may include reducing payments due under the Notes or setting aside security interests or guarantees. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he or she is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Extortionate Credit Transaction

An administrator or a liquidator of an English company (or an assignee of the relevant right of action) can apply to court to set aside an extortionate credit transaction. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Where an administrator or liquidator (or their assignee) makes an application to set aside a transaction on this basis, it is presumed that the transaction is or was extortionate unless otherwise proved. A transaction can only be challenged as an extortionate credit transaction if the company enters into liquidation or administration within three years after the date of the transaction. The court may make an order to set aside, either in whole or in part, any obligation created by the transaction (which could include obligations of sureties). It may also vary the terms of the transaction or the terms of any security for the purposes of the transaction. The court may require any party to the transaction to repay to the liquidator or administrator (or their assignee) sums already paid under the transaction and it may order the surrender of any security held for the purpose of the transaction. It should be noted that there are no provisions for the protection of third-parties who acquire interests in the extortionate credit transaction (e.g., assignees of the benefit of the transaction from the person who provided credit under it).

Grant of Floating Charge

Under English insolvency law, if (i) a floating charge is granted by an English company within the period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) ending with the onset of insolvency and (ii) at the time of granting the floating charge or as a consequence thereof, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act), then such floating charge will be invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge (plus certain interest) (the "*Consideration*").

The requirement for the English obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person.

No application to court by an administrator or liquidator (or any other person) is required to invalidate (in part or in full) the relevant floating charge; any floating charge created during the relevant time period is automatically invalid, except to the extent of the value of the Consideration.

However, if the floating charge qualifies as a "security financial collateral arrangement" under the Financial Collateral Regulations, the floating charge will not be invalidated on this basis.

As referred to above (see "*—Administration, Administrative Receivership and Floating Charges—Fixed and Floating Charges*"), note the risk of a fixed charge being recharacterized as a floating charge. If purported fixed charge security that is subsequently recharacterized has been granted within the relevant suspect period referred to above, this could render the charge invalid except to the value of the Consideration provided.

Financial Collateral Arrangements (No 2) Regulations 2003

The Financial Collateral Regulations apply in respect of certain security interests granted over, and certain title transfer arrangements in, "financial collateral" (together, "*financial collateral arrangements*"). Financial collateral is defined in the Financial Collateral Regulations as cash, financial instruments or credit claims. The definition of "financial instruments" includes shares in companies and debt instruments such as bonds and claims under loans made by credit institutions. The original primary purpose of the Financial Collateral Regulations was to implement Directive 2002/47/EC of the European Parliament and of the Council of June 6, 2002 on financial collateral arrangements (OJ 2002 L168/43) in the UK. The purpose of that directive was to simplify the process of taking financial collateral across the EU by introducing a minimum uniform legal framework.

If an arrangement qualifies as a financial collateral arrangement under the Financial Collateral Regulations, certain modifications or exclusions to English insolvency law apply which (among other things) remove restrictions on enforcing security, disapply certain provisions relating to the order of payment of creditors in administration or liquidation and prohibit avoidance by the insolvency office holder of the financial collateral arrangement in certain situations. For example, security interests to which the Financial Collateral Regulations apply are not required to be registered as a registrable charge at Companies House, and are not subject to the statutory moratorium on enforcement of security that would otherwise apply when a company enters into administration. Furthermore, the Financial Collateral Regulations enable the creditor holding the security interest to appropriate (i.e., to become the absolute legal owner of) the financial collateral to which the security interest applies without the need for a court order provided the security interests have become enforceable in accordance with their terms and provided the creditor has been granted the power to appropriate in the relevant contract.

Corporate Insolvency and Governance Act 2020

On June 26, 2020, the Corporate Insolvency and Governance Act 2020 (the "*CIGA 2020*") enacted fundamental reforms to the UK's existing insolvency and companies legislation. Some of these measures had been proposed in August 2018 but were fast-tracked through the UK legislative process in response to the COVID-19 pandemic. The measures include (but are not limited to) the following:

(a) Moratorium

The CIGA 2020 introduced a new standalone moratorium under Part A1 of the Insolvency Act to provide companies with a short period of breathing space within which to seek rescue options.

Subject to certain exclusions and meeting requisite conditions, any company that is liable to be wound up under the Insolvency Act is eligible for a moratorium. Ineligible companies include certain financial services companies (including banks, investment banks, insurance and securitization companies as well as parties to capital market arrangements under which a party has incurred or expects to incur a debt of at least £10 million (at any time during the life of the arrangement), including issuers of rated, listed or traded bonds). Ineligible companies also include any company that is subject to an insolvency procedure or which has entered into a moratorium, administration or company voluntary arrangement in the preceding twelve months (unless the court orders otherwise). The Guarantors are likely to fall outside the scope of being "eligible companies" for the purposes of the Part A1 moratorium by virtue of the capital markets exclusion. However, the Secretary of State for Trade and Industry may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible. The position as to whether or not a company is an "eligible company" may also change from time to time.

Subject to what follows, directors of any eligible non-overseas company may commence a moratorium by filing the requisite papers at court. Directors must apply to court to commence a moratorium for any eligible company that is subject to a winding-up petition, whereupon the court will consider whether a moratorium will result in a better outcome for creditors as a whole than if the company were wound up without one. Directors of any eligible overseas company must also apply to the court to commence a moratorium.

Both in- and out-of-court processes require a statement from the directors of the company that, in their view, the company is, or is likely to become, unable to pay its debts. Furthermore, a monitor, who is an insolvency practitioner appointed to oversee the moratorium, must separately confirm (among others) that the moratorium would likely result in the rescue of the company as a going concern. This is an ongoing requirement in order for a moratorium to continue; indeed, a monitor must terminate the moratorium if, at any time, it becomes apparent that the company is unlikely to be rescued as a going concern.

A company subject to a moratorium has the benefit of a payment holiday in relation to certain debts incurred prior to the commencement of the moratorium. However, certain other debts, including those which arise under a contract or other instrument involving financial services (which would include capital market arrangements) entered into or incurred prior to the moratorium, are exempted from payment holidays and such liabilities are therefore required to be met as and when they fall due. If the monitor thinks that the company is unable to pay such liabilities, plus any debt incurred during the moratorium, which arise or become payable during the moratorium he or she will be compelled to end the moratorium.

During a moratorium, creditors are restricted from taking enforcement measures against the company, including commencing insolvency and other legal proceedings and enforcing security without the permission of the monitor or the court (and an application to court for such permission may not be made for the purpose of enforcing any pre-moratorium debt for which the company has a payment holiday). The CIGA 2020 includes a carve-out for enforcement of security financial collateral (see "*—Administration*," "*—Administration, Administrative Receivership and Floating Charges*," "*—Avoidance of Transactions—Grant of Floating Charge*" and "*—Financial Collateral Arrangements (No. 2) Regulations 2003*" above) or the taking of any step to enforce a collateral security charge, which are permitted. In contrast to a moratorium arising from an administration, a floating charge may not be crystallized during this new moratorium, nor may any restrictions on the disposal of a floating charge asset be imposed.

Costs incurred during a moratorium will be treated in a similar way to expenses in an administration. Where a company exits a moratorium and subsequently enters into administration or liquidation within a 12-week period, any unpaid moratorium debts and any priority pre-moratorium debts, as well as any prescribed fees or expenses of the official receiver acting in any capacity in relation to the company, will have super-priority over any costs or claims in the administration or liquidation (except for claims of fixed charge creditors to the extent such creditors can be paid out of the assets charged and any fees and expenses of the official receiver).

Although the directors remain in full control of the relevant company during the moratorium, the company's activities are subject to oversight by the monitor. In addition, the company may not enter into certain transactions without the consent of the monitor (which the monitor may only give if they think that the relevant transaction will support the rescue of the company as a going concern). These include granting new security, making payments in respect of pre-moratorium debts for which the company has a payment holiday (unless the maximum total amount paid to a person does not exceed the greater of £5,000 or 1% of the company's total unsecured debts at the start of the moratorium), and disposals of property outside the ordinary course.

A moratorium will last for an initial period of 20 business days beginning with the business day after the day on which the moratorium comes into force, which may be extended for a further 20 business days by the directors of the company. Where an extension is proposed, statements from the directors and the monitor must be filed with the court confirming that certain qualifying conditions continue to be met (repetition by the directors and monitor of statements with respect to the insolvency of the company and prospects of rescue, respectively, and confirmation that all moratorium debts and pre-moratorium debts for which the company does not have a payment holiday have been paid or discharged). Further extensions (beyond 40 business days) will be available:

(i) pursuant to an out-of-court filing for a period of up to one year from commencement (but with the possibility of multiple extensions), if more than 50% (by value) of secured creditors and more than 50% (by value) of unsecured creditors vote in favor of the extension, unless, more than 50% (by number) of unconnected secured creditors or unsecured creditors vote against the extension. Only creditors with pre-moratorium debt in respect of which the company has a payment holiday, which has fallen due or may fall due before the proposed revised end date of the moratorium, will have the right to vote;

(ii) pursuant to an application by the directors to court for such period as the court sees fit;

(iii) automatically in connection with a company voluntary arrangement until the proposal is implemented, accepted or rejected by creditors or withdrawn by the company; and

(iv) at the court's discretion in connection with a scheme of arrangement or restructuring plan (but with the moratorium termination upon court sanction of the scheme or plan).

(b) Ipso Facto Clauses Prohibited

The CIGA 2020 introduced a permanent prohibition on the enforcement of certain termination clauses, and the imposition of certain amended terms, by a supplier in contracts for goods and services which would have been triggered by the commencement of insolvency proceedings against the counterparty company. Such proceedings include a company voluntary arrangement, winding-up and administration, as well as the new moratorium and restructuring plan. Other rights to terminate under the contract (i.e., other than by reason of the counterparty's insolvency) are preserved, save to the extent that the event entitling the supplier to terminate the contract arose before commencement of the insolvency proceeding (in which case the right to terminate is suspended until the relevant insolvency proceeding, or any immediately succeeding insolvency proceeding, comes to an end). A supplier cannot make it a condition of continued supply during the relevant insolvency proceeding that any outstanding charges in respect of prior supplies are paid. A supplier may be allowed to terminate the contract if the company or the relevant insolvency practitioner consents, or if the court permits (where it is satisfied that the continuation of the contract would cause the supplier hardship). Financial services contracts and entities involved in financial services (among other types of excluded contracts and parties) are not affected by this new prohibition.

(c) Restructuring Plan

The CIGA 2020 also provides for a new restructuring process, similar to a scheme of arrangement under CA06, but with a "cross-class cram-down" power that can be used to bind one or more dissenting classes of stakeholders (not only a dissenting minority within a class) to the proposed restructuring plan. Like a scheme, the new standalone restructuring plan is available to any company that is liable to be wound up under the Insolvency Act with a sufficient connection to the UK, save that the Secretary of State may by secondary legislation exclude certain types of company (including, in particular, financial market participants) from time to time. In most situations, the company itself will propose the restructuring plan but its members or creditors may also do so (as can an administrator or liquidator appointed to the company).

Unlike a scheme, there is a further threshold condition that the company must (i) have encountered, or be likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern and (ii) have proposed a compromise or arrangement with its creditors or members for the purpose of eliminating, reducing, preventing or mitigating such financial difficulties. Although the "financial difficulties" test falls short of requiring the company to be, or likely to become, insolvent (i.e., unable to pay its debts within the meaning of Section 123 of the Insolvency Act), recent case law indicates that restructuring plans (unlike schemes) will be considered as insolvency proceedings for the purposes of the Lugano Convention.

The process closely resembles that for schemes of arrangement, whereby a proposed restructuring plan must be filed at court as part of the proponent's application to convene a meeting of the relevant creditors and/or members (or classes thereof). At the convening hearing, the court will examine the proposed classes of stakeholders and whether it has jurisdiction to sanction the proposed restructuring plan. As with a scheme, it is for the proponent to determine whether the creditors and/or members should be divided into multiple classes, and the same class composition test applies. Creditors and members whose rights would be affected by the compromise or arrangement must be permitted to participate in a meeting to vote on the restructuring plan, unless the court is satisfied that they have no genuine economic interest in the company (which the court will determine by reference to the "relevant alternative," being whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned). Equally, creditors whose rights are not being compromised under the restructuring plan can be excluded from voting. However, there must be legitimate commercial reasons for excluding them from the scope of the plan and full disclosure must be made. If the court is satisfied that it has jurisdiction, it will order a meeting of the relevant creditors and/or members (or classes thereof) to vote on the proposed restructuring plan. Details of such meeting(s) must be sent to every stakeholder in each class, accompanied by details of the plan and directors' material interests in the company.

The proposed restructuring plan will be voted on at the meeting(s) of the relevant creditors' and/or members (or classes thereof), and approved if the required majority of 75% by value of the creditors or members, or class of creditors or members, present and voting either in person or by proxy vote in favor of it. In contrast to a scheme of arrangement, there is no requirement that a majority in number must also vote in favor of the plan. Where a convening application is made within 12 weeks after the end of the new standalone moratorium, any creditors in respect of "moratorium debts" and "priority pre-moratorium debts" may not participate in the vote and may not be compromised under the plan without their consent.

Following the meeting(s), a sanction hearing will be held. Here, the court will consider if the necessary plan requirements have been met and decide whether to sanction the restructuring plan. The court has discretion to sanction a plan, even if the requisite majority of one or more classes of creditors or members did not vote in favor of it, thereby "cramming-down" dissenting classes, if:

(i) the court is satisfied that no member of the dissenting class(es) would be worse off if the restructuring plan were sanctioned than they would be in the "relevant alternative" (i.e., what the court considers to be the most likely alternative scenario, were the plan not sanctioned); and

(ii) the restructuring plan has been approved by a number representing 75% by value of a class of creditors or members who would receive a payment, or have a genuine economic interest in the company, in the event of that "relevant alternative" scenario.

A restructuring plan sanctioned by the court will be binding on all affected parties, whether they voted in favor of it or not. The court's sanction order will have no effect until delivered to Companies House for registration (or, in the case of an overseas company not otherwise required to register particulars, published in the Gazette).

Foreign Currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pounds sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the "relevant date" (generally speaking, being the date on which the company entered administration or liquidation). This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk in respect of the non-sterling amount proved between the date on which such English obligor goes into liquidation or administration and the date of receipt of any amounts to which such holders of the Notes may become entitled. The English Supreme Court's ruling in the Lehman Brothers case established that any such holder of the Notes would not be entitled to make a claim for any losses suffered by them as a result of a fall in the value of pounds sterling between the "relevant date" and the date of any distribution.

Foreign Laws

If, and to the extent that, an asset subject to security under a security document (or the obligor of any debt or other right against any person, which debt or right constitutes all or part of the property or rights subject to that security) is located in any jurisdiction other than England and Wales or is not governed by English law, the validity, priority and enforceability of that security may be affected by any applicable foreign laws.

Third-party Rights

Security granted over debts from, or other rights against, third-parties (including contracts and insurance policies) may be subject to any rights of those third-parties.

Amendments

An English court may interpret restrictively any provision purporting to allow the beneficiary of a guarantee or other suretyship to make a material amendment to the obligations to which the guarantee or suretyship relates without further reference to the guarantor or surety.

Security over Shares

Security over shares granted by an English obligor or over shares of the English obligor are typically, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or may otherwise be at the discretion of the court.

The validity of share security and the ability of secured parties to enforce security interests over shares may additionally be affected by a failure of the charging company or related parties or (in certain circumstances) the secured parties to comply within the relevant timeframes with the disclosure and notification obligations under English company statutes in respect of persons with significant control and relevant legal entities.

Limitation on Enforcement

The grant of a guarantee or security by an English company in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third-parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English company in question by virtue of entering into the proposed transaction. Section 172 of CA06 provides that a director must act in the way that he or she considers, in good faith, would be most likely to promote the success of the English company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of CA06 additionally provides that, in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not prescribe when this shift arises, the Supreme Court has recently held that it takes place when the company in question is insolvent or bordering on insolvency, or when an insolvent liquidation or administration is probable.

Security and/or guarantees granted by an English obligor may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to English company law.

Cross-border Recognition of English Insolvency and Restructuring Proceedings

General Position

The recognition of English insolvency and restructuring proceedings in other jurisdictions is governed by applicable treaties in respect of the mutual recognition (or otherwise) of courts' jurisdiction, proceedings and judgments and general principles of private international law such as comity and conflicts of laws rules applicable in the relevant jurisdictions.

One of the key insolvency-related treaties is the Model Law, which was implemented in the UK via the Cross-Border Insolvency Regulations. The Model Law provides for recognition of certain British insolvency proceedings in other signatory states as either foreign main proceedings (if the COMI of the relevant debtor is determined to be in Great Britain) or foreign non-main proceedings (if the COMI is determined to be in another jurisdiction but the debtor has an establishment in Great Britain) upon application by the relevant insolvency officeholder. The nature and scope of the recognition will depend on the way that the Model Law has been implemented into the domestic law of the jurisdiction in question. Conversely, the Cross-Border Insolvency Regulations provide for recognition in Great Britain of foreign insolvency proceedings as either main proceedings (if the proceedings are taking place in the jurisdiction where the debtor has its COMI) or non-main proceedings (if the proceedings are taking place in a jurisdiction in which the debtor has only an establishment).

The recognition of English courts' jurisdiction and orders in respect of schemes of arrangement, which are not regarded as insolvency proceedings, will be subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention on Choice of Court Agreements 2005 (the "*Hague Convention*") and the Lugano Convention 2007 (the "*Lugano Convention*") (subject to the UK's pending application to accede to the latter) where these apply. In addition, recognition may still be available under principles of private international law and Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations ("*Rome I*").

The recognition of English courts' jurisdiction and orders in respect of restructuring plans is a developing area of law. It remains to be seen whether restructuring plans will fall within the scope of treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention and the Lugano Convention or whether they will be treated more akin to insolvency proceedings and fall within related exceptions to such treaties (the one case to date in which this point has been considered adopted the latter position).

Recognition in the EU

Following the UK's departure from the EU and the expiry of the transition period, UK proceedings no longer benefit from automatic and guaranteed recognition in Member States. As the trade and cooperation terms agreed between the EU and the UK do not include a replacement regime for the current automatic recognition of UK insolvency procedures across the EU (and vice versa) or otherwise address insolvency matters, cross-border insolvencies involving the UK and one or more Member States will be subject to a degree of uncertainty and increased complexity.

Unless or until a mutual recognition agreement is reached in the future, it is likely to be more problematic for UK restructuring and insolvency proceedings to be recognized in Member States and for UK office holders to effectively deal with assets located in Member States. The general position outlined above will apply and recognition will depend on the private international law rules adopted in the relevant Member State and the need may well arise to open parallel proceedings, increasing the element of risk as well as costs. In particular in cases where the appointment of a UK office holder is made in reliance on a UK domestic approach rather than COMI rules, it is much less certain that such appointment will be recognized in other Member States. To the extent relevant proceedings are deemed to fall within the remit of contract law, Rome I may offer an alternative basis for recognition in Member States.

As a consequence, the recognition of English insolvency and restructuring proceedings across the Member States may be different from what investors may have experienced in the past when the UK was a Member State. It is not possible to predict with certainty if and to what extent proceedings will be recognized and whether investors may be adversely affected as a result.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Notes (or any interest therein) by (i) "employee benefit plans" within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") that are subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, (iii) plans, accounts and other arrangements subject to provisions under any U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "*Similar Laws*"), and (iv) entities whose underlying assets are considered to include the assets of any of the foregoing described in clauses (i), (ii) and (iii) pursuant to ERISA, the Code or otherwise (each of the foregoing described in clauses (i), (ii), (iii) and (iv), collectively, referred to herein as a "*Plan*").

This summary is based on the provisions of ERISA and the Code (and the related regulations and administrative and judicial interpretations) as of the date hereof. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, administrative regulations, rulings or administrative pronouncements will not significantly modify the requirements summarized herein. Any such changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (referred to herein as a "*Covered Plan*") and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering the acquisition of the Notes with a portion of the assets of any Plan, a fiduciary should consider, among other matters, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control, conflicts of interest and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws and whether the investment is permitted under the terms of the applicable documents governing the Plan.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of a Covered Plan that engaged in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

For example, the acquisition, holding and/or disposition of the Notes by a Covered Plan with respect to which the Issuer, an Initial Purchaser or a Guarantor or any of their respective affiliates or representatives is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired, held and disposed of in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "*PTCEs*," that may potentially provide exempted relief for direct or indirect prohibited transactions resulting from the sale, acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuers of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided, further, that the Covered Plan receives no less, nor pays no more, than adequate consideration in connection with the transaction. Each of the above noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering investing in the Notes (in reliance on these or any other exemption should carefully review such exemptions to ensure their applicability. There can be no assurance that any of the foregoing exemptions or any other exemption will be available with respect to investment in the Notes or that all of the conditions of any such exemptions will be satisfied with respect to all otherwise prohibited transactions that might arise in connection with such investment.

Because of the foregoing, the Notes should not be acquired or held by any person investing the assets of any Plan, unless such investment will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or similar violation of any applicable Similar Laws.

Government plans, foreign plans and certain church plans, while not subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans should consult with their counsel before acquiring the Notes.

Representation

Accordingly, by acceptance and holding of a Note any interest therein, each acquirer and subsequent transferee of a Note (or any interest therein) will be deemed to have represented and warranted that either (i) it is not, and is not acting on behalf of, and no portion of the assets used by such acquirer or transferee to acquire or hold the Notes (or any interest therein) constitutes assets of, any Plan or (ii) the acquisition, holding and subsequent disposition of the Notes or any interest therein by such acquirer or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of the Notes.

Acquirers have exclusive responsibility for ensuring that their acquisition and holding of the Notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. The sale of any Notes to a Plan is in no respect a representation or recommendation to a Plan by the Issuer, an Initial Purchaser or a Guarantor or any of their respective affiliates or representatives that such an investment meets all legal requirements with respect to such investments by any such Plan generally or any particular Plan, or that such investment is appropriate or advisable for such Plans generally or any particular Plan. Neither this discussion nor anything provided in this Offering Memorandum is or is intended to be investment advice directed at any potential Plan acquirers or Plan acquirers generally and such acquirers of any Notes should consult and rely on their own counsel and advisers as to whether an investment in the Notes is suitable for the Plan.

TRANSFER RESTRICTIONS

Each prospective purchaser of the Notes is advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby. The Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the U.S. Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes are being offered and sold only (i) to qualified institutional buyers in a private sale exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) to non-U.S. persons in offshore transactions outside the United States in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the Offering of the Notes and the Issue Date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchase of Notes is subject to restrictions on transfer as summarized below. By purchasing Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(i) The purchaser understands and acknowledges that:

(a) the Notes have not been and will not be registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and

(b) unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (iii) below.

(ii) The purchaser is not an affiliate (as defined in Rule 144) of ours, that the purchaser is not acting on its behalf and that either:

(a) the purchaser is a qualified institutional buyer (as defined in Rule 144A), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing Notes for its own account or for the account of another qualified institutional buyer; or

(b) the purchaser is not a U.S. person (as defined in Regulation S) nor is it acquiring the Notes for the account or benefit of a U.S. person and is acquiring the Notes in an offshore transaction outside the United States pursuant to Regulation S.

(iii) The purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the U.S. Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) under a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to an offshore transaction to non-U.S. persons that occur outside the United States within the meaning of Regulation S or (v) under any other available exemption from the registration requirements of the U.S.

Securities Act; subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable U.S. state securities laws and any applicable local laws and regulations.

The purchaser also acknowledges that:

(a) the above restrictions on resale will apply until the date that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the Issue Date, the issue date of the issuance of any additional Notes, and the last date on which we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "*Resale Restriction Period*"), and will not apply after the applicable Resale Restriction Period ends;

(b) we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes (x) under clause (iv) or (v) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee and (y) under clauses (i) through (v) above, the delivery of a completed certificate of transfer in the form appearing on the reverse side of the security from the transferor to the Trustee; and

(c) each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, [*IN THE CASE OF RULE 144A NOTES AND REGULATION S NOTES*: (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND (2) AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES AND RESTRICTED GLOBAL NOTES*: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF THIS SECURITY, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES, AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [*IN THE CASE OF REGULATION S NOTES*: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF THIS SECURITY, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES, AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR THERETO) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)]] EXCEPT ONLY (A) TO THE ISSUER, THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS OCCURRING OUTSIDE

THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. [*IN THE CASE OF REGULATION S NOTES*: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.]

[THIS GLOBAL NOTE IS HELD BY THE CUSTODIAN (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, AND (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.]

BY ACCEPTANCE AND HOLDING OF THIS SECURITY, EACH ACQUIRER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF, AND NO PORTION OF THE ASSETS USED BY SUCH ACQUIRER OR TRANSFEREE TO ACQUIRE OR HOLD THIS SECURITY (OR ANY INTEREST HEREIN) CONSTITUTES ASSETS OF, (I) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*") THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (II) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*"), (III) PLAN, ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO PROVISIONS UNDER ANY U.S. FEDERAL, STATE, LOCAL OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "*SIMILAR LAWS*") OR (IV) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE THE ASSETS OF ANY OF THE FOREGOING DESCRIBED IN CLAUSES (I), (II) AND (III) OR (B) THE ACQUISITION, HOLDING AND SUBSEQUENT DISPOSITION OF THIS SECURITY AND ANY INTEREST HEREIN BY SUCH HOLDER OF ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION

UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION OF ANY APPLICABLE SIMILAR LAWS.

(d) The purchaser agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(e) The purchaser acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.

(f) The purchaser has received a copy of the Offering Memorandum relating to the Offering of the Notes and acknowledges that (i) neither we nor the Initial Purchasers or any person representing us or the Initial Purchasers have made any representation to it with respect to us or the Offering and the sale of the Notes other than the information contained in this Offering Memorandum and (ii) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase the Notes.

(g) The purchaser understands that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.

(h) The purchaser (i) is able to fend for itself in the transactions contemplated by this Offering Memorandum, (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes and (iii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

(i) Each purchaser and subsequent transferee of Notes or any interest therein represents and agrees that either (i) it is not, and it is not acting on behalf of, and no portion of the assets used by such purchaser to acquire or hold the Notes (or any interest therein) constitutes assets of, any Plan or (ii) its acquisition, holding and disposition of such Note and any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation of any applicable Similar Laws.

(iv) The purchaser represents that the purchaser is not a "*retail investor*." For the purposes of this paragraph, the expression "*retail investor*" means a person who is one (or more) of the following:

(a) a "*retail client*" as defined (x) in point (11) of Article 4(1) of MiFID II or (y) in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA;

(b) a customer (x) within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (y) within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(c) not a "*qualified investor*" as defined in the Prospectus Regulation or the UK Prospectus Regulation.

(v) The purchaser understands and acknowledges that:

(a) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "*retail investor*" (as defined in paragraph iv above) in the EEA or the United Kingdom;

(b) no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation; and

(c) no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Purchase Agreement among the Issuer, the Guarantors and the Initial Purchasers, dated the date of this Offering Memorandum, the Issuer will agree to sell the Dollar Notes to the Dollar Notes Initial Purchasers, and the Dollar Notes Initial Purchasers will agree, severally and not jointly, to purchase from the Issuer, the entire principal amount of the Dollar Notes, and the Issuer will agree to sell the Sterling Notes to the Sterling Notes Initial Purchasers, and the Sterling Notes Initial Purchasers will agree, severally and not jointly, to purchase from the Issuer the entire principal amount of the Sterling Notes.

The Initial Purchasers initially propose to offer each series of Notes for resale at the respective issue price that appears on the cover page of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the price at which a series of Notes is offered and any other selling terms at any time without notice. In the event that a substantial portion of Notes are acquired by the Initial Purchasers and/or any committed investor, the liquidity of the trading market for the Notes may be adversely affected. The Initial Purchasers may offer and sell Notes through certain of their affiliates. To the extent that any of the Initial Purchasers are not U.S. registered broker-dealers, they will only offer and sell Notes in the United States through one or more U.S. registered broker-dealers or affiliates, as appropriate. In addition, the Initial Purchasers may offer and sell Notes outside the United States through their affiliates.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and the Issuer's counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or, in some cases, the Offering of the Notes may be terminated.

In the Purchase Agreement, the Issuer and the Guarantors have agreed:

- The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the Offering of the Notes. During the period from the date of this Offering Memorandum through and including the date that is 60 days thereafter, neither the Company nor any of its subsidiaries or other controlled affiliates will, without the prior written consent of Goldman Sachs International and Barclays Bank PLC as representatives of the Initial Purchasers, offer, sell, contract to sell, issue or otherwise dispose of any debt securities, issued or guaranteed by the Issuer or any of the Guarantors and having a tenor of more than one year (other than the Notes and the Guarantees).

- To indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any jurisdiction, may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer restrictions.*"

In connection with the sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the initial distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering or the date the Notes were originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States by a dealer or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements as described under "*Notice to Investors*."

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

In the Purchase Agreement, each of the Initial Purchasers, severally and not jointly, has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Company; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. The expression "*Prospectus Regulation*" means Regulation (EU) 2017/1129. This Offering Memorandum has been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. The expression "*UK Prospectus Regulation*" means the Prospectus Regulation, as it forms part of UK domestic law by virtue of the EUWA .

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors*" and "*Transfer Restrictions.*"

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Each Initial Purchaser has further represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For these purposes, the expression "*retail investor*" means a person who is one (or more) of: (i) a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA, (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA or (iii) not a "qualified investor" as defined in Article 2 of the UK Prospectus Regulation.

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes. The Issuer and Guarantors have also agreed that neither they, nor any of their affiliates or any other person acting on its or their behalf (other than the Initial Purchasers), will (i) solicit offers for, or offer or sell, the Notes by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act or (ii) engage in any directed selling efforts within the meaning of Regulation S, and all such persons will comply with the offering restrictions requirement of Regulation S.

The Notes are a new issue of securities for which there currently is no market. The Issuer will apply, through the listing agent, for listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed and admitted to trade on the Exchange. See "*Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—We do not expect there to be an active trading market for the Notes, in* *which case your ability to sell the Notes will be limited and future trading prices of the Notes could be adversely impacted*" and "*Risk Factors— Risks Related to Our Indebtedness, the Notes and the Guarantees—Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.*"

The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act.

Accordingly, the Issuer cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

The Initial Purchasers may engage in overallotment, stabilizing transactions, covering transactions and penalty bids in accordance with applicable laws and regulations. Overallotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, Goldman Sachs International (in respect of the Dollar Notes) and Barclays Bank PLC (in respect of the Sterling Notes) (together, the "*Stabilizing Managers*") (or any person acting on behalf of the Stabilizing Managers) may engage in transactions that stabilize, maintain or otherwise affect the price of the Dollar Notes or the Sterling Notes, as applicable. Specifically, the Stabilizing Managers may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in the open markets for the purpose of pegging, fixing or maintaining the price of the applicable Notes. The Stabilizing Managers may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in the open market to cover the syndicate short position. In addition, the Stabilizing Managers may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Dollar Notes or the Sterling Notes, as applicable, above market levels that may otherwise prevail. The Stabilizing Managers are not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to Our Indebtedness, the Notes and the Guarantees—We do not expect there to be an active trading market for the Notes, in which case your ability to sell the Notes will be limited and future trading prices of the Notes could be adversely impacted*."

These stabilizing transactions, covering transactions and penalty bids may cause the prices of the Notes to be higher than they would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Issuer expects that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Memorandum, which will be the *T+6* business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "*T+6*"). Under Rule 15c6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next three business days will be required, by virtue of the fact that the Notes initially will settle *T+6*, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next three business days should consult their advisors.

Certain of the Initial Purchasers and/or their affiliates have from time to time engaged, and may in the future engage, in investment banking, commercial banking, consulting, mergers and acquisitions, hedging and other financial advisory and commercial services with the Company and its subsidiaries, its associates and/or its shareholders in the ordinary course of business (including acting as initial purchasers and/or lenders in connection with previous issuances of debt securities and debt facilities to the Company and its subsidiaries). They have received (or will receive) customary fees and commissions and expense reimbursements for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates (including the Notes). Certain of the Initial Purchasers and/or their affiliates that have a lending relationship with the Company or its affiliates or which acquire the Notes for their own account or otherwise may hedge their credit exposure to the Company and/or its affiliates, consistent with their customary risk management policies. Typically, such Initial Purchaser and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Initial Purchasers are, or may become in the future, clients of the Company or use its services.

The proceeds of the Notes will be used, together with cash on balance sheet, (i) to redeem in full the outstanding amount of Existing Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full the borrowings under the Existing Revolving Facility Agreement, including accrued and unpaid interest thereon and (iii) to pay fees and expenses incurred in connection with the Transactions. The estimated sources and uses of the funds are shown in the table below. See "*Use of Proceeds*."

Certain of the Initial Purchasers may be holders of the Existing Notes, and so may receive a portion of the proceeds. Furthermore, certain of the Initial Purchasers will act as arranger and/or lender under the Revolving Credit Facility and will receive customary fees and commissions for these roles. See "*Description of Other Financial Arrangements.*"

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Simpson Thacher & Bartlett LLP, as to matters of U.S. Federal, New York State and English law and Carey Olsen Jersey LLP as to matters of Jersey law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham and Watkins (London) LLP, as to matters of U.S. Federal, New York State and English law and Appleby (Jersey) LLP, as to matters of Jersey law.

INDEPENDENT AUDITORS

The consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of and for the years ended December 31, 2021, 2022 and 2023, included in this Offering Memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing herein.

For further details, see "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*."

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by the Issuer, any related amendment or supplement to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decisions; and
- except as provided pursuant to the first bullet above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Company or the Initial Purchasers.

So long as the Notes are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will agree in the Indenture governing the Notes, that, if at any times we are neither subject to Section 13 of 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon request, furnish to any holder or beneficial owner of the Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales of the Notes. Any such request should be directed to us at Aston Martin Capital Holdings Limited, c/o Aston Martin Lagonda Global Holdings plc, Banbury Road, Gaydon, Warwick CV35 0DB Attention: General Counsel.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer of the Notes offered hereby is incorporated under the laws of Jersey and the Guarantors (other than AM Capital which is incorporated under the laws of Jersey) are incorporated under the laws of England and Wales. Each of the Security Documents relating to the Collateral will be governed by the laws of England and Wales, as applicable, other than the security interest agreements in respect of the Issuer's shares and AM Capital's shares, which will be governed by Jersey law. The Notes (including the Guarantees related thereto) and the Indenture will be governed by New York law. The Intercreditor Agreement will be governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

England and Wales

The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is described below) and it would usually be possible to obtain summary judgment on such a claim (assuming that the defense to it has no real prospect of success and there is no other compelling reason for trial). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had, at the time when proceedings were served, jurisdiction over the original proceedings according to English conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money; and
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a U.S. law that an English court considers to relate to penal, revenue or other public law;

An English court may refuse to enforce such a judgment if the judgment debtor satisfies the court that:

- the U.S. judgment contravenes English public policy;
- the U.S. judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the U.S. judgment has been obtained by fraud or in breach of English principles of natural or substantial justice;

- the U.S. judgment is a judgment on a matter previously determined by an English court or another court whose judgment is entitled to recognition in England or conflicts with an earlier judgment of such court;
- the English enforcement proceedings were not commenced within the relevant limitation period; or
- the U.S. judgment was obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a United States court (to whose jurisdiction the judgment debtor did not submit).

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from U.S. federal or state courts in civil and commercial matters. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England.

In addition, we cannot assure you whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

Jersey

The Issuer and AM Capital are incorporated in Jersey. The United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in Jersey. In order to enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey. In such an action, a Jersey court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Jersey court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Jersey conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt or definite sum of money (although there are circumstances where non-money judgments may also be recognized);
- the recognition or enforcement of the U.S. judgment not contravening Jersey public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the United Kingdom Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983);
- the U.S. judgment not having been obtained by fraud or in breach of Jersey principles of natural justice or rights under the European Convention on Human Rights; and
- there not having been a prior inconsistent decision of a Jersey court in respect of the same matter.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, there can be no assurance that those judgments will be recognized or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. federal securities laws.

LISTING AND GENERAL INFORMATION

Listing

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange.

Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose.

The Notes are only intended to be offered in the primary market to, and held by Qualified Investors (as defined in the listing rules of the Authority).

A copy of this Offering Memorandum will be available for inspection at the offices of the listing agent during normal business hours for a period of 14 days following the listing of the Notes on the Official List of the Exchange.

Application may be made to the Authority to have the Notes removed from listing on the Official List of the Exchange, including if necessary to avoid any new withholding taxes in connection with the listing.

Clearing Information

The Dollar Notes to be issued pursuant to Regulation S under the U.S. Securities Act and the Dollar Notes to be issued pursuant to Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of DTC under CUSIPs G05891 AL3 and 04625H AJ8, respectively. The international securities identification number for the Dollar Notes to be issued pursuant to Regulation S under the U.S. Securities Act is USG05891AL32 and the international securities identification number for the Dollar Notes to be issued pursuant to Rule 144A under the U.S. Securities Act is US04625HAJ86.

The Sterling Notes to be issued pursuant to Regulation S under the U.S. Securities Act and the Sterling Notes to be issued pursuant to Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 278834441 and 278835456, respectively. The international securities identification number for the Sterling Notes to be issued pursuant to Regulation S under the U.S. Securities Act is XS2788344419 and the international securities identification number for the Sterling Notes to be issued pursuant to Rule 144A under the U.S. Securities Act is XS2788354566.

Legal Information

Aston Martin Investments Limited is a wholly owned subsidiary of AM Holdings, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

Aston Martin Capital Holdings Limited, the Issuer, is a wholly owned subsidiary of Aston Martin Investments Limited, and is incorporated as a public limited company under the laws of Jersey. Its registered office is at 28 Esplanade, St Helier, JE2 3QA, Jersey, and its telephone number at that address is +44 (0) 1534 700 000.

Aston Martin Capital Limited is a wholly owned subsidiary of the Issuer, incorporated as a public limited company under the laws of Jersey. Its registered office is at 28 Esplanade, St Helier, JE2 3QA, Jersey, and its telephone number at that address is +44 (0) 1534 700 000.

Aston Martin Lagonda Group Limited is a wholly owned subsidiary of Aston Martin Investments Limited, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

Aston Martin Lagonda Limited is a wholly owned indirect subsidiary of Aston Martin Investments Limited, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

The Offering and the creation and issuance of the Notes have been authorized by resolutions of the Issuer dated March 10, 2024.

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our financial position since December 31, 2023, being the date of AML Global Holdings' consolidated financial information for the year ended December 31, 2023, our most recent consolidated financial statements, as contained in this Offering Memorandum.

- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the Offering and the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Company and the Issuer accept responsibility for the information contained in this Offering Memorandum.

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Aston Martin Lagonda Global Holdings plc Audited Consolidated Financial Statements as of and for the Year ended December 31, 2023

Aston Martin Lagonda Global Holdings plc Audited Consolidated Financial Statements as of and for the Year ended December 31, 2022

Aston Martin Lagonda Global Holdings plc Audited Consolidated Financial Statements as of and for the Year ended December 31, 2021

The audited consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of and for the years ended December 31, 2021, 2022 and 2023 and the audit reports of Ernst & Young LLP in respect thereof included in this Offering Memorandum, make reference to certain sections of the annual reports and accounts of Aston Martin Lagonda Global Holdings plc for the relevant periods. Such sections of the annual reports and accounts of Aston Martin Lagonda Global Holdings plc are not included or incorporated by reference in this Offering Memorandum.

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 2023 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 2023 which comprise:

Group	**Parent company**
Consolidated statement of financial position as at 31 December 2023	Parent company statement of financial position as at 31 December 2023
Consolidated statement of comprehensive income for the year then ended	Parent company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 6 to the financial statements including material accounting policy information.
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 34 to the financial statements, including material accounting policy information	

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 2025, and which includes cashflow and liquidity forecasts, details of facilities available, forecast covenant calculations and the results of management's downside scenarios, and testing the integrity of the model, including clerical accuracy;
- Confirming to the debt agreements both the maturity profile of the debt and the covenants that are required to be met within the going concern period;
- Confirming the Group forecasts demonstrate sufficient financial resources to repay the current RCF when it matures in August 2025 such that the going concern period does not need to be extended;
- Assessing the reasonableness of forecasts underpinning the going concern model which are based on the Board-approved budget and the Board-approved strategic plan. To do this we specifically considered forecast wholesale volumes compared to historical volumes, current confirmed orders and competitor volumes, sales margins and capital expenditure plans;
- Ensuring that these forecasts appropriately reflect the assessed impact of the current macro-economic circumstances and the disclosed climate change commitments of the group;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2020, 2021, 2022 and 2023 as well as through the subsequent events period and performing inquiries to the date of this report to determine whether forecast cash flows are reliable based on past experience;
- Considering external factors that could impact liquidity/forecasts including reliance on suppliers, recoverability of debtors, the current macro-economic climate, and the threat of potential litigations and claims;
- Considering the downside scenario identified by management in their assessment on pages 147-148, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario modelled in the going concern period is realistic;
- Performing reverse stress testing on the going concern model by independently determining what reduction in wholesale volumes would be required before liquidity would be exhausted. This included comparing this scenario to the downside scenario contemplated by management and considering the likelihood of the events required to exhaust available liquidity;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum particularly with respect to constraining capital spending if required; and
- Assessing the going concern disclosures in the financial statements to ensure they are in accordance with International Financial Reporting Standards.

We observed that while the group achieved lower than forecast total core wholesale volumes than it was originally targeting in 2023, this was driven by supplier readiness and integration of the new infotainment system impacting the timing of production and the related vehicle wholesale. The forecast core wholesale volumes for the going concern assessment period are reasonable compared to historic performance and the those reported by comparable brands in the luxury automotive sector. We observed in previous periods the control exercised over capital expenditure in comparison to amounts forecast which corroborates management's assertion that in the event of the modelled downside occurring capital expenditure could be deferred. Further, the Group has the borrowings disclosed in note 23 which includes details of the maturities of those facilities. We observed that the group forecasts demonstrate sufficient financial resources to repay the current RCF when it matures in August 2025 such that the going concern period does not need to be extended.

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 2025.

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	• We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further three 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	• Revenue recognition, specifically: o There is a risk that revenue is overstated due to errors in cut-off, including bill and hold arrangements; and o 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 • Deferred tax asset valuation • Parent Company Investment Impairment
Materiality	• Overall Group materiality of £7.5m which represents 2.5% of Adjusted Earnings before interest, tax, depreciation and amortisation ('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, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

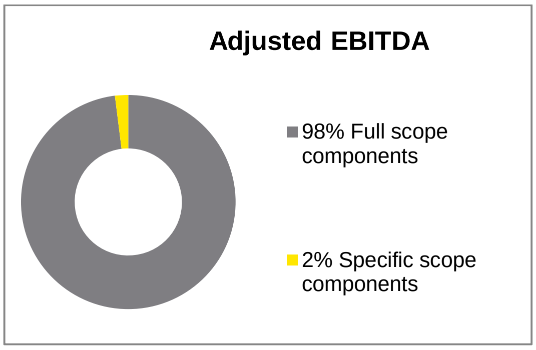
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 8 reporting components of the Group, we selected 7 components covering entities within the UK, Europe, USA, Japan and China, which represent the principal business units within the Group.

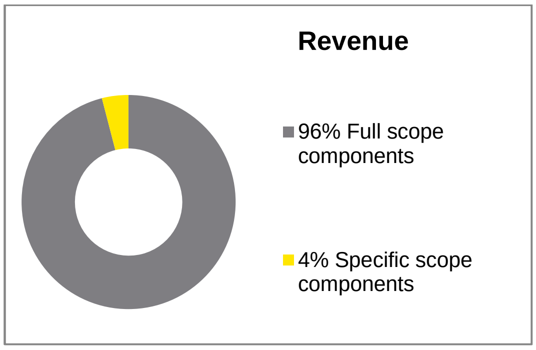
Of the 7 components selected, we performed an audit of the complete financial information of four components (“full scope components”) which were selected based on their size or risk characteristics. For the remaining three components (“specific scope components”), we performed audit procedures on specific 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.

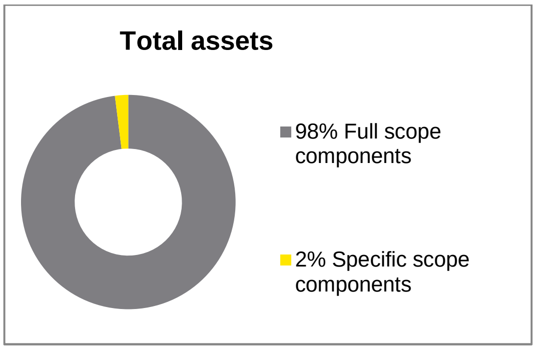
The reporting components where we performed audit procedures accounted for 100% (2022: 100%) of the Group’s Adjusted EBITDA, 100% (2022: 100%) of the Group’s Revenue and 100% (2022: 100%) of the Group’s Total assets. For the current year, the full scope components contributed 98% (2022: 98%) of the Group’s Adjusted EBITDA, 96% (2022: 97%) of the Group’s Revenue and 98% (2022: 98%) of the Group’s Total assets. The specific scope component contributed 2% (2022: 2%) of the Group’s Adjusted EBITDA, 4% (2022: 3%) of the Group’s Revenue and 2% (2022: 2%) of the Group’s Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining one components that together represent 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.







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 three specific scope components, audit procedures were performed directly by the primary audit team. For the component not audited by the primary team, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor or his designate visits full scope component audited by the EY global network firm each year. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in China and these visits continued to be conducted virtually in line with prior periods. These sessions involved meeting with our local component team to discuss and direct their audit approach, understanding the significant audit findings in response to the key audit matters and reviewing key audit working papers. The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Aston Martin Lagonda Global Holdings plc. 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 financial impact of increasing carbon related costs in response to changes in legislation and managing the brand/reputational impact of continuing to sell ICE ('Internal combustion engine') powered vehicles in the short to medium term. These are explained on pages 58-63 in the required Task Force On Climate Related Financial Disclosures and on pages 64-69 in the principal risks and uncertainties. They have also explained their climate commitments on pages 44-49. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1 how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. Significant judgements or estimates relating to climate change have been factored into the Directors impairment assessments of the carrying value of capitalised development cost intangible assets, parent company investment impairment assessment and recoverability of deferred tax assets in the notes to the financial statements. 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 30 June 2025 nor the viability of the Group over the next five years.

Our audit effort, in considering the impact of climate change on the financial statements, was focused on evaluating management's assessment of the impact of climate risk, both physical and transition, managements climate commitments and the effects of material climate risks disclosed on pages 61-62. We focused on whether these have been appropriately reflected in asset values where these are impacted by future cash flows, being the impairment testing of capitalised development costs, impairment of parent company investments and deferred tax asset recoverability and associated sensitivity disclosures (see notes 9 and 13 in the group financial statements and note 3 in the parent company financial statements) following the requirements of UK adopted international accounting standards for the group and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally

Accepted Accounting Practice) for the parent company. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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
Revenue Recognition (2023: £1,632.8m; 2022: £1,381.5m) *Refer to the Audit Committee Report (page 101); Accounting policies (pages 148-149); and Note 3 of the Consolidated Financial Statements (page 157)* 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. In the current year the business and industry has experienced supply chain challenges and as a result there is an increased risk that revenue is recognised ahead of the vehicle build being complete. There is also a risk of overstatement of revenue through inappropriate manual journal entries.	• 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 and 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 for a sample of vehicles the manufacturing process was complete 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.	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.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• 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 the full and specific scope locations.	
Capitalisation and amortisation of development costs **(Net book value of capitalised development costs: £848.4m, 2022: £843.9m)** **(Amounts capitalised in the year: £268.5m, 2022: £232.0m)** **(Amortisation charge: £264.0m, 2022: £221.4m)** *Refer to Accounting policies (page 150); and Note 12 of the Consolidated Financial Statements (page 165)* 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. There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.	• 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.	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.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of capitalised development costs **(Net book value of capitalised development costs: £848.4m, 2022: £843.9m)** **(Impairment charge: £nil, 2022 £nil)** *Refer to the Audit Committee Report (page 101); Accounting policies (page 151-152); and Note 13 of the Consolidated Financial Statements (page 166)* 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.	• 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 61-62. • 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.	Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.
Deferred Tax Asset Valuation **(Deferred Tax Asset: £156.3m, 2022: £133.7m)** *Refer to the Audit Committee Report (page 101); Accounting policies (page 154); and Note 9 of the Consolidated Financial Statements (page 161-163)* The extent of recognition of deferred tax assets is subject to significant estimation and	• We confirmed the existence and the design effectiveness of controls around management's assessment of the deferred tax asset valuation. • We considered and challenged the convincing evidence that the group will make future taxable profits against which to recognize carried forward losses. • We ensured the forecasts used are consistent with those used for going concern, viability and impairment assessments. This included confirming the underlying cash flows are consistent with the Board approved business plan and appropriately	Our year end audit procedures did not identify evidence of material misstatement regarding the valuation of deferred tax assets.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
assumptions particularly in respect of deferred tax assets recognised in respect of carried forward losses based on forecast future taxable profits.	reflect the effects of material climate risks as disclosed on pages 61-62. • We tested the adjustments made to forecast profit before tax to arrive at forecast taxable profits. • For forecasts beyond the board approved budget, we considered how these forecasts had been prepared and challenged the forecast profitability. • We considered and challenged the level of Deferred Tax Asset recognised for both trade and non-trade losses including the timeframe in which these Deferred Tax Assets will be recovered and whether these forecast profits are considered probable. • We also considered and challenged the rational for the level of Deferred Tax Assets which remain unrecognised. • We performed and considered sensitivities on managements' future forecasts, both upside and downside, to challenge whether the forecasts used are the best estimate for use in calculation of the deferred tax asset recognised. • We audited the disclosures relating to the Deferred Tax Asset to ensure they are compliant with the requirements of IAS 12.	
Parent Company Investment impairment **(Investment: £1,051.5m, 2022: £497.3m)** **(Impairment reversal: £460.1m, 2022 Impairment charge: £460.1m)** *Refer to the Audit Committee Report (page 101); Accounting policies (page 203); and Note 3 of the Consolidated Financial Statements (page 205)* There is a risk that the parent company investment impairment / impairment reversal is not supported by the subsidiaries future forecast cashflows.	• We confirmed the existence and the design effectiveness of controls around management's impairment assessment for investment in subsidiaries. • We considered the indicators of investment reversal, being the new medium term targets announced by management at the capital markets day as well as the increase in the Groups market capitalisation in the year. • We examined management's methodology and model for assessing the VIU for investment in subsidiaries. This included assessing the cash flow forecasts relating to the repayment of intercompany payables to the parent company. • We confirmed the underlying cash flows are consistent with the Board approved business plan and appropriately reflect the effects of material climate risks as disclosed on pages 61-62. • We re-performed the calculations in the model to test the mathematical integrity. • We calculated the degree to which the key assumptions would need to fluctuate before there is a change in the impairment / impairment reversal. • We 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.	Our year end audit procedures did not identify evidence of material misstatement regarding the reversal of the impairment in investment in subsidiaries. The prior year adjustment related to the 2022 balance sheet is materially stated.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We have further reviewed managements cash flow forecasts used to support the repayment of intercompany payables to the parent company (outside of the Group VIU). • We considered sensitivity analysis about what changes in assumptions could individually lead to a different conclusion. • We audited the disclosures in respect of impairment of investments and confirm their consistency with the audited impairment models.	

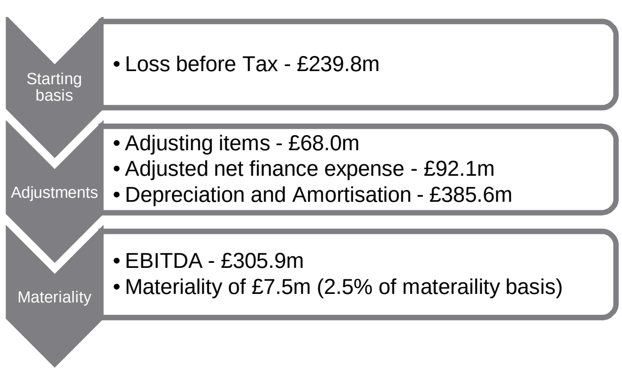
Our application of materiality

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 £7.5 million (2022: £4.75 million), which is 2.5% (2022: 2.5%) of Adjusted EBITDA. We believe that Adjusted EBITDA provides us with an appropriate basis for materiality as it is a key metric used by investors and management in assessing the performance of the Group.

We determined materiality for the Parent Company to be £25.4 million (2022: £30.8 million), which is 1% (2022: 1.5%) of Equity. We have reduced the percentage applied to determine materiality in the current year as a result of the prior year adjustments identified. When auditing balances included within to the Group financial statements we reduced this to the Group materiality.



During the course of our audit, we reassessed initial materiality and updated this for actual results.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely £3.75m (2022: £2.4m). 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 £0.75m to £3.7m (2022: £0.47m to £2.4m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.38m (2022: £0.24m), 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 the annual report set out on pages 1 to 210 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 147-148;

- 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 70;

- 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 pages 70 and 147-148;

- Directors' statement on fair, balanced and understandable set out on pages 100-101 and 129;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 102;

- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 102-103; and;

- The section describing the work of the audit committee set out on pages 98-105.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 129, 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).
- 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 Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; enquiries of legal counsel, Group management, internal audit, and full and specific scope management; reading internal audit reports and whistleblowing summaries provided to the Audit Committee and performing focused testing, as referred to in the key audit matters section above.
- Specific enquiries were made with the component team to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph.

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

Other matters we are required to address

Following the recommendation from the audit 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 five years, covering the years ending 2019 to 2023.

The audit opinion is consistent with the additional report to the audit 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
27 February 2024

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

		2023			2022		
	Notes	**Adjusted £m**	**Adjusting items* £m**	**Total £m**	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	**1,632.8**	**–**	**1,632.8**	1,381.5	–	1,381.5
Cost of sales		**(993.6)**	**–**	**(993.6)**	(930.8)	–	(930.8)
Gross profit		**639.2**	**–**	**639.2**	450.7	–	450.7
Selling and distribution expenses		**(143.8)**	**–**	**(143.8)**	(113.0)	–	(113.0)
Administrative and other operating expenses		**(575.1)**	**(31.5)**	**(606.6)**	(455.6)	(23.9)	(479.5)
Operating loss	4	**(79.7)**	**(31.5)**	**(111.2)**	(117.9)	(23.9)	(141.8)
Finance income	7	**74.3**	**–**	**74.3**	3.0	12.5	15.5
Finance expense	8	**(166.4)**	**(36.5)**	**(202.9)**	(336.1)	(32.6)	(368.7)
Loss before tax		**(171.8)**	**(68.0)**	**(239.8)**	(451.0)	(44.0)	(495.0)
Income tax credit/(charge)	9	**13.0**	**–**	**13.0**	(32.7)	–	(32.7)
Loss for the year		**(158.8)**	**(68.0)**	**(226.8)**	(483.7)	(44.0)	(527.7)
Loss attributable to:							
Owners of the Group				**(228.1)**			(528.6)
Non-controlling interests	33			**1.3**			0.9
				(226.8)			(527.7)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of Defined Benefit liability	26			**(0.1)**			6.8
Taxation on items that will never be reclassified to the Income Statement	9			**–**			(1.7)
Items that are or may be reclassified to the Income Statement							
Foreign currency translation differences				**(4.0)**			3.8
Fair value adjustment – cash flow hedges	23			**0.7**			(6.1)
Amounts reclassified to the Income Statement – cash flow hedges	23			**(5.4)**			2.9
Taxation on items that may be reclassified to the Income Statement	9			**1.2**			0.8
Other comprehensive (loss)/income for the year, net of income tax				**(7.6)**			6.5
Total comprehensive loss for the year				**(234.4)**			(521.2)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				**(235.7)**			(522.1)
Non-controlling interests	33			**1.3**			0.9
				(234.4)			(521.2)
Earnings per ordinary share							
Basic loss per share	11			**(30.5p)**			(124.5p)
Diluted loss per share	11			**(30.5p)**			(124.5p)

All operations of the Group are continuing.

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

The notes form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity as at 31 December 2023

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 (restated*) £m	Non-controlling interest £m	Total Equity (restated*) £m
At 1 January 2023 (restated*)	**69.9**	**1,697.4**	**143.9**	**9.3**	**6.6**	**6.5**	**4.3**	**(1,233.9)**	**19.5**	**723.5**
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(228.1)	1.3	(226.8)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(4.0)	–	–	–	(4.0)
Fair value movement – cash flow hedges (note 23)	–	–	–	–	–	–	0.7	–	–	0.7
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	–	(5.4)	–	–	(5.4)
Remeasurement of Defined Benefit liability (note 26)	–	–	–	–	–	–	–	(0.1)	–	(0.1)
Tax on other comprehensive loss (note 9)	–	–	–	–	–	–	1.2	–	–	1.2
Total other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(3.5)**	**(0.1)**	**–**	**(7.6)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(3.5)**	**(228.2)**	**1.3**	**(234.4)**
Transactions with owners, recorded directly in equity										
Issuance of new shares (note 27)	11.5	383.0	–	–	–	–	–	–	–	394.5
Issue of shares to Share Incentive Plan (note 27)	0.1	–	–	–	–	–	–	(0.1)	–	–
Warrant options exercised (note 27)	0.9	14.1	–	–	–	–	–	18.6	–	33.6
Credit for the year under equity-settled share-based payments (note 29)	–	–	–	–	–	–	–	5.4	–	5.4
Tax on items credited to equity (note 9)	–	–	–	–	–	–	–	0.5	–	0.5
Total transactions with owners	**12.5**	**397.1**	**–**	**–**	**–**	**–**	**–**	**24.4**	**–**	**434.0**
At 31 December 2023	**82.4**	**2,094.5**	**143.9**	**9.3**	**6.6**	**2.5**	**0.8**	**(1,437.7)**	**20.8**	**923.1**

* Detail on the restatement is disclosed in note 2.

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 (restated*) £m	Non-controlling interest £m	Total Equity (restated*) £m
At 1 January 2022 (restated*)	**11.6**	**1,123.4**	**143.9**	**9.3**	**6.6**	**2.7**	**6.7**	**(711.4)**	**18.6**	**611.4**
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(528.6)	0.9	(527.7)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	3.8	–	–	–	3.8
Fair value movement – cash flow hedges (note 23)	–	–	–	–	–	–	(6.1)	–	–	(6.1)
Amounts reclassified to the Income Statement – cash flow hedges (note 23)	–	–	–	–	–	–	2.9	–	–	2.9
Remeasurement of Defined Benefit liability (note 26)	–	–	–	–	–	–	–	6.8	–	6.8
Tax on other comprehensive income (note 9)	–	–	–	–	–	–	0.8	(1.7)	–	(0.9)
Total other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**3.8**	**(2.4)**	**5.1**	**–**	**6.5**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**3.8**	**(2.4)**	**(523.5)**	**0.9**	**(521.2)**
Transactions with owners, recorded directly in equity										
Issuance of new shares (note 27)	58.3	574.0	–	–	–	–	–	–	–	632.3
Credit for the year under equity-settled share-based payments (note 29)	–	–	–	–	–	–	–	1.0	–	1.0
Total transactions with owners	**58.3**	**574.0**	**-**	**–**	**–**	**–**	**–**	**1.0**	**–**	**633.3**
At 31 December 2022 (restated*)	**69.9**	**1,697.4**	**143.9**	**9.3**	**6.6**	**6.5**	**4.3**	**(1,233.9)**	**19.5**	**723.5**

* Detail on the restatement is disclosed in note 2.

Consolidated Statement of Financial Position at 31 December 2023

	Notes	**31 December 2023 £m**	31 December 2022 (restated*) £m	1 January 2022 (restated*) £m
Non-current assets				
Intangible assets	12	**1,577.6**	1,394.6	1,384.1
Property, plant and equipment	14	**353.7**	369.9	355.5
Investments in equity interests	15	**18.2**	–	–
Right-of-use lease assets	16	**70.4**	74.4	76.0
Trade and other receivables	18	**5.3**	6.3	2.1
Other financial assets		**–**	–	0.5
Deferred tax asset	9	**156.3**	133.7	156.4
		2,181.5	1,978.9	1,974.6
Current assets				
Inventories	17	**272.7**	286.2	196.8
Trade and other receivables	18	**322.2**	245.7	243.4
Income tax receivable		**0.9**	1.4	1.5
Other financial assets	20	**3.3**	8.8	7.3
Cash and cash equivalents	19	**392.4**	583.3	418.9
		991.5	1,125.4	867.9
Total assets		**3,173.0**	3,104.3	2,842.5
Current liabilities				
Borrowings	23	**89.4**	107.1	114.3
Trade and other payables	21	**840.4**	891.2	735.9
Income tax payable		**2.1**	6.3	5.5
Other financial liabilities	22	**25.2**	26.2	34.8
Lease liabilities	16	**8.8**	7.4	9.7
Provisions	25	**20.2**	18.6	19.9
		986.1	1,056.8	920.1
Non-current liabilities				
Borrowings	23	**980.3**	1,104.0	1,074.9
Trade and other payables	21	**122.3**	43.2	43.9
Lease liabilities	16	**88.5**	92.4	93.7
Provisions	25	**23.7**	22.5	19.0
Employee benefits	26	**49.0**	61.2	78.7
Deferred tax liabilities	9	**–**	0.7	0.8
		1,263.8	1,324.0	1,311.0
Total liabilities		**2,249.9**	2,380.8	2,231.1
Net assets		**923.1**	723.5	611.4
Capital and reserves				
Share capital	27	**82.4**	69.9	11.6
Share premium	27	**2,094.5**	1,697.4	1,123.4
Merger reserve		**143.9**	143.9	143.9
Capital redemption reserve		**9.3**	9.3	9.3
Capital reserve		**6.6**	6.6	6.6
Translation reserve		**2.5**	6.5	2.7
Hedge reserves	23	**0.8**	4.3	6.7
Retained earnings		**(1,437.7)**	(1,233.9)	(711.4)
Equity attributable to owners of the Group		**902.3**	704.0	592.8
Non-controlling interests		**20.8**	19.5	18.6
Total shareholders' equity		**923.1**	723.5	611.4

* Detail on the restatement is disclosed in note 2.

The Financial Statements were approved by the Board of Directors on 27 February 2024 and were signed on its behalf by

AMEDEO FELISA
CHIEF EXECUTIVE OFFICER
Company Number: 11488166

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
Operating activities			
Loss for the year		**(226.8)**	(527.7)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax (credit)/charge on operations	9	**(13.0)**	32.7
Net finance costs		**128.6**	353.2
Depreciation of property, plant and equipment	4	**90.3**	77.8
Depreciation of right-of-use lease assets	4	**9.3**	11.0
Amortisation of intangible assets	4	**283.4**	219.3
Loss on sale/scrap of property, plant and equipment		**2.6**	–
Difference between pension contributions paid and amounts recognised in Income Statement		**(15.0)**	(12.1)
Decrease/(increase) in inventories		**11.9**	(78.4)
(Increase)/decrease in trade and other receivables		**(82.3)**	0.1
Increase in trade and other payables		**50.9**	81.5
Decrease in advances and customer deposits		**(66.0)**	(17.9)
Movement in provisions		**3.4**	0.7
Other non-cash movements		**(0.3)**	1.2
Other non-cash movements – Movements in hedging position and foreign exchange derivatives		**(7.2)**	(3.2)
Other non-cash movements – Increase in other derivative contracts		**(11.2)**	(2.3)
Other non-cash movements – Movements in deferred tax relating to RDEC credit	9	**(7.4)**	(3.5)
Cash generated from operations		**151.2**	132.4
Decrease in cash held not available for short-term use	19	**0.3**	1.5
Income taxes paid	9	**(5.6)**	(6.8)
Net cash inflow from operating activities		**145.9**	127.1
Cash flows from investing activities			
Interest received	7	**13.5**	2.2
Repayment of loan assets	18	**0.5**	–
Payments to acquire property, plant and equipment		**(91.1)**	(58.6)
Cash outflow on technology and development expenditure		**(306.3)**	(228.3)
Net cash used in investing activities		**(383.4)**	(284.7)
Cash flows from financing activities			
Interest paid	28	**(122.5)**	(141.2)
Proceeds from equity share issue	27	**310.9**	653.9
Proceeds from issue of warrants	27	**15.0**	–
Proceeds from financial instrument utilised during refinancing transactions	7	**–**	4.1
Principal element of lease payments	28	**(7.9)**	(10.0)
Repayment of existing borrowings	28	**(129.7)**	(172.7)
Premium paid upon redemption of borrowings	28	**(8.0)**	(14.3)
Proceeds from inventory repurchase arrangement	21	**38.0**	75.7
Repayment of inventory repurchase arrangement	21	**(40.0)**	(60.0)
Proceeds from new borrowings	28	**11.5**	–
Transaction fees paid on issuance of shares		**(7.6)**	(18.6)
Transaction fees paid on financing activities	28	**–**	(1.9)
Net cash inflow from financing activities		**59.7**	315.0
Net (decrease)/increase in cash and cash equivalents		**(177.8)**	157.4
Cash and cash equivalents at the beginning of the year		**583.3**	418.9
Effect of exchange rates on cash and cash equivalents		**(13.1)**	7.0
Cash and cash equivalents at the end of the year		**392.4**	583.3

1 BASIS OF ACCOUNTING

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

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

Climate change

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

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

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

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

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

Going concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m First Lien notes at 10.5% which mature in November 2025, $121.7m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% Payment in Kind) which mature in November 2026, a Revolving Credit Facility (£99.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF facility and a wholesale vehicle financing facility (as described in note 18). As previously announced, the Group expects to refinance the outstanding debt during the first half of 2024, however, the going concern assessment is not dependent on this occurring. Under the RCF the Group is required to comply with a leverage covenant tested quarterly. Leverage is calculated as the ratio of adjusted EBITDA to net debt, after certain accounting adjustments are made. Of these adjustments, the most significant is to account for lease liabilities under "frozen GAAP", i.e. under IAS17 rather than IFRS 16. Details of this adjustment are included in note 16. The Group has complied with its covenant requirements for the year ended 31 December 2023 and expects to do so for the Going Concern period.

The amounts outstanding on all the borrowings are shown in note 23.

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

1 BASIS OF ACCOUNTING CONTINUED

Going concern continued

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

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

In addition, 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 more than 15% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

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

2 ACCOUNTING POLICIES

Basis of consolidation

The Consolidated Financial Statements consist of the Financial Statements of the Group and all entities controlled by the Group. All intercompany balances and transactions, including unrealised profits arising, are eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the Group Financial Statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the Group and are based on consistent accounting policies.

Foreign currency translation

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

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates for the period. The resulting exchange differences are taken through Other Comprehensive Income to the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in the translation reserve relating to the foreign operation is recognised in the Income Statement.

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

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 where no other obligations exist. For those elements of VME connected with retail sales by the dealer where there is also a contractual requirement for the dealer to make additional wholesale purchases at that time to receive the incentive, the incentive is accrued at the time of the retail sale by the dealer to the end customer.

2 ACCOUNTING POLICIES CONTINUED

Revenue recognition continued

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

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

Sales of parts

Revenue from the sale of parts is recognised upon transfer of control to the customer, generally when the parts are released to the carrier responsible for transporting them. Where the dealer is Aston Martin Works Limited, an indirect subsidiary of the Company, revenue is recognised upon despatch to a customer outside of the Group.

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

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

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

Where a significant financing component exists, the contract liability is increased over the same period of time as the contract liability is held to account for the time value of money. A corresponding charge is recognised in the 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, gains and losses on financial instruments that are recognised at fair value through the Income Statement and foreign exchange losses on foreign currency denominated financial liabilities.

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

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

Current liabilities include liabilities held primarily for trading purposes in line with the 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. Customer deposits and advances are typically presented as current, although, due to the timing between deposit payment and a sale completing, can take longer than 12 months to unwind.

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.

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 marketplace, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products.

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

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

- The project's technical feasibility and commercial viability, based on an estimate of future cash flows, can be demonstrated when the project has reached a defined milestone according to the Group's established product development model.
- Technical and financial resources are available for the project.

– An intention to complete the project has been confirmed.
– The correlation between development costs and future revenues has been established.

Technology

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

Dealer network

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

Amortisation

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

	Years
Purchased intellectual property	5
Development costs	1 to 10
Technology	10
Software and other	3 to 10
Dealer network	20

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

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

Property, plant and equipment

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

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

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

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

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

2 ACCOUNTING POLICIES CONTINUED

Investments in equity instruments

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

Government grants

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

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

Research and development tax relief in the form of the Research and Development Expenditure Credit ("RDEC") is recognised in the Income Statement over the periods in which the qualifying expenditure giving rise to the RDEC claim is recognised, as the Group's assessment of the conditions of receipt of the RDEC concludes that it meets the definition of a Government grant. Certain expenses within the scope of RDEC are capitalised as part of the Groups development costs. Where this is the case, the Group defers the income associated with the claim to deferred income and releases it to the Income Statement in line with the amortisation profile of the associated asset. Claims are submitted annually based on the qualifying expenditure for a given accounting period. The cash benefit from the claim is received in the year of the claim and presented in operating cash flows.

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

Movements in government grants are presented within operating cashflows.

Carbon credits

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

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

Leases under which the Group acts as lessee

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

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

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

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

Lease payments included in the measurement of the lease liability comprise either fixed lease payments or lease payments subject to periodic fixed increases. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and interest cost with the interest costs charged to the Income Statement over the lease period.

The liability is remeasured when there is an increase/decrease in future lease payments arising from a change in an index or rate specified.

Short-term leases and leases of low-value assets

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

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.

2 ACCOUNTING POLICIES CONTINUED

Impairment of assets continued

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

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

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

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

Inventories

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

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

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

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

Cash and cash equivalents

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

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

Derivative financial instruments

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

Financial assets and liabilities

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

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

Trade and other receivables

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

Trade and other payables

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

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

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

Hedge accounting

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

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

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

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.

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

Provisions

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

2 ACCOUNTING POLICIES CONTINUED

Provisions continued

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.
– Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

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

Equity instruments

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

Adjusting items

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

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

Critical accounting assumptions and key sources of estimation uncertainty estimates

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

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

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

Impairment of finite life intangible assets

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

The result of the calculation of the value-in-use is sensitive to the assumptions made and is a subjective estimate (note 13).

Recognition of deferred tax assets

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

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

In considering recoverability of the deferred tax assets, the Group relies upon future forecasts, which inherently increases the level of significant estimation uncertainty in the later periods. Note 9 provides information on the inherent sensitivities.

2 Accounting policies continued

New accounting standards

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

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

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

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

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

PRIOR YEAR RESTATEMENT

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

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

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

Liabilities	As previously reported 31 December 2022 £m	Adjustment £m	Restated balance 31 December 2022 £m
Non-current liabilities			
Trade and other payables	9.1	34.1	43.2
Current liabilities			
Trade and other payables	876.3	14.9	891.2
Capital and reserves			
Retained Earnings	(1,184.9)	(49.0)	(1,233.9)

Liabilities	As previously reported 1 January 2022 £m	Adjustment £m	Restated balance 1 January 2022 £m
Non-current liabilities			
Trade and other payables	9.8	34.1	43.9
Current liabilities			
Trade and other payables	721.0	14.9	735.9
Capital and reserves			
Retained Earnings	(662.4)	(49.0)	(711.4)

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	**2023 £m**	2022 £m
Analysis by category		
Sale of vehicles	**1,531.9**	1,291.5
Sale of parts	**80.0**	70.8
Servicing of vehicles	**9.8**	9.3
Brands and motorsport	**11.1**	9.9
	1,632.8	1,381.5

Revenue	**2023 £m**	2022 £m
Analysis by geographical location		
United Kingdom	**309.9**	366.0
The Americas[1]	**452.8**	401.8
Rest of Europe, Middle East and Africa[2]	**547.0**	260.2
Asia Pacific[3]	**323.1**	353.5
	1,632.8	1,381.5

1. Within The Americas geographical segment, material revenue of £409.9m (2022: £363.9m) is generated in the United States of America
2. Within Rest of Europe, Middle East and Africa geographical segment, material revenue of £167.4m (2022: £87.5m) is generated in Germany
3. Within Asia Pacific geographical segment, material revenue of £91.8m (2022: £205.1m) is generated in China and £134.5m (2022: £68.9m) is generated in Japan

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

As at 31 December 2023	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible assets[1] £m	Other receivables £m	Total £m
United Kingdom	59.0	269.0	85.4	1,160.3	–	1,575.2
The Americas	6.3	6.8	–	188.5	3.3	204.9
Rest of Europe	1.7	77.6	–	143.4	2.0	223.2
Asia Pacific	3.4	0.3	–	–	–	3.7
	70.4	353.7	85.4	1,492.2	5.3	2,007.0

1. Within Intangible assets located in Europe, £143.4m is located in Germany. Within Intangible assets located in the Americas, £188.5m is located in the United States of America. These assets relate to the technology sharing agreements with Mercedes Benz AG and Lucid Group, Inc. respectively.

As at 31 December 2022	Right-of-use lease asset £m	Property, plant, equipment £m	Goodwill £m	Intangible Assets[1] £m	Other receivables £m	Total £m
United Kingdom	60.7	301.6	85.4	1,155.8	–	1,603.5
The Americas	8.3	4.0	–	–	4.3	16.6
Rest of Europe	0.1	64.3	–	153.4	2.0	219.8
Asia Pacific	5.3	–	–	–	–	5.3
	74.4	369.9	85.4	1,309.2	6.3	1,845.2

1. Within Intangible assets located in Europe, £153.4m is located in Germany. This asset relates to the technology sharing agreements with Mercedes Benz AG.

4 OPERATING LOSS

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

		2023 £m	2022 £m
Depreciation of property, plant and equipment (note 14)		**91.2**	80.7
Depreciation absorbed into inventory under standard costing		**(0.9)**	(2.9)
Loss on sale/scrap of property, plant and equipment		**2.6**	–
Depreciation of right-of-use lease assets (note 16)		**9.3**	11.0
Amortisation of intangible assets (note 12)		**280.4**	227.4
Amortisation released from/(absorbed into) inventory under standard costing		**3.0**	(8.1)
Depreciation, amortisation and impairment charges included in administrative and other operating expenses		**385.6**	308.1
(Decrease)/increase in trade receivable loss allowance – administrative and other operating expenses (note 23)		**(1.3)**	0.6
Research and development expenditure tax credit		**(23.8)**	(18.4)
Net foreign currency differences		**0.3**	8.7
Cost of inventories recognised as an expense		**844.0**	798.0
Write-down of inventories to net realisable value		**24.2**	8.9
Increase in fair value of other derivative contracts		**(11.2)**	(2.3)
Lease payments (gross of sub-lease receipts)			
	Plant, machinery and IT equipment*	**0.3**	0.7
Sub-lease receipts	Land and buildings	**(0.4)**	(0.6)
Auditor's remuneration:			
	Audit of these Financial Statements	**0.3**	0.3
	Audit of Financial Statements of subsidiaries pursuant to legislation	**0.5**	0.4
	Audit-related assurance	**0.1**	0.1
	Services related to corporate finance transactions	**–**	0.2
Research and development expenditure recognised as an expense		**30.7**	14.1

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

	2023 £m	2022 £m
Total research and development expenditure	**299.2**	246.1
Capitalised research and development expenditure (note 12)	**(268.5)**	(232.0)
Research and development expenditure recognised as an expense	**30.7**	14.1

5 ADJUSTING ITEMS

	2023 £m	2022 £m
Adjusting operating expenses:		
ERP implementation costs[1]	**(14.5)**	(6.9)
Defined Benefit pension scheme closure costs[2]	**(1.0)**	(13.5)
Director settlement and incentive arrangements[7]	**–**	(3.5)
Legal settlement and costs[3]	**(16.0)**	–
	(31.5)	(23.9)
Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions[4]	**–**	4.1
Gain on financial instruments recognised at fair value through Income Statement[5]	**–**	8.4
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes[4]	**(8.0)**	(14.3)
Write-off of capitalised borrowing fees and discount upon early settlement of Senior Secured Notes[4]	**(9.5)**	(16.4)
Professional fees incurred on refinancing expensed directly to the Income Statement[4]	**–**	(1.9)
Loss on financial instruments recognised at fair value through Income Statement[5]	**(19.0)**	–
	(36.5)	(20.1)
Total adjusting items before tax	**(68.0)**	(44.0)
Tax charge on adjusting items[6]	**–**	–
Adjusting items after tax	**(68.0)**	(44.0)

Summary of 2023 adjusting items

1. In the year ended 31 December 2023, the Group incurred further implementation costs for a cloud-based Enterprise Resource Planning (ERP) system for which the Group will not own any intellectual property. £14.5m (2022: £6.9m) of costs have been incurred in the period under the service contract and expensed to the Consolidated Income Statement during the business readiness phase of the project. The project continued to undergo a phased rollout during 2023, which included HR, ordering and dealer management, and limited aspects of purchasing, following the previous migration of finance in 2022. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting. The cash impact of this item is a working capital outflow at the time of invoice payment.
2. On 31 January 2022, the Group closed its Defined Benefit Pension Scheme to future accrual incurring a past service cost of £2.8m. Under the terms of the closure agreement, employees were granted cash payments both in the current year and the following two financial years totalling £8.7m. These costs have been fully accrued. In addition, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during 2022. The terms of the agreement provide the employees with a minimum guaranteed value for these shares subject to their ongoing employment with the Group. The Group will pay the employees a further cash sum as the share price at 1 February 2024 did not meet this value. The charge associated with this portion was £1.0m in the year ended 31 December 2022 and is being accounted for in accordance with IFRS2 as a cash settled share-based payment scheme. A cost of £1.0m in the year ended 31 December 2023 relates to the ongoing minimum guaranteed value which will crystallise in early 2024.
3. During the year ended 31 December 2023, the Group was involved in two High Court cases against entities ultimately owned by a former significant shareholder of the Group. The first involved AMMENA, Aston Martin's distributor in the Middle East, North Africa and Turkey region. AMMENA brought a number of claims against the Group, including claims for debts arising between 2019-2021 when Aston Martin was acting as AMMENA's agent and several claims that the Group had acted in bad faith when AMMENA resumed its obligations as distributor. The Group successfully defended all the bad faith claims and AMMENA's 2021 debt claim was dismissed. Aston Martin, however, was unsuccessful in its claim to set off its own counter-claim that AMMENA (as the region's distributor) should indemnify the Group in relation to costs incurred in the termination of a retail dealer, so is required to pay AMMENA's debt claims for 2019 and 2020 (totalling £5.3m plus interest of £0.6m). The Group incurred costs of £5.7m in defending AMMENA's claims and must pay opposition costs of £1.7m. The cash impact of these costs is a cash outflow in February 2024 as well as working capital movements during the year ended 31 December 2023 for costs already incurred. The second case involves claims against a retail dealership, which is ultimately owned by entities that are shareholders in one of the Group's subsidiary entities, including for unpaid debts relating to two agreements from 2015 and 2016. The final judgement has been handed down (and is in AML's favour on all material issues), but the consequences of that judgement (including quantification of the final judgment sum, interest, and costs) has not yet been determined or ordered by the Court. The Group has incurred costs of £2.7m in the year which in conjunction with the other costs above are considered non-recurring in nature as these are related to historic disputes with former shareholders and not related to the ongoing business of the Group.
   Whilst disputes and legal proceedings pending are often in the normal course of the Group's business, in both these cases the opposing party has links to companies that were former significant shareholders of the Group. On that basis the Group has classified these costs as non-recurring in nature.
4. During the year ended 31 December 2023, the Group repaid $121.7m of Second Lien Senior Secured Notes ("SSNs"). In repaying the notes prior to their redemption date, a redemption premium of £8.0m was incurred, of which the cash impact was incurred in the year ended 31 December 2023. Accelerated amortisation of capitalised borrowing costs and discount of £10.1m was recognised which is a non-cash item.
   In the year ended 31 December 2022, the Group paid down $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The early settlement of these notes incurred a redemption premium of £14.3m and transaction fees of £1.9m and resulted in the acceleration of capitalised borrowing costs of £16.4m. The cash impact of the fees and premium are incurred within the year ended 31 December 2022. The acceleration of the borrowing costs is a non-cash item.
   In order to facilitate the repayment in of the SSNs in 2022, the Group placed a forward currency contract to purchase US dollars. Due to favourable movements in the exchange rates, a gain of £4.1m was realised in the Consolidated Income Statement at the transaction date. The repayment made in 2023 was not hedged.
5. The Group issued Second Lien SSNs during the year ended 31 December 2020 which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the liability in the year ended 31 December 2023 resulted in a net loss, including warrant exercises, of £19.0m (2022: gain of £8.4m) being recognised in the Consolidated Income Statement. There is no cash impact of this adjustment.
6. In 2023, nil tax has been recognised as an adjusting item (2022: nil tax) which is not in line with the standard rate of income tax for the Group of 23.5% (2022: 19%). This is on the basis that the adjusting items generate net deferred tax assets (specifically unused tax losses and interest amounts disallowed under the corporate interest restriction legislation). These have not been recognised to the extent that sufficient taxable profits are not forecast (under the defined planning cycle applied for the recognition of deferred tax assets) against which the unused tax losses and interest amounts disallowed under the corporate interest restriction legislation would be utilised.

Summary of 2022 adjusting items

7. On 14 January 2022, it was announced that Doug Lafferty would be joining the Group as Chief Financial Officer replacing Ken Gregor who stepped down from the Board on 1 May 2022. On 4 May, it was announced that Tobias Moers would be stepping down as Chief Executive Officer and Chief Technical Officer. Amedeo Felisa was appointed as Chief Executive Officer and Roberto Fedeli was appointed as Chief Technical Officer on the same day. The total cost associated with these changes was £3.5m, of which £1.8m represents joining incentives, £0.7m represents severance (note 6), and £1.0m comprises social security and other costs. Due to the quantum of such costs incurred in the period, they have been separately presented. The cash outflows associated with this expense are expected to be incurred within a period of 12 months from the appointment of each individual.

6 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(a) Staff costs (including Directors)

	2023 £m	2022 £m
Wages and salaries	**188.0**	139.4
Social security costs	**19.4**	16.4
Expenses related to post-employment Defined Benefit plan[1]	**–**	16.0
Contributions to Defined Contribution plans	**20.9**	17.6
	228.3	189.4

1. The year ended 31 December 2022 includes Defined Benefit plan closure costs of £12.5m as separately described in note 5 alongside the total in-year service costs of £3.5m separately disclosed in note 26.

The average monthly number of employees during the year were:

By activity	2023 Number	2022 Number
Production	**1,238**	1,123
Selling and distribution	**342**	276
Administration	**1,160**	1,138
	2,740	2,537

(b) Directors' emoluments and transactions

	2023 £m	2022 £m
Directors' emoluments	**4.4**	3.1
Company contributions to pension schemes	**0.1**	0.1
Share related awards	**–**	0.8
Compensation for loss of office	**–**	0.7
	4.5	4.7

All Directors benefited from qualifying third-party indemnity provisions. Further information relating to Directors' remuneration is set out in the Directors' Remuneration Report.

(c) Compensation of key management personnel (including Executive Directors)

	2023 £m	2022 £m
Short-term employee benefits	**11.0**	5.6
Post-employment benefits	**0.5**	0.4
Compensation for loss of office	**–**	0.7
Share related awards	**0.2**	0.8
	11.7	7.5

7 FINANCE INCOME

	2023 £m	2022 £m
Bank deposit and other interest income	**13.5**	3.0
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**60.8**	–
Finance income before adjusting items	**74.3**	3.0
Adjusting finance income items:		
Foreign exchange gain on financial instrument utilised during refinance transactions	**–**	4.1
Gain on financial instruments recognised at fair value through Income Statement (note 23)	**–**	8.4
Total adjusting finance income	**–**	12.5
Total finance income	**74.3**	15.5

8 FINANCE EXPENSE

	2023 £m	2022 £m
Bank loans, overdrafts and senior secured notes	**151.3**	166.0
Foreign exchange loss on borrowings not designated as part of a hedging relationship	**–**	156.2
Interest on lease liabilities (note 16)	**4.1**	4.5
Net interest expense on the net Defined Benefit liability (note 26)	**2.7**	1.4
Interest on contract liabilities held (note 21)	**7.7**	8.0
Effect of discounting on long-term liabilities	**0.6**	–
Finance expense before adjusting items	**166.4**	336.1
Adjusting finance expense items:		
Loss on financial instruments recognised at fair value through Income Statement (note 23)	**19.0**	–
Premium paid on the early redemption of Senior Secured Notes	**8.0**	14.3
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	**9.5**	16.4
Professional fees incurred on refinancing expensed directly to the Income Statement	**–**	1.9
Total adjusting finance expense	**36.5**	32.6
Total finance expense	**202.9**	368.7

9 TAXATION

	2023 £m	2022 £m
UK corporation tax on result	**0.3**	0.2
Overseas tax	**1.7**	7.4
Prior period movement	**(0.1)**	–
Total current income tax charge	**1.9**	7.6
Deferred tax credit		
Origination and reversal of temporary differences	**(15.1)**	29.4
Prior period movement	**0.2**	(4.3)
Total deferred tax (credit)/charge	**(14.9)**	25.1
Total income tax (credit)/charge in the Income Statement	**(13.0)**	32.7
Tax relating to items (charged)/credited to other comprehensive income		
Deferred tax		
Actuarial movement on Defined Benefit plan	**–**	1.7
Fair value adjustment on cash flow hedges	**(1.2)**	(0.8)
	(1.2)	0.9
Tax relating to items charged in equity – deferred tax		
Effect of equity settled share based payment charge	**(0.5)**	–

9 TAXATION CONTINUED

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

The tax credit (2022: charge) in the Consolidated Statement of Comprehensive Income for the year is lower (2022: higher) than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are reconciled below:

	2023 £m	2022 £m
Loss from operations before taxation	**(239.8)**	(495.0)
Loss from operations before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	**(56.3)**	(94.0)
Difference to total income tax (credit)/charge due to effects of:		
Expenses not deductible for tax purposes	**1.2**	2.0
Movement in unprovided deferred tax	**43.4**	100.3
Derecognition of deferred tax assets	**–**	25.6
Irrecoverable overseas withholding taxes	**–**	0.8
Adjustments in respect of prior periods	**0.1**	(4.3)
Difference in UK tax rates	**(0.7)**	1.1
Difference in overseas tax rates	**0.2**	1.2
Other	**(0.9)**	–
Total income tax (credit)/charge	**(13.0)**	32.7

(b) Tax paid

Total net tax paid during the year was £5.6m (2022: £6.8m).

(c) Factors affecting future tax charges

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

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two Transitional Safe Harbour provisions are expected to apply in each jurisdiction the Group operates in, and management is not aware of any circumstance under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes. The Group has applied the exception in IAS 12 'Income Taxes' to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes**.**

(d) Deferred tax

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2023 £m	Assets 2022 £m	**Liabilities 2023 £m**	Liabilities 2022 £m
Property, plant and equipment	**(108.5)**	(76.2)	**–**	–
Intangible assets	**–**	–	**182.9**	181.3
Employee benefits	**(12.7)**	(15.5)	**–**	–
Provisions	**(10.4)**	(8.4)	**–**	–
RDEC credit[1]	**(23.5)**	(16.1)	**–**	–
RDEC deferred income[2]	**(13.8)**	–		–
Losses and other deductions[3]	**(168.3)**	(198.6)	**–**	–
Share-based payments	**(2.0)**	(0.2)	**–**	–
Other	**–**	–	**–**	0.7
Deferred tax (assets)/liabilities	**(339.2)**	(315.0)	**182.9**	182.0
Offset of tax liabilities/(assets)	**182.9**	181.3	**(182.9)**	(181.3)
Total deferred tax (assets)/liabilities	**(156.3)**	(133.7)	**–**	0.7

1 Deferred tax assets categorised as 'RDEC credit' relate to the cumulative restricted amount of the payable tax credits which can be applied or surrendered in discharging any future corporation tax liability of the claimant company, as detailed in the Government Grants section of the Accounting Policies (Note 2).

2 Deferred tax assets categorised as 'RDEC deferred income' relate to expenditure deferred to the Consolidated Statement of Financial position which has previously been included within filed RDEC claims and subject to corporation tax. Any future release of the RDEC deferred income to the Consolidated Income Statement will not be subject to corporation tax for a second time.

3 Deferred tax assets categorised as 'Losses and other deductions' relate to tax losses and tax interest amounts disallowed under the corporate interest restriction legislation.

9 Taxation continued

(d) Deferred tax continued

Where the right exists in certain jurisdictions, deferred tax assets and liabilities have been offset.

Movement in deferred tax in 2023	1 January 2023 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2023 £m
Property, plant and equipment	**(76.2)**	**(32.4)**	**–**	**–**	**–**	**(108.5)**
Intangible assets	**181.3**	**1.6**	**–**	**–**	**–**	**182.9**
Employee benefits	**(15.5)**	**2.8**	**–**	**–**	**–**	**(12.7)**
Provisions	**(8.4)**	**(1.4)**	**(1.2)**	**–**	**0.6**	**(10.4)**
RDEC credit	**(16.1)**	**–**	**–**	**–**	**(7.4)**	**(23.5)**
RDEC deferred income	**–**	**(13.8)**	**–**	**–**	**–**	**(13.8)**
Losses and other deductions	**(198.6)**	**30.2**	**–**	**–**	**0.1**	**(168.3)**
Share-based payments	**(0.2)**	**(1.2)**	**–**	**(0.5)**	**–**	**(2.0)**
Other	**0.7**	**(0.7)**	**–**	**–**	**–**	**–**
	(133.0)	**(14.9)**	**(1.2)**	**(0.5)**	**(6.7)**	**(156.3)**

Movement in deferred tax in 2022	1 January 2022 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2022 £m
Property, plant and equipment	(111.1)	34.9	–	–	–	(76.2)
Intangible assets	186.8	(5.5)	–	–	–	181.3
Employee benefits	(19.9)	2.7	1.7	–	–	(15.5)
Provisions	(6.3)	(0.9)	(1.2)	–	–	(8.4)
RDEC credit	(12.6)	–	–	–	(3.5)	(16.1)
Losses and other deductions	(192.6)	(6.4)	0.4	–	–	(198.6)
Share-based payments	(0.7)	0.5	–	–	–	(0.2)
Other	0.8	(0.1)	–	–	–	0.7
	(155.6)	25.2	0.9	–	(3.5)	(133.0)

The losses and other deductions of £168.3m (£673.8m gross) comprises of UK tax losses totalling £117.3m (£469.2m gross), China tax losses totalling £1.9m (£8.3m gross) and disallowed interest amounts of £49.1m (£196.3m gross).

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

Given the recent history of accumulating tax losses, the Group has evaluated whether there is convincing other evidence that sufficient taxable profit will be available in determining the supportable level of net deferred tax assets which have been recognised at the reporting date. The significant progress made both strategically and financially in the past couple of years provides convincing evidence that the current business plan, as set out by the Executive team, will start generating the forecast taxable profits in the UK in the short term in order to support the recognition of deferred tax assets.

The future forecasts cover an extended period, which inherently increases the level of significant estimation uncertainty in the later periods. Specifically in this context, for the deferred tax assets held by the main UK trading entity, a defined look-out period for Internal Combustion Engine ('ICE') and Plug-In Hybrid Vehicle ('PHEV') to 31 December 2030 was selected on the basis that this timeframe correlates to existing vehicle life cycles. A longer defined-look out period of two vehicle life cycles was selected for the recognition of UK tax losses carried forward by the non-trading entities. The extended look out period is considered appropriate on the basis that the utilisation of these UK tax losses is only reliant on a relatively low level of future forecast profits generated by the Group beyond 2030. The Group has gross deferred tax assets unrecognised at the reporting date totalling £1,253.0m comprised of £541.2m tax losses, £196.8m accelerated capital allowances, £8.1m US provisions and £506.9m of disallowed tax interest amounts.

The aggregate amount of temporary differences associated with investments in subsidiaries and branches for which deferred tax liabilities have not been recognised is £1.5m for the financial year ended 31 December 2023 (2022: £38.4m). An increase/decrease of £50m in forecast taxable UK profits by 2030 would increase/decrease the level of deferred tax asset that would be recognised on losses by £6.3m under current UK tax legislation.

10 DIVIDENDS

No dividends were declared or paid by the Company in the year ended 31 December 2023 (2022: £nil).

11 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year. 1,017,505 ordinary shares were issued under the Group's share investment plan (note 29). As these shares are held in trust on behalf of the Group's employees and the Group controls the trust they have been excluded from the calculation of the weighted average number of shares.

Continuing and total operations	2023	2022
Basic earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Basic loss per ordinary share (pence)	**(30.5p)**	(124.5p)

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	2023	2022
Diluted earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Basic loss per ordinary share (pence)	**(30.5p)**	(124.5p)

	2023 Number	2022 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
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)	**748.2**	424.7

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 have been excluded from the weighted average number of diluted ordinary shares, as including them is anti-dilutive to diluted earnings per share.

As part of the Strategic Cooperation Agreement entered into in December 2020 with MBAG, shares were issued for access to tranche 1 technology. The Agreement includes an obligation to issue further shares for access to further technology in a future period (note 30). During the year ended 31 December 2023, the agreement was amended and the Group is no longer required to issue further shares to MBAG.

Warrants to acquire shares in the Company were issued alongside the Second Lien SSNs in December 2020 which can be exercised from 1 July 2021 through to 7 December 2027. As a consequence of the rights issue during the period ended 31 December 2022 (note 27) the number of ordinary shares issuable via the options was increased by a multiple of 6 to ensure the warrant holders' interests were not diluted. As at 31 December 2023, 66,159,325 options, each entitled to 0.3 ordinary shares, remain unexercised. The future issuance of warrants may have a dilutive effect in future periods if the Group generates a profit.

Adjusted earnings per share is disclosed in note 34 to show performance undistorted by adjusting items to assist in providing useful information on the underlying performance of the Group and enhance the comparability of information between reporting periods.

12 INTANGIBLE ASSETS

	Goodwill £m	Brands £m	Technology £m	Capitalised development cost £m	Dealer network £m	Software and other £m	Total £m
Cost							
Balance at 1 January 2022	85.4	297.6	163.5	1,613.9	15.4	67.1	2,242.9
Additions	–	–	–	232.0	–	5.9	237.9
Balance at 31 December 2022	85.4	297.6	163.5	1,845.9	15.4	73.0	2,480.8
Balance at 1 January 2023	**85.4**	**297.6**	**163.5**	**1,845.9**	**15.4**	**73.0**	**2,480.8**
Additions	**–**	**–**	**188.5**	**268.5**	**–**	**6.4**	**463.4**
Balance at 31 December 2023	**85.4**	**297.6**	**352.0**	**2,114.4**	**15.4**	**79.4**	**2,944.2**
Amortisation							
Balance at 1 January 2022	–	–	9.9	780.6	10.8	57.5	858.8
Charge for the year	–	–	1.9	221.4	0.8	3.3	227.4
Balance at 31 December 2022	–	–	11.8	1,002.0	11.6	60.8	1,086.2
Balance at 1 January 2023	**–**	**–**	**11.8**	**1,002.0**	**11.6**	**60.8**	**1,086.2**
Charge for the year	**–**	**–**	**9.8**	**264.0**	**0.7**	**5.9**	**280.4**
Balance at 31 December 2023	**–**	**–**	**21.7**	**1,266.0**	**12.3**	**66.7**	**1,366.7**
Net book value							
At 1 January 2022	85.4	297.6	153.6	833.3	4.6	9.6	1,384.1
At 31 December 2022	85.4	297.6	151.7	843.9	3.8	12.2	1,394.6
At 1 January 2023	**85.4**	**297.6**	**151.7**	**843.9**	**3.8**	**12.2**	**1,394.6**
At 31 December 2023	**85.4**	**297.6**	**330.4**	**848.4**	**3.1**	**12.7**	**1,577.6**

On 7 December 2020, the Company issued 224,657,287 shares to MBAG as consideration for access to the first tranche of powertrain and electronic architecture via a Strategic Cooperation Agreement. The Group was required to undertake a valuation exercise to measure the fair value of the access to the MBAG technology upon its initial capitalisation. The Group selected the 'With and Without' income approach which compares the net present value of cash flows from the Group's business plan prior to ('Without') and after ('With') the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Group's assessment, the fair value of access to this technology is £142.3m. The £142.3m represents the assumed cost at acquisition from which point the cost model has been adopted. Amortisation commenced during the year ended 31 December 2023 and the carrying value of the technology asset is £134.2m.

On 26 June 2023, the Aston Martin Lagonda Global Holdings plc confirmed a strategic supply arrangement with Lucid Group, Inc. ("Lucid") providing the Group with access to select powertrain components for future BEV vehicles (collectively the "technology"). The consideration paid by the Group was a mixture of cash and 28,352,273 newly issued shares in Aston Martin Lagonda Global Holdings plc. The Group was required to undertake a valuation exercise to measure the fair value of the access to the Lucid 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 £188.5m. The £188.5m represents the assumed cost at acquisition from which point the cost model has been adopted. Amortisation is aligned to when the asset is available for use – i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation of capitalised development costs commences when the programme to which the expenditure relates is available for use. As at 31 December 2023, £253.2m (2022: £259.4m) of capitalised development costs were not yet within the scope of amortisation.

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 £1.9bn at 31 December 2023.

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. Where non-current assets with finite useful lives are not yet available for use, these are tested for impairment annually.

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

Key assumptions used in value-in-use calculations

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

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

Sensitivity analysis

- As at 31 December 2023, the gross margin would need to decrease by 36% 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 2023. No reasonably possible change in an assumption could result in a material impact on the impairment assessment in the next twelve months.

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 2022	71.5	547.6	238.5	0.8	858.4
Additions	2.9	64.1	27.8	0.1	94.9
Disposals	–	–	(0.6)	(0.2)	(0.8)
Effect of movements in exchange rates	0.3	–	0.1	–	0.4
Balance at 31 December 2022	74.7	611.7	265.8	0.7	952.9
Balance at 1 January 2023	**74.7**	**611.7**	**265.8**	**0.7**	**952.9**
Additions	**9.1**	**45.0**	**23.8**	**-**	**77.9**
Disposals	**(0.1)**	**(2.8)**	**(1.7)**	**(0.1)**	**(4.7)**
Effect of movements in exchange rates	**(0.4)**	**–**	**(0.1)**	**–**	**(0.5)**
Balance at 31 December 2023	**83.3**	**653.9**	**287.8**	**0.6**	**1,025.6**
Depreciation					
Balance at 1 January 2022	32.3	363.7	106.7	0.2	502.9
Charge for the year	2.7	60.5	17.3	0.2	80.7
Disposals	–	–	(0.6)	(0.2)	(0.8)
Effect of movements in exchange rates	0.1	–	0.1	–	0.2
Balance at 31 December 2022	35.1	424.2	123.5	0.2	583.0
Balance at 1 January 2023	**35.1**	**424.2**	**123.5**	**0.2**	**583.0**
Charge for the year	**3.8**	**67.9**	**19.5**	**–**	**91.2**
Disposals	**(0.1)**	**(0.9)**	**(1.0)**	**(0.1)**	**(2.1)**
Effect of movements in exchange rates	**(0.1)**	**–**	**(0.1)**	**–**	**(0.2)**
Balance at 31 December 2032	**38.7**	**491.2**	**141.9**	**0.1**	**671.9**
Net book value					
At 1 January 2022	39.2	183.9	131.8	0.6	355.5
At 31 December 2022	39.6	187.5	142.3	0.5	369.9
At 1 January 2023	**39.6**	**187.5**	**142.3**	**0.5**	**369.9**
At 31 December 2023	**44.6**	**162.7**	**145.9**	**0.5**	**353.7**

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 £37.4m (2022: £32.9m) are not depreciated until available for use and are included within tooling, plant and machinery. The gross value of freehold land and buildings includes freehold land of £6.1m (2022: £6.1m) which is not depreciated. Capital commitments are disclosed in note 30.

The tables below analyse the net book value of the Group's property, plant and equipment by geographical location.

At 31 December 2023	**United Kingdom £m**	**Rest of Europe £m**	**The Americas £m**	**Asia Pacific £m**	**Total £m**
Freehold land and buildings	**38.7**	**1.9**	**5.7**	**–**	**46.3**
Tooling	**83.7**	**73.7**	**0.9**	**0.3**	**158.6**
Plant, machinery, fixtures and fittings, and motor vehicles	**146.6**	**2.0**	**0.2**	**–**	**148.8**
	269.0	**77.6**	**6.8**	**0.3**	**353.7**

At 31 December 2022	United Kingdom £m	Rest of Europe £m	The Americas £m	Asia Pacific £m	Total £m
Freehold land and buildings	36.6	1.8	2.9	–	41.3
Tooling	120.3	61.8	1.1	–	183.2
Plant, machinery, fixtures and fittings, and motor vehicles	144.7	0.7	–	–	145.4
	301.6	64.3	4.0	–	369.9

15 INVESTMENTS IN EQUITY INTERESTS

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

At the point of subscription, a valuation exercise was undertaken to determine the fair value of the derivatives with a gain being recognised in the Consolidated Income Statement (see note 20). As the subscription was sufficiently close to the year-end date, and no material changes have occurred in underlying business, the same valuation was used to determine the fair value as at 31 December 2023. The fair value of the warrant equity option and reward shares was established by applying the proportion of equity represented by the derivatives to an assessment of the equity value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment.

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

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

16 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 2022	89.2	15.6	6.5	111.3
Additions	4.0	–	–	4.0
Modifications	3.3	–	0.2	3.5
Disposals	(5.5)	(4.5)	(5.8)	(15.8)
Effect of movements in exchange rates	1.2	–	–	1.2
Balance at 31 December 2022	92.2	11.1	0.9	104.2
Balance at 1 January 2023	**92.2**	**11.1**	**0.9**	**104.2**
Additions	**4.4**	**–**	**1.4**	**5.8**
Modifications	**0.6**	**–**	**–**	**0.6**
Disposals	**(3.5)**	**(0.1)**	**(0.1)**	**(3.7)**
Effect of movements in exchange rates	**(1.5)**	**–**	**(0.1)**	**(1.6)**
Balance at 31 December 2023	**92.2**	**11.0**	**2.1**	**105.3**
Depreciation				
Balance at 1 January 2022	24.3	5.1	5.9	35.3
Charge for the year	9.9	0.6	0.5	11.0
Disposals	(5.5)	(4.5)	(5.8)	(15.8)
Effect of movements in exchange rates	(0.7)	–	–	(0.7)
Balance at 31 December 2022	28.0	1.2	0.6	29.8
Balance at 1 January 2023	**28.0**	**1.2**	**0.6**	**29.8**
Charge for the year	**8.3**	**0.4**	**0.6**	**9.3**
Disposals	**(3.4)**	**(0.1)**	**(0.1)**	**(3.6)**
Effect of movements in exchange rates	**(0.7)**	**–**	**0.1**	**(0.6)**
Balance at 31 December 2023	**32.2**	**1.5**	**1.2**	**34.9**
Carrying value				
At 1 January 2022	64.9	10.5	0.6	76.0
At 31 December 2022	64.2	9.9	0.3	74.4
At 1 January 2023	**64.2**	**9.9**	**0.3**	**74.4**
At 31 December 2023	**60.0**	**9.5**	**0.9**	**70.4**

Income from the sub-leasing of right-of-use assets in the year 31 December 2023 was £0.4m (2022: £0.6m). The Group recognises the lease payments received on a straight-line basis over the lease term within administrative and other operating expenses in the Consolidated Income Statement.

16 LEASES CONTINUED

b) Obligations under leases

The maturity profile of undiscounted lease cash flows accounted for under IFRS 16 is:

	2023 £m	2022 £m
Less than one year	**12.7**	9.9
One to five year	**40.3**	39.1
More than five years	**82.8**	90.1
	135.8	139.2

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

	2023 £m	2022 £m
Less than one year	**8.8**	7.4
One to five years	**28.5**	26.8
More than five years	**60.0**	65.6
	97.3	99.8
Analysed as:		
Current	**8.8**	7.4
Non-current	**88.5**	92.4
	97.3	99.8

A reconciliation of the lease liability from 1 January to 31 December for the current and prior year is disclosed within note 28.

The total lease interest expense for the year ended 31 December 2023 was £4.1m (2022: £4.5m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £7.9m (2022: £10.0m). Expenses charged to the Consolidated Income Statement for short-term leases for the year ended 31 December 2023 were £0.3m (2022: £0.7m). The portfolio of short-term leases at 31 December 2023 is representative of the expected annual short-term lease expense in future years.

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 2023 is:

	As reported 31 December 2023 £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 2023 £m**
Revenue	**1,632.8**	**–**	**–**	**–**	**–**	**–**	**1,632.8**
Cost of sales	**(993.6)**	**–**	**–**	**–**	**–**	**–**	**(993.6)**
Gross profit	**639.2**	**–**	**–**	**–**	**–**	**–**	**639.2**
Selling and distribution expenses	**(143.8)**	**–**	**–**	**–**	**–**	**–**	**(143.8)**
Administrative and other operating expenses	**(606.6)**	**–**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(608.0)**
Operating loss	**(111.2)**	**–**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(112.6)**
Finance income	**74.3**	**–**	**–**	**–**	**–**	**–**	**74.3**
Finance expense	**(202.9)**	**4.1**	**–**	**–**	**–**	**–**	**(198.8)**
(Loss)/profit before tax	**(239.8)**	**4.1**	**9.3**	**(0.1)**	**1.1**	**(11.7)**	**(237.1)**
Adjusted EBITDA (note 34)	**305.9**	**–**	**–**	**(0.1)**	**1.1**	**(11.7)**	**295.2**

16 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 2022 is:

	As reported 31 December 2022 £m	Add back IFRS 16 interest charge £m	Add back IFRS 16 depreciation charge £m	Less amortisation of legal fees £m	Less lease incentives £m	Less IAS 17 lease cost £m	Excluding impact of IFRS 16 31 December 2022 £m
Revenue	1,381.5	–	–	–	–	–	1,381.5
Cost of sales	(930.8)	–	–	–	–	–	(930.8)
Gross profit	450.7	–	–	–	–	–	450.7
Selling and distribution expenses	(113.0)	–	–	–	–	–	(113.0)
Administrative and other operating expenses	(479.5)	–	11.0	(0.1)	1.1	(14.5)	(482.0)
Operating loss	(141.8)	–	11.0	(0.1)	1.1	(14.5)	(144.3)
Finance income	15.5	–	–	–	–	–	15.5
Finance expense	(368.7)	4.5	–	–	–	–	(364.2)
(Loss)/profit before tax	(495.0)	4.5	11.0	(0.1)	1.1	(14.5)	(493.0)
Adjusted EBITDA (note 34)	190.2	–	–	(0.1)	1.1	(14.5)	176.6

17 INVENTORIES

	2023 £m	2022 £m
Parts for resale, service parts and production stock	**157.7**	152.2
Work in progress	**33.2**	48.5
Finished vehicles	**81.8**	85.5
	272.7	286.2

Finished vehicles include Group-owned service cars at a net realisable value of £49.0m (2022: £44.4m).

During the years ended 31 December 2023 and 2022, inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 21 for further details.

18 TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Amounts included in current assets		
Trade receivables	**216.2**	137.0
Indirect taxation	**43.8**	42.5
Prepayments	**46.6**	46.8
Other receivables	**15.6**	19.4
	322.2	245.7
Amounts included in non-current assets		
Other receivables	**5.3**	6.3

Trade and other receivables for non-vehicle 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. Certain vehicle trade receivables are financed through a wholesale finance facility (see below). Where vehicle trade receivables remain a part of the Group's Consolidated Statement of Financial Position, these receivables bear interest after 60 days. Credit terms for such trade receivables vary between 0 and 180 days.

Credit risk is discussed further in note 23.

18 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):

	2023 £m	2022 £m
Sterling	**78.6**	75.6
Chinese renminbi	**38.3**	15.2
Euro	**87.9**	50.8
US dollar	**17.0**	21.7
Japanese yen	**41.0**	31.0
Other	**18.1**	11.4
	280.9	205.7

Wholesale finance facility

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

In the year ended 31 December 2022, the Group entered into a multi-currency wholesale finance facility with CA Auto Bank S.p.A. ("CAAB") and its regional designates. Under the facility, the Group finances dealer trade receivables with CAAB around the time a sale has been made under the Group's revenue recognition policy and receives consideration equal to the value of the trade receivable financed. The Group has the option to subvent the dealer financing cost which provides the dealer network an interest-free period. The cost of this subvention is presented as a financing expense in the Consolidated Income Statement. The Group has considered the IFRS 9 criteria for asset derecognition in respect of the trade receivables financed through CAAB. The Group is satisfied that substantially all the risks are transferred to CAAB. As a result, the wholesale finance facility is off balance sheet. Due to this classification, financing costs of £2.5m (2022: £0.3m) associated with the scheme are presented in operating cash flows (note 28). As at 31 December 2023, £83.8m was financed under the facility (2022: £65.2m).

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

19 CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash and cash equivalents	**392.4**	583.3

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:

	2023 £m	2022 £m
Sterling	**143.2**	336.8
Chinese renminbi	**21.6**	59.8
Euro	**38.7**	26.1
US dollar	**166.5**	130.5
Japanese yen	**15.9**	4.5
Other	**6.5**	25.6
	392.4	583.3
Included within the above:		
Restricted cash	**–**	32.8

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 UK. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents value above. The cash in China cannot be withdrawn whilst the loan remains in place. During the year ended 31 December 2023, the loan was repaid and the restricted cash was released.

20 OTHER FINANCIAL ASSETS

	2023 £m	2022 £m
Forward currency contracts held at fair value	**3.3**	2.3
Loan assets	**–**	0.6
Cash held not available for short-term use	**–**	0.3
Other derivative contracts	**–**	5.6
	3.3	8.8
Analysed as:		
Current	**3.3**	8.8
Non-current	**–**	–
	3.3	8.8

The Group uses forward currency contracts to partly manage the risk associated with fluctuations in exchange rates on future sales contracts. At the reporting date these cash flow hedges are marked-to-market and any assets are shown as other financial assets in the Statement of Financial Position.

At 31 December 2022, £0.3m held in certain local bank accounts had been frozen in relation to local arbitration proceedings and the cash held in these accounts did not meet the definition of cash and cash equivalents, and therefore was classified as an other financial asset. During 2023, all amounts have been unfrozen.

At 31 December 2022, the Group held £0.5m of subordinated loan and £0.1m of senior loan assets relating to a wholesale financing facility (note 18). The facility fully closed during the year ended 31 December 2023 and the amounts were repaid to the Group. The subordinated loan is presented within financing cashflows owing to its longer term deposit time whereas movements in the senior loan are included in operating cashflow.

Other derivative contracts comprise warrant options and non-option derivatives both of which entitle the Group to subscribe for equity in AMR GP Holdings Limited, the immediate parent company of AMR GP Limited. The warrant options were recorded as an embedded option derivative asset at £2.9m on initial recognition on 31 March 2020. The fair value movement in the options for the year ended 31 December 2023 was a £7.4m increase (2022: £1.6m increase) and is recognised within the Consolidated Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement (see note 22) which represented an accrual for that element of future sponsorship payments.

20 OTHER FINANCIAL ASSETS CONTINUED

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.

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

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

21 TRADE AND OTHER PAYABLES

Current trade and other payables

	2023 £m	2022 £m (restated*)
Trade payables	**143.2**	151.2
Repurchase liability	**39.7**	38.2
Customer deposits and advances	**272.1**	335.7
Accruals and other payables	**356.5**	346.0
Deferred income – tax relief*	**13.8**	14.9
Deferred income – service packages	**4.7**	5.2
Deferred income – other	**10.4**	–
	840.4	891.2

* Detail on the restatement is disclosed in note 2

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

Accruals and other payables consist of product development and capital accruals of £115.4m (2022: £135.7m), sales and marketing accruals of £70.4m (2022: £59.0m), manufacturing accruals of £44.4m (2022: £40.7m) and administrative and other accruals of £126.3m (2022: £110.6m).

At 31 December 2023, a repurchase liability of £39.7m including accrued interest of £1.7m, has been recognised in trade and other payables and net debt (see note 24). In 2023, £31.4m of parts for resale, service parts and production stock were sold for £38.0m (gross of indirect tax) and subsequently repurchased. Under this repurchase agreement, the Group will repay a total of £40.0m (gross of indirect tax). As part of the arrangement, legal title to the parts was surrendered, however, control remained with the Group. During 2023, £40.0m had been repaid relating to the liability of £38.2m as at 31 December 2022 following further interest accrual.

Contract liabilities

Changes in the Group's contract liabilities during the year are summarised as follows:

	At 1 January 2023 £m	**Additional amounts arising during the period £m**	**Amounts recognised within revenue £m**	**Significant financing component for which an interest charge is recognised £m**	**Amounts returned and other changes £m**	**At 31 December 2023 £m**
Customer deposits and advances	**335.7**	**122.7**	**(156.1)**	**7.7**	**(37.9)**	**272.1**
Deferred income – service packages	**13.7**	**4.2**	**(5.2)**	**–**	**(0.2)**	**12.5**

	At 1 January 2022 £m	Additional amounts arising during the period £m	Amounts recognised within revenue £m	Significant financing component for which an interest charge is recognised £m	Amounts returned and other changes £m	At 31 December 2022 £m
Customer deposits and advances	342.6	108.5	(111.0)	8.0	(12.4)	335.7
Deferred income – service packages	14.9	3.2	(4.7)	–	0.3	13.7

21 TRADE AND OTHER PAYABLES CONTINUED

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 operating cycle of Special Vehicle projects, to which these customer deposits primarily relate, the Group expects to derecognise a significant proportion over the next three years with approximately £167.1m expected to be recognised in 2024. This unwind relates to the balance held as at 31 December 2023 and does not take into consideration any additional deposits and advances arising during 2024.

In the year ended 31 December 2023, a finance expense of £7.7m (see note 8) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2022: £8.0m). 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 2023, the Group held £132.4m of contractually refundable deposits (before the impact of significant financing components) (2022: £102.9m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer who is required to make an equivalent advanced payment. The cumulative significant financing component associated with a reimbursed advance payment is credited in arriving at the net significant finance charge for the year. Further liquidity risk considerations are disclosed in note 23.

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

Non-current trade and other payables

	2023 £m	2022 £m (restated*)
Trade payables**	**71.7**	–
Deferred income – tax relief*	**42.0**	34.1
Deferred income – service packages	**7.8**	8.5
Other payables	**0.8**	0.6
	122.3	43.2

* Detail on the restatement is disclosed in note 2

** Trade payables consists of discounted deferred payments relating to technology purchases in the year (see note 12).

22 OTHER FINANCIAL LIABILITIES

	2023 £m	2022 £m
Forward currency contracts held at fair value (see note 23)	**2.1**	0.7
Other derivative contracts (see note 20)	**–**	2.9
Derivative option over own shares (see note 23)	**23.1**	22.6
	25.2	26.2
Analysed as:		
Current	**25.2**	26.2
Non-current	**–**	–
	25.2	26.2

23 FINANCIAL INSTRUMENTS

Group

The Group's principal financial instruments comprise cash and cash equivalents, Senior Secured Notes ("SSNs"), a Revolving Credit Facility ("RCF"), a finished vehicle financing facility, a bilateral RCF, loan assets, derivative options, and forward currency contracts. Additionally, the Group has trade payables and trade receivables which arise directly from its operations. Included in trade and other payables is a liability relating to an inventory repurchase arrangement. These short-term assets and liabilities are included in the currency risk disclosure. The main risks arising from the Group's financial instruments are credit risk, interest-rate risk, currency risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, 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 18). Credit risk on receivables purchased by CAAB under the wholesale finance facilities is borne by CAAB. The Group has no credit risk associated with the CAAB facility. The Group's remaining vehicle sales to territories where there is currently no wholesale financing are made on credit terms ranging from 30 to 180 days. The Group manages the default risk of such sales via a credit risk insurance policy. Dealers within North America are allowed ten-day credit terms from the date of invoice. In certain circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on net 30-day credit terms. Servicing receivables are due for payment on collection of the vehicle.

Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of the debtor to engage in a repayment plan with the Group and a failure to make contractual payments. An expected credit loss provision is then calculated on the remaining trade and other receivables. The expected credit loss related to default of other receivables (note 18) is assessed as zero.

In generating the expected credit loss provision for trade receivables, historical credit loss rates for the preceding five years are calculated, including consideration given to future factors that may affect the ability of customers to settle receivables, and applied to the trade and other receivable ageing buckets at the year end. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has no material contract assets.

	As at 31 December 2023			As at 31 December 2022		
	Expected loss rate %	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate %	Gross carrying amount £m	Loss allowance £m
Current	*****	**180.1**	**–**	*	129.1	–
1 – 30 days past due	*****	**28.2**	**–**	*	5.8	–
31 – 60 days past due	*****	**3.7**	**–**	*	1.7	–
61+ days past due	**52.2%**	**8.8**	**4.6**	93.8%	6.5	6.1
		220.8	**4.6**		143.1	6.1

* 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 expected loss rate has reduced following the settlement of previously provided receivables.

	2023 £m	2022 £m
Opening loss allowance as at 1 January	**6.1**	24.6
(Reduction)/increase in loss allowance recognised in the Income Statement – administrative and other operating expenses	**(1.3)**	0.6
Receivables written off during the year as uncollectible	**(0.2)**	(19.2)
Effect of foreign exchange	**–**	0.1
At 31 December	**4.6**	6.1

23 FINANCIAL INSTRUMENTS CONTINUED

Borrowings

The following table analyses Group borrowings:

	2023 £m	2022 £m
Current		
Bank loans and overdrafts	**89.4**	107.1
Non-current		
Senior Secured Notes	**980.3**	1,104.0
Total borrowings	**1,069.7**	1,211.1

Total borrowings are denominated in the following currencies, in sterling at the year-end exchange rates:

	2023 £m	2022 £m
Sterling	**89.4**	107.1
US dollar	**980.3**	1,104.0
Total borrowings	**1,069.7**	1,211.1

Current borrowings

The Group has a RCF attached to the SSNs (see Non-current borrowings below). The carrying amount net of unamortised arrangement fees included in current borrowings relating to the RCF at 31 December 2023 was £89.4m (2022: £77.1m). At 31 December 2023 £90.0m of the £99.6m RCF was drawn as cash (2022: £78.5m of the £90.6m facility).

At 31 December 2022, the Group had entered into a bilateral revolving credit facility with HSBC Bank plc ("HSBC"), whereby Chinese Renminbi 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 United Kingdom. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents. At 31 December 2022, the facility of £30.0m was shown within borrowings in current liabilities on the Statement of Financial Position. During the year ended 31 December 2023, the bilateral revolving credit facility was repaid, but remains available.

Non-current borrowings

In December 2020, the Group took out First Lien and Second Lien SSNs at $1085.5m and $335.0m, respectively. All SSNs are secured by fixed and floating charges over certain assets of the Group. In March 2021, the Group issued an additional £70.7m equivalent of 10.5% First Lien SSNs with a nominal value of $98.5m at a premium of £6.3m. Transaction costs of £1.7m and the premium are amortised using the effective interest rate. In October 2022, the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The portion of unamortised fees and the redemption premium was charged to the Consolidated Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £1.9m relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

At 31 December 2023, the Group held £980.3m of SSNs (2022: £1,104.0m) comprising First Lien SSNs of $1,143.7m (2022: $1,143.7m) at 10.5% cash interest and Second Lien SSNs of $121.7m (2022: $229.1m) 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. Early repayments of both First and Second Lien SSNs in the year ended 31 December 2022 and Second Lien SSNs in the year ended 31 December 2023 resulted in one off premium costs and the acceleration of transaction costs and discounts (see note 5).

Derivative option over own shares

The Second Lien SSNs include detachable warrants enabling the warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 (previously £10 per share prior to the rights issue in September 2022). The warrant holders have the right to exchange their warrant options for a reduced number of warrant shares, resulting in no cash being paid to receive the shares. The ratio at which this exchange can be transacted is determined by the share price at execution of the options. A derivative option liability was initially recorded at 31 December 2020 due to the uncertain number of shares which will be issued under the agreement, which is subsequently remeasured at fair value through the Consolidated Income Statement.

23 FINANCIAL INSTRUMENTS CONTINUED

Borrowings continued

Derivative option over own shares 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 Consolidated Income Statement until issuance of the warrants on 7 December 2020 resulting in an initial valuation of £34.6m. Upon issuance of the $335m SSNs, the carrying value of the debt was reduced by the same amount. The debt will be increased via an effective interest charge over the term of the SSNs. During the year ended 31 December 2023, changes to the fair value of the derivative option have resulted in a debit to the Consolidated Income Statement of £19.0m (2022: £8.4m credit to the Consolidated Income Statement) which is presented in adjusting items. A total of 29,969,927 (2022: nil warrants) were exercised, resulting in a £18.6m reduction to the liability (2022: no change to the associated liability).

Interest rate risk

The Group is exposed interest rate risk on the RCF attached to the SSNs and on the bilateral RCF facility with HSBC when drawn, whereby Chinese renminbi have been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The interest rate charged on both facilities is based on SONIA and compounded in arrears.

Profile

At 31 December the interest rate profile of the Group's interest-bearing financial instruments was:

	2023 £m	2022 £m
Fixed rate instruments		
Financial liabilities	**980.3**	1,104.0
Variable rate instruments		
Financial liabilities	**89.4**	107.1

The SSNs, are at fixed interest rates. The rate of interest on the RCF, which is attached to the SSNs, and the bilateral RCF are based on SONIA plus a percentage spread. As SONIA varies on a daily basis both the RCF and bilateral RCF are considered to be variable rate instruments. The bilateral is now drawn as at 31 December 2023.

In 2023 and 2022, 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 variable rates.

Interest rate risks – sensitivity

The following table demonstrates the sensitivity, with all other variables held constant, of the Group's loss after tax to a reasonably possible change in interest rates on the bilateral RCF with HSBC and the RCF attached to the SSNs.

		2023 £m	2022 £m
	Increase/ (decrease) in interest rate	**Effect on loss after tax**	Effect on loss after tax
SONIA	(3.0%)	**(2.1)**	(2.6)
SONIA	3.0%	**2.1**	2.6

23 FINANCIAL INSTRUMENTS CONTINUED

Foreign currency exposure

The Group's exposure to the risk of changes in foreign currency exchange relates primarily to US dollar sales (including inter-Group sales), Chinese renminbi sales, Japanese yen sales and Euro denominated purchases.

At 31 December 2023, the Group hedged 25% for 2024 (2022: 29% for 2023) of its US dollar denominated highly probable inter-Group sales, 53% for 2024 of its Japanese yen sales (2022: 19% for 2023) and 0% of its Euro denominated purchases for 2024 (2022: 15% for 2023). These foreign currency risks are hedged by using foreign currency forward contracts.

The Group's sterling equivalents of financial assets and liabilities (excluding borrowings analysed by currency above) denominated in foreign currencies at 31 December were:

At 31 December 2023	Euros £m	US dollars £m	Chinese renminbi £m	Japanese yen £m	Other £m	Total £m
Financial assets						
Trade and other receivables	**94.8**	**22.2**	**38.8**	**41.2**	**17.2**	**214.2**
Foreign currency contracts	**–**	**3.3**	**–**	**–**	**–**	**3.3**
Cash balances	**38.7**	**166.5**	**21.6**	**15.9**	**6.5**	**249.2**
	133.5	**192.0**	**60.4**	**57.1**	**23.7**	**466.7**
Financial liabilities						
Trade and other payables	**(172.5)**	**(274.0)**	**(27.6)**	**(16.3)**	**(11.6)**	**(502.0)**
Lease liabilities	**(2.0)**	**(7.7)**	**(0.3)**	**(3.4)**	**–**	**(13.4)**
Customer deposits and advances	**(33.8)**	**(54.6)**	**(5.6)**	**(7.4)**	**(8.7)**	**(110.1)**
Foreign currency contracts	**–**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
	(208.3)	**(336.3)**	**(33.5)**	**(29.2)**	**(20.3)**	**(627.6)**
Net balance sheet exposure	**(74.8)**	**(144.3)**	**26.9**	**27.9**	**3.4**	**(160.9)**

At 31 December 2022	Euros £m	US dollars £m	Chinese renminbi £m	Japanese yen £m	Other £m	Total £m
Financial assets						
Trade and other receivables	50.8	21.7	15.2	31.0	11.4	130.1
Loan assets	0.2	–	–	–	0.1	0.3
Foreign currency contracts	0.8	1.5	–	–	–	2.3
Cash held not available for short-term use	–	–	0.3	–	–	0.3
Cash balances	26.1	130.5	59.8	4.5	25.6	246.5
	77.9	153.7	75.3	35.5	37.1	379.5
Financial liabilities						
Trade and other payables	(153.1)	(134.3)	(34.2)	(9.5)	(5.4)	(336.5)
Lease liabilities	(0.1)	(9.5)	(0.7)	(5.0)	(0.1)	(15.4)
Customer deposits and advances	(17.8)	(44.3)	(7.6)	(4.8)	(1.9)	(76.4)
Foreign currency contracts	–	(0.1)	–	(0.6)	–	(0.7)
	(171.0)	(188.2)	(42.5)	(19.9)	(7.4)	(429.0)
Net balance sheet exposure	(93.1)	(34.5)	32.8	15.6	29.7	(49.5)

23 FINANCIAL INSTRUMENTS CONTINUED

Foreign currency exposure continued

The following significant exchange rates applied:

	Average rate 2023	Average rate 2022	**Closing rate 2023**	Closing rate 2022
Euro	**1.15**	1.17	**1.15**	1.13
Chinese renminbi	**8.75**	8.26	**9.04**	8.36
US dollar	**1.23**	1.25	**1.27**	1.20
Japanese yen	**172.09**	160.24	**179.72**	158.72

Currency risk – sensitivity

The following table demonstrates the sensitivity to a change in the US dollar, Euro, Chinese renminbi and Japanese yen exchange rates, with all other variables held constant, of the Group's result after tax (due to changes in the fair value of monetary assets and liabilities) assuming that none of the US dollar or Euro exposures are used as hedging instruments.

	(Increase)/ decrease in rate	**Effect on result after tax 2023 £m**	Effect on result after tax 2022 £m
US dollar	(5%)	**(7.3)**	(7.8)
US dollar	5%	**8.1**	8.6
Euro	(5%)	**8.5**	12.5
Euro	5%	**(9.4)**	(13.8)
Chinese renminbi	(5%)	**(0.3)**	(4.3)
Chinese renminbi	5%	**0.4**	4.8
Japanese yen	(5%)	**(3.4)**	(1.7)
Japanese yen	5%	**3.8**	1.9

$1,085.5m and $335m Senior Secured Notes

In December 2020, the Group took out First Lien and Second Lien SSNs at $1085.5m and $335m, respectively. The Group has not hedged the SSNs since inception. 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. During the year ended 31 December 2023, the Group paid down $121.7m of Second Lien SSNs (year ended 31 December 2022: $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs). No hedging relationship has been established in 2022 or 2023.

$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 has been fully released to the Consolidated Income Statement in line with the profile of the US dollar sales to which it related.

Hedge accounting

The Group is primarily exposed to US dollar currency variations on the sale of vehicles and parts, and Euro currency variations on the purchase of raw material parts and services. As part of its risk management policy, the Group uses derivative financial instruments in the form of currency forward contracts to manage the cash flow risk resulting from these exchange rate movements. The Group had designated the foreign exchange movement on $400m of repaid SSNs as part of a cash flow hedging relationship, to manage the exchange rate risk resulting from forecast US dollar intercompany sales. Together, these are referred to as cash flow hedges. The cash flow hedges give certainty over the transactional values to be recognised in the Consolidated Income Statement, and in the case of the forward contracts, certainty around the value of cash flows arising as foreign currencies are exchanged at predetermined rates. The Group hedges significant foreign currency exposures as follows:

- Firstly, when practical, with currency forward contracts on a reducing basis with the highest coverage in the year immediately following the year-end date. When practicable, the Group places additional hedges on a regular basis so that the percentage of the foreign currency exposure hedged increases as the time to maturity of the foreign currency exposure reduces.
- Secondly, the Group has designated $400m of repaid SSNs as a hedging instrument in respect of $400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020. The Group currently has no active currency forward contract cash flow hedges beyond 2024. 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.

23 FINANCIAL INSTRUMENTS CONTINUED

Hedge accounting continued

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 Consolidated 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 Consolidated Income Statement as a reclassification adjustment.

$400m Senior Secured Notes

The $400m SSNs were repaid in December 2020. Prior to repayment they were recorded at amortised cost and translated into sterling at the year-end or repayment date closing rates with movements in the carrying value due to foreign exchange movements offset by movements in the value of the highly probable forecast sales when translated from US dollars to sterling. When the hedge ratio is 1:1, the value of the hedging instrument matches the value of the hedged item. In this case, the change in the carrying value of these SSNs, arising as a result of exchange differences, is recognised through Other Comprehensive Income into the hedge reserve instead of within finance income/(expense).

When the value of the hedging instrument is greater than the value of the hedged item, the excess portion is recognised as ineffective and is recorded immediately to finance expense in the Consolidated 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 Consolidated Income Statement are recorded in cost of sales (2022: all cost of sales), except for ineffective amounts relating to the $400m SSNs which would be recorded as finance expense in the Consolidated 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 2023			31 December 2022		
	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	**94.1**	**3.3**	**3.3**	96.1	2.3	2.3
Foreign exchange forward contracts – other financial liabilities	**52.9**	**(2.1)**	**(2.1)**	33.1	(0.7)	(0.7)
$400m Senior Secured Notes – hedge instrument	**75.2**	**–**	**–**	105.6	–	–

The impact of hedged items on the Statement of Financial Position is as follows:

	31 December 2023		31 December 2022	
	Cash flow hedge reserve £m	**Cost of hedging reserve £m**	Cash flow hedge reserve £m	Cost of hedging reserve £m
Foreign exchange forward contracts	**1.9**	**(0.8)**	2.9	(0.9)
$400m Senior Secured Notes – hedge instrument	**–**	**–**	3.9	–
Tax on fair value movements recognised in OCI	**(0.5)**	**0.2**	(1.8)	0.2

23 FINANCIAL INSTRUMENTS CONTINUED

Hedge accounting continued

Main sources of hedge ineffectiveness continued

The effect of the cash flow hedge in the Consolidated Income Statement and Other Comprehensive Income is:

Year ended 31 December 2023	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	**(0.8)**	**–**	**Cost of sales**	**0.7**	**(1.5)**	**Cost of sales**
$400m Senior Secured Notes – hedge instrument	**(3.9)**	**–**	**Cost of sales**	**–**	**(3.9)**	**Cost of sales**
Tax on fair value movements recognised in OCI	**1.2**	**–**	**–**	**(0.2)**	**1.4**	**–**

Year ended 31 December 2022	Total hedging gain/(loss) recognised in OCI £m	Ineffectiveness recognised in the Income Statement £m	Income Statement line item	Fair value movement on cash flow hedges £m	Amount reclassified from OCI to the Income Statement £m	Income Statement line item
Foreign exchange forward contracts	1.7	(0.3)	Cost of sales	(6.1)	7.8	Cost of sales
$400m Senior Secured Notes – hedge instrument	(4.9)	–	Cost of sales	–	(4.9)	Cost of sales
Tax on fair value movements recognised in OCI	0.9	–	–	1.5	(0.7)	–

Hedge ineffectiveness recognised within the Consolidated Income Statement relates to differences in the nominal value of the hedged items and the hedging instrument. At 31 December 2023 and 2022, there were no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required.

All hedging instruments recognised by the Group at 31 December 2023 have a maturity date of less than one year.

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet foreseeable needs and, when appropriate, allow placement of cash on deposit safely and profitably. During 2023, the Group undertook a share placing and retail offer to strengthen the liquidity of the business.

At 31 December 2022, the Group had entered into a bilateral revolving credit facility with HSBC Bank plc (“HSBC”), whereby Chinese Renminbi 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 United Kingdom. The restricted cash was revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents. At 31 December 2022, the facility of £30.0m was shown within borrowings in current liabilities on the Statement of Financial Position. During the year ended 31 December 2023, the bilateral revolving credit facility was repaid. The facility remains available until 31 August 2025 and the total facility size is £50m.

At 31 December 2023 the Group held £972.7m of SSNs (2022: £1,104.0m). In November 2023, the Group repurchased $121.7m of Second Lien SSNs. In October 2022 the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The premium paid on redemption was £8.0m (2022: £14.3m). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. The portion of unamortised fees and the redemption premium was charged to the Consolidated Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £Nil (2022: £1.9m) relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

Attached to the SSNs is a £99.6m (2022: £90.6m) RCF of which £90.0m (2022: £78.5m) was drawn in cash at the reporting date. The amount recorded in the Statement of Financial Position is net of unamortised transaction costs. £4.4m (2022: £5.2m) of the remaining ancillary facility has been utilised through the issuance of letters of credit and guarantees. The RCF attached to the SSNs is available until August 2025.

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 2023, the Group held refundable deposits of £132.8m (2022: £102.9m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer, who is required to make an equivalent advanced payment.

23 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk continued

The maturity profile of the Group's financial liabilities at 31 December 2023 based on contractual undiscounted payments, was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual Cash Flows Total £m
Non-derivative financial liabilities						
Bank loans and overdrafts	**–**	**90.6**	**–**	**–**	**–**	**90.6**
Senior Secured Notes	**–**	**–**	**102.8**	**1,133.9**	**–**	**1,236.7**
Trade and other payables	**–**	**441.5**	**120.2**	**79.5**	**0.8**	**642.0**
Refundable customer deposits and advances	**132.8**	**–**	**–**	**–**	**–**	**132.8**
Derivative financial liabilities						
Forward exchange contracts	**–**	**0.3**	**1.8**	**–**	**–**	**2.1**
	132.8	**532.4**	**224.8**	**1,213.4**	**0.8**	**2,104.2**

Included in the tables above and below are interest bearing loans and borrowings at a carrying value of £1,061.8m (2022: £1,211.1m). The liquidity profile associated with leases accounted under IFRS 16 is detailed in note 16.

The maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted payments, was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual Cash Flows Total £m
Non-derivative financial liabilities						
Bank loans and overdrafts	–	109.0	–	–	–	109.0
Senior Secured Notes	–	–	117.0	1,462.4	–	1,579.4
Trade and other payables	–	443.1	138.1	8.6	0.6	590.4
Refundable customer deposits and advances	102.9	–	–	–	–	102.9
Derivative financial liabilities						
Forward exchange contracts	–	0.5	0.2	–	–	0.7
	102.9	552.6	255.3	1,471.0	0.6	2,382.4

23 FINANCIAL INSTRUMENTS CONTINUED

Estimation of fair values

	As at 31 December 2023			As at 31 December 2022		
	Nominal value £m	**Book value £m**	**Fair value £m**	Nominal value £m	Book value £m	Fair value £m
Included in assets						
Level 2						
Forward foreign exchange contracts	**–**	**3.3**	**3.3**	–	2.3	2.3
Loan assets	**–**	**–**	**–**	0.6	0.6	0.6
Level 3						
Investments	**–**	**18.2**	**18.2**	–	–	–
Other derivative contracts	**–**	**–**	**–**	–	5.6	5.6
	–	**21.5**	**21.5**	0.6	8.5	8.5
Included in liabilities						
Level 1						
$1,143.7m (2022: $1,143.7m) 10.5% US dollar First Lien Notes	**897.2**	**890.0**	**906.7**	950.8	935.0	893.0
$121.7m (2022: $229.1m) 15.0% US dollar Second Lien Split Coupon Notes	**95.4**	**90.3**	**103.6**	190.5	169.0	194.4
Level 2						
Forward exchange contracts	**–**	**2.1**	**2.1**	–	0.7	0.7
Derivative option over own shares	**33.1**	**23.1**	**23.1**	48.1	22.6	22.6
	1,025.7	**1,005.5**	**1,035.5**	1,189.4	1,127.3	1,110.7

The nominal value, book value and fair value of the Second Lien SSNs includes $9.8m, $10.5m, $10.8m, $6.8m, $7.0m and $7.2m of PIK notes issued in April 2021, November 2021, April 2022, November 2022, April 2023 and November 2023 respectively. The total number of Second Lien SSNs in issuance has been reduced by repayments of $143.8m and $121.7m in 2022 and 2023 respectively. The book value includes accrued PIK notes not issued at each reporting date.

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest-bearing loans and borrowings are considered to be level 1 liabilities with forward exchange contracts being level 2 assets and liabilities. IFRS 7 defines each level as follows:

- Level 1 assets and liabilities have inputs observable through quoted prices.
- Level 2 assets and liabilities have inputs observable, other than quoted prices, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 assets and liabilities are those with inputs not based on observable market data.

Trade and other receivables, current borrowings and trade and other payables are deemed to have the same fair value as their book value and, as such, the table above only includes assets and liabilities held at fair value, and borrowings. The forward currency contracts are carried at fair value based on pricing models and discounted cash flow techniques derived from assumptions provided by third-party banks. Loan assets are held at cost less any expected credit loss provision (note 18). 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 related to one option and one issuable derivative for the Group to acquire a minority shareholding in AMR GP Holdings Limited (see note 20). Two derivatives were exercised in the period giving rise to an investment (note 15).

The derivative option over own shares reflects the detachable warrants issued alongside the Second Lien SSNs (see borrowings section of note 23) 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.

23 FINANCIAL INSTRUMENTS CONTINUED

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. Given this, the objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt which includes the borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in the Consolidated Statement of Changes in Equity.

24 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 28.

	2023 £m	2022 £m
Cash and cash equivalents	**392.4**	583.3
Cash held not available for short-term use	**–**	0.3
Inventory repurchase arrangement	**(39.7)**	(38.2)
Lease liabilities – current	**(8.8)**	(7.4)
Lease liabilities – non-current	**(88.5)**	(92.4)
Loans and other borrowings – current	**(89.4)**	(107.1)
Loans and other borrowings – non-current	**(980.3)**	(1,104.0)
Net debt	**(814.3)**	(765.5)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	**(190.9)**	164.4
Add back cash flows in respect of other components of net debt:		
New borrowings	**(11.5)**	–
Proceeds from inventory repurchase arrangement	**(38.0)**	(75.7)
Repayment of existing borrowings	**129.7**	172.7
Repayment of inventory repurchase arrangement	**40.0**	60.0
Lease liability payments	**7.9**	10.0
Movement in cash held not available for short-term use	**(0.3)**	(1.5)
(Increase)/decrease in net debt arising from cash flows	**(63.1)**	329.9
Non-cash movements:		
Foreign exchange gain/(loss) on secured loan	**60.8**	(156.2)
Interest added to debt	**(14.2)**	(15.7)
Borrowing fee amortisation	**(26.9)**	(25.4)
Lease liability interest charge	**(4.1)**	(4.5)
Lease modifications	**(0.6)**	(3.5)
New leases	**(5.8)**	(2.2)
Foreign exchange gain and other movements	**5.1**	3.7
(Increase)/decrease in net debt	**(48.8)**	126.1
Net debt at beginning of the year	**(765.5)**	(891.6)
Net debt at the end of the year	**(814.3)**	(765.5)

25 PROVISIONS

	2023 £m		2022 £m		
	Warranty	Total	Restructuring	Warranty	Total
At the beginning of the year	**41.1**	**41.1**	0.4	38.5	38.9
Charge for the year	**29.7**	**29.7**	–	30.9	30.9
Utilisation	**(27.4)**	**(27.4)**	(0.4)	(26.5)	(26.9)
Effect of movements in exchange rates	**0.7**	**0.7**	–	(1.5)	(1.5)
Release to the Income Statement	**(0.2)**	**(0.2)**	–	(0.3)	(0.3)
At the end of the year	**43.9**	**43.9**	–	41.1	41.1
Analysed as:					
Current	**20.2**	**20.2**	–	18.6	18.6
Non-current	**23.7**	**23.7**	–	22.5	22.5
	43.9	**43.9**	–	41.1	41.1

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 Consolidated Income Statement in 2020. The restructuring was substantially completed during 2021, with the final amounts being utilised during the year ended 31 December 2022.

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

26 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 2023 was £20.9m (2022: £17.6m). Outstanding contributions at the 31 December 2023 were £1.9m (2022: £1.5m). Contributions are made by the Group to other pension arrangements for certain employees of the Group.

Defined Benefit scheme

The Group operates a Defined Benefit Pension Scheme. During 2017, it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings (CARE) basis with effect from 1 January 2018. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members were not affected by the closure of the scheme. The assets of the scheme are held separately from those of the Group. On 31 January 2022, the scheme was closed to future accrual resulting in a curtailment loss of £2.8m (note 5).

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

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

The pension scheme exposes the Group to the following risks:

- Asset volatility – the scheme's Statement of Investment Principles targets around 22% return-enhancing assets and 78% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis.
- Inflation risk – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.
- Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

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

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

26 PENSION OBLIGATIONS CONTINUED

Defined Benefit scheme continued

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

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

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

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

- The Pension Schemes were contracted out of the additional state pension between 1997 and 2016; and
- It was possible that amendments were made to the Pension Schemes that may have impacted on the members' section 9(2B) rights.

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

Assumptions

The principal assumptions used by the actuary were:

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

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

Projected life expectancy at age 65

	Future	**Current**	Future	Current
	Currently aged 45 2023	**Currently aged 65 2023**	Currently aged 45 2022	Currently aged 65 2022
Male	**22.3**	**21.1**	22.5	21.3
Female	**25.1**	**23.7**	25.3	23.9

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

26 PENSION OBLIGATIONS CONTINUED

Assumptions continued

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

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

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

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

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

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

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

26 PENSION OBLIGATIONS CONTINUED

Assumptions continued

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

	2023 £m	2022 £m
At the beginning of the year	**(189.0)**	(368.4)

Current service cost	**–**	(0.7)
Past service cost	**–**	(2.8)
Interest cost	**(9.1)**	(7.2)
Experience losses	**(20.4)**	(14.7)
Actuarial (losses)/gains arising from changes in financial assumptions	**(3.5)**	190.7
Distributions	**4.2**	11.3
Actuarial gains arising from changes in demographic assumptions	**1.9**	2.8
Obligation at the end of the year	**(215.9)**	(189.0)

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

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

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

Analysis of amounts recognised in the Statement of Financial Position:

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

Analysis of amount taken to Other Comprehensive Income:

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

26 PENSION OBLIGATIONS CONTINUED

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

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

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

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

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

Sensitivity analysis of the principal assumptions used to measure scheme liabilities continued

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

History of scheme experience

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

27 SHARE CAPITAL AND OTHER RESERVES

Allotted, called up and fully paid	**Number of shares**	**Nominal value £**	**Share capital £m**	**Share premium £m**	**Merger reserve £m**	**Capital redemption reserve £m**
Opening balance at 1 January 2022	**116,459,513**		**11.6**	**1,123.4**	**143.9**	**9.3**
Private placing[1]	23,291,902	0.1	2.4	75.7	–	–
Rights issue[2]	559,005,660	0.1	55.9	498.3	–	–

Balance as at 31 December 2022 and 1 January 2023	**698,757,075**		**69.9**	**1,697.4**	**143.9**	**9.3**
Private placing[3]	28,300,000	0.1	2.8	91.7	–	–
Issuance of shares to SIP[4]	1,017,505	0.1	0.1	–	–	–
Exercise of warrant options[5]	8,990,975	0.1	0.9	14.1	–	–
Placing[6]	58,245,957	0.1	5.9	206.9	–	–
Consideration shares[7]	28,352,273	0.1	2.8	84.4	–	–
Closing balance at 31 December 2023	**823,663,785**		**82.4**	**2,094.5**	**143.9**	**9.3**

1. On 9 September 2022, the Company issued 23,291,902 ordinary shares by way of a private placing. The shares were issued at 335p raising gross proceeds of £78.1m, with £2.4m recognised as share capital and the remaining £75.7m recognised as share premium.
2. On 28 September 2022, the Company issued 559,005,660 ordinary shares by way of a rights issue. The shares were issued at 103p raising gross proceeds of £575.8m, with £55.9m recognised as share capital and the remaining £519.9m recognised as share premium. Share premium is reduced by £21.6m, reflecting transaction fees paid, of which £2.9m are accrued as at 31 December 2022. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 211.6m shares issued were considered bonus shares. The weighted average shares used to calculate earnings per share (see note 11) has been adjusted accordingly.
3. On 26 May 2023, the Company issued 28,300,000 ordinary shares by way of a private placing. The shares were issued at 335p raising gross proceeds of £94.8m with £2.8m recognised as share capital and the remaining £92.0m recognised as share premium. Transaction fees of £0.3m were deducted from share premium.
4. On 30 May 2023, the Company issued 1,017,505 ordinary shares under the Company's Share Incentive Plan at nominal value. A transfer from retained earnings of £0.1m took place, with £0.1m recognised in share capital.
5. On 4 July 2023, 3,686,017 ordinary shares were issued to satisfy the redemption of certain warrant options. Further issuances of 3,980,921 ordinary shares on 12 July 2023 and 1,324,037 ordinary shares on 31 July 2023 took place. These transactions resulted in the recognition of £0.9m of share capital with the balance of £14.1m being recognised in share premium.
6. On 3 August 2023, the Company issued a total of 58,245,957 ordinary shares comprising 56,750,000 placing shares, 1,078,168 retail offer shares and 417,789 Director subscription shares. The shares were issued at 371p raising gross proceeds of £216.1m, with £5.9m recognised as share capital, the remaining £210.2m as share premium, offset by £3.3m of fees.
7. On 6 November 2023, the Company issued consideration shares to Lucid Group, Inc. in part payment for access to technology. The fair value of technology was evaluated (see note 12) which determined the issue price of the shares. £2.8m was recognised in share capital with an initial £85.8m in share premium. £1.4m of transaction fees were then deducted from share premium.

28 ADDITIONAL CASH FLOW INFORMATION

Reconciliation of movements of select liabilities to cash flows arising from financing activities

The tables below reconcile movements of liabilities classified within net debt (note 24) to cash flows arising from financing activities for the years ended 31 December 2023 and 2022.

Liabilities	**Other borrowings and inventory arrangements £m**	**Lease Liabilities £m**	**$1,184.0m 10.5% First Lien Notes £m**	**$335m 15% Second Lien Notes £m**	**Total £m**
At 1 January 2023	**145.3**	**99.8**	**935.0**	**169.0**	**1,349.1**
Changes from financing cash flows					
Interest paid	**(3.6)**	**(4.1)**	**(97.9)**	**(16.9)**	**(122.5)**
Principal lease payment	**–**	**(7.9)**	**–**	**–**	**(7.9)**
Proceeds from new borrowings	**11.5**	**–**	**–**	**–**	**11.5**
Repayment of existing borrowings	**(30.0)**	**–**	**–**	**(99.7)**	**(129.7)**
Premium paid on the early redemption of Senior Secured Notes	**–**	**–**	**–**	**(8.0)**	**(8.0)**
Inventory repurchase repayment	**(40.0)**	**–**	**–**	**–**	**(40.0)**
Inventory repurchase drawdown	**38.0**	**–**	**–**	**–**	**38.0**
Total changes from financing cash flows	**(24.1)**	**(12.0)**	**(97.9)**	**(124.6)**	**(258.6)**
Effect of changes in exchange rates	**–**	**(1.0)**	**(54.0)**	**(6.8)**	**(61.8)**
New leases under IFRS 16	**–**	**5.8**	**–**	**–**	**5.8**
Modifications to existing leases	**–**	**0.6**	**–**	**–**	**0.6**
Interest expense	**11.0**	**4.1**	**106.4**	**51.4**	**172.9**
Movement in accrued interest	**(0.6)**	**–**	**0.5**	**1.3**	**1.2**
Financing expense in the Income Statement classified as operating cash flow	**(2.5)**	**–**	**–**	**–**	**(2.5)**
Balance at 31 December 2023	**129.1**	**97.3**	**890.0**	**90.3**	**1,206.7**

28 ADDITIONAL CASH FLOW INFORMATION CONTINUED

Reconciliation of movements of select liabilities to cash flows arising from financing activities continued

Liabilities	Other borrowings and inventory arrangements £m	Lease Liabilities £m	$1,184.0m 10.5% First Lien Notes £m	$335m 15% Second Lien Notes £m	Total £m
At 1 January 2022	134.0	103.4	852.5	222.4	1,312.3
Changes from financing cash flows					
Interest paid	(4.6)	(4.5)	(96.3)	(35.8)	(141.2)
Principal lease payment	–	(10.0)	–	–	(10.0)

Repayment of existing borrowings	(7.8)	–	(36.1)	(128.8)	(172.7)
Premium paid on the early redemption of Senior Secured Notes	–	–	–	(14.3)	(14.3)
Inventory repurchase repayment	(60.0)	–	–	–	(60.0)
Inventory repurchase drawdown	75.7	–	–	–	75.7
Transaction costs paid	–	–	(1.9)	–	(1.9)
Total changes from financing cash flows	3.3	(14.5)	(134.3)	(178.9)	(324.4)
Effect of changes in exchange rates	–	0.7	113.5	42.7	156.9
New leases under IFRS 16	–	2.2	–	–	2.2
Modifications to existing leases	–	3.5	–	–	3.5
Interest expense	12.3	4.5	103.5	82.8	203.1
Movement in accrued interest	0.9	–	(0.2)	–	0.7
Financing expense in the Income Statement classified as operating cash flow	(5.2)	–	–	–	(5.2)
Balance at 31 December 2022	145.3	99.8	935.0	169.0	1,349.1

29 SHARE-BASED PAYMENTS

Long-term incentive schemes

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

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

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

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

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

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

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

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

29 SHARE-BASED PAYMENTS CONTINUED

Long-term incentive schemes continued

The following table details the outstanding options under the LTIP schemes:

	2023 Number	2022 Number
Options outstanding at 1 January	**5,267,164**	1,019,892
Granted	**8,329,424**	2,177,076
Forfeited	**(499,228)**	(139,533)
Adjustment for rights issue	**–**	1,930,663
Lapsed due to non-attainment of conditions	**(413,234)**	–
Options outstanding at 31 December	**12,684,126**	5,267,164

Free employee shares

On 19 May 2023, all UK employees of the Group were awarded up to 425 free shares in the Company under a Share Incentive Plan. A total of 1,017,505 shares were issued to the Aston Martin Employee Share Trust and immediately vested (see note 26). Employees must remain employed for a period of three years to earn the shares, otherwise they are forfeited. Employees within the Group not domiciled in the UK were awarded 425 free options under the LTIP rules. A total of 57,322 options were granted to these employees. Provided those employees remain employed by the Company for three years, the nil-cost options will vest with no other performance conditions.

The following table details the outstanding shares under both the UK and non-UK scheme combined:

	2023 Number	2022 Number
Awards/options outstanding at 1 January	**–**	–
Granted	**1,074,827**	–
Forfeited	**(50,411)**	–
Awards/options outstanding at 31 December	**1,024,416**	–

Other share-based payments

On 31 January 2022, the Group's Defined Benefit Pension Scheme was closed to future accrual. As part of the closure cost, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during the year ended 31 December 2022. A cash-settled share-based payment charge is also recognised associated with the guaranteed future value of the shares awarded to the employees (note 5). In the year ended 31 December 2023, a total charge of £1.0m (2022: £1.0m) was recognised in the Consolidated Income Statement.

On 8 November 2022, a Group Director was granted 659,113 shares for nil consideration in relation to forfeited awards at a previous employer and therefore securing his employment with the Group. The award is subject to clawback provisions for a period of 12 months from the award date. The total cost incurred related to this award was £0.8m.

The total expense arising from equity-settled share-based payments is as follows:

	2023 £m	2022 £m
2023 LTIP share option charge	**3.4**	–
2022 LTIP share option charge	**1.6**	0.9
2021 LTIP share option charge	**–**	0.5
2020 LTIP share option credit	**–**	(1.4)
Grant of shares upon closure of the Defined Benefit Pension Scheme (notes 5, 26)	**–**	1.0
Group Director buyout	**–**	0.8
Employee Share Incentive Plan	**0.4**	–
	5.4	1.8

30 CAPITAL COMMITMENTS

On 27 October 2020, the Group announced that it had entered into an enhanced strategic cooperation arrangement (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Group has agreed, over the period of time between December 2020 and July 2024 and in several tranches, to issue 458,942,744 ordinary shares of £0.009039687 each (22,947,138 ordinary shares of £0.10 each following the share consolidation in December 2020) to MBAG in exchange for access to certain technology and intellectual property to be provided to the Group by MBAG in several stages.

The first tranche of 224,657,287 ordinary shares of £0.009039687 each (11,232,864 ordinary shares of £0.10 each following the share consolidation) was issued to MBAG on 7 December 2020. A total of 11,714,274 ordinary shares remained unissued at 31 December 2022. During the year ended 31 December 2023 the Group agreed with MBAG that no further shares would be issued and no additional technology as part of the original agreement would be taken. This announcement was concurrent with entering into an agreement with Lucid Group, Inc. for access to certain aspects of BEV technology (see note 12).

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

31 RELATED PARTY TRANSACTIONS

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

Transactions with Directors and related undertakings

Transactions during 2023

During the year ended 31 December 2023, a net marketing expense amounting to £19.4m of sponsorship has been incurred in the normal course of business with AMR GP Limited ("AMR GP"), an entity indirectly controlled by a member of the Group's Key Management Personnel ("KMP"). AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. £0.7m remains due from AMR GP at 31 December 2023 relating to these transactions.

During the year ended 31 December 2023 the Group extended its sponsorship arrangements with AMR GP for a further period of five years commencing in 2026. Amounts under this arrangement are due within each financial year from 2026. The Group also exercised its primary warrant option and subscribed for reward shares under the terms of the original sponsorship arrangement giving the Group a minority stake in AMR GP Holdings Limited, the immediate parent company of AMR GP limited. The Group paid nominal value for the shares of which £nil was outstanding at year end. Further detail is included in notes 15 and 20. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP. A separate immediate family member of one of the Group's KMP incurred costs of less than £0.1m relating to the export and transport of a vehicle. The services were provided by a Group company. £nil was outstanding at 31 December 2023.

In addition, the Group incurred costs of £8.5m associated with engineering design on two upcoming vehicle programmes from Aston Martin Performance Technologies Limited ("AMPT") of which £2.8m is outstanding to AMPT at 31 December 2023. AMPT is an associated entity of AMR GP.

During the year ended 31 December 2023, Classic Automobiles Inc. purchased a vehicle for £1.8m of which £nil was outstanding at 31 December 2023. Classic Automobiles Inc. is controlled by a member of the Group's KMP.

During the year ended 31 December 2023, a separate member of the Group's KMP and Non-Executive Director purchased a vehicle for £1.8m, having paid a deposit to the Group in the first half of the year. £nil was outstanding at 31 December 2023.

On 26 June 2023, the Group announced a strategic supply arrangement with Lucid Group, Inc. ("Lucid") for future access to powertrain components for future BEV models. The arrangement is considered a Related Party Transaction owing to the substantial ownership of Lucid by the Public Investment Fund ("PIF"). PIF are also a substantial shareholder of the Group and two members of the Group's KMP & Non-Executive Directors are members of PIF's KMP. The Group recognised an asset of £188.5m in relation to the supply agreement. The agreement is part-settled in equity, which was issued to Lucid in November 2023. An outstanding cash liability of £71.7m relating to the supply arrangement remains at 31 December 2023, all of which is due in more than one year. The supply arrangements, commit to an effective future minimum spend with Lucid on powertrain components of £177.0m.

During the year ended 31 December 2023, the Group incurred costs of £2.0m for design and engineering work from Pininfarina S.p.A. A member of the Group's KMP and Non-Executive Director is also a member of Pininfarina S.p.A's KMP. As of 19 May 2023 the individual ceased to be a member of the Group's KMP and therefore any future spend under the contract will not be disclosed as a related party transaction. £nil is outstanding as at 31 December 2023.

During the year ended 31 December 2023, the Group incurred a rental expense of £1.2m from Michael Kors (USA), Inc., a Company which is owned by Capri Holdings Limited. A member of the Group's KMP and Non-Executive Director is also a member of Michael Kors (USA), Inc.'s KMP.

During the year ended 31 December 2023, the Group incurred consultancy costs of £0.2m from a member of the Group's KMP and Non-Executive Director in relation to the oversight of two significant legal claims which the Group has been party to. £0.1m was outstanding as at 31 December 2023. Owing to the unique experience of the individual involved and the specifics of the legal claims, no detailed market price assessment was performed when engaging this service.

31 RELATED PARTY TRANSACTIONS CONTINUED

Transactions with Directors and related undertakings continued

Transactions during 2023 continued

During the year ended 31 December 2023, an immediate family member of the Group's KMP & Non-Executive Director provided event services at the opening of Q New York totalling less than £0.1m of expense. £nil was outstanding at 31 December 2023. No detailed market price assessment was performed when engaging this service.

Transactions during 2022

During the year ended 31 December 2022, a net marketing expense amounting to £20.2m of sponsorship has been incurred in the normal course of business with AMR GP Limited ("AMR GP"), an entity indirectly controlled by a member of the Group's Key Management Personnel ("KMP"). AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. In addition, the Group incurred costs of £2.0m associated with engineering design on an upcoming vehicle programme from Aston Martin Performance Technologies Limited ("AMPT") of which £2.0m is outstanding to AMPT at 31 December 2022. AMPT is an associated entity of AMR GP. In addition, AMR GP acquired a vehicle from the Group at a total cost of £0.7m. Less than £0.1m remains due from AMR GP at 31 December 2022 relating to these transactions. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP. A separate immediate family member of one of the Group's KMP purchased two vehicles from a Group company for £0.4m. £nil is outstanding at 31 December 2022. During the year ended 31 December 2022, Classic Automobiles Inc. placed a deposit of £0.5m with a Group company for the future purchase of a Group vehicle. Classic Automobiles Inc. is controlled by a member of the Group's KMP.

During the year ended 31 December 2022, a separate member of the Group's KMP and Non-Executive Director placed a deposit of £1.5m with a Group company for the future purchase of a vehicle.

During the year ended 31 December 2022, a further separate member of the Group's KMP and Non-Executive Director transacted with a Group company to undertake service work on a vehicle for a total cost of less than £0.1m. £nil was outstanding at 31 December 2022.

During the year ended 31 December 2022, the Group incurred costs of £1.3m for design and engineering work from Pininfarina S.p.A. A member of the Group's KMP and Non-Executive Director is also a member of Pininfarina S.p.A's KMP.

During the year ended 31 December 2022, the Group incurred a rental expense of £0.7m from Michael Kors (USA), Inc., a Company which is owned by Capri Holdings Limited. A member of the Group's KMP and Non-Executive Director is also a member of Michael Kors (USA), Inc.'s KMP.

Terms and conditions of transactions with related parties

Sales and purchases between related parties were made at normal market prices unless otherwise stated. Outstanding balances with entities other than subsidiaries are unsecured and interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on inter-company accounts. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

32 CONTINGENT LIABILITIES

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

33 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 2023 are disclosed below.

Investments in subsidiary undertakings

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Aston Martin Holdings (UK) Limited*	Ordinary	100%	Dormant company
Aston Martin Capital Holdings Limited**◊	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited**	Ordinary	100%	Holding company
Aston Martin Capital Limited**◊	Ordinary	100%	Dormant company – financing company that held Senior Secured Notes that were repaid in 2017
Aston Martin Lagonda Group Limited**	Ordinary	100%	Holding company
Aston Martin Lagonda of North America Incorporated**^	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda Pension Trustees Limited**	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited**	Ordinary	100%	Manufacture and sale of luxury sports cars, the sale of parts, brand licensing and motorsport activities
AM Brands Limited**◊	Ordinary	100%	Non-trading company
Aston Martin Lagonda of Europe GmbH**>	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited**	Ordinary	100%	Dormant company
Aston Martin Japan GK**<<	Ordinary	100%	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda – Asia Pacific PTE Limited**>>	Ordinary	100%	Operator of the sales function 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 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.

33 GROUP COMPANIES CONTINUED

	Aston Martin Works Limited 2023 £m	**AMWS Limited 2023 £m**	Aston Martin Works Limited 2022 £m	AMWS Limited 2022 £m
Total assets	**45.3**	**–**	42.5	–
Total liabilities	**(4.1)**	**–**	(3.8)	–
Net assets	**41.2**	**–**	38.7	–
Revenue	**42.0**	**–**	40.6	–
Profit before tax	**2.5**	**–**	1.7	–
Group's share of profit	**1.3**	**–**	0.9	–

Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Capital Holdings Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Capital Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Lagonda Group Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda of North America Incorporated	Floor 22, 11 West 42nd Street, New York, NY, 10036-8002, United States of America
Lagonda Properties Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda Pension Trustees Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
AM Brands Limited	28 Esplanade, St Helier,JE2 3QA, Jersey
Aston Martin Lagonda of Europe GmbH	Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany
AML Overseas Services Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	Unit 2901, Raffles City Office Tower, No. 268 Xi Zang Middle Road, Huangpu District, Shanghai, China 200001
AM Nurburgring Racing Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England
Aston Martin Japan GK	1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan
Aston Martin Lagonda – Asia Pacific PTE Limited	Baker & McKenzie Singapore – 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981
AMWS Limited	28 Esplanade, St Helier, JE2 3QA, Jersey
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, CV35 0DB, England

34 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 profit/(loss) before tax and adjusting items as shown in the Consolidated Income Statement.
ii) Adjusted EBIT is operating profit/(loss) before adjusting items.
iii) Adjusted EBITDA removes depreciation, profit/(loss) on sale of fixed assets and amortisation from adjusted EBIT.
iv) Adjusted operating margin is adjusted EBIT divided by revenue.
v) Adjusted EBITDA margin is Adjusted EBITDA (as defined above) divided by revenue.
vi) Adjusted earnings per share is profit/(loss) after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
vii) Net debt is current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash held not available for short-term use as shown in the Consolidated Statement of Financial Position.
viii) Adjusted leverage is represented by the ratio of net debt to the last 12 months (LTM) Adjusted EBITDA.
ix) Free cash flow is represented by cash inflow/(outflow) from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

Consolidated Income Statement

	2023 £m	2022 £m
Loss before tax	**(239.8)**	(495.0)
Adjusting operating expenses (note 5)	**31.5**	23.9
Adjusting finance income (notes 5, 7)	**–**	(12.5)
Adjusting finance expense (notes 5, 8)	**36.5**	32.6
Adjusted loss before tax (EBT)	**(171.8)**	(451.0)
Adjusted finance income (note 7)	**(74.3)**	(3.0)
Adjusted finance expense (note 8)	**166.4**	336.1
Adjusted operating loss (EBIT)	**(79.7)**	(117.9)
Adjusted operating margin	**(4.9%)**	(8.5%)
Reported depreciation	**102.2**	88.8
Reported amortisation	**283.4**	219.3
Adjusted EBITDA	**305.9**	190.2
Adjusted EBITDA margin	**18.7%**	13.8%

34 ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Earnings per share

	2023 £m	2022 £m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	**(228.1)**	(528.6)
Adjusting items (note 5)		
Adjusting items before tax (£m)	**68.0**	44.0
Tax on adjusting items (£m)	**–**	–
Adjusted loss (£m)	**(160.1)**	(484.6)
Basic weighted average number of ordinary shares (million)	**748.2**	424.7
Adjusted loss per ordinary share (pence)	**(21.4p)**	(114.1p)
Adjusted diluted earnings per ordinary share		
Adjusted loss (£m)	**(160.1)**	(484.6)
Diluted weighted average number of ordinary shares (million)	**748.2**	424.7
Adjusted diluted loss per ordinary share (pence)	**(21.4p)**	(114.1p)

Net debt

	2023 £m	2022 £m
Opening cash and cash equivalents	**583.3**	418.9
Cash inflow from operating activities	**145.9**	127.1
Cash outflow from investing activities	**(383.4)**	(284.7)
Cash inflow from financing activities	**59.7**	315.0
Effect of exchange rates on cash and cash equivalents	**(13.1)**	7.0
Cash and cash equivalents at 31 December	**392.4**	583.3
Cash held not available for short-term use	**–**	0.3
Borrowings	**(1,069.7)**	(1,211.1)
Lease liabilities	**(97.3)**	(99.8)
Inventory repurchase arrangement	**(39.7)**	(38.2)
Net debt	**(814.3)**	(765.5)
Adjusted EBITDA	**305.9**	190.2
Adjusted leverage	**2.7x**	4.0x

Free cash flow

	2023 £m	2022 £m
Net cash inflow from operating activities	**145.9**	127.1
Cash used in investing activities (excluding interest received)	**(396.9)**	(286.9)
Interest paid less interest received	**(109.0)**	(139.0)
Free cash flow	**(360.0)**	(298.8)

Parent Company Statement of Financial Position as at 31 December 2023

	Notes	**31 December 2023 £m**	31 December 2022 (restated*) £m	1 January 2022 (restated*) £m
Non-current assets				
Investments	3	**1,051.5**	497.3	957.4
Debtors: amounts falling due after one year	4	**1,699.7**	1,382.1	749.7
Current assets				
Debtors: amounts falling due within one year	4	**–**	0.3	–
Total assets		**2,751.2**	1,879.7	1,707.1
Current liabilities				
Creditors: amounts falling due within one year	5	**(212.8)**	(213.5)	(219.1)
Net assets		**2,538.4**	1,666.2	1,488.0
Capital and reserves				
Share capital	6	**82.4**	69.9	11.6
Share premium		**2,094.5**	1,697.4	1,123.4
Capital redemption reserve	6	**9.3**	9.3	9.3
Capital reserve	6	**2.0**	2.0	2.0
Merger reserve	6	**143.9**	143.9	143.9
Retained earnings		**206.3**	(256.3)	197.8
Shareholder equity		**2,538.4**	1,666.2	1,488.0

* Details of the restatement are presented in note 1.

The Financial Statements were approved by the Board of Directors on 27 February 2024 and were signed on its behalf by

AMEDEO FELISA
CHIEF EXECUTIVE OFFICER
Company Number: 11488166

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

The profit on ordinary activities after taxation amounts to £438.7m (2022 (restated): loss of £454.1m).

Parent Company Statement of Changes in Equity for the year ended 31 December 2023

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 2023	**69.9**	**1,697.4**	**9.3**	**2.0**	**143.9**	**(256.3)**	**1,666.2**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	**438.7**	**438.7**
Total comprehensive income for the year						**438.7**	**438.7**
Transactions with owners recorded directly in equity							
Issuance of new shares	**11.5**	**383.0**	–	–	–	–	**394.5**
Issuance of new shares to SIP	**0.1**	–	–	–	–	**(0.1)**	–
Warrant options exercised	**0.9**	**14.1**	–	–	–	**18.6**	**33.6**
Group share based payment cost	–	–	–	–	–	**5.4**	**5.4**
Total transactions with owners	**12.5**	**397.1**	–	–	–	**23.9**	**433.5**
At 31 December 2023	**82.4**	**2,094.5**	**9.3**	**2.0**	**143.9**	**206.3**	**2,538.4**

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 2022 (restated*)	11.6	1,123.4	9.3	2.0	143.9	197.8	1,488
Total comprehensive income for the year							
Loss for the year (restated*)	–	–	–	–	–	(454.1)	(454.1)
Total comprehensive income for the year	–	–	–	–	–	(454.1)	(454.1)
Transactions with owners recorded directly in equity							
Issuance of new shares	58.3	574.0	–	–	–	–	632.3
Total transactions with owners	58.3	574.0	–	–	–	–	632.3
At 31 December 2022 (restated*)	69.9	1,697.4	9.3	2.0	143.9	(256.3)	1,666.2

*Details of the restatement are presented in note 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 27 February 2024 and the Statement of Financial Position was signed on the Board's behalf by Amedeo Felisa and Doug Lafferty. The Company is a public limited company incorporated and domiciled in the UK. The Company's ordinary shares are traded on the London Stock Exchange and it is not under the control of any single shareholder.

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the key business risks that the Group faces, is given in the Strategic Report. The debt facilities available to the Group and the maturity profile of this debt are shown in note 23 to the Group Financial Statements.

Going concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m First Lien notes at 10.5% which mature in November 2025, $121.7m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% Payment in Kind) which mature in November 2026, a Revolving Credit Facility (£99.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF facility and a wholesale vehicle financing facility (as described in note 18 of the Group Financial Statements). As previously announced, the Group expects to refinance the outstanding debt during the first half of 2024, however, the going concern assessment is not dependent on this occurring. Under the RCF the Group is required to comply with a leverage covenant tested quarterly. Leverage is calculated as the ratio of adjusted EBITDA to net debt, after certain accounting adjustments are made. Of these adjustments, the most significant is to account for lease liabilities under "frozen GAAP", i.e. under IAS17 rather than IFRS 16. Details of this adjustment are included in note 16 of the Group Financial Statements. The Group has complied with its covenant requirements for the year ended 31 December 2023 and expects to do so for the Going Concern period.

The amounts outstanding on all the borrowings are shown in note 23 of 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 2025 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due, including repayment of the current RCF were it needing to be repaid on 30 June 2025 and to comply with covenants for the going concern review period. The forecasts reflect the Group's ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs.

The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent that the 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 15% reduction in DBX volumes and a 10% reduction in sports volumes from forecast levels covering, although not exclusively, instances of reduced volume due to delayed product launches, operating costs higher than the base plan, incremental working capital requirements such as a reduced deposit inflows or increased deposit outflows and the impact of the strengthening of the sterling dollar exchange rate.

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

In addition, 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 more than 15% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 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 (2022: £nil) in Other Comprehensive Income. The fee relating to the audit of these Financial Statements of £0.3m was borne by the Company (2022: £0.3m).

1 ACCOUNTING POLICIES CONTINUED

Basis of preparation

The Parent Company Financial Statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual Financial Statements of qualifying entities that otherwise apply this recognition, measurement and disclosure requirements of UK adopted IFRS.

FRS 101 sets out amendments to UK adopted IFRS that are necessary to achieve compliance with the Companies Act and related Regulations. The following disclosures have not been included as permitted by FRS 101:

– A Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows'.
– Disclosures in respect of transactions with wholly-owned subsidiaries as required by IAS 24 'Related Party Disclosures'.
– Disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements'.
– The effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
– Disclosures in respect of the compensation of key management personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.
– The requirements of paragraphs 88C and 88D of IAS 12 Income Taxes in respect of the impact of Pillar Two legislation.

As the Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

– The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' in respect of group-settled shared based payments.
– The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out herein have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

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.

Management have further considered the impact of climate change on a number of key estimates within the Financial Statements and has not found climate change to have a material impact on the conclusions reached. Climate change considerations have been factored into the Directors' impairment assessments of the carrying value of non-current assets (such as the parent company investment) through usage of a pre-tax discount rate which reflects the individual nature and specific risks relating to the business and the market in which the Group operates.

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 assess the loans for recoverability from surplus undiscounted cashflows from the operating Group and determined no loss provision necessary. The Company does not expect to receive payment within the next 12 months and therefore presents the loan as non-current.

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.

Auditors remuneration

Auditors remuneration has been included in the group accounts. The Group accounts are required to comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

Prior year restatement

Following a review by the Financial Reporting Council ("FRC"), the Company revisited its assumptions used in determining the recoverability of the carrying value of the investment in subsidiaries. The original assessment had not considered the recoverability of the intercompany balances within the Company prior to assessing the recoverability of the investment valuation. When updating for this assumption, the net recoverable value of the investment is reduced from £957.4m to £497.3m at 31 December 2022. The impairment of £460.1m is reflected in the Parent Company Income Statement for the prior year.

As part of the same review it was identified the intercompany receivable was presented as current, however, the Company did not expect to receive repayment within 12 months from the balance sheet date. The intercompany receivable balance has therefore been restated as a non-current asset in the prior year Company Balance Sheet. In addition, the Expected Credit Loss provision recognised against the intercompany receivable is deemed not required. This is due to the balance being intercompany in nature and the parent company can allow the benefit of time to its subsidiary in order to recover the receivable in full from the future cashflows of the subsidiary. As there is no anticipated shortfall in repayment of the receivable over time, no expected credit loss provision is required. An opening reserves adjustment of £36.0m is made to reflect removing the provision as at 1 January 2022. A £11.2m charge is reflected in the Income Statement for the year ended 31 December 2022, reflecting the movement in the provision previously recognised between 1 January 2022 and 31 December 2022.

The restatements noted above have no impact on the previous, current or future results of the Group. The FRC's review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into and therefore provides no assurance that the Annual Report is correct in all material aspects.

Liabilities	As previously reported 31 December 2022 £m	Adjustment £m	Restated balance 31 December 2022 £m
Non-current assets			
Investments	957.4	(460.1)	497.3
Debtors: amounts falling due in more than one year	–	1,382.1	1,382.1
Current assets			
Debtors: amounts falling due within one year	1,357.6	(1,357.3)	0.3
Capital and reserves			
Retained Earnings	179.0	(435.3)	(256.3)

The loss on ordinary activities after taxation amounts to £454.1m (previously reported profit of £17.2m).

Liabilities	As previously reported 1 January 2022 £m	Adjustment £m	Restated balance 1 January 2022 £m
Non-current assets			
Debtors: amounts falling due in more than one year	–	749.7	749.7
Current assets			
Debtors: amounts falling due within one year	713.7	(713.7)	–
Capital and reserves			
Retained Earnings	161.8	36.0	197.8

The profit on ordinary activities after taxation amounts to £70.9m (previously reported profit of £34.9m).

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	
At 1 January 2022	957.4
Additions	–
At 31 December 2022 and 1 January 2023	**957.4**
Additions	94.1
At 31 December 2023	**1,051.5**

Impairment	
At 1 January 2022	–
Impairment during 2022 (restated*)	(460.1)
At 31 December 2022 and 1 January 2023 (restated*)	**(460.1)**
Reversal of impairment during 2023	460.1
At 31 December 2023	**–**
Carrying value	
At 31 December 2022 (restated)	497.3
At 31 December 2023	**1,051.5**

*Details of the restatement are presented in note 1.

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 33 to the Group Financial Statements. Additions in the year represent £88.7m for the issuance of shares to Lucid Group, Inc. in respect of the Technology sharing agreement and £5.4m in relation to Group share based payment charges for which the Company will issue shares on behalf of employees in subsidiary companies.

Impairment testing

The Company reviews the carrying amount of its investment 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. In performing this analysis the Company's value-in-use calculation supports the recoverability of the full cost of the Company's investment in subsidiary undertakings and therefore a reversal of the impairment recognised in the prior year has been recognised in the year ended 31 December 2023. The Group forecast and business plan as at 31 December 2023 give an increased cash flow when compared to twelve months ago, resulting in a higher value-in-use therefore supporting the reversal of the impairment.

Key assumptions used in value-in-use calculations

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

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

Sensitivity analysis

- As at 31 December 2023 the discount rate would need to increase by 1.1% before the investment in subsidiary undertakings is impaired.

4 DEBTORS

	2023 £m	2022 £m (restated*)
Amounts due from Group undertakings	**1,699.7**	1,382.1
Other receivables	**–**	0.3
Total	**1,699.7**	1,382.4
Analysed as:		
Current	**–**	0.3
Non-current	**1,699.7**	1,382.1
	1,699.7	1,382.4

*Details of the restatement are presented in note 1.

4 DEBTORS CONTINUED

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

5 CREDITORS

	2023 £m	2022 £m
Amounts due to Group undertakings	**187.9**	187.9
Accrued expenses	**1.8**	2.9
Derivative option over own shares	**23.1**	22.7
	212.8	213.5

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Share warrants

As part of the issue of the Second Lien SSNs by Aston Martin Capital Holdings Limited, the Company issued share warrants enabling warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 per share (previously £10 per share prior to the rights issue in September 2022). The warrants can be exercised from 1 July 2021 through to 7 December 2027. The fair value of the warrants is determined at each period end. A charge to the Income Statement of £19.0m has been recognised in the year ended 31 December 2023 (2022: credit of £8.4m). A total of 29,969,927 warrants were exercised in the year ended 31 December 2023 (2022: no warrants exercised), resulting in the issuance of 8,990,975 ordinary shares (note 6).

6 CAPITAL AND RESERVES

Allotted, called up and fully paid	**2023 £m**	2022 £m
823,663,785 shares of 10.0p each (2022: 698,757,075 ordinary shares of 10.0p each)	**82.4**	69.9

A full reconciliation of the Company's movement in share capital is presented in note 27 of the Group accounts.

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.

Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc

Opinion

In our opinion:

- Aston Martin Lagonda Global Holdings plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aston Martin Lagonda Global Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2022	Parent company statement of financial position as at 31 December 2022
Consolidated statement of comprehensive income for the year then ended	Parent company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 6 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

Conclusions relating to going concern

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

- Understanding and walking through management's process for and controls related to assessing going concern including discussion with management to ensure all key factors were taken into account;
- Obtaining management's going concern assessment, which covers the period to 30 June 2024, and which includes cashflow and liquidity forecasts, details of facilities available, forecast covenant calculations and the results of management's downside scenarios, and testing the integrity of the model, including clerical accuracy;
- Confirming to the debt agreements both the maturity profile of the debt and the covenants that are required to be met within the going concern period;
- Assessing the reasonableness of forecasts underpinning the going concern model which are based on the Board-approved budget and the Board-approved strategic plan. To do this we specifically considered forecast wholesale volumes compared to historical volumes, current confirmed orders and competitor volumes, sales margins and capital expenditure plans;
- Ensuring that these forecasts appropriately reflect the assessed impact of the current macro-economic circumstances and the disclosed climate change commitments of the group;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2020, 2021 and 2022 as well as through the subsequent events period and performing inquiries to the date of this report to determine whether forecast cash flows are reliable based on past experience;
- Considering external factors that could impact liquidity/forecasts including reliance on suppliers, recoverability of debtors, the current macro-economic climate, and the threat of potential litigations and claims;
- Considering the downside scenario identified by management in their assessment on pages 169-170, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario modelled in the going concern period is realistic;
- Performing reverse stress testing on the going concern model by independently determining what reduction in wholesale volumes would be required before liquidity would be exhausted. This included comparing this scenario to the downside scenario contemplated by management and considering the likelihood of the events required to exhaust available liquidity;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum particularly with respect to constraining capital spending if required; and
- Assessing the going concern disclosures in the financial statements to ensure they are in accordance with International Financial Reporting Standards.

We observed that while the group achieved lower than forecast total core wholesale volumes than it was originally targeting in 2022, this was driven by supply chain challenges impacting the timing of production and the related vehicle wholesale. The forecast core wholesale volumes for the going concern assessment period are reasonable compared to historic performance and the those reported by comparable brands in the luxury automotive sector. We observed the control exercised over capital expenditure in comparison to amounts forecast which corroborates management's assertion that in the event of the modelled downside occurring expenditure could be deferred. Further, the Group has the borrowings disclosed in note 22 which includes details of the maturities of those facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2024.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview of our audit approach

Audit scope	• 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	• Revenue recognition, specifically; – 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	• Overall Group materiality of £4.75m which represents 2.5% of Adjusted Earnings before interest, tax, depreciation and amortisation ('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, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 7 reporting components of the Group, we selected 6 components covering entities within the UK, Europe, USA, Japan and China, which represent the principal business units within the Group.

Of the 6 components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining two components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

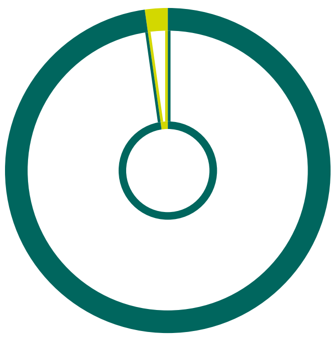
The reporting components where we performed audit procedures accounted for 100% (2021: 100%) of the Group's Adjusted EBITDA, 100% (2021: 100%) of the Group's Revenue and 100% (2021: 100%) of the Group's Total assets. For the current year, the full scope components contributed 98% (2021:94%) of the Group's Adjusted EBITDA, 97% (2021: 94%) of the Group's Revenue and 98% (2021: 98%) of the Group's Total assets. The specific scope component contributed 2% (2021: 6%) of the Group's Adjusted EBITDA, 3% (2021: 6%) of the Group's Revenue and 2% (2021: 2%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

For the remaining one component that represents 0% of the Group's Adjusted EBITDA, we performed other procedures, including analytical review to respond to any potential risks of material misstatement to the Group financial statements.

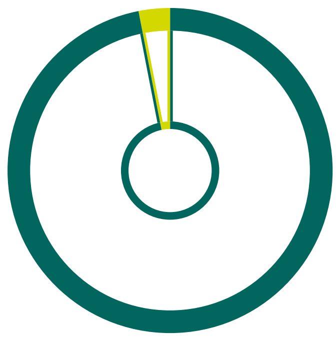
Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

The charts below illustrate the coverage obtained from the work performed by our audit teams.

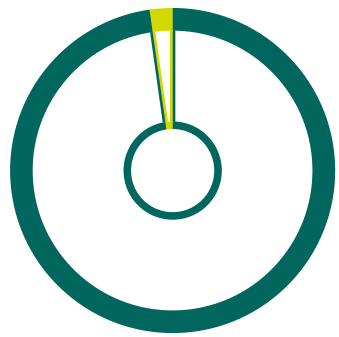
Adjusted EBITDA



Revenue



Total assets



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on three of these directly by the primary audit team. For the two specific scope components, audit procedures were performed directly by the primary audit team. For the component not audited by the primary team, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor or his designate visits the full scope component audited by the EY global network firm each year. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in China. In FY 2022, these visits were conducted virtually due to the COVID-19 pandemic. The sessions involved meeting with our local component team to discuss and direct their audit approach, understanding the significant audit findings in response to the key audit matters and reviewing key audit working papers. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Aston Martin Lagonda. The Group has determined that the most significant future impacts from climate change on its operations will be from the transition to EV ('Electric vehicle') powertrains, managing the brand/reputational impact of continuing to sell ICE ('Internal combustion engine') powered vehicles in the short to medium term and managing the financial impact of increasing carbon related costs in response to changes in legislation. These are explained on pages 58-67 in the required Task Force for Climate related Financial Disclosures and on pages 82-84 in the principal risks and uncertainties. They have also explained their climate commitments on page 65. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1 how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to June 2024 nor the viability of the Group over the next five years.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 62–63 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, being the impairment testing of capitalised development costs and deferred tax asset recoverability following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Revenue Recognition (2022: £1,381.5m, 2021: £1,095.3m) *Refer to the Audit and Risk Committee Report (page 117); Accounting policies (page 171); and Note 3 of the Consolidated Financial Statements (page 180)* 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. In the current year the business and industry has experienced supply chain challenges and as a result there is an increased risk that revenue is recognised ahead of the vehicle build being complete. There is also a risk of overstatement of revenue through inappropriate manual journal entries.	• 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 and 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 the full and specific scope locations.	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.

Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Capitalisation and amortisation of development costs (Net book value of capitalised development costs: £843.9m, 2021: £833.3m, Amounts capitalised in the year: £232.0m, 2021: £178.2m, Amortisation charge £221.4m, 2021 £129.0m) *Refer to the Audit and Risk Committee Report (page 117); Accounting policies (page 172); and Note 12 of the Consolidated Financial Statements (page 188)* 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. There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.	• 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.	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.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Impairment of capitalised development costs (Net book value of development costs: £843.9m, 2021: £833.3m, Impairment charge £nil, 2021 £nil) *Refer to the Audit and Risk Committee Report (page 117); Accounting policies (pages 174-175); and Note 13 of the Consolidated Financial Statements (page 189)* 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.	• 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 62-63. • 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.	Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £4.75 million (2021: £3.5 million), which is 2.5% (2021 2.5%) of Adjusted EBITDA. We believe that Adjusted EBITDA provides us with an appropriate basis for materiality as it is a key metric used by investors and management in assessing the performance of the Group.

We determined materiality for the Parent Company to be £30.8 million (2021: £21.8 million), which is 1.5% (2021: 1.5%) of Equity. When auditing balances included within to the Group financial statements we reduced this to the Group materiality.

Starting basis	Adjustments	Materiality
• Loss before tax – £(495.0)m	• Adjusting items – £44.0m • Adjusted net finance expense – £333.1m • Depreciation and Amortisation – £308.1m	• EBITDA – £190.2m • Materiality of £4.75m (2.5% of materiality basis)

During the course of our audit, we reassessed initial materiality and updated this for actual results.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £2.4m (2021: £1.7m). We have set performance materiality at this percentage due to the level of audit adjustments identified in the prior year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.47m to £2.4m (2021: £0.34m to £1.7m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.24m (2021: £0.17m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

Other information

The other information comprises the information included in the annual report set out on pages 1 to 232, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 169-170;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 85;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 148 and 169-170;
- Directors' statement on fair, balanced and understandable set out on pages 118 and 152;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page119;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 120; and;
- The section describing the work of the Audit and Risk Committee set out on pages 114-121.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 152, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the members of Aston Martin Lagonda Global Holdings plc continued

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

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted international accounting standards, FRS 101, the Companies Act 2006 and UK Corporate Governance Code). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety and employee matters.
- We understood how Aston Martin Lagonda Global Holdings plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; enquiries of legal counsel, Group management, internal audit, and full and specific scope management; reading internal audit reports and whistleblowing summaries provided to the Audit and Risk Committee and performing focused testing, as referred to in the key audit matters section above.
- Specific enquiries were made with the component team to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph.

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

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee we were appointed by the company on 24 July 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 2019 to 2022.

- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

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

Simon O'Neill

(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
28 February 2023

Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 Adjusted £m	2022 Adjusting items* £m	2022 Total £m	2021 Adjusted £m	2021 Adjusting items* £m	2021 Total £m
Revenue	3	**1,381.5**	**–**	**1,381.5**	1,095.3	–	1,095.3
Cost of sales		**(930.8)**	**–**	**(930.8)**	(751.6)	–	(751.6)
Gross profit		**450.7**	**–**	**450.7**	343.7	–	343.7
Selling and distribution expenses		**(113.0)**	**–**	**(113.0)**	(84.8)	–	(84.8)
Administrative and other operating expenses		**(455.6)**	**(23.9)**	**(479.5)**	(333.2)	(2.2)	(335.4)
Operating loss	4	**(117.9)**	**(23.9)**	**(141.8)**	(74.3)	(2.2)	(76.5)
Finance income	7	**3.0**	**12.5**	**15.5**	2.3	34.1	36.4
Finance expense	8	**(336.1)**	**(32.6)**	**(368.7)**	(173.7)	–	(173.7)
Loss before tax		**(451.0)**	**(44.0)**	**(495.0)**	(245.7)	31.9	(213.8)
Income tax (charge)/credit	9	**(32.7)**	**–**	**(32.7)**	16.2	8.3	24.5
Loss for the year		**(483.7)**	**(44.0)**	**(527.7)**	(229.5)	40.2	(189.3)
(Loss)/profit attributable to:							
Owners of the Group				**(528.6)**			(191.6)
Non-controlling interests	32			**0.9**			2.3
				(527.7)			(189.3)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of Defined Benefit liability	25			**6.8**			3.8
Taxation on items that will never be reclassified to the Income Statement	9			**(1.7)**			(1.0)
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				**3.8**			2.3
Fair value adjustment – cash flow hedges	22			**(6.1)**			(0.3)
Amounts reclassified to the Income Statement – cash flow hedges	22			**2.9**			(4.3)
Taxation on items that may be reclassified to the Income Statement	9			**0.8**			1.2
Other comprehensive income for the year, net of income tax				**6.5**			7.7
Total comprehensive loss for the year				**(521.2)**			(181.6)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				**(522.1)**			(183.9)
Non-controlling interests				**0.9**			2.3
				(521.2)			(181.6)
Earnings per ordinary share							*Restated***
Basic loss per share	11			**(124.5p)**			(58.6p)
Diluted loss per share	11			**(124.5p)**			(58.6p)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 5
** Earnings per ordinary share has been adjusted to reflect the bonus element of the rights issue undertaken in September 2022. See notes 11 and 26

The notes on pages 169 to 224 form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity

Group	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Capital reserve £m	Translation reserve £m	Hedge reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
At 1 January 2022	**11.6**	**1,123.4**	**143.9**	**9.3**	**6.6**	**2.7**	**6.7**	**(662.4)**	**18.6**	**660.4**
Total comprehensive loss for the year										
(Loss)/profit for the year	–	–	–	–	–	–	–	(528.6)	0.9	(527.7)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	3.8	–	–	–	3.8
Fair value movement – cash flow hedges (note 22)	–	–	–	–	–	–	(6.1)	–	–	(6.1)
Amounts reclassified to the Income Statement – cash flow hedges (note 22)	–	–	–	–	–	–	2.9	–	–	2.9
Remeasurement of Defined Benefit liability (note 25)	–	–	–	–	–	–	–	6.8	–	6.8
Tax on other comprehensive income (note 9)	–	–	–	–	–	–	0.8	(1.7)	–	(0.9)
Total other comprehensive income/(loss)	–	–	–	–	–	3.8	(2.4)	5.1	–	6.5
Total comprehensive income/(loss) for the year	–	–	–	–	–	3.8	(2.4)	(523.5)	0.9	(521.2)
Transactions with owners, recorded directly in equity										
Issuance of new shares (note 26)	58.3	574.0	–	–	–	–	–	–	–	632.3
Credit for the year under equity-settled share-based payments (note 28)	–	–	–	–	–	–	–	1.0	–	1.0
Tax on items credited to equity	–	–	–	–	–	–	–	–	–	–
Total transactions with owners	58.3	574.0	–	–	–	–	–	1.0	–	633.3
At 31 December 2022	**69.9**	**1,697.4**	**143.9**	**9.3**	**6.6**	**6.5**	**4.3**	**(1,184.9)**	**19.5**	**772.5**

Consolidated Statement of Changes in Equity continued

Group	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Capital reserve £m	Translation reserve £m	Hedge reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
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 Financial Position

	Notes	**31 December 2022 £m**	31 December 2021 £m
Non-current assets			
Intangible assets	12	**1,394.6**	1,384.1
Property, plant and equipment	14	**369.9**	355.5
Right-of-use lease assets	15	**74.4**	76.0
Trade and other receivables	17	**6.3**	2.1
Other financial assets	19	**–**	0.5
Deferred tax asset	9	**133.7**	156.4
		1,978.9	1,974.6
Current assets			
Inventories	16	**286.2**	196.8
Trade and other receivables	17	**245.7**	243.4
Income tax receivable		**1.4**	1.5
Other financial assets	19	**8.8**	7.3
Cash and cash equivalents	18	**583.3**	418.9
		1,125.4	867.9
Total assets		**3,104.3**	2,842.5
Current liabilities			
Borrowings	22	**107.1**	114.3
Trade and other payables	20	**876.3**	721.0
Income tax payable		**6.3**	5.5
Other financial liabilities	21	**26.2**	34.8
Lease liabilities	15	**7.4**	9.7
Provisions	24	**18.6**	19.9
		1,041.9	905.2
Non-current liabilities			
Borrowings	22	**1,104.0**	1,074.9
Trade and other payables	20	**9.1**	9.8
Lease liabilities	15	**92.4**	93.7
Provisions	24	**22.5**	19.0
Employee benefits	25	**61.2**	78.7
Deferred tax liabilities	9	**0.7**	0.8
		1,289.9	1,276.9
Total liabilities		**2,331.8**	2,182.1
Net assets		**772.5**	660.4
Capital and reserves			
Share capital	26	**69.9**	11.6
Share premium		**1,697.4**	1,123.4
Merger reserve		**143.9**	143.9
Capital redemption reserve		**9.3**	9.3
Capital reserve		**6.6**	6.6
Translation reserve		**6.5**	2.7
Hedge reserves	22	**4.3**	6.7
Retained earnings		**(1,184.9)**	(662.4)
Equity attributable to owners of the Group		**753.0**	641.8
Non-controlling interests		**19.5**	18.6
Total shareholders' equity		**772.5**	660.4

The Financial Statements were approved by the Board of Directors on 28 February 2023 and were signed on its behalf by

Amedeo Felisa
Chief Executive Officer
Company Number: 11488166

Doug Lafferty
Chief Financial Officer

Financial Statements continued

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Operating activities			
Loss for the year		**(527.7)**	(189.3)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax charge/(credit) on operations	9	**32.7**	(24.5)
Net finance costs		**353.2**	137.3
Depreciation and impairment of property, plant and equipment	4	**77.8**	65.3
Depreciation and impairment of right-of-use lease assets	4	**11.0**	9.3
Amortisation and impairment of intangible assets	4	**219.3**	137.6
Difference between pension contributions paid and amounts recognised in Income Statement		**(12.1)**	(11.4)
(Increase)/decrease in inventories		**(78.4)**	7.7
Decrease/(increase) in trade and other receivables		**0.1**	(75.4)
Increase in trade and other payables		**81.5**	52.8
(Decrease)/increase in advances and customer deposits	20	**(17.9)**	70.7
Movement in provisions		**0.7**	(0.2)
Other non-cash movements		**(2.0)**	2.1
Other non-cash movements – (Increase)/decrease in other derivative contracts	19	**(2.3)**	0.7
Other non-cash movements – Movements in RDEC credit	9	**(3.5)**	(2.9)
Cash generated from operations		**132.4**	179.8
Decrease in cash held not available for short term use	19	**1.5**	8.1
Income taxes paid	9	**(6.8)**	(9.0)
Net cash inflow from operating activities		**127.1**	178.9
Cash flows from investing activities			
Interest received	7	**2.2**	1.1
Increase in loan assets	17	**–**	(1.4)
Decrease in loan assets	17	**–**	0.9
Payments to acquire property, plant and equipment	14	**(58.6)**	(40.7)
Cash outflow on development expenditure	12	**(228.3)**	(144.0)
Net cash used in investing activities		**(284.7)**	(184.1)
Cash flows from financing activities			
Interest paid	27	**(141.2)**	(118.0)
Proceeds from equity share issue		**653.9**	–
Proceeds from issue of equity warrants		**–**	15.3
Proceeds from financial instrument utilised during refinancing transactions	7	**4.1**	–
Principal element of lease payments	27	**(10.0)**	(9.9)
Repayment of existing borrowings	27	**(172.7)**	(37.3)
Premium paid upon redemption of borrowings	27	**(14.3)**	–
Proceeds from inventory repurchase arrangement	20	**75.7**	19.0
Repayment of inventory repurchase arrangement	20	**(60.0)**	(40.0)
Proceeds from new borrowings	27	**–**	108.5
Transaction fees paid on issuance of shares		**(18.6)**	(1.3)
Transaction fees paid on financing activities	27	**(1.9)**	(2.8)
Net cash inflow/(outflow) from financing activities		**315.0**	(66.5)
Net increase/(decrease) in cash and cash equivalents	23	**157.4**	(71.7)
Cash and cash equivalents at the beginning of the year		**418.9**	489.4
Effect of exchange rates on cash and cash equivalents		**7.0**	1.2
Cash and cash equivalents at the end of the year		**583.3**	418.9

Notes to the Financial Statements

1 Basis of accounting

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

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

Climate change

In preparing the Consolidated Financial Statements management have considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year and the sustainability goals including the stated net-zero targets. Climate change is not expected to have a significant impact on the Group's going concern assessment to June 2024 nor the viability of the Group over the next five years following consideration of the below points:

- The Group has modelled various scenarios to take account of the risks and opportunities identified with the impact of climate change to assess the financial impact on its business plan and viability.
- The Group has a Strategic Cooperation Agreement with Mercedes-Benz AG. The agreement provides the Company with access to a wide range of world-class technologies for the next generation of luxury vehicles which are planned to be launched through to 2027.
- The Group is planning to leverage strategic long term partnerships with vendors to develop EV powertrain technology with significant capital expenditure planned to support the transition to a fully electrified portfolio of Sport/GT cars and SUVs by 2030.
- The Group continues to invest in onsite renewable energy generation solutions for our facilities and the increased use of sustainable materials within production and the required capital investment is included in our five-year forecasts to enable us to meet our target for net-zero manufacturing facilities by 2030.
- The Group has a clear plan in place to deliver a transformed product range to meet climate change regulations impacting the automotive sector, launching a Plug-In Hybrid Electric Vehicle ("PHEV") by 2024 and targeting the launch of our first Battery Electric Vehicle ("BEV") in 2025.

Consistent with the above, management have further considered the impact of climate change on a number of key estimates within the Financial Statements and has not found climate change to have a material impact on the conclusions reached. Climate change considerations have been factored into the Directors impairment assessments of the carrying value of non-current assets (such as capitalised development cost intangible assets) through usage of a pre-tax discount rate which reflects the individual nature and specific risks relating to the business and the market in which the Group operates. In addition, the forecast cash flows used in both the impairment assessments of the carrying value of non-current assets and the assessment of the recoverability of deferred tax assets reflect the current energy cost headwinds and future costs to achieve net-zero manufacturing facilities by 2030 as well as the forecast volumes for both existing and future car lines given current order books and the assessment of changing customer preferences.

Going concern

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the principal risks that the Group faces, is given in the Strategic Report on pages 5 to 81. The debt facilities available to the Group and the maturity profile of this debt are shown in note 22.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m First Lien Notes at 10.5% which mature in November 2025, $229.1m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% Payment in Kind) which mature in November 2026, a Revolving Credit Facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17). Under the RCF the Group is required to comply with a leverage covenant tested quarterly.

The amounts outstanding on all the borrowings are shown in note 22.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2024 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect our ultra-luxury performance-oriented strategy, balancing supply and demand and the actions taken to improve cost efficiency and gross margin. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new

Notes to the Financial Statements continued

1 Basis of accounting continued

Going concern continued

models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent that the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 25% reduction in DBX volumes and a 8% reduction in sports volumes from forecast levels, operating costs higher than the base plan, incremental working capital requirements such as reduced deposit inflows or increased deposit outflows and the impact of the strengthening of the sterling-dollar exchange rate.

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

In addition, the Directors also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by 35% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

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

2 Accounting policies

Basis of consolidation

The Consolidated Financial Statements consist of the Financial Statements of the Group and all entities controlled by the Group. All intercompany balances and transactions, including unrealised profits arising, are eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the Group Financial Statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the Group and are based on consistent accounting policies.

Foreign currency translation

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

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates for the period. The resulting exchange differences are taken through Other Comprehensive Income to the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in the translation reserve relating to the foreign operation is recognised in the Income Statement.

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

2 Accounting policies continued

Revenue recognition

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

Sale of vehicles

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

The Group estimates the consideration to which it will be entitled in exchange for satisfaction of the performance obligation as part of the sale of a vehicle. Revenue is recognised at the wholesale selling price net of dealer incentives (variable marketing expense or "VME"). VME is estimated and accrued for at the time of the wholesale sale to the dealer, other than those elements of VME connected with retail sales by the dealer where there is also a contractual requirement for the dealer to make additional wholesale purchases at that time to receive the incentive, which is accrued at the time of the retail sale by the dealer to the end customer.

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

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

Sales of parts

Revenue from the sale of parts is recognised upon transfer of control to the customer, generally when the parts are released to the carrier responsible for transporting them. Where the dealer is Aston Martin Works Limited, an indirect subsidiary of the Company, revenue is recognised upon despatch to a customer outside of the Group.

Servicing and restoration of vehicles

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

Brands and motorsport

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

Customer advance payments

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

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

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

Finance income

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

Notes to the Financial Statements continued

2 Accounting policies continued

Finance expense

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

Interest incurred on lease liabilities accounted for under IFRS 16 and interest charged in relation to significant financing components on customer advance payments are both recognised within finance expense.

Current/non-current classification

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

Current liabilities include liabilities held primarily for trading purposes in line with the Group's identifiable normal operating cycle. These liabilities are expected to be settled as part of the Group's normal course of business. All other liabilities are classified as non-current liabilities.

Goodwill

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit. The only cash-generating unit of the Group is that of Aston Martin Lagonda Group as there are no smaller groups of assets that can be identified with certainty which generate specific cash flows independent of the inflows generated by other assets or groups of assets. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement.

Intangible assets

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

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

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Purchased intellectual property

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

Brands

An acquired brand is only recognised in the Statement of Financial Position as an intangible asset where it is supported by a registered trademark, is established in the marketplace, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase price consideration of an acquired business between goodwill and the underlying fair values of the tangible assets, brands and other intangible assets acquired, using an income approach following the multi-period excess earnings methodology. Acquired brands have an indefinite life when there is no foreseeable limit to the period over which the asset is expected to generate cash inflows.

Development costs

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

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

2 Accounting policies continued

Intangible assets continued

Technology

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

Dealer network

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

Amortisation

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

	Years
Purchased intellectual property	5
Development costs	1 to 10
Technology	10
Software and other	3 to 10
Dealer network	20

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

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

Property, plant and equipment

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

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

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

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

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

Government grants

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

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

Research and development tax relief in the form of the Research and Development Expenditure Credit (“RDEC”) is recognised in the income statement over the periods in which the qualifying expenditure giving rise to the RDEC claim is recognised, as the Group’s assessment of the conditions of receipt of the RDEC concludes that it meets the definition of a Government grant. Claims are submitted annually based on the qualifying expenditure for a given accounting period.

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

Notes to the Financial Statements continued

2 Accounting policies continued

Government grants continued

Amounts recognised in operating cash flows are presented net of proceeds of applicable Government grants.

Carbon credits

The import of vehicles into certain jurisdictions can trigger a requirement to eliminate negative carbon credits, which gives rise to a present obligation as a result of a past event. In accordance with IAS 37, the Group recognises a provision for this obligation, measured at the cost of purchasing positive credits to offset the negative credits. As at 31 December 2022 the provision recognised for these carbon credits was not material

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

The Group adopted IFRS 16 using the modified retrospective approach in 2019.

Leases under which the Group acts as lessee

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

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

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

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

Lease payments included in the measurement of the lease liability comprise either fixed lease payments or lease payments subject to periodic fixed increases. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and interest cost with the interest costs charged to the Income Statement over the lease period.

The liability is remeasured when there is an increase/decrease in future lease payments arising from a change in an index or rate specified.

Short term leases and leases of low-value assets

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

Leases under which the Group acts as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to the lease of the underlying right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease period forms a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases on a straight-line basis over the lease term in the Income Statement.

The Group has no sub-leases that qualify as finance leases.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset, or cash-generating unit's, fair value less costs to sell and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement.

2 Accounting policies continued

Impairment of assets continued

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. For service and restoration projects, net realisable value is the price at which the project can be invoiced in the normal course of business after allowing for the costs of realisation. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

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

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

Cash and cash equivalents

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

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

Derivative financial instruments

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

Financial assets and liabilities

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

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

Trade and other receivables

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

Trade and other payables

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

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

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

Notes to the Financial Statements continued

2 Accounting policies continued

Hedge accounting

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

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

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

Derivative financial instruments

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

Financial liability as a hedge

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

Subsequent accounting

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

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

Borrowings

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

Pensions

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

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

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

When the calculation results in a deficit for the Group, the recognised liability is adjusted for the discounted value of future deficit reduction contributions in excess of the calculated deficit.

2 Accounting policies continued

Pensions continued

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

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

Share-based payment transactions

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

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

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

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

Provisions

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

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

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

Income taxes

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

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

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

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

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Notes to the Financial Statements continued

2 Accounting policies continued

Income taxes continued

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

Equity instruments

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

Adjusting items

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

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

Critical accounting assumptions and key sources of estimation uncertainty estimates

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

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

- impairment of finite life intangible assets;
- the measurement of Defined Benefit pension assets and obligations; and
- the recognition of deferred tax assets.

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

The result of the calculation of the value-in-use is sensitive to the assumptions made and is a subjective estimate (note 13).

Measurement of pension assets and obligations
There are a range of assumptions that could be made, and the measurement of Defined Benefit pension assets and obligations are sensitive to these. Note 25 provides information on these assumptions and the inherent sensitivities.

Measurement of Defined Benefit pension obligations requires estimation of future changes in salaries and inflation, mortality rates, the expected return on assets and suitable discount rates (note 25).

Recognition of deferred tax assets

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

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

In considering recoverability of the deferred tax assets the Group relies upon future forecasts, which inherently increases the level of significant estimation uncertainty in the later periods. Note 9 provides information on the inherent sensitivities.

2 Accounting policies continued

New accounting standards

The following standards, amendments and interpretations were applicable for the period beginning 1 January 2022 and were adopted by the Group for the year to 31 December 2022. They have not had a significant impact on the Group's result for the year, equity or disclosures:

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The following are new accounting standards and amendments to existing standards that have been published and are applicable for the Group's accounting periods beginning 1 January 2023 onwards, which the Group has not adopted early:

- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

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

Notes to the Financial Statements continued

3 Segmental reporting

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

Revenue	**2022 £m**	2021 £m
Analysis by category		
Sale of vehicles	**1,291.5**	1,005.4
Sale of parts	**70.8**	65.5
Servicing of vehicles	**9.3**	10.6
Brands and motorsport	**9.9**	13.8
	1,381.5	1,095.3

Revenue	**2022 £m**	2021 £m
Analysis by geographical location		
United Kingdom	**366.0**	231.3
The Americas	**401.8**	302.7
Rest of Europe, Middle East and Africa	**260.2**	233.8
Asia Pacific	**353.5**	327.5
	1,381.5	1,095.3

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

As at 31 December 2022	**Right-of-use lease asset £m**	**Property, plant, equipment £m**	**Goodwill £m**	**Intangible assets £m**	**Other receivables £m**	**Total £m**
United Kingdom	**60.7**	**301.6**	**85.4**	**1,155.8**	**–**	**1,603.5**
The Americas	**8.3**	**4.0**	**–**	**–**	**4.3**	**16.6**
Rest of Europe	**0.1**	**64.3**	**–**	**153.4**	**2.0**	**219.8**
Asia Pacific	**5.3**	**–**	**–**	**–**	**–**	**5.3**
	74.4	**369.9**	**85.4**	**1,309.2**	**6.3**	**1,845.2**

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

4 Operating loss

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

		2022 £m	2021 £m
Depreciation and impairment of property, plant and equipment (note 14)		**80.7**	65.0
Depreciation released from/(absorbed into) inventory under standard costing		**(2.9)**	0.3
Depreciation and impairment of right-of-use lease assets (note 15)		**11.0**	9.3
Amortisation and impairment of intangible assets (note 12)		**227.4**	135.0
Amortisation released from/(absorbed into) inventory under standard costing		**(8.1)**	2.6
Depreciation, amortisation and impairment charges included in administrative and other operating expenses		**308.1**	212.2
Increase in trade receivable loss allowance – administrative and other operating expenses (note 22)		**0.6**	3.1
Research and development expenditure tax credit		**(18.4)**	(16.6)
Net foreign currency differences		**8.7**	11.2
Cost of inventories recognised as an expense		**798.0**	641.4
Write-down of inventories to net realisable value		**8.9**	0.2
(Increase)/decrease in fair value of other derivative contracts		**(2.3)**	0.7
Lease payments (gross of sub-lease receipts)			
	Plant, machinery and IT equipment*	**0.7**	0.3
Sub-lease receipts	Land and buildings	**(0.6)**	(0.6)
Auditor's remuneration:			
	Audit of these Financial Statements	**0.3**	0.3
	Audit of Financial Statements of subsidiaries pursuant to legislation	**0.4**	0.3
	Audit-related assurance	**0.1**	0.1
	Services related to corporate finance transactions	**0.2**	0.1
Research and development expenditure recognised as an expense		**14.1**	13.0

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

	2022 £m	2021 £m
Total research and development expenditure	**246.1**	191.2
Capitalised research and development expenditure (note 12)	**(232.0)**	(178.2)
Research and development expenditure recognised as an expense	**14.1**	13.0

Notes to the Financial Statements continued

5 Adjusting items

	2022 £m	2021 £m
Adjusting operating expenses:		
ERP implementation costs[1]	**(6.9)**	(4.0)
Defined Benefit pension scheme closure costs[2]	**(13.5)**	–
Director settlement and incentive arrangements[3]	**(3.5)**	–
Restructuring costs[7]	**–**	2.4
Lease early exit costs[8]	**–**	(0.6)
	(23.9)	(2.2)
Adjusting finance income:		
Foreign exchange gain on financial instrument utilised during refinance transactions[4]	**4.1**	–
Gain on financial instruments recognised at fair value through Income Statement[5]	**8.4**	34.1
Adjusting finance expenses:		
Premium paid on the early redemption of Senior Secured Notes[4]	**(14.3)**	–
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes[4]	**(16.4)**	–
Professional fees incurred on refinancing expensed directly to the Income Statement[4]	**(1.9)**	–
	(20.1)	34.1
Total adjusting items before tax	**(44.0)**	31.9
Tax charge on adjusting items[6]	**–**	(8.1)
Tax credit due to remeasurement of deferred tax on previously classified adjusting items[6]	**–**	16.4
Adjusting items after tax	**(44.0)**	40.2

Summary of 2022 adjusting items

1. In the year ended 31 December 2022 the Group incurred further implementation costs for a cloud-based Enterprise Resource Planning (ERP) system for which the Group will not own any intellectual property. £6.9m of costs have been incurred in the period under the service contract and expensed to the Income Statement during the business readiness phase of the project. The project continues to undergo a phased rollout during 2023 following the previous migration of finance in 2022. Due to the infrequent recurrence of such costs and the expected quantum during the implementation phase, these have been separately presented as adjusting. The cash impact of this item is a working capital outflow at the time of invoice payment.
2. On 31 January 2022, the Group closed its Defined Benefit Pension Scheme to future accrual incurring a past service cost of £2.8m. Under the terms of the closure agreement, employees were granted cash payments both in the current year and the following two financial years totalling £8.7m. These costs have been fully accrued. In addition, the affected the employees were each granted 185 shares incurring a share-based payment charge of £1.0m during the year. The terms of the agreement provide the employees with a minimum guaranteed value for these shares subject to their ongoing employment with the Group. The Group will pay the employees a further cash sum if the share price at 1 February 2024 does not meet this value. The charge associated with this portion is £1.0m in the year ended 31 December 2022 and is being accounted for in accordance with IFRS2 as a cash settled share-based payment scheme. Further costs are expected in future periods under this guarantee until the liability crystallises in February 2024. The Group will continue to present these costs in adjusting items due to their volatile nature and connection with the closure of the pension scheme which is considered a non-recurring event.
3. On 14 January 2022, it was announced that Doug Lafferty would be joining the Group as Chief Financial Officer replacing Ken Gregor who stepped down from the Board on 1 May 2022. On 4 May, it was announced that Tobias Moers would be stepping down as Chief Executive Officer and Chief Technical Officer. Amedeo Felisa was appointed as Chief Executive Officer and Roberto Fedeli was appointed as Chief Technical Officer on the same day. The total cost associated with these changes was £3.5m, of which £1.8m represents joining incentives, £0.7m represents severance (note 6), and £1.0m comprises social security and other costs. Due to the quantum of such costs incurred in the period, they have been separately presented. The cash outflows associated with this expense are expected to be incurred within a period of 12 months from the appointment of each individual.
4. Following the successful equity raise in September 2022, the Group paid down $40.3m of First Lien Senior Secured Notes ("SSNs") and $143.8m of Second Lien SSNs. The early settlement of these notes incurred a redemption premium of £14.3m and transaction fees of £1.9m and resulted in the acceleration of capitalised borrowing costs of £16.4m. The cash impact of the fees and premium are incurred within the year ended 31 December 2022. The acceleration of the borrowing costs is a non-cash item.
   In order to facilitate the repayment of the SSNs the Group placed a forward currency contract to purchase US dollars. Due to favourable movements in the exchange rates, a gain of £4.1m was realised in the Income Statement at the transaction date
5. The Group issued Second Lien SSNs during the year ended 31 December 2020 which included detachable warrants classified as a derivative option liability initially valued at £34.6m. The movement in fair value of the liability in the year ended 31 December 2022 resulted in a gain of £8.4m (2021: £34.1m) being recognised in the Income Statement. There is no cash impact of this adjustment.
6. In 2022, nil tax has been recognised as an adjusting item (2021: £8.3m credit) which is not in line with the standard rate of income tax for the Group of 19% (2021: 19%). This is on the basis that the adjusting items generate net deferred tax assets, specifically unused tax losses and interest amounts disallowed under the corporate interest restriction legislation, which have not been recognised to the extent that sufficient taxable profits are not forecast in the foreseeable future to which the unused tax losses and interest amounts disallowed under the corporate interest restriction legislation would be utilised. In 2021, a total tax credit of £8.3m was recognised as an adjusting item. The effective tax rate associated with the tax credit on adjusting items in the prior period was not in line with the standard rate of income tax for the Group at 19%. This was due to a £16.4m tax credit attributable to deferred tax balances on items treated as adjusting in previous years being re-measured at 25%.

Summary of 2021 adjusting items

7. During 2020 the Group provided £12.1m for restructuring costs associated with a reduction in employee numbers to reflect the lower than originally planned production volumes. In addition to this, the Group incurred an additional £0.3m of phase one restructuring costs in 2020. A revision to the estimated total costs resulting from greater natural attrition resulted in £2.4m of the existing provision being released to the Income Statement during the year ended 31 December 2021. The cash impact of the restructuring cost is realised in line with the movement in the provision (note 24). The credit to the Consolidated Income Statement in 2021 had no cash impact.
8. In the year ended 31 December 2021 the Group continued to rationalise its geographical footprint. The Group incurred £0.6m of costs associated with surrendering a lease 30 months early. These costs have been disclosed consistently with prior periods. The rationalisation of the geographical footprint is now complete.
   The associated cash outflow related to this adjustment will be realised during 2022 and 2023 in line with the exit agreement.

6 Staff costs and Directors' emoluments

(a) Staff costs (including Directors)

	2022 £m	2021 £m
Wages and salaries	**139.4**	120.5
Social security costs	**16.4**	12.0
Expenses related to post-employment Defined Benefit plan[1]	**16.0**	8.8
Contributions to Defined Contribution plans	**17.6**	10.7
	189.4	152.0

1. The year ended 2022 includes Defined Benefit plan closure costs of £12.5m as separately described in note 5 alongside the total in-year service costs of £3.5m separately disclosed in note 25

The average monthly number of employees during the year were:

By activity	2022 Number	2021 Number
Production	**1,123**	1,030
Selling and distribution	**276**	276
Administration	**1,138**	1,045
	2,537	2,351

(b) Directors' emoluments and transactions

	2022 £m	2021 £m
Directors' emoluments	**3.1**	1.5
Company contributions to pension schemes	**0.1**	–
Share related awards	**0.8**	–
Compensation for loss of office	**0.7**	–
	4.7	1.5

All Directors benefited from qualifying third-party indemnity provisions. Further information relating to Directors' remuneration is set out in the Directors' Remuneration Report on pages 124 to 145.

(c) Compensation of key management personnel (including Executive Directors)

	2022 £m	2021 £m
Short term employee benefits	**5.6**	3.9
Post-employment benefits	**0.4**	0.2
Compensation for loss of office	**0.7**	–
Share-related awards	**0.8**	–
	7.5	4.1

7 Finance income

	2022 £m	2021 £m
Bank deposit and other interest income	**3.0**	2.3
Finance income before adjusting items	**3.0**	2.3
Adjusting finance income items:		
Foreign exchange gain on financial instrument utilised during refinance transactions	**4.1**	–
Gain on financial instruments recognised at fair value through Income Statement (note 22)	**8.4**	34.1
Total adjusting finance income	**12.5**	34.1
Total finance income	**15.5**	36.4

Notes to the Financial Statements continued

8 Finance expense

	2022 £m	2021 £m
Bank loans, overdrafts and senior secured notes	**166.0**	151.3
Foreign exchange loss on borrowings not designated as part of a hedging relationship	**156.2**	12.4
Interest on lease liabilities (note 15)	**4.5**	3.9
Net interest expense on the net Defined Benefit liability (note 25)	**1.4**	1.3
Interest on contract liabilities held (note 20)	**8.0**	4.8
Finance expense before adjusting items	**336.1**	173.7
Adjusting finance expense items:		
Premium paid on the early redemption of Senior Secured Notes	**14.3**	–
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	**16.4**	–
Professional fees incurred on refinancing expensed directly to the Income Statement	**1.9**	–
Total adjusting finance expense	**32.6**	–
Total finance expense	**368.7**	173.7

9 Taxation

	2022 £m	2021 £m
UK corporation tax on profits	**0.2**	0.5
Overseas tax	**7.4**	10.8
Total current income tax charge	**7.6**	11.3
Deferred tax credit		
Origination and reversal of temporary differences	**29.4**	(16.1)
Prior period movement	**(4.3)**	(2.4)
Effect of change in deferred tax rate	**–**	(17.3)
Total deferred tax charge/(credit)	**25.1**	(35.8)
Total income tax charge/(credit) in the Income Statement	**32.7**	(24.5)
Tax relating to items credited to other comprehensive income		
Deferred tax		
Actuarial movement on Defined Benefit plan	**1.7**	1.0
Fair value adjustment on cash flow hedges	**(0.8)**	(1.2)
Effect of change in deferred tax rate	**–**	(6.0)
	0.9	(6.2)
Tax relating to items charged in equity – deferred tax		
Effect of change in deferred tax rate	**–**	(4.8)

9 Taxation continued

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

The tax charge in the Consolidated Statement of Comprehensive Income for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £m	2021 £m
Loss from operations before taxation	**(495.0)**	(213.8)
Loss from operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**(94.0)**	(40.6)
Difference to total income tax charge/(credit) due to effects of:		
Expenses not deductible for tax purposes	**2.0**	0.5
Movement in unprovided deferred tax on current period losses and restricted tax interest	**84.7**	15.0
Movement in unprovided deferred tax on current period accelerated capital allowances	**15.6**	–
Derecognition of deferred tax assets	**25.6**	17.7
Irrecoverable overseas withholding taxes	**0.8**	1.4
Adjustments in respect of prior periods	**(4.3)**	(2.4)
Effect of change in deferred tax rate	**–**	(17.3)
Difference in UK tax rates	**1.1**	(4.8)
Difference in overseas tax rates	**1.2**	2.9
Other	**–**	3.1
Total income tax charge/(credit)	**32.7**	(24.5)

(b) Tax paid

Total net tax paid during the year was £6.8m (2021: £9.0m).

(c) Factors affecting future tax charges

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

(d) Deferred tax

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	**Liabilities 2022 £m**	Liabilities 2021 £m
Property, plant and equipment	**(76.2)**	(111.1)	**–**	–
Intangible assets	**–**	–	**181.3**	186.8
Employee benefits	**(15.5)**	(19.9)	**–**	–
Provisions	**(8.4)**	(6.3)	**–**	–
RDEC credit[1]	**(16.1)**	(12.6)	**–**	–
Losses and other deductions[2]	**(198.6)**	(192.6)	**–**	–
Share-based payments	**(0.2)**	(0.7)	**–**	–
Other[3]	**–**	–	**0.7**	0.8
Deferred tax (assets)/liabilities	**(315.0)**	(343.2)	**182.0**	187.6
Offset of tax liabilities/(assets)	**181.3**	186.8	**(181.3)**	(186.8)
Total deferred tax (assets)/liabilities	**(133.7)**	(156.4)	**0.7**	0.8

1. Deferred tax assets categorised as 'RDEC credit' relate to the cumulative restricted amount of the payable tax credits which can be applied or surrendered in discharging any future corporation tax liability of the claimant company, as detailed in the Government Grants section of the Accounting Policies (Note 2).
2. Deferred tax assets categorised as 'Losses and other deductions' relate to tax losses and tax interest amounts disallowed under the corporate interest restriction legislation.
3. Deferred tax liabilities categorised as 'Other' relate to withholding tax amounts on unremitted earnings expected to be distributed in the foreseeable future.

Notes to the Financial Statements continued

9 Taxation continued

(d) Deferred tax continued

Where the right exists in certain jurisdictions, deferred tax assets and liabilities have been offset.

Movement in deferred tax in 2022	1 January 2022 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2022 £m
Property, plant and equipment	**(111.1)**	**34.9**	**–**	**–**	**–**	**(76.2)**
Intangible assets	**186.8**	**(5.5)**	**–**	**–**	**–**	**181.3**
Employee benefits	**(19.9)**	**2.7**	**1.7**	**–**	**–**	**(15.5)**
Provisions	**(6.3)**	**(0.9)**	**(1.2)**	**–**	**–**	**(8.4)**
RDEC credit	**(12.6)**	**–**	**–**	**–**	**(3.5)**	**(16.1)**
Losses and other deductions	**(192.6)**	**(6.4)**	**0.4**	**–**	**–**	**(198.6)**
Share-based payments	**(0.7)**	**0.5**	**–**	**–**	**–**	**(0.2)**
Other[1]	**0.8**	**(0.1)**	**–**	**–**	**–**	**0.7**
	(155.6)	**25.2**	**0.9**	**–**	**(3.5)**	**(133.0)**

1. The 'Other' deferred tax movement categorised above relates to the restricted amount of the payable RDEC claim projected for the financial year ended 31 December 2022.

Movement in deferred tax in 2021	1 January 2021 £m	Net tax recognised in Income Statement £m	Net tax recognised in OCI £m	Net tax recognised in equity £m	Other movement £m	31 December 2021 £m
Property, plant and equipment	(71.1)	(40.0)	–	–	–	(111.1)
Intangible assets	135.2	51.6	–	–	–	186.8
Employee benefits	(17.6)	3.5	(5.8)	–	–	(19.9)
Provisions	(11.1)	4.7	0.1	–	–	(6.3)
RDEC credit	(9.7)	–	–	–	(2.9)	(12.6)
Losses and other deductions	(117.3)	(55.1)	(0.6)	(4.7)	(14.9)	(192.6)
Share-based payments	(14.9)	(0.6)	–	(0.1)	14.9	(0.7)
Other	0.6	0.2	–	–	–	0.8
	(105.9)	(35.7)	(6.3)	(4.8)	(2.9)	(155.6)

The Losses and other deductions of £198.6m (£794.3m gross) comprises UK tax losses of £90.1m (£360.5m gross) and disallowed tax interest amounts of £108.5m (£433.8m gross).

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

The future forecasts cover an extended period, which inherently increases the level of significant estimation uncertainty in the later periods and, given the recent history of accumulating tax losses, the Group has also evaluated whether there is convincing other evidence that sufficient taxable profit will be available in determining the supportable level of net deferred tax assets which have been recognised at the reporting date. Based upon the current business plan, together with the equity capital raise and a strengthened Executive team it is forecast that taxable profits will start being generated in the UK in the short term which provides convincing evidence for recognising those deferred tax assets.

The Group has gross deferred tax assets unrecognised at the reporting date totalling £1,005.3m comprised of £623.7m tax losses, £223.0m accelerated capital allowances, £14.3m US provisions and £144.3m of disallowed tax interest amounts.

The aggregate amount of temporary differences associated with investments in subsidiaries and branches for which deferred tax liabilities have not been recognised is £38.4m for the financial year ended 31 December 2022 (2021: 34.0m). An increase/decrease of 10% in forecast profits in each period would increase/decrease the level of net deferred tax recognised on losses by £6.8m.

10 Dividends

No dividends were declared or paid by the Company in the year ended 31 December 2022 (2021: £nil).

11 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year.

On 28 September 2022 the Company issued 559.0m ordinary shares by way of a rights issue. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 211.6m shares issued were considered bonus shares. The weighted average shares used to calculate earnings per share in both the current and the prior year have been adjusted accordingly.

Continuing and total operations	**2022**	2021 *Restated**
Basic earnings per ordinary share		
Loss available for equity holders (£m)	**(528.6)**	(191.6)
Basic weighted average number of ordinary shares (million)[1]	**424.7**	327.1
Basic loss per ordinary share (pence)	**(124.5p)**	(58.6p)

1. To aid users understanding of the movement in the basic and diluted earnings per ordinary share presented for the comparative period, the following table reconciles the numbers presented in the 2021 Annual Report and Accounts to those presented above

Continuing and total operations – 12 months ended 31 December 2021	**As presented 2021 Annual Report**	**Bonus element of rights issue (note 26)**	**As presented above**
Basic earnings per ordinary share			
Loss available for equity holders (£m)	(191.6)	–	(191.6)
Basic weighted average number of ordinary shares (million)	115.5	211.6	327.1
Basic loss per ordinary share (pence)	(165.9p)	107.3p	(58.6p)
Diluted earnings per ordinary share			
Loss available for equity holders (£m)	(191.6)	–	(191.6)
Diluted weighted average number of ordinary shares (million)	115.5	211.6	327.1
Diluted loss per ordinary share (pence)	(165.9p)	107.3p	(58.6p)

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

	2022 Number	2021 Number *Restated**
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares (million)	**424.7**	327.1
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)	**424.7**	327.1

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

Notes to the Financial Statements continued

11 Earnings per ordinary share continued

As part of the Strategic Cooperation Agreement entered into in December 2020 with MBAG, shares were issued for access to tranche 1 technology. The Agreement includes an obligation to issue further shares for access to further technology in a future period (note 29). Warrants to acquire shares in the Company were issued alongside the Second Lien SSNs in December 2020 which can be exercised from 1 July 2021 through to 7 December 2027. As a consequence of the rights issue during the period (note 26) the number of ordinary shares issuable via the options was increased by a multiple of 6 to ensure the warrant holders' interests were not diluted. As at 31 December 2022 96,129,252 options, each entitled to 0.3 ordinary shares, remain unexercised. Both the future MBAG tranches and the future issuance of warrants may have a dilutive effect in future periods if the Group generates a profit.

Adjusted earnings per share is disclosed in note 33 to show performance undistorted by adjusting items to assist in providing useful information on the underlying performance of the Group and enhance the comparability of information between reporting periods.

12 Intangible assets

	Goodwill £m	Brands £m	Technology £m	Capitalised development cost £m	Dealer network £m	Software and other £m	Total £m
Cost							
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
Balance at 1 January 2022	**85.4**	**297.6**	**163.5**	**1,613.9**	**15.4**	**67.1**	**2,242.9**
Additions				**232.0**		**5.9**	**237.9**
Balance at 31 December 2022	**85.4**	**297.6**	**163.5**	**1,845.9**	**15.4**	**73.0**	**2,480.8**
Amortisation							
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
Balance at 1 January 2022	**–**	**–**	**9.9**	**780.6**	**10.8**	**57.5**	**858.8**
Charge for the year			**1.9**	**221.4**	**0.8**	**3.3**	**227.4**
Balance at 31 December 2022	**–**	**–**	**11.8**	**1,002.0**	**11.6**	**60.8**	**1,086.2**
Net book value							
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
At 1 January 2022	**85.4**	**297.6**	**153.6**	**833.3**	**4.6**	**9.6**	**1,384.1**
At 31 December 2022	**85.4**	**297.6**	**151.7**	**843.9**	**3.8**	**12.2**	**1,394.6**

On 7 December 2020, the Company issued 224,657,287 shares to MBAG as consideration for access to the first tranche of powertrain and electronic architecture via a Strategic Cooperation Agreement. The Group was required to undertake a valuation exercise to measure the fair value of the access to the MBAG technology upon its initial capitalisation. The Group selected the 'With and Without' income approach which compares the net present value of cash flows from the Group's business plan prior to ('Without') and after ('With') the access to the technology. This methodology estimates the present value of the net benefit associated with acquiring the access to the technology. In the Group's assessment, the fair value of access to this technology is £142.3m. The £142.3m represents the assumed cost at acquisition from which point the cost model has been adopted. Amortisation is aligned to when the asset is available for use – i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

13 Impairment testing

Indefinite useful life non-current assets

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash-generating unit – the Aston Martin Lagonda Group business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes. The Group has considered the carrying value of its assets in the context of the Group's market capitalisation. At this level, it was concluded that the net assets of the Group are recoverable owing to the Group's market capitalisation of £1.1bn at 31 December 2022.

Finite useful life non-current assets

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

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

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

Key assumptions used in value-in-use calculations

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

- Cash flows are projected based on actual operating results and the current five-year plan.
- Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Group operates. The pre-tax discount rate used was 14.0% (2021: 11.7%).

Sensitivity analysis

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

The Group has considered the carrying value of its assets in conjunction with the trading and cash flow forecasts for the Group including factors related to the Group's ongoing climate commitments (see note 1). The Group is satisfied no impairment is required at 31 December 2022.

Notes to the Financial Statements continued

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 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
Balance at 1 January 2022	**71.5**	**547.6**	**238.5**	**0.8**	**858.4**
Additions	**2.9**	**64.1**	**27.8**	**0.1**	**94.9**
Disposals	**–**	**–**	**(0.6)**	**(0.2)**	**(0.8)**
Effect of movements in exchange rates	**0.3**	**–**	**0.1**	**–**	**0.4**
Balance at 31 December 2022	**74.7**	**611.7**	**265.8**	**0.7**	**952.9**
Depreciation					
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
Balance at 1 January 2022	**32.3**	**363.7**	**106.7**	**0.2**	**502.9**
Charge for the year	**2.7**	**60.5**	**17.3**	**0.2**	**80.7**
Disposals	**–**	**–**	**(0.6)**	**(0.2)**	**(0.8)**
Effect of movements in exchange rates	**0.1**	**–**	**0.1**	**–**	**0.2**
Balance at 31 December 2022	**35.1**	**424.2**	**123.5**	**0.2**	**583.0**
Net book value					
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
At 1 January 2022	**39.2**	**183.9**	**131.8**	**0.6**	**355.5**
At 31 December 2022	**39.6**	**187.5**	**142.3**	**0.5**	**369.9**

14 Property, plant and equipment continued

Property, plant and equipment provides security for a fixed and floating charge in favour of the Aston Martin Lagonda Limited pension scheme.

Assets in the course of construction at a cost of £32.9m (2021: £3.8m) are not depreciated until available for use and are included within tooling, plant and machinery. The gross value of freehold land and buildings includes freehold land of £6.1m (2021: £6.1m) which is not depreciated. Capital commitments are disclosed in note 29.

The tables below analyse the net book value of the Group's property, plant and equipment by geographical location.

At 31 December 2022	**United Kingdom £m**	**Rest of Europe £m**	**The Americas £m**	**Asia Pacific £m**	**Total £m**
Freehold land and buildings	**36.6**	**1.8**	**2.9**	**–**	**41.3**
Tooling	**120.3**	**61.8**	**1.1**	**–**	**183.2**
Plant, machinery, fixtures and fittings, and motor vehicles	**144.7**	**0.7**	**–**	**–**	**145.4**
	301.6	**64.3**	**4.0**	**–**	**369.9**

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

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 2021	77.4	15.6	6.5	99.5
Additions	11.4	–	–	11.4
Modifications	3.3	–	–	3.3
Disposals	(1.9)	–	–	(1.9)
Effect of movements in exchange rates	(1.0)	–	–	(1.0)
Balance at 31 December 2021	89.2	15.6	6.5	111.3
Balance at 1 January 2022	**89.2**	**15.6**	**6.5**	**111.3**
Additions	**4.0**	**–**	**–**	**4.0**
Modifications	**3.3**	**–**	**0.2**	**3.5**
Disposals	**(5.5)**	**(4.5)**	**(5.8)**	**(15.8)**
Effect of movements in exchange rates	**1.2**	**–**	**–**	**1.2**
Balance at 31 December 2022	**92.2**	**11.1**	**0.9**	**104.2**
Depreciation				
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
Balance at 1 January 2022	**24.3**	**5.1**	**5.9**	**35.3**
Charge for the year	**9.9**	**0.6**	**0.5**	**11.0**
Disposals	**(5.5)**	**(4.5)**	**(5.8)**	**(15.8)**
Effect of movements in exchange rates	**(0.7)**	**–**	**–**	**(0.7)**
Balance at 31 December 2022	**28.0**	**1.2**	**0.6**	**29.8**
Carrying value				
At 1 January 2021	58.7	11.0	1.7	71.4
At 31 December 2021	64.9	10.5	0.6	76.0
At 1 January 2022	**64.9**	**10.5**	**0.6**	**76.0**
At 31 December 2022	**64.2**	**9.9**	**0.3**	**74.4**

Income from the sub-leasing of right-of-use assets in the year 31 December 2022 was £0.6m (2021: £0.6m). The Group recognises the lease payments received on a straight-line basis over the lease term within administrative and other operating expenses in the Consolidated Income Statement.

15 Leases continued

b) Obligations under leases

The maturity profile of undiscounted lease cash flows accounted for under IFRS 16 is:

	2022 £m	2021 £m
Less than one year	**9.9**	13.5
One to five year	**39.1**	36.6
More than five years	**90.1**	96.3
	139.2	146.4

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

	2022 £m	2021 £m
Less than one year	**7.4**	9.7
One to five years	**26.8**	24.1
More than five years	**65.6**	69.6
	99.8	103.4
Analysed as:		
Current	**7.4**	9.7
Non-current	**92.4**	93.7
	99.8	103.4

A reconciliation of the lease liability from 1 January to 31 December for the current and prior year is disclosed within note 27.

The total lease interest expense for the year ended 31 December 2022 was £4.5m (2021: £3.9m). Total cash outflow for leases accounted for under IFRS 16 for the current year was £10.0m (2021: £13.8m). Expenses charged to the Consolidated Income Statement for short term leases for the year ended 31 December 2022 were £0.7m (2021: £0.3m). The portfolio of short term leases at 31 December 2022 is representative of the expected annual short term lease expense in future years.

The following disclosure has been included to facilitate the understanding of the impact of adopting IFRS 16 on the Group due to covenants in the Group's finance arrangements that continue to use IAS 17.

The impact of IFRS 16 on the Consolidated Income Statement excluding tax for the year ended 31 December 2022 is:

	As reported 31 December 2022 £m	Add back IFRS 16 interest charge £m	Add back IFRS 16 depreciation charge £m	Less amortisation of legal fees £m	Less lease incentives £m	Less IAS 17 lease cost £m	Excluding impact of IFRS 16 31 December 2022 £m
Revenue	**1,381.5**	**–**	**–**	**–**	**–**	**–**	**1,381.5**
Cost of sales	**(930.8)**	**–**	**–**	**–**	**–**	**–**	**(930.8)**
Gross profit	**450.7**	**–**	**–**	**–**	**–**	**–**	**450.7**
Selling and distribution expenses	**(113.0)**	**–**	**–**	**–**	**–**	**–**	**(113.0)**
Administrative and other operating expenses	**(479.5)**	**–**	**11.0**	**(0.1)**	**1.1**	**(14.5)**	**(482.0)**
Operating loss	**(141.8)**	**–**	**11.0**	**(0.1)**	**1.1**	**(14.5)**	**(144.3)**
Finance income	**15.5**	**–**	**–**	**–**	**–**	**–**	**15.5**
Finance expense	**(368.7)**	**4.5**	**–**	**–**	**–**	**–**	**(364.2)**
(Loss)/profit before tax	**(495.0)**	**4.5**	**11.0**	**(0.1)**	**1.1**	**(14.5)**	**(493.0)**
Adjusted EBITDA (note 33)	**190.2**	**–**	**–**	**(0.1)**	**1.1**	**(14.5)**	**176.6**

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 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

16 Inventories

	2022 £m	2021 £m
Parts for resale, service parts and production stock	**152.2**	115.5
Work in progress	**48.5**	29.8
Finished vehicles	**85.5**	51.5
	286.2	196.8

Finished vehicles include Group-owned service cars at a net realisable value of £44.4m (2021: £30.8m).

During the years ended 31 December 2022 and 2021 inventory repurchase arrangements were entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased – see note 20 for further details.

17 Trade and other receivables

	2022 £m	2021 £m
Amounts included in current assets		
Trade receivables	**137.0**	139.5
Indirect taxation	**42.5**	37.1
Prepayments	**46.8**	48.8
Other receivables	**19.4**	18.0
	245.7	243.4
Amounts included in non-current assets		
Other receivables	**6.3**	2.1

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

Credit risk is discussed further in note 22.

17 Trade and other receivables continued

The carrying amount of trade and other receivables at 31 December, converted into sterling at the year-end exchange rates, are denominated in the following currencies (excluding prepayments):

	2022 £m	2021 £m
Sterling	**75.6**	108.4
Chinese renminbi	**15.2**	2.6
Euro	**50.8**	30.5
US dollar	**21.7**	27.4
Japanese yen	**31.0**	19.3
Other	**11.4**	8.5
	205.7	196.7

Wholesale finance facility

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

In the year ended 31 December 2022, the Group entered into a new multi-currency wholesale finance facility with FCA Bank S.p.A. ("FCAB") and its regional designates. Under the facility, the Group finances dealer trade receivables with FCAB around the time a sale has been made under the Group's revenue recognition policy and receives consideration equal to the value of the trade receivable financed. The Group has the option to subvent the dealer financing cost which provides the dealer network an interest-free period. The cost of this subvention is presented as a financing expense in the Consolidated Income Statement. The Group has considered the IFRS 9 criteria for asset derecognition in respect of the trade receivables financed through FCAB. The Group is satisfied that substantially all the risks are transferred to FCAB. As a result, the wholesale finance facility is off balance sheet. Due to this classification, financing costs of £0.3m associated with the scheme are presented in operating cash flows (note 27).

The Group's previous wholesale finance facility was with Velocitas Funding Designated Activity Company ("Velocitas") a special purpose vehicle established for the purpose and financed by a panel of banks led by JPMorgan Chase Bank, N.A., London Branch. At 31 December 2022 the multi-currency facility was closed to new financing, is currently in a wind down period and will be fully closed in the first half of 2023. The utilisation of the facility as at 31 December 2022 was £11.4m (2021: £16.9m). A full explanation of the facility structure and the rationale behind the off balance sheet recognition is outlined in the 2021 Annual Report. As at 31 December 2022, the only remaining balances related to the facility were the subordinated loan of £0.5m (2021: £0.5m), the balance on the senior loan of £0.1m (2021: £1.6m) (note 19), and an interest in a Profit Participating Loan of £0.1m which is carried at a fair value of £nil and receives interest only in the event that Velocitas has positive retained earnings at the end of the facility. The senior and subordinated loans are both held at amortised cost. Due to the off balance sheet classification, financing costs of £3.8m (2021: £8.0m) associated with the scheme are presented in operating cash flows.

Notes to the Financial Statements continued

18 Cash and cash equivalents

	2022 £m	2021 £m
Cash and cash equivalents	**583.3**	418.9

Cash at bank when placed on deposit earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates to their fair value.

Cash is held in the following currencies; those held in currencies other than sterling have been converted into sterling at year-end exchange rates:

	2022 £m	2021 £m
Sterling	**336.8**	263.3
Chinese renminbi	**59.8**	73.5
Euro	**26.1**	15.8
US dollar	**130.5**	59.0
Japanese yen	**4.5**	2.3
Other	**25.6**	5.0
	583.3	418.9
Included within the above:		
Restricted cash	**32.8**	33.0

During 2021, the Group entered into a bilateral Revolving Credit Facility with HSBC Bank plc ("HSBC"), whereby Chinese renminbi with an initial value of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC in the UK. The restricted cash has been revalued at 31 December 2022 to £32.8m and is shown in the cash and cash equivalents value above. The cash in China cannot be withdrawn whilst the loan remains in place.

19 Other financial assets

	2022 £m	2021 £m
Forward currency contracts held at fair value	**2.3**	0.6
Loan assets	**0.6**	2.1
Cash held not available for short term use	**0.3**	1.8
Other derivative contracts	**5.6**	3.3
	8.8	7.8
Analysed as:		
Current	**8.8**	7.3
Non-current	**–**	0.5
	8.8	7.8

The Group uses forward currency contracts to partly manage the risk associated with fluctuations in exchange rates on future sales contracts. At the reporting date these cash flow hedges are marked-to-market and any assets are shown as other financial assets in the Statement of Financial Position.

At 31 December 2022 £0.3m held in certain local bank accounts had been frozen in relation to local arbitration proceedings (2021: £1.8m). At the year end the cash held in these accounts did not meet the definition of cash and cash equivalents and therefore has been classified as an other financial asset.

At 31 December 2022 the Group held £0.5m (2021: £0.5m) of subordinated loan and £0.1m (2021: £1.6m) of senior loan assets relating to a wholesale financing facility (note 17).

19 Other financial assets continued

Other derivative contracts comprise warrant options and non-option derivatives both of which entitle the Group to subscribe for equity in AMR GP Holdings Limited, the immediate parent company of AMR GP Limited. The warrant options were recorded as an embedded option derivative asset at £2.9m on initial recognition on 31 March 2020. The fair value movement in the options for the year ended 31 December 2022 was a £1.6m increase (2021: £0.5m decrease) and is recognised within the Income Statement in administrative expenses. A corresponding liability was recognised on inception of the arrangement (see note 22) which represents an accrual for that element of future sponsorship payments. If the option is exercised within the next five years the liability is extinguished in the year of exercise, if the option is not exercised the liability will be subject to the renewal of the sponsorship agreement and may continue for the following five years.

The fair value of the warrant equity option above has been established by applying the proportion of equity represented by the derivative to an assessment of the enterprise value of AMR GP Limited, which is then adjusted to reflect marketability and control commensurate with the size of the investment.

The enterprise value has been estimated using a blend of measures including an income-based approach and a market-based approach. Due to the size of the potential investment, as a proportion of the equity of AMR GP Limited, there are no plausible sensitivities which would give rise to a material variation in the carrying value of the derivative.

There is a further embedded derivative in the agreement in respect of an additional economic interest in the equity of AMR GP Holdings Limited which was assessed as having a carrying value of £nil at inception. This derivative entitles the Group to subscribe for further share capital in AMR GP Limited in the event that the sponsorship agreement is extended for a further five-year period. The fair value movement in this derivative for the year ended 31 December 2022 was a £0.7m increase (2021: £0.2m decrease) and is recognised within the Income Statement in administrative expenses. The movement in the value of this derivative has been estimated using the same method as the warrant equity option disclosed above. There is no corresponding liability recorded as it is a non-option embedded derivative.

20 Trade and other payables

Current trade and other payables

	2022 £m	2021 £m
Trade payables	**151.2**	114.4
Repurchase liability	**38.2**	19.7
Customer deposits and advances	**335.7**	342.6
Accruals and other payables	**346.0**	239.2
Deferred income – service packages	**5.2**	5.1
	876.3	721.0

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

Accruals and other payables consist of product development and capital accruals of £135.7m (2021: £89.8m), sales and marketing accruals of £59.0m (2021: £59.8m), manufacturing accruals of £40.7m (2021: £25.4m) and administrative and other accruals of £110.6m (2021: £64.2m).

At 31 December 2022 a repurchase liability of £38.2m including accrued interest of £0.2m has been recognised in accruals and other payables and net debt (see note 23). In 2022, across multiple transactions, £66.7m of parts for resale, service parts and production stock were sold for £75.7m (gross of indirect tax) and subsequently repurchased. Under these repurchase agreements, the Group will repay a total of £80.0m (gross of indirect tax). As part of this arrangement legal title to the parts was surrendered; however, control remained with the Group. At 31 December 2022, £40.0m of the total £80.0m had been repaid with the remaining amount to be repaid within 2023. A further £20.0m was repaid in the year relating to a similar repurchase liability which was valued at £19.7m at 31 December 2021.

Notes to the Financial Statements continued

20 Trade and other payables continued

Contract liabilities

Changes in the Group's contract liabilities during the year are summarised as follows:

	At 1 January 2022 £m	**Additional amounts arising during the period £m**	**Amounts recognised within revenue £m**	**Significant financing component for which an interest charge is recognised £m**	**Amounts returned and other changes £m**	**At 31 December 2022 £m**
Customer deposits and advances	**342.6**	**108.5**	**(111.0)**	**8.0**	**(12.4)**	**335.7**
Deferred income – service packages	**14.9**	**3.2**	**(4.7)**	**–**	**0.3**	**13.7**

	At 1 January 2021 £m	Additional amounts arising during the period £m	Amounts recognised within revenue £m	Significant financing component for which an interest charge is recognised £m	Amounts returned and other changes £m	At 31 December 2021 £m
Customer deposits and advances	268.5	174.6	(75.6)	4.8	(29.7)	342.6
Deferred income – service packages	11.9	3.8	(0.8)	–	–	14.9

Customer deposits and advances are recognised in revenue when the performance obligation, principally the supply of a Limited Edition vehicle or service of a vehicle, is met by the Group. As part of the normal operating cycle of Special Vehicle projects, to which these customer deposits primarily relate, the Group expects to derecognise a significant proportion over the next three years with approximately £119.3m expected to be recognised in 2023. This unwind relates to the balance held as at 31 December 2022 and does not take into consideration any additional deposits and advances arising during 2023.

In the year ended 31 December 2022, a finance expense of £8.0m (see note 8) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2021: £4.8m). Upon satisfaction of the linked performance obligation, the liability is released to revenue so that the total amount taken to the Consolidated Income Statement reflects the sales price the customer would have paid for the vehicle at that point in time.

The Group applies a practical expedient for short term advances received from customers whereby the advanced payment is not adjusted for the effects of a significant financing component. According to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, some deposits are contractually refundable. At 31 December 2022 the Group held £102.9m of contractually refundable deposits (before the impact of significant financing components) (2021: £85.0m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer who is required to make an equivalent advanced payment. The cumulative significant financing component associated with a reimbursed advance payment is credited in arriving at the net significant finance charge for the year. Further liquidity risk considerations are disclosed in note 22.

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

Non-current trade and other payables

	2022 £m	2021 £m
Deferred income – service packages	**8.5**	9.8
Other payables	**0.6**	–
	9.1	9.8

21 Other financial liabilities

	2022 £m	2021 £m
Forward currency contracts held at fair value	**0.7**	0.9
Other derivative contracts (see note 19)	**2.9**	2.9
Derivative option over own shares (see note 22)	**22.6**	31.0
	26.2	34.8

Analysed as:		
Current	**26.2**	34.8
Non-current	**–**	–
	26.2	34.8

22 Financial instruments

Group

The Group's principal financial instruments comprise cash and cash equivalents, Senior Secured Notes ("SSNs"), a Revolving Credit Facility ("RCF"), a finished vehicle financing facility, a bilateral RCF, loan assets, derivative options, and forward currency contracts. Additionally, the Group has trade payables and trade receivables which arise directly from its operations. Included in trade and other payables is a liability relating to an inventory repurchase arrangement. These short term assets and liabilities are included in the currency risk disclosure. The main risks arising from the Group's financial instruments are credit risk, interest-rate risk, currency risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to limits. The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to specific risks faced by the Group.

Credit risk

The Group sells vehicles through a global dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme (see note 17). Credit risk on receivables purchased by FCAB or Velocitas under the wholesale finance facilities is borne by FCAB or Velocitas respectively. The Group, as a senior and subordinated lender to Velocitas, retains 5% of the credit risk associated with such sales. The Group has no credit risk associated with the FCAB facility. The Group's remaining vehicle sales to territories where there is currently no wholesale financing are made on credit terms ranging from 30 to 180 days. The Group manages the default risk of such sales via a credit risk insurance policy. An appropriate expected credit loss provision is made in respect of the Group's loan assets to Velocitas. Dealers within North America are allowed ten-day credit terms from the date of invoice. In certain circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on net 30-day credit terms. Servicing receivables are due for payment on collection of the vehicle.

Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of the debtor to engage in a repayment plan with the Group and a failure to make contractual payments. An expected credit loss provision is then calculated on the remaining trade and other receivables. The expected credit loss related to default of other receivables (note 17) is assessed as zero.

In generating the expected credit loss provision for trade receivables, historical credit loss rates for the preceding five years are calculated, including consideration given to future factors that may affect the ability of customers to settle receivables, and applied to the trade and other receivable ageing buckets at the year end. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has no material contract assets.

Notes to the Financial Statements continued

22 Financial instruments continued

Credit risk continued

In presenting the loss allowance summary below for 2021, the specific loss allowance and original receivable balance of £19.0m related to historical other operating income has been excluded so as not to distort the expected loss rate. This balance was written off during 2022. The trade receivable loss allowance as at 31 December is as follows:

	As at 31 December 2022			As at 31 December 2021		
	Expected loss rate %	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate %	Gross carrying amount £m	Loss allowance £m
Current	*	**129.1**	**–**	*	124.8	–
1 – 30 days past due	*	**5.8**	**–**	*	10.0	–
31 – 60 days past due	*	**1.7**	**–**	*	2.8	–
61+ days past due	**93.8%**	**6.5**	**6.1**	74.7%	7.5	5.6
		143.1	**6.1**		145.1	5.6

* The expected loss rates for these specific ageing categories are not disclosed as no material loss allowance is generated when applied against the gross carrying value

The closing loss allowance as at 31 December 2021 for trade receivables, including the specific loss allowance of £19.0m relating to historical other income noted above, reconciles to the opening loss allowance as at 1 January 2022 as below. The specific allowance of £19.0m was written off during 2022.

	2022 £m	2021 £m
Opening loss allowance as at 1 January	**24.6**	21.7
Increase in loss allowance recognised in the Income Statement – administrative and other operating expenses	**0.6**	3.1
Receivables written off during the year as uncollectible	**(19.2)**	(0.2)
Effect of foreign exchange	**0.1**	–
At 31 December	**6.1**	24.6

Borrowings

The following table analyses Group borrowings:

	2022 £m	2021 £m
Current		
Bank loans and overdrafts	**107.1**	114.3
Non-current		
Senior Secured Notes	**1,104.0**	1,074.9
Total borrowings	**1,211.1**	1,189.2

Total borrowings are denominated in the following currencies, in sterling at the year-end exchange rates:

	2022 £m	2021 £m
Sterling	**107.1**	114.3
US dollar	**1,104.0**	1,074.9
Total borrowings	**1,211.1**	1,189.2

22 Financial instruments continued

Borrowings continued

Current borrowings

The Group has an RCF attached to the SSNs (see Non-current borrowings below). The carrying amount net of unamortised arrangement fees included in current borrowings relating to the RCF at 31 December 2022 was £77.1m (2021: £78.0m). At 31 December 2022 £78.5m of the £90.6m RCF was drawn as cash (2021: £80.0m of the £90.6m facility).

During 2021, the Group entered into a bilateral RCF with HSBC Bank plc ("HSBC"), whereby Chinese renminbi to a value at the time of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC Bank plc in the UK. The restricted cash has been revalued at 31 December 2022 to £32.8m (2021: £33.0m) and is shown in cash and cash equivalents. The facility of £30.0m is shown within borrowings in current liabilities on the Statement of Financial Position.

In 2018 the Group entered into a fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility for which the final repayment was made during the year. At 31 December 2021 the amount included in current borrowings was £6.3m.

Non-current borrowings

In December 2020 the Group refinanced all SSNs in issue with new SSNs. All SSNs are secured by fixed and floating charges over certain assets of the Group. In March 2021 the Group issued an additional £70.7m equivalent of 10.5% First Lien SSNs with a nominal value of $98.5m at a premium of £6.3m. Transaction costs of £1.7m and the premium are amortised using the effective interest rate. In October 2022 the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs. The portion of unamortised fees and the redemption premium was charged to the Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £1.9m relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

At 31 December 2022 the Group held £1,104.0m of SSNs (2021: £1,074.9m) comprising First Lien SSNs of $1,143.7m (2021: $1,184.0m) at 10.5% cash interest and Second Lien SSNs of $229.1m (2021: $355.3m) at 8.89% cash interest and 6.11% Payment in Kind ("PIK") interest respectively. The Second Lien Notes were issued at a 2% discount and include detachable share warrants (see below). The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. Transaction costs and discounts on issuance are amortised using the effective interest rate.

Derivative option over own shares

The Second Lien SSNs include detachable warrants enabling the warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 (previously £10 per share prior to the rights issue in September 2022). The warrant holders have the right to exchange their warrant options for a reduced number of warrant shares resulting in no cash being paid to receive the shares. The ratio at which this exchange can be transacted is determined by the share price at execution of the options. A derivative option liability was initially recorded at 31 December 2020 due to the uncertain number of shares which will be issued under the agreement, which is subsequently remeasured at fair value through the Income Statement.

The warrants can be exercised from 1 July 2021 through to 7 December 2027. The issuance of debt with attached warrants required the Group to assess separately the fair value of the warrants and the debt. The fair value of the warrants was determined using a binomial model used to predict the behaviour of the warrant holders and when they might exercise their holdings. The derivative option liability was initially recognised as a derivative forward at fair value with changes in the fair value being recognised in the Income Statement until issuance of the warrants on 7 December 2020 resulting in an initial valuation of £34.6m. Upon issuance of the $335m SSNs, the carrying value of the debt was reduced by the same amount. The debt will be increased via an effective interest charge over the term of the SSNs. During the year ended 31 December 2022, changes to the fair value of the derivative option have resulted in a credit to the Income Statement of £8.4m (2021: £34.1m) which is presented in adjusting items. A total of nil (2021: 30,518,600 warrants) were exercised resulting in no change to the associated liability (2021: partial extinguishment of the liability and a transfer to retained earnings of £14.8m).

Notes to the Financial Statements continued

22 Financial instruments continued

Borrowings continued

Interest rate risk

The Group is exposed interest rate risk on the RCF attached to the SSNs and on the bilateral RCF facility with HSBC, whereby Chinese renminbi have been deposited in a restricted account with HSBC in China in exchange for a sterling overdraft facility with HSBC in the UK. The interest rate charged on both facilities is based on SONIA and compounded in arrears.

Profile

At 31 December the interest rate profile of the Group's interest-bearing financial instruments was:

	2022 £m	2021 £m
Fixed rate instruments		
Financial liabilities	**1,104.0**	1,159.2
Variable rate instruments		
Financial liabilities	**107.1**	30.0

Borrowings, including the SSNs and the loan to finance the paint shop in St Athan repaid during March 2022, are at fixed interest rates. During 2021 the rate of interest on the RCF, which is attached to the SSNs, was based on LIBOR plus a percentage spread and was predetermined at the date of the drawdown of the RCF so was considered to be fixed rate for the analysis above.

In 2022 and 2021 the Group entered into an inventory repurchase arrangement (not included within the financial liabilities noted above). The interest charged on this arrangement is determined as the difference between the sales and repurchase value and is therefore fixed at the time of entering into the arrangement. The repayment terms of this arrangement are not in excess of 270 days.

Surplus cash funds, when appropriate, are placed on deposit and attract interest at a variable rate derived from SONIA.

Interest rate risks – sensitivity

The following table demonstrates the sensitivity, with all other variables held constant, of the Group's loss after tax to a reasonably possible change in interest rates on the bilateral RCF with HSBC and the RCF attached to the SSNs at 31 December 2022. (2021: bi-lateral RCF only).

		2022 £m	2021 £m
	Increase/ (decrease) in interest rate	**Effect on loss after tax**	Effect on loss after tax
SONIA/Bank of England Base Rate	3.00%	**(2.6)**	(0.7)
SONIA/Bank of England Base Rate	(3.00%)	**2.6**	0.7

22 Financial instruments continued

Foreign currency exposure

The Group's exposure to the risk of changes in foreign currency exchange relates primarily to US dollar sales (including inter-Group sales), Chinese renminbi sales, Japanese yen sales and Euro denominated purchases.

At 31 December 2022 the Group hedged 29% for 2023 (2021: 37% for 2022) of its US dollar denominated highly probable inter-Group sales, 19% of its Japanese yen sales (2021: 12% for 2022) and 15% of its Euro denominated purchases for 2023 (2021: 11% for 2022). These foreign currency risks are hedged by using foreign currency forward contracts.

The Group's sterling equivalents of financial assets and liabilities (excluding borrowings analysed by currency above) denominated in foreign currencies at 31 December were:

At 31 December 2022	Euros £m	US dollars £m	Chinese renminbi £m	Japanese yen £m	Other £m	Total £m
Financial assets						
Trade and other receivables	**50.8**	**21.7**	**15.2**	**31.0**	**11.4**	**130.1**
Loan assets	**0.2**	**–**	**–**	**–**	**0.1**	**0.3**
Foreign currency contracts	**0.8**	**1.5**	**–**	**–**	**–**	**2.3**
Cash held not available for short term use	**–**	**–**	**0.3**	**–**	**–**	**0.3**
Cash balances	**26.1**	**130.5**	**59.8**	**4.5**	**25.6**	**246.5**
	77.9	**153.7**	**75.3**	**35.5**	**37.1**	**379.5**
Financial liabilities						
Trade and other payables	**(153.1)**	**(134.3)**	**(34.2)**	**(9.5)**	**(5.4)**	**(336.5)**
Lease liabilities	**(0.1)**	**(9.5)**	**(0.7)**	**(5.0)**	**(0.1)**	**(15.4)**
Customer deposits and advances	**(17.8)**	**(44.3)**	**(7.6)**	**(4.8)**	**(1.9)**	**(76.4)**
Foreign currency contracts	**–**	**(0.1)**	**–**	**(0.6)**	**–**	**(0.7)**
	(171.0)	**(188.2)**	**(42.5)**	**(19.9)**	**(7.4)**	**(429.0)**
Net balance sheet exposure	**(93.1)**	**(34.5)**	**32.8**	**15.6**	**29.7**	**(49.5)**

At 31 December 2021	Euros £m	US dollars £m	Chinese renminbi £m	Japanese Yen £m	Other £m	Total £m
Financial assets						
Trade and other receivables	30.5	27.4	2.6	19.3	8.5	88.3
Loan assets	0.4	–	–	–	0.1	0.5
Foreign currency contracts	–	0.3	–	0.3	–	0.6
Cash held not available for short term use	–	–	1.8	–	–	1.8
Cash balances	15.8	59.0	73.5	2.3	5.0	155.6
	46.7	86.7	77.9	21.9	13.6	246.8
Financial liabilities						
Trade and other payables	(118.9)	(21.2)	(21.7)	(0.4)	(2.1)	(164.3)
Lease liabilities	–	(7.7)	(1.0)	(5.5)	(0.1)	(14.3)
Customer deposits and advances	(10.0)	(19.5)	(9.7)	(4.6)	(0.4)	(44.2)
Foreign currency contracts	(0.4)	(0.4)	–	–	–	(0.8)
	(129.3)	(48.8)	(32.4)	(10.5)	(2.6)	(223.6)
Net balance sheet exposure	(82.6)	37.9	45.5	11.4	11.0	23.2

Notes to the Financial Statements continued

22 Financial instruments continued

Foreign currency exposure continued

The following significant exchange rates applied:

	Average rate 2022	Average rate 2021	**Closing rate 2022**	Closing rate 2021
Euro	**1.17**	1.16	**1.13**	1.19
Chinese renminbi	**8.26**	8.90	**8.36**	8.63
US dollar	**1.25**	1.37	**1.20**	1.35
Japanese yen	**160.24**	149.37	**158.72**	155.97

Currency risk – sensitivity

The following table demonstrates the sensitivity to a change in the US dollar, Euro, Chinese renminbi and Japanese yen exchange rates, with all other variables held constant, of the Group's result after tax (due to changes in the fair value of monetary assets and liabilities) assuming that none of the US dollar or Euro exposures are used as hedging instruments.

	(Increase)/ decrease in rate	**Effect on result after tax 2022 £m**	Effect on result after tax 2021 £m
US dollar	(5%)	**(7.8)**	(4.9)
US dollar	5%	**8.6**	5.5
Euro	(5%)	**12.5**	9.6
Euro	5%	**(13.8)**	(10.6)
Chinese renminbi	(5%)	**(4.3)**	(5.0)
Chinese renminbi	5%	**4.8**	5.6
Japanese yen	(5%)	**(1.7)**	(2.0)
Japanese yen	5%	**1.9**	2.2

$1,085.5m and $335m Senior Secured Notes

In December 2020 the Group took out First Lien and Second Lien SSNs at $1085.5m and $335m respectively. At 31 December 2020 the Group had not hedged the new SSNs. Foreign currency gains/(losses) on these SSNs, due to exchange rate movements between the US dollar and sterling, are charged to the Consolidated Income Statement within finance income/(expense).
A corresponding change in the translated sterling value of these SSNs is reflected in the Consolidated Statement of Financial Position. In March 2021, the Group issued additional First Lien SSNs of $98.5m. Following the successful equity raise in September 2022, the Group paid down $40.3m of First Lien Senior Secured Notes (“SSNs) and $143.8m of Second Lien SSNs. No hedging relationship has been established in 2021 or 2022.

$400m Senior Secured Notes

The Group had designated $400m of SSNs as a hedging instrument in respect of $400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020 and hedge accounting was discontinued from the date of repayment. As the forecast transactions are still expected to occur, the amount accumulated in the cash flow hedge reserve at the repayment date will be released to the Income Statement in line with the profile of the future US dollar sales to which it relates.

22 Financial instruments continued

Hedge accounting

The Group is primarily exposed to US dollar currency variations on the sale of vehicles and parts, and Euro currency variations on the purchase of raw material parts and services. As part of its risk management policy, the Group uses derivative financial instruments in the form of currency forward contracts to manage the cash flow risk resulting from these exchange rate movements. The Group had designated the foreign exchange movement on $400m of repaid SSNs as part of a cash flow hedging relationship, to manage the exchange rate risk resulting from forecast US dollar inter-Group sales. Together these are referred to as cash flow hedges. The cash flow hedges give certainty over the transactional values to be recognised in the Consolidated Income Statement and, in the case of the forward contracts, certainty around the value of cash flows arising as foreign currencies are exchanged at predetermined rates.

The Group hedges significant foreign currency exposures as follows:

- Firstly, when practical, with currency forward contracts on a reducing basis with the highest coverage in the year immediately following the year end date. When practicable, the Group places additional hedges on a regular basis so that the percentage of the foreign currency exposure hedged increases as the time to maturity of the foreign currency exposure reduces.
- Secondly, the Group has designated $400m of repaid SSNs as a hedging instrument in respect of $400m of highly probable forecast US dollar sales that are not already hedged with forward contracts. These SSNs were repaid in December 2020 and hedge accounting was discontinued from the date of repayment. As the forecast transactions are still expected to occur the amount accumulated in the cash flow hedge reserve at the repayment date will be released to Cost of Sales within the Income Statement in line with the profile of the future US dollar sales to which it relates.

The Group currently has no active currency forward contract cash flow hedges beyond 2023. The Group does not mitigate all transactional foreign currency exposures, with the unhedged proportion converted at exchange rates prevailing on the date of the transaction.

Derivative financial instruments

Derivative financial instruments are recorded at fair value. The hedging instruments of the cash flow hedge relationship have been designated as the spot element of forward foreign exchange contract, and the forward points are excluded from the hedge relationship. The hedged items have been designated as highly probable forecast net sales or purchases denominated in foreign currencies.

Where the value of the hedging instrument matches the value of the hedged item in a 1:1 hedge ratio, the hedge is effective, and changes in the fair value of the hedging instrument attributable to the spot risk are considered an effective hedge and recognised in the cash flow hedge reserve within Other Comprehensive Income. Changes in fair value attributable to forward points are recognised in the cost of hedging reserve within Other Comprehensive Income.

Where the value of hedging instrument is greater than the value of the hedged item, the excess portion is recognised as the ineffective portion of the gain or loss on the hedging instrument and is recorded immediately in the Income Statement.

When the expected volume of hedged highly probable forecast transactions is lower than the designated volume, and a portion of the hedged item is no longer highly probable to occur, hedge accounting is discontinued for that portion. If the hedged future cash flows are still expected to occur, then the accumulated amount in the cash flow hedge reserve relating to the discontinued portion remains in the cash flow hedge reserve until the future cash flows occur. If the hedged future cash flows are no longer expected to occur, then that amount is immediately reclassified from the cash flow hedge reserve to the Income Statement as a reclassification adjustment.

Certain forward foreign exchange contracts were designated as hedges with effect from 1 July 2019. Prior to this, all movements in the fair value had been recorded within finance expense as an adjusting item reflecting the non-recurring nature of the absence of a designated hedge relationship for such instruments. Subsequent to 1 July 2019, in respect of these forward foreign exchange contracts only, the movement in fair value attributable to forward points is recorded within cost of sales in the Consolidated Income Statement.

Notes to the Financial Statements continued

22 Financial instruments continued

Hedge accounting continued

$400m Senior Secured Notes

The $400m SSNs were repaid in December 2020. Prior to repayment they were recorded at amortised cost and translated into sterling at the year-end or repayment date closing rates with movements in the carrying value due to foreign exchange movements offset by movements in the value of the highly probable forecast sales when translated from US dollars to sterling. When the hedge ratio is 1:1 the value of the hedging instrument matches the value of the hedged item. In this case, the change in the carrying value of these SSNs, arising as a result of exchange differences, is recognised through Other Comprehensive Income into the hedge reserve instead of within finance income/(expense).

When the value of the hedging instrument is greater than the value of the hedged item the excess portion is recognised as ineffective and is recorded immediately to finance expense in the Income Statement.

The amounts recorded within the hedge reserve, including the cost of hedging reserve, are reclassified to the Consolidated Income Statement when the hedged item affects the Consolidated Income Statement. Due to the nature of the hedged items, all amounts reclassified to the Income Statement are recorded in cost of sales (2021: all cost of sales), except for ineffective amounts relating to the $400m SSNs which would be recorded as finance expense in the Income Statement.

Main sources of hedge ineffectiveness

Other than previously described, in relation only to forward contracts designated as a hedge, the main sources of potential hedge ineffectiveness relate to potential differences in the nominal value of hedged items and the hedging instrument should they occur.

The impact of hedging instruments on the Statement of Financial Position is as follows:

	31 December 2022			31 December 2021		
	Notional value £m	**Carrying value £m**	**Change in fair value used for measuring ineffectiveness £m**	Notional value £m	Carrying value £m	Change in fair value used for measuring ineffectiveness £m
Foreign exchange forward contracts – other financial assets	**96.1**	**2.3**	**2.3**	26.6	0.6	0.6
Foreign exchange forward contracts – other financial liabilities	**33.1**	**(0.7)**	**(0.7)**	33.6	(0.8)	(0.9)
$400m Senior Secured Notes – hedge instrument	**105.6**	**–**	**–**	180.9	–	–

The impact of hedged items on the Statement of Financial Position is as follows:

	31 December 2022		31 December 2021	
	Cash flow hedge reserve £m	**Cost of hedging reserve £m**	Cash flow hedge reserve £m	Cost of hedging reserve £m
Foreign exchange forward contracts	**2.9**	**(0.9)**	0.7	(0.6)
$400m Senior Secured Notes – hedge instrument	**3.9**	**–**	8.8	–
Tax on fair value movements recognised in OCI	**(1.8)**	**0.2**	(2.4)	0.2

22 Financial instruments continued

Hedge accounting continued

The effect of the cash flow hedge in the Consolidated Income Statement and Other Comprehensive Income is:

Year ended 31 December 2022	**Total hedging gain/(loss) recognised in OCI £m**	**Ineffectiveness recognised in the Income Statement £m**	**Income Statement line item**	**Fair value movement on cash flow hedges £m**	**Amount reclassified from OCI to the Income Statement £m**	**Income Statement line item**
Foreign exchange forward contracts	**1.7**	**(0.3)**	**Cost of sales**	**(6.1)**	**7.8**	**Cost of sales**
$400m Senior Secured Notes – hedge instrument	**(4.9)**	**–**	**Cost of sales**	**–**	**(4.9)**	**Cost of sales**
Tax on fair value movements recognised in OCI	**0.9**	**–**	**–**	**1.5**	**(0.7)**	**–**

Year ended 31 December 2021	Total hedging (loss)/gain recognised in OCI £m	Ineffectiveness recognised in the Income Statement £m	Income Statement line item	Fair value movement on cash flow hedges £m	Amount reclassified from OCI to the Income Statement £m	Income Statement line item
Foreign exchange forward contracts	(2.9)	(0.6)	Cost of sales	(0.3)	(2.6)	Cost of sales
$400m Senior Secured Notes – hedge instrument	(1.7)	–	Cost of sales	–	(1.7)	Cost of sales
Tax on fair value movements recognised in OCI	1.2	–	–	0.1	1.1	–

Hedge ineffectiveness recognised within the Consolidated Income Statement relates to differences in the nominal value of the hedged items and the hedging instrument. At 31 December 2022 and 2021 there were no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required.

All hedging instruments recognised by the Group at 31 December 2022 have a maturity date of less than one year.

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet foreseeable needs and, when appropriate, allow placement of cash on deposit safely and profitably. During 2022 the Group undertook a share placing and rights issue to strengthen the liquidity of the business.

During 2021, the Group entered into a bilateral RCF with HSBC Bank plc ("HSBC"), whereby Chinese renminbi to a value at the time of £31.9m were deposited in a restricted account with HSBC in China in exchange for a £30.0m sterling overdraft facility with HSBC Bank plc in the UK. The restricted cash has been revalued at 31 December 2022 to £32.8m (2021: £33.0m) and is shown in the cash and cash equivalents. The facility of £30.0m is shown within borrowings in current liabilities on the Statement of Financial Position. The facility is available until 31 August 2025 and the total facility size is £50m.

At 31 December 2022 the Group held £1,104.0m (2021: £1,094.9m) of SSNs. In October 2022 the Group repurchased $40.3m of First Lien SSNs and $143.8m of Second Lien SSNs with a premium paid of £14.3m on early redemption. The First Lien Notes are repayable in November 2025 and the Second Lien Notes in November 2026. The portion of unamortised fees and the redemption premium was charged to the Income Statement at the point of redemption as an accelerated charge and presented within adjusting items (note 5). Transaction costs of £1.9m relating to the repurchase are included in adjusting items (note 5). The US dollar amounts have been converted to sterling equivalents for reporting purposes.

Attached to the SSNs is a £90.6m RCF of which £78.5m (2021: £80.0m) was drawn in cash at the reporting date. The amount recorded in the Statement of Financial Position is net of unamortised transaction costs. £5.2m (2021: £5.9m) of the remaining ancillary facility has been utilised through the issuance of letters of credit and guarantees. The RCF attached to the SSNs is available until August 2025.

Notes to the Financial Statements continued

22 Financial instruments continued

Liquidity risk continued

As part of the normal operating cycle of the Group, customers make advanced payments to secure their allocation of Special Vehicles produced in limited numbers. The cash from these advance payments is primarily used to fund upfront costs of the Special Vehicle project including raw materials and components required in manufacture. In certain circumstances, according to the individual terms of the Special Vehicle contract and the position of the customer in the staged deposit and vehicle specification process, the advanced payments are contractually refundable. At 31 December 2022 the Group held refundable deposits of £102.9m (2021: £85.0m). The Special Vehicle programmes are typically oversubscribed and, in the event that a customer requests reimbursement of their advanced payment, the newly created allocation is then given to an alternative customer, who is required to make an equivalent advanced payment.

The maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted payments was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual cash flows Total £m
Non-derivative financial liabilities						
Bank loans and overdrafts	**–**	**109.0**	**–**	**–**	**–**	**109.0**
Senior Secured Notes	**–**	**–**	**117.0**	**1,462.4**	**–**	**1,579.4**
Trade and other payables	**–**	**443.1**	**138.1**	**8.6**	**0.6**	**590.4**
Refundable customer deposits and advances	**102.9**	**–**	**–**	**–**	**–**	**102.9**
Derivative financial liabilities						
Forward exchange contracts	**–**	**0.5**	**0.2**	**–**	**–**	**0.7**
	102.9	**552.6**	**255.3**	**1,471.0**	**0.6**	**2,382.4**

Included in the tables above and below are interest bearing loans and borrowings at a carrying value of £1,211.1m (2021: £1,189.2m). The liquidity profile associated with leases accounted under IFRS 16 is detailed in note 15.

The maturity profile of the Group's financial liabilities at 31 December 2021 based on contractual undiscounted payments was as follows.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Contractual cash flows Total £m
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

22 Financial instruments continued

Estimation of fair values

	As at 31 December 2022			As at 31 December 2021		
	Nominal value £m	**Book value £m**	**Fair value £m**	Nominal value £m	Book value £m	Fair value £m
Included in assets						
Level 2						
Forward foreign exchange contracts	**–**	**2.3**	**2.3**	–	0.6	0.6
Loan assets	**0.6**	**0.6**	**0.6**	2.1	2.1	2.1
Level 3						
Other derivative contracts	**–**	**5.6**	**5.6**	–	3.3	3.3
	0.6	**8.5**	**8.5**	2.1	6.0	6.0
Included in liabilities						
Level 1						
$1,143.7m (2021: $1,184.0m) 10.5% US dollar First Lien Notes	**950.8**	**935.0**	**893.0**	874.2	852.5	959.4
$229.1m (2021: $355.3) 15.0% US dollar Second Lien Split Coupon Notes	**190.5**	**169.0**	**194.4**	262.3*	222.4	302.3*
Level 2						
Forward exchange contracts	**–**	**0.7**	**0.7**	–	0.8	0.8
Derivative option over own shares	**48.1**	**22.6**	**22.6**	48.1	31.0	31.0
	1,189.4	**1,127.3**	**1,110.7**	1,184.6	1,106.7	1,293.5

* The fair value of the Second Lien SSNs includes $9.8m, $10.5m, $10.8m and $6.8m of PIK notes issued in April 2021, November 2021, April 2022 and November 2022 respectively. The 31 December 2021 comparative for nominal value and fair value has been updated to include the two issuances during 2021. The issued PIK already forms part of the book value at each reporting period and no change has been made to the presentation of these numbers

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest-bearing loans and borrowings are considered to be level 1 liabilities with forward exchange contracts being level 2 assets and liabilities. IFRS 7 defines each level as follows:

- Level 1 assets and liabilities have inputs observable through quoted prices.
- Level 2 assets and liabilities have inputs observable, other than quoted prices, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 assets and liabilities are those with inputs not based on observable market data.

Trade and other receivables, current borrowings and trade and other payables are deemed to have the same fair value as their book value and, as such, the table above only includes assets and liabilities held at fair value, and borrowings. The forward currency contracts are carried at fair value based on pricing models and discounted cash flow techniques derived from assumptions provided by third-party banks. Loan assets are held at cost less any expected credit loss provision (note 17).
The SSNs are all valued at amortised cost retranslated at the year-end foreign exchange rate. The fair value of these SSNs at the current and comparative period ends are determined by reference to the quoted price on The International Stock Exchange Authority in St Peter Port, Guernsey. The fair value and nominal value exclude the impact of transaction costs.

The other derivative contracts relate to options to purchase a minority shareholding in AMR GP Limited (see note 19).

The derivative option over own shares reflects the detachable warrants issued alongside the Second Lien SSNs (see borrowings section of note 22) enabling the warrant holders to subscribe for a number of ordinary shares in the Company. The fair value is calculated using a binomial model and updated at each period end reflecting the latest market conditions. The inputs used in the valuation model include the quoted share price, market volatility, exercise ratio and risk free rate. The reduction in nominal value represents options exercised by warrant holders during the year.

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

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 Statement of Changes in Equity.

23 Net debt

The Group defines net debt as current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents including cash held not available for short term use. The additional cash flow disclosures required under IAS 7 are made in note 27.

	2022 £m	2021 £m
Cash and cash equivalents	**583.3**	418.9
Cash held not available for short term use	**0.3**	1.8
Inventory repurchase arrangement	**(38.2)**	(19.7)
Lease liabilities – current	**(7.4)**	(9.7)
Lease liabilities – non-current	**(92.4)**	(93.7)
Loans and other borrowings – current	**(107.1)**	(114.3)
Loans and other borrowings – non-current	**(1,104.0)**	(1,074.9)
Net debt	**(765.5)**	(891.6)

Movement in net debt		
Net increase/(decrease) in cash and cash equivalents	**164.4**	(70.5)
Add back cash flows in respect of other components of net debt:		
New borrowings	**–**	(108.5)
Proceeds from inventory repurchase arrangement	**(75.7)**	(19.0)
Repayment of existing borrowings	**172.7**	37.3
Repayment of inventory repurchase arrangement	**60.0**	40.0
Lease liability payments	**10.0**	9.9
Movement in cash held not available for short term use	**(1.5)**	(8.1)
Transaction fees	**–**	1.9
Decrease/(increase) in net debt arising from cash flows	**329.9**	(117.0)
Non-cash movements:		
Foreign exchange loss on secured loan	**(156.2)**	(12.4)
Interest added to debt	**(15.7)**	(13.4)
Borrowing fee amortisation	**(25.4)**	(7.5)
Lease liability interest charge	**(4.5)**	(3.9)
Lease modifications	**(3.5)**	0.4
New leases	**(2.2)**	(11.5)
Foreign exchange gain and other movements	**3.7**	0.4
Decrease/(increase) in net debt	**126.1**	(164.9)
Net debt at beginning of the year	**(891.6)**	(726.7)
Net debt at the end of the year	**(765.5)**	(891.6)

24 Provisions

	2022 £m			2021 £m		
	Restructuring	**Warranty**	**Total**	Restructuring	Warranty	Total
At the beginning of the year	**0.4**	**38.5**	**38.9**	7.8	31.1	38.9
Charge for the year	**–**	**30.9**	**30.9**	–	31.8	31.8
Utilisation	**(0.4)**	**(26.5)**	**(26.9)**	(5.0)	(23.9)	(28.9)
Effect of movements in exchange rates	**–**	**(1.5)**	**(1.5)**	–	0.2	0.2
Release to the Income Statement	**–**	**(0.3)**	**(0.3)**	(2.4)	(0.7)	(3.1)
At the end of the year	**–**	**41.1**	**41.1**	0.4	38.5	38.9
Analysed as:						
Current	**–**	**18.6**	**18.6**	0.4	19.5	19.9
Non-current	**–**	**22.5**	**22.5**	–	19.0	19.0
	–	**41.1**	**41.1**	0.4	38.5	38.9

In the year ended 31 December 2020, the Group launched a consultation process to reduce employee numbers reflecting lower than originally planned production volumes resulting in an exceptional charge to the Income Statement in 2020. The restructuring was substantially completed during 2021 with the final amounts being utilised during the year ended 31 December 2022.

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

25 Pension obligations

Defined contribution scheme

The Group opened a Defined Contribution scheme in June 2011. The total expense relating to this scheme in the year ended 31 December 2022 was £17.6m (2021: £10.6m). Outstanding contributions at the year end were £1.5m (2021: £0.9m). Contributions are made by the Group to other pension arrangements for certain employees of the Group.

Defined Benefit scheme

The Group operates a Defined Benefit Pension Scheme. During 2017 it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings (CARE) basis with effect from 1 January 2018. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members were not affected by the closure of the scheme. The assets of the scheme are held separately from those of the Group.
On 31 January 2022 the scheme was closed to future accrual resulting in a curtailment loss of £2.8m (note 5).

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

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

Notes to the Financial Statements continued

25 Pension obligations continued

Defined Benefit scheme continued

The pension scheme exposes the Group to the following risks:

- Asset volatility – the scheme's Statement of Investment Principles targets 40% return-enhancing assets and 60% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis.
- Inflation risk – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.
- Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

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

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

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

On 18 December 2020, the Group agreed to increase the recovery plan contributions from £7.1m per annum to £15.0m per annum effective from 1 January 2021 through to 30 June 2027. Estimated contributions for the year ending 31 December 2023 are £15.0m.

A full actuarial valuation was carried out as at 6 April 2020. The 2020 valuation was updated by an independent qualified actuary to 31 December 2021 and 2022 respectively for the relevant disclosures in accordance with IAS 19R. The next triennial valuation as at 6 April 2023 is due to be completed by June 2024 in line with the scheme-specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the scheme.

Assumptions

The principal assumptions used by the actuary were:

	31 December 2022	31 December 2021
Discount rate	**4.85%**	2.00%
Rate of increase in salaries	**N/A**	3.10%
Rate of revaluation in deferment	**2.45%**	2.50%
Rate of increase in pensions in payment attracting Limited Price Indexation	**2.95%**	3.00%
Expected return on scheme assets	**4.85%**	2.00%
RPI Inflation assumption	**3.00%**	3.10%
CPI Inflation assumption	**2.45%**	2.50%

25 Pension obligations continued
Assumptions continued

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with 'future' relating to an employee retiring in 2042 (2022 assumptions) or 2041 (2021 assumptions).

Projected life expectancy at age 65

	Future	**Current**	Future	Current
	Currently aged 45 2022	**Currently aged 65 2022**	Currently aged 45 2021	Currently aged 65 2021
Male	**22.5**	**21.3**	22.8	21.5
Female	**25.3**	**23.9**	25.5	24.0

	Years
Average duration of the liabilities in years as at 31 December 2022	**19**
Average duration of the liabilities in years as at 31 December 2021	26

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

	31 December 2022 Quoted £m	**31 December 2022 Unquoted £m**	**31 December 2022 Total £m**	31 December 2021 Quoted £m	31 December 2021 Unquoted £m	31 December 2021 Total £m
Asset class						
Overseas equities	**25.9**	**–**	**25.9**	41.0	–	41.0
Private debt	**–**	**34.6**	**34.6**	–	32.8	32.8
Asset-Backed Securities	**37.7**	**–**	**37.7**	–	–	–
Liability driven investment	**26.3**	**9.5**	**35.8**	64.9	56.0	120.9
Corporate bonds	**24.5**	**–**	**24.5**	–	–	–
Absolute return bonds	**–**	**11.2**	**11.2**	–	72.6	72.6
Diversified alternatives	**–**	**0.9**	**0.9**	–	1.3	1.3
Cash	**12.8**	**–**	**12.8**	89.3	–	89.3
Insurance policies	**3.6**	**–**	**3.6**	6.0	–	6.0
Total	**130.8**	**56.2**	**187.0**	201.2	162.7	363.9

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

	2022 £m	2021 £m
Total fair value of scheme assets	**187.0**	363.9
Present value of funded obligations	**(188.9)**	(368.4)
Funded status at the end of the year	**(1.9)**	(4.5)
Adjustment to reflect minimum funding requirements	**(59.3)**	(74.2)
Liability recognised in the Statement of Financial Position	**(61.2)**	(78.7)

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.

Notes to the Financial Statements continued

25 Pension obligations continued

Assumptions continued

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

	2022 £m	2021 £m
Amounts charged to operating loss:		
Current service cost	**(0.7)**	(8.8)
Past service cost	**(2.8)**	–
	(3.5)	(8.8)
Amounts charged to finance expense:		
Net interest expense on the net Defined Benefit liability	**0.1**	(0.2)
Interest expense on the adjustment to reflect minimum funding requirements	**(1.5)**	(1.1)
Total expense recognised in the Income Statement	**(4.9)**	(10.1)

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

	2022 £m	2021 £m
At the beginning of the year	**(368.4)**	(378.7)
Current service cost	**(0.7)**	(8.8)
Past service cost	**(2.8)**	–
Interest cost	**(7.2)**	(6.0)
Experience (losses)/gains	**(14.7)**	3.3
Actuarial gains arising from changes in financial assumptions	**190.7**	6.6
Distributions	**11.3**	10.6
Actuarial gains arising from changes in demographic assumptions	**2.8**	4.6
Obligation at the end of the year	**(189.0)**	(368.4)

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

	2022 £m	2021 £m
At the beginning of the year	**363.9**	354.1
Interest on assets	**7.3**	5.8
Employer contributions	**15.6**	20.1
Return on scheme assets excluding interest income	**(188.5)**	(5.5)
Distributions	**(11.3)**	(10.6)
Fair value at the end of the year	**187.0**	363.9

	2022 £m	2021 £m
Actual return on scheme assets	**(181.2)**	0.3

25 Pension obligations continued

Assumptions continued

Analysis of amounts recognised in the Statement of Financial Position:

	2022 £m	2021 £m
Liability at the beginning of the year	**(78.7)**	(92.5)
Net expense recognised in the Income Statement	**(4.9)**	(10.1)
Employer contributions	**15.6**	20.1
Gain recognised in Other Comprehensive Income	**6.8**	3.8
Liability recognised in the Statement of Financial Position at the end of the year	**(61.2)**	(78.7)

Analysis of amount taken to Other Comprehensive Income:

	2022 £m	2021 £m
Return on scheme assets excluding interest income	**(188.5)**	(5.5)
Experience (losses)/gain arising on funded obligations	**(14.7)**	3.3
Gains arising due to changes in financial assumptions underlying the present value of funded obligations	**190.7**	6.6
Gains/(losses) arising as a result of adjustment made to reflect minimum funding requirements	**16.5**	(5.2)
Gains arising due to changes in demographic assumptions	**2.8**	4.6
Amount recognised in Other Comprehensive Income	**6.8**	3.8

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

At 31 December 2022 the present value of the benefit obligation was £189.0m (2021: £368.4m) and its sensitivity to changes in key assumptions were:

	Change in assumption	**Present value of benefit obligations at 31 December 2022 £m**	Present value of benefit obligations at 31 December 2021 £m
Discount rate	Decrease by 1.00%	**228.7**	474.5
Rate of inflation*	Increase by 0.25%	**196.7**	388.4
Life expectancy increased by approximately 1 year	Increase by one year	**194.7**	384.7

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

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

	2022 £m	2021 £m
Expected future benefit payments		
Year 1 (2022/2023)	**11.2**	11.0
Year 2 (2023/2024)	**11.6**	11.3
Year 3 (2024/2025)	**11.9**	11.7
Year 4 (2025/2026)	**12.3**	12.0
Year 5 (2026/2027)	**12.6**	12.4
Years 6 to 10 (2028 to 2032)	**67.9**	66.7

Notes to the Financial Statements continued

25 Pension obligations continued

History of scheme experience

	2022	2021
Present value of the scheme liabilities (£m)	**(188.9)**	(368.4)
Fair value of the scheme assets (£m)	**187.0**	363.9
Deficit in the scheme before adjusting to reflect minimum funding requirements (£m)	**(1.9)**	(4.5)
Experience losses on scheme assets excluding interest income (£m)	**(188.5)**	(5.5)
Percentage of scheme assets	**(100.8%)**	(1.5%)
Return on scheme liabilities (£m)	**(14.7)**	3.3
Percentage of the present value of the scheme liabilities	**7.8%**	(0.9%)
Total amount recognised in Other Comprehensive Income (£m)	**6.8**	3.8
Percentage of the present value of the scheme liabilities	**(3.6%)**	(1.0%)

26 Share capital and other reserves

Allotted, called up and fully paid	Number of shares	Nominal value £	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m
Opening balance at 1 January 2021	**114,933,587**		**11.5**	**1,108.2**	**144.0**	**9.3**
Exercise of warrant options[1]	1,525,926	0.1	0.1	15.1	–	–
Transfer between reserves	–	–	–	0.1	(0.1)	–
Balance as at 31 December 2021 and 1 January 2022	**116,459,513**		**11.6**	**1,123.4**	**143.9**	**9.3**
Private placing[2]	23,291,902	0.1	2.4	75.7	–	–
Rights issue[3]	559,005,660	0.1	55.9	498.3	–	–
Closing balance at 31 December 2022	**698,757,075**		**69.9**	**1,697.4**	**143.9**	**9.3**

1. 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
2. On 9 September 2022 the Company issued 23.2m ordinary shares by way of a private placing. The shares were issued at 335p raising gross proceeds of £78.1m, with £2.4m recognised as share capital and the remaining £75.7m recognised as share premium
3. On 28 September 2022 the Company issued 559.0m ordinary shares by way of a rights issue. The shares were issued at 103p raising gross proceeds of £575.8m, with £55.9m recognised as share capital and the remaining £519.9m recognised as share premium. Share premium is reduced by £21.6m reflecting transaction fees paid of which £2.9m are accrued as at 31 December 2022. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 211.6m shares issued were considered bonus shares. The weighted average shares used to calculate earnings per share (see note 11) has been adjusted accordingly

27 Additional cash flow information

Reconciliation of movements of select liabilities to cash flows arising from financing activities

The tables below reconcile movements of liabilities classified within net debt (note 23) to cash flows arising from financing activities for the years ended 31 December 2022 and 2021.

Liabilities	**Other borrowings and inventory arrangements £m**	**Lease Liabilities £m**	**$1,184.0m 10.5% First Lien Notes £m**	**$335m 15% Second Lien Notes £m**	**Total £m**
At 1 January 2022	**134.0**	**103.4**	**852.5**	**222.4**	**1,312.3**
Changes from financing cash flows					
Interest paid	**(4.6)**	**(4.5)**	**(96.3)**	**(35.8)**	**(141.2)**
Principal lease payment	**–**	**(10.0)**	**–**	**–**	**(10.0)**
Repayment of existing borrowings	**(7.8)**	**–**	**(36.1)**	**(128.8)**	**(172.7)**
Premium paid on the early redemption of Senior Secured Notes	**–**	**–**	**–**	**(14.3)**	**(14.3)**
Inventory repurchase repayment	**(60.0)**	**–**	**–**	**–**	**(60.0)**
Inventory repurchase drawdown	**75.7**	**–**	**–**	**–**	**75.7**
Transaction costs paid	**–**	**–**	**(1.9)**	**–**	**(1.9)**
Total changes from financing cash flows	**3.3**	**(14.5)**	**(134.3)**	**(178.9)**	**(324.4)**
Effect of changes in exchange rates	**–**	**0.7**	**113.5**	**42.7**	**156.9**
New leases under IFRS 16	**–**	**2.2**	**–**	**–**	**2.2**
Modifications to existing leases	**–**	**3.5**	**–**	**–**	**3.5**
Interest expense	**12.3**	**4.5**	**103.5**	**82.8**	**203.1**
Movement in accrued interest	**0.9**	**–**	**(0.2)**	**–**	**0.7**
Financing expense in the Income Statement classified as operating cash flow	**(5.2)**	**–**	**–**	**–**	**(5.2)**
Balance at 31 December 2022	**145.3**	**99.8**	**935.0**	**169.0**	**1,349.1**

Liabilities	Other borrowings and inventory arrangements £m	Lease Liability £m	$1,184.0m 10.5% First Lien Notes £m	$335m 15% Second Lien Notes £m	Total £m
At 1 January 2021	158.0	103.0	763.2	201.8	1,226.0
Changes from financing cash flows					
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

Notes to the Financial Statements continued

28 Share-based payments

Long term incentive schemes

On 13 and 14 June 2022, Executive Directors and certain other employees were granted conditional share awards under the Company's Long Term Incentive Plan ("2022 LTIP"). On 15 December 2022, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £0.9m (2021: £nil).

On 14 June 2021, Executive Directors and certain other employees were granted conditional share awards under the Company's Long Term Incentive Plan ("2021 LTIP"). On 14 December 2021, additional employees were granted conditional share awards under an extension to the same plan. The total charge recognised in the Consolidated Income Statement in relation to this scheme was £0.4m (2021: £1.2m).

On 14 December 2020, Executive Directors and certain other employees were granted conditional share awards under the Company's "2020 LTIP". The total credit recognised in the Consolidated Income Statement in relation to this scheme was £1.4m (2020: charge of £1.9m).

	2022 grant of 2022 LTIP	2021 grant of 2021 LTIP	2020 grant of 2020 LTIP
Aggregate fair value at measurement date (£m)	**6.1**	7.3	9.7
Exercise price (p)	**£nil**	£nil	£nil
Expected volatility (%)	**50.0%**	50.0%	50.0%
Dividend yield (%)	**N/A**	N/A	N/A
Risk free interest rate (%)	**2.16%**	0.15%	(0.13%)

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

Other share-based payments

On 31 January 2022, the Group's Defined Benefit Pension Scheme was closed to future accrual. As part of the closure cost, the affected employees were each granted 185 shares incurring a share-based payment charge of £1.0m during the year. The terms of the agreement provide the employees with a minimum guaranteed value for these shares subject to their ongoing employment with the Group. The Group will pay the employees a further cash sum if the share price at 1 February 2024 does not meet this value. The charge associated with this portion is £1.0m in the year ended 31 December 2022.

On 8 November 2022, a Group Director was granted 659,113 shares for nil consideration in relation to forfeited awards at a previous employer and therefore securing his employment with the Group. The award is subject to clawback provisions for a period of 12 months from the award date. The total cost incurred related to this award was £0.8m.

The total expense arising from equity-settled share-based payments is as follows:

	2022 £m	2021 £m
2022 LTIP share option charge	**0.9**	–
2021 LTIP share option charge	**0.5**	1.2
2020 LTIP share option (credit)/charge	**(1.4)**	1.9
Grant of shares upon closure of the Defined Benefit Pension Scheme (notes 5, 25)	**1.0**	–
Group Director buyout	**0.8**	–
	1.8	3.1

29 Capital commitments

On 27 October 2020, the Group announced that it had entered into an enhanced strategic cooperation arrangement (the "Strategic Cooperation Agreement") with one of its existing shareholders, MBAG. Under the Strategic Cooperation Agreement, the Group has agreed, over the period of time between December 2020 and the July 2024 and in several tranches, to issue 458,942,744 ordinary shares of £0.009039687 each (22,947,138 ordinary shares of £0.10 each following the share consolidation in December 2020) to MBAG in exchange for access to certain technology and intellectual property to be provided to the Group by MBAG in several stages.

The first tranche of 224,657,287 ordinary shares of £0.009039687 each (11,232,864 ordinary shares of £0.10 each following the share consolidation) was issued to MBAG on 7 December 2020. A total of 11,714,274 ordinary shares remain unissued at 31 December 2022.

Property, plant and equipment expenditure contracts to the value of £10.8m (2021: £14.4m) have been committed but not provided for as at 31 December 2022. Contracts to the value of £51.4m have been committed for the acquisition of intangible assets but not provided for as at 31 December 2022. Certain contracts contain financial commitments, in particular purchase commitments and guarantees, which are of a magnitude typical for the industry.

30 Related party transactions

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

Transactions with Directors and related undertakings

Transactions during 2022

During the year ended 31 December 2022, a net marketing expense amounting to £20.2m of sponsorship has been incurred in the normal course of business with AMR GP Limited ("AMR GP"), an entity indirectly controlled by a member of the Group's Key Management Personnel ("KMP"). AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. In addition, the Group incurred costs of £2.0m associated with engineering design on an upcoming vehicle programme from Aston Martin Performance Technologies Limited ("AMPT") of which £2.0m is outstanding to AMPT at 31 December 2022. AMPT is an associated entity of AMR GP. In addition, AMR GP acquired a vehicle from the Group at a total cost of £0.7m. Less than £0.1m remains due from AMR GP at 31 December 2022 relating to these transactions. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP. A separate immediate family member of one of the Group's KMP purchased two vehicles from a Group company for £0.4m. £nil is outstanding at 31 December 2022. During the year ended 31 December 2022, Classic Automobiles Inc. placed a deposit of £0.5m with a Group company for the future purchase of a Group vehicle. Classic Automobiles Inc. is controlled by a member of the Group's KMP.

During the year ended 31 December 2022, a separate member of the Group's KMP and Non-Executive Director placed a deposit of £1.5m with a Group company for the future purchase of a vehicle.

During the year ended 31 December 2022, a further separate member of the Group's KMP and Non-Executive Director transacted with a Group company to undertake service work on a vehicle for a total cost of less than £0.1m. £nil was outstanding at 31 December 2022.

During the year end 31 December 2022, the Group incurred costs of £1.3m for design and engineering work from Pininfarina S.p.A. A member of the Group's KMP and Non-Executive Director is also a member of Pininfarina S.p.A's KMP.

During the year ended 31 December 2022, the Group incurred a rental expense of £0.7m from Michael Kors (USA), Inc., a Company which is owned by Capri Holdings Limited. A member of the Group's KMP and Non-Executive Director is also a member of Michael Kors (USA), Inc.'s KMP.

Notes to the Financial Statements continued

30 Related party transactions continued

Transactions with Directors and related undertakings continued

Transactions during 2021

During the year ended 31 December 2021, a net marketing expense amounting to £21.5m of sponsorship was incurred in the normal course of business with AMR GP Limited, an entity indirectly controlled by a member of the Group's KMP. AMR GP and its legal structure is separate to that of the Group and the Group does not have control or significant influence over AMR GP or its affiliates. All balances between the two parties relating to 2021 have been settled. Under the terms of the sponsorship agreement the Group is required to provide one fleet vehicle to the two AMR GP racing drivers free of charge. This arrangement is expected to continue for the life of the contract and is not expected to materially affect the financial position and performance of the Group. One of the racing drivers is an immediate family member of one of the Group's KMP.

During the year ended 31 December 2021, marketing transactions under the normal course of business amounting to less than £0.1m have been undertaken with Falcon Racing Inc, an entity controlled by a member of the Group's KMP. £nil is outstanding from Falcon Racing Inc at 31 December 2022. During the year ended 31 December 2021, design services of less than £0.1m were provided to Flair Investment Holdings Limited, an entity in which a member of a KMP has an indirect ownership interest. £nil is outstanding from Flair Investment Holdings Limited at 31 December 2022. During the year ended 31 December 2021, a member of KMP transacted with a Group company to undertake restoration work on a historic vehicle. £0.3m has been received by the Group with £0.3m of works being completed in the year. £nil is outstanding at 31 December 2022. A member of KMP acquired three vehicles from a Group company during the period each priced at £0.2m. £nil is outstanding at 31 December 2022. A member of KMP acquired one historic vehicle from a Group Company during the period priced at £0.5m. £nil is outstanding at 31 December 2022. A member of KMP placed a deposit of £1.5m with a Group company for the future purchase of a vehicle. An immediate family member of one of the Group's KMP placed a deposit of less than £0.1m with a Group company for the future purchase of a vehicle.

Terms and conditions of transactions with related parties

Sales and purchases between related parties were made at normal market prices unless otherwise stated. Outstanding balances with entities other than subsidiaries are unsecured and interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on inter-company accounts. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

31 Contingent liabilities

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

32 Group companies

In accordance with Section 409 of the Companies Act 2006 a full list of entities in which the Group has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2022 are disclosed below.

Investments in subsidiary undertakings

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Aston Martin Holdings (UK) Limited*	Ordinary	100%	Dormant company
Aston Martin Capital Holdings Limited**◊	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited**	Ordinary	100%	Holding company
Aston Martin Capital Limited**◊	Ordinary	100%	Dormant company – financing company that held Senior Secured Notes that were repaid in 2017
Aston Martin Lagonda Group Limited**	Ordinary	100%	Holding company
Aston Martin Lagonda of North America Incorporated**^	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda Pension Trustees Limited**	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited**	Ordinary	100%	Manufacture and sale of luxury sports cars, the sale of parts, brand licensing and motorsport activities
AM Brands Limited**◊	Ordinary	100%	Non-trading company
Aston Martin Lagonda of Europe GmbH**>	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited**	Ordinary	100%	Dormant company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited**	Ordinary	100%	Dormant company
Aston Martin Japan GK**<<	Ordinary	100%	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda – Asia Pacific PTE Limited**>>	Ordinary	100%	Operator of the sales office in Singapore and certain other countries in the Asia Pacific region
AMWS Limited**◊	Ordinary	50%***	Holding company
Aston Martin Works Limited**	Ordinary	50%***	Sale, servicing and restoration of Aston Martin cars

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

◊ Incorporated in Jersey (tax resident in the UK)
^ Incorporated in the USA
> Incorporated in Germany
< Incorporated in Italy
<< Incorporated in Japan
>> Incorporated in Singapore
√ Incorporated in the People's Republic of China
* Held directly by Aston Martin Lagonda Global Holdings plc
** Held indirectly by Aston Martin Lagonda Global Holdings plc
*** The Group exercises management control of these legal entities and therefore the results, assets and liabilities have been wholly included in the Consolidated Financial Statements. The individual results, aggregate assets and aggregate liabilities included within the Consolidated Financial Statements are summarised on pages 164-168

Notes to the Financial Statements continued

32 Group companies continued

	Aston Martin Works Limited 2022 £m	**AMWS Limited 2022 £m**	Aston Martin Works Limited 2021 £m	AMWS Limited 2021 £m
Total assets	**42.5**	**–**	42.5	–
Total liabilities	**(3.8)**	**–**	(5.5)	–
Net assets	**38.7**	**–**	37.0	–
Revenue	**40.6**	**–**	53.5	–
Profit before tax	**1.7**	**–**	4.6	–
Group's share of profit	**0.9**	**–**	2.3	–

Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Holdings Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Lagonda Group Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Lagonda of North America Incorporated	Floor 22, 11 West 42nd Street, New York, NY, 10036-8002, United States of America
Lagonda Properties Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Lagonda Pension Trustees Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Lagonda Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
AM Brands Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Lagonda of Europe GmbH	Gottlieb-Daimler-Strasse 30, 53520 Meuspath, Germany
AML Overseas Services Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	Unit 2901, Raffles City Office Tower, No. 268 Xi Zang Middle Road, Huangpu District, Shanghai, China 200001
AM Nurburgring Racing Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Japan GK	1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-0061, Japan
Aston Martin Lagonda – Asia Pacific PTE Limited	8 Marina View, # 41-05, Asia Square Tower 1, Singapore 018960
AMWS Limited	28 Esplanade, St Helier, Jersey, JE2 3QA
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB

33 Alternative performance measures

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

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

i) Adjusted EBT is the loss before tax and adjusting items as shown in the Consolidated Income Statement.
ii) Adjusted EBIT is operating (loss)/profit before adjusting items.
iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.
iv) Adjusted operating margin is adjusted EBIT divided by revenue.
v) Adjusted EBITDA margin is Adjusted EBITDA (as defined above) divided by revenue.
vi) Adjusted earnings per share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.
vii) Net debt is current and non-current borrowings in addition to inventory repurchase arrangements and lease liabilities, less cash and cash equivalents and cash held not available for short term use as shown in the Consolidated Statement of Financial Position.
viii) Adjusted leverage is represented by the ratio of net debt to the last 12 months (LTM) Adjusted EBITDA.
ix) Free cash flow is represented by cash (outflow)/inflow from operating activities less the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.

Income Statement

	2022 £m	2021 £m
Loss before tax	**(495.0)**	(213.8)
Adjusting operating expenses (note 5)	**23.9**	2.2
Adjusting finance income (notes 5, 7)	**(12.5)**	(34.1)
Adjusting finance expense (notes 5, 8)	**32.6**	–
Adjusted loss before tax (EBT)	**(451.0)**	(245.7)
Adjusted finance income (note 7)	**(3.0)**	(2.3)
Adjusted finance expense (note 8)	**336.1**	173.7
Adjusted operating loss (EBIT)	**(117.9)**	(74.3)
Adjusted operating margin	**(8.5%)**	(6.8%)
Reported depreciation	**88.8**	74.6
Reported amortisation	**219.3**	137.6
Adjusted EBITDA	**190.2**	137.9
Adjusted EBITDA margin	**13.8%**	12.6%

Notes to the Financial Statements continued

33 Alternative performance measures continued

Earnings per share

	2022 £m	2021 Restated* £m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	**(528.6)**	(191.6)
Adjusting items (note 5)		
Adjusting items before tax (£m)	**44.0**	(31.9)
Tax on adjusting items (£m)	**–**	(8.3)
Adjusted loss (£m)	**(484.6)**	(231.8)
Basic weighted average number of ordinary shares (million)[1]	**424.7**	327.1
Adjusted loss per ordinary share (pence)	**(114.1p)**	(70.9p)
Adjusted diluted earnings per ordinary share		
Adjusted loss (£m)	**(484.6)**	(231.8)
Diluted weighted average number of ordinary shares (million)	**424.7**	327.1
Adjusted diluted loss per ordinary share (pence)	**(114.1p)**	(70.9p)

* Earnings per ordinary share has been adjusted to reflect the bonus element of the rights issue undertaken in September 2022. See notes 11 and 26

Net debt

	2022 £m	2021 £m
Opening cash and cash equivalents	**418.9**	489.4
Cash inflow from operating activities	**127.1**	178.9
Cash outflow from investing activities	**(284.7)**	(184.1)
Cash inflow/(outflow) from financing activities	**315.0**	(66.5)
Effect of exchange rates on cash and cash equivalents	**7.0**	1.2
Cash and cash equivalents at 31 December	**583.3**	418.9
Cash held not available for short term use	**0.3**	1.8
Borrowings	**(1,211.1)**	(1,189.2)
Lease liabilities	**(99.8)**	(103.4)
Inventory repurchase arrangement	**(38.2)**	(19.7)
Net debt	**(765.5)**	(891.6)
Adjusted EBITDA	**190.2**	137.9
Adjusted leverage	**4.0x**	6.5x

Free cash flow

	2022 £m	2021 £m
Net cash inflow from operating activities	**127.1**	178.9
Cash used in investing activities (excluding interest received)	**(286.9)**	(185.2)
Interest paid less interest received	**(139.0)**	(116.9)
Free cash flow	**(298.8)**	(123.2)

Parent Company Statement of Financial Position

as at 31 December 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Investments	3	**957.4**	957.4
Current assets			
Debtors: amounts falling due within one year	4	**1,357.6**	713.7
Total assets		**2,315.0**	1,671.1
Current liabilities			
Creditors: amounts falling due within one year	5	**(213.5)**	(219.1)
Net assets		**2,101.5**	1,452.0
Capital and reserves			
Share capital	6	**69.9**	11.6
Share premium		**1,697.4**	1,123.4
Capital redemption reserve	6	**9.3**	9.3
Capital reserve	6	**2.0**	2.0
Merger reserve	6	**143.9**	143.9
Retained earnings		**179.0**	161.8
Shareholder equity		**2,101.5**	1,452.0

The Financial Statements were approved by the Board of Directors on 28 February 2023 and were signed on its behalf by

Amedeo Felisa
Chief Executive Officer

Doug Lafferty
Chief Financial Officer

Company Number: 11488166

The profit on ordinary activities after taxation amounts to £17.2m (2021: profit of £34.9m).

Parent Company Statement of Changes in Equity

Company	Share capital £m	Share premium £m	redemption reserve £m	Capital reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022	**11.6**	**1,123.4**	**9.3**	**2.0**	**143.9**	**161.8**	**1,452.0**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	**17.2**	**17.2**
Total comprehensive income for the year	–	–	–	–	–	**17.2**	**17.2**
Transactions with owners recorded directly in equity							
Issuance of new shares	**58.3**	**574.0**	–	–	–	–	**632.3**
Total transactions with owners	**58.3**	**574.0**	–	–	–	–	**632.3**
At 31 December 2022	**69.9**	**1,697.4**	**9.3**	**2.0**	**143.9**	**179.0**	**2,101.5**

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

Notes to the Parent Company Financial Statements

1 Accounting policies

Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of Aston Martin Lagonda Global Holdings plc (the "Company") for the year were authorised for issue by the Board of Directors on 28 February 2023 and the Statement of Financial Position was signed on the Board's behalf by Amedeo Felisa and Doug Lafferty. The Company is a public limited company incorporated and domiciled in the UK. The Company's ordinary shares are traded on the London Stock Exchange and it is not under the control of any single shareholder.

An overview of the business activities of Aston Martin Lagonda Global Holdings plc, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 5 to 81. The debt facilities available to the Group and the maturity profile of this debt are shown in note 22 to the Group Financial Statements.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of $1,143.7m of First Lien Notes at 10.5% which mature in November 2025, $229.1m of Second Lien split coupon notes at 15% per annum (8.89 % cash and 6.11% PIK) which mature in November 2026, a Revolving Credit Facility (£90.6m) which matures August 2025, facilities to finance inventory, a bilateral RCF agreement and a wholesale vehicle financing facility (as described in note 17 to the Group Financial Statements). Under the RCF the Group is required to comply with a liquidity covenant until May 2022 and a leverage covenant thereafter tested quarterly from June 2022.

The amounts outstanding on all the borrowings are shown in note 22 to the Group Financial Statements.

The Directors have developed trading and cash flow forecasts for the period from the date of approval of these Financial Statements through 30 June 2024 (the going concern review period). These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and to comply with covenants for the going concern review period.

The forecasts reflect the strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with the ultra-luxury performance-oriented strategy. The forecasts include the costs of the Group's environmental, social and governance ("ESG") commitments and make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models, and future operating costs. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition, the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account these factors to the extent which the Directors consider them to represent their best estimate of the future based on the information that is available to them at the time of approval of these Financial Statements.

The Directors have considered a severe but plausible downside scenario that includes considering the impact of a 25% reduction in DBX volumes from forecast levels and operating costs higher than the base plan.

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

In addition, the Directors also considered the circumstances which would be needed to exhaust the Group's liquidity over the assessment period, a reverse stress test. This would indicate that vehicle sales would need to reduce by more than 35% from forecast levels without any of the above mitigations to result in having no liquidity. The likelihood of these circumstances occurring is considered remote both in terms of the magnitude of the reduction and that over such a long period, management could take substantial mitigating actions, such as reducing capital spending to preserve liquidity.

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

The Parent Company Financial Statements are presented in sterling.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). No Income Statement is presented for the Company as permitted by Section 408 of the Companies Act 2006. There were no gains or losses in the year (2021: £nil) in Other Comprehensive Income. The fee relating to the audit of these Financial Statements of £0.3m was borne by the Company (2021: £0.3m).

Notes to the Parent Company Financial Statements continued

1 Accounting policies continued

Basis of preparation

The Parent Company Financial Statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual Financial Statements of qualifying entities that otherwise apply this recognition, measurement and disclosure requirements of UK adopted IFRS.

FRS 101 sets out amendments to UK adopted IFRS that are necessary to achieve compliance with the Companies Act and related Regulations. The following disclosures have not been included as permitted by FRS 101:

- A Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows'.
- Disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures'.
- Disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements'.
- The effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- Disclosures in respect of the compensation of key management personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.

As the Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' in respect of group-settled shared based payments.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out herein have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Auditors remuneration

Auditors remuneration has been included in the group accounts. The Group accounts are required to comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008

Investments

The Company recognises investments in subsidiaries at cost less impairment in its individual Financial Statements. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

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

It was concluded that the value of investments at the reporting date (£957.4m) are recoverable owing to the Group's market capitalisation of £1,076.4m at 31 December 2022.

Amounts due to Group undertakings

Amounts due to Group undertakings are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Amounts due from Group undertakings

Amounts due from Group undertakings are initially recognised at fair value and subsequently measured at amortised cost on an effective interest basis. The Company recognises an allowance for expected credit loss (ECLs) for all receivables held at amortised cost. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL) and are remeasured to reflect changes in 12-month ECL, unless a significant deterioration in credit risk is considered to have occurred in which case ECLs are reassessed on a lifetime basis. A provision of £24.8m (2021: £36.0m) has been recognised.

1 Accounting policies continued

Financial assets and liabilities

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

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

2 Directors' remuneration

The Company has no employees other than the Directors. Full details of the Directors' remuneration is given in the Directors' Remuneration Report.

3 Investments

	£m
Cost and net book value	
At 1 January 2022	957.4
Additions in 2022	–
At 31 December 2021 and 31 December 2022	**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 to the Group Financial Statements.

4 Debtors

	2022 £m	2021 £m
Amounts due from Group undertakings	**1,357.3**	713.7
Other receivables	**0.3**	–
Total	**1,357.6**	713.7

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

5 Creditors

	2022 £m	2021 £m
Amounts due to Group undertakings	**187.9**	187.9
Accrued expenses	**2.9**	0.2
Derivative option over own shares	**22.7**	31.0
	213.5	219.1

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Share warrants

As part of the issue of the Second Lien SSNs by Aston Martin Capital Holdings Limited, the Company issued share warrants enabling warrant holders to subscribe for a number of ordinary shares in the Company at the subscription price of £1.67 per share (previously £10 per share prior to the rights issue in September 2022). The warrants can be exercised from 1 July 2021 through to 7 December 2027. The fair value of the warrants is determined at each period end. A credit to the Income Statement of £8.4m has been recognised in the year ended 31 December 2022 (2021: credit of £34.1m). No warrants were exercised in the current year. A total of 30,518,600 warrants were exercised in the prior year ended 31 December 2021 resulting in the issuance of 1,525,926 ordinary shares (note 6).

6 Capital and reserves

Allotted, called up and fully paid	**2022 £m**	2021 £m
698,757,075 shares of 10.0p each (2021: 116,459,513 ordinary shares of 10p each)	**69.9**	11.6

On 28 September 2022 the Company issued 559.0m ordinary shares by way of a rights issue. The shares were issued at 103p raising gross proceeds of £575.8m, with £55.9m recognised as share capital and the remaining £519.9m recognised as share premium. Share premium is reduced by £21.6m reflecting transaction fees paid of which £2.9m or accrued as at 31 December 2022. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 211.6m shares issued were considered bonus shares. A capital redemption reserve of £9.3m was recognised when deferred shares were repurchased during the 2020 capital reorganisation of the Company.

Merger reserve

On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The merger reserve value was reduced by £5.4m of transaction costs associated with the equity raise.

Capital reserve

The capital reserve of £2.0m arose from the share-for-share exchange on the acquisition of the entire share capital of Aston Martin Holdings (UK) Limited in 2018.

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 Goup 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	• 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	• Revenue recognition, specifically; – 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	• 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.

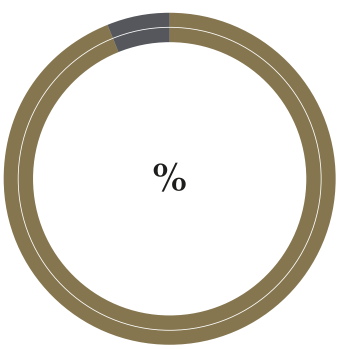
Of the six components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining two components ("specific scope components"), we performed audit procedures on specific 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.

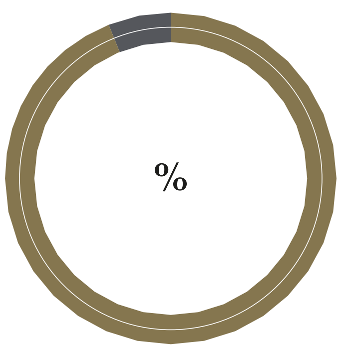
The charts below illustrate the coverage obtained from the work performed by our audit teams.

ADJUSTED EBITDA



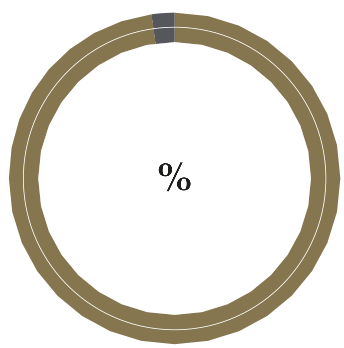
Full scope components	94
Specific scope components	6

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
Revenue Recognition (2021: £1,095.3m, 2020: £611.8m) *Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)* 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. There is also a risk of overstatement of revenue through inappropriate manual journal entries.	• 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.	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.
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) *Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)* 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. There is also a risk of overstatement of capitalised development costs through inappropriate manual journal entries.	• 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.	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.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
Impairment of capitalised development costs (Net book value of development costs: £833.3m, 2020: £784.1m, Impairment charge £nil, 2020 £69.4m) *Refer to the Audit and Risk Committee Report (page 108-114); Accounting policies (note 2 of the Financial Statements)* 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.	• 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.	Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs.

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.

STARTING BASIS
- Loss before tax – £(213.8)m

ADJUSTMENTS
- Adjusting items – £(31.9)m
- Net adjusting finance expense – £171.4m
- Depreciation and Amortisation – £212.2m

MATERIALITY
- Totals – £137.9m
- Materiality of £3.5m (2.5% of materiality basis)

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

		2021			2020		
	Notes	**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.

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**

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

	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

	Notes	**2021 £m**	2020 £m
Operating activities			
Loss for the year		**(189.3)**	(410.5)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
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

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.

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

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	Land and buildings	**(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.

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
Adjusting operating expenses:		
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)
Adjusting finance income:		
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**	–
Adjusting finance expenses:		
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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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%.

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.

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
Adjusting finance income items:		
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
Adjusting finance expense items:		
Premium paid on the early redemption of Senior Secured Notes	–	21.4
Write-off of capitalised borrowing fees upon early settlement of Senior Secured Notes	–	7.6
Loss on financial instruments recognised at fair value through Income Statement (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

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)
Deferred tax credit		
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)
Tax relating to items credited to other comprehensive income		
Deferred tax		
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)
Current tax		
Fair value adjustment on cash flow hedges	**–**	2.2
	(6.2)	(9.2)
Tax relating to items charged in equity – deferred tax		
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.

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.

Movement in deferred tax in 2021	**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**
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)**

Movement in deferred tax in 2020	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
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)

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 warrantholders 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)

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.

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**

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

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.

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**

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.

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.

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
Included within the above:		
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
Analysed as:		
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).

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.

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

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.

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 warrantholders to subscribe for a number of ordinary shares in the Company at the subscription price of £10 per share. The warrantholders 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 warrantholders 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.

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**

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.

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

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.

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

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						
Level 2						
Forward foreign exchange contracts	**–**	**0.6**	**0.6**	–	0.8	0.8
Loan assets	**2.1**	**2.1**	**2.1**	–	–	–
Level 3						
Other derivative contracts	**–**	**3.3**	**3.3**	–	4.0	4.0
	2.1	**6.0**	**6.0**	–	4.8	4.8
Included in liabilities						
Level 1						
$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
Level 2						
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 warrantholders 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 warrantholders during the year.

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

22 FINANCIAL INSTRUMENTS CONTINUED

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. Given this, the objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt which includes the borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in the Consolidated 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)

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.

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	**Current**	Future	Current
	Currently aged 45 2021	**Currently aged 65 2021**	Currently aged 45 2020	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

25 PENSION OBLIGATIONS CONTINUED

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

	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
Asset class						
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)

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)

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%)

26 SHARE CAPITAL AND OTHER RESERVES

Allotted, called up and fully paid	Number of Shares	Nominal Value £	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m
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**

1. On 31 March 2020 the Company issued 76.0m ordinary shares by way of a private placing. The shares were issued at 225p raising gross proceeds of £171.0m, with £0.7m recognised as share capital and the remaining £170.3m recognised as share premium.
2. On 1 April 2020 the Company issued 1,216.0m ordinary shares by way of a rights issue. The shares were issued at 30p raising gross proceeds of £364.7m, with £11.0m recognised as share capital and the remaining £353.7m recognised as share premium. Due to the shares being issued at substantially below market price, a bonus issue is deemed to have taken place. A total of 642.4m shares issued were considered bonus shares. The weighted average shares used to calculate Earnings Per Share (see note 11) has been adjusted accordingly.
3. On 26 June 2020 the Company issued 304.0m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.7m recognised as share capital and the remaining £149.4m recognised as merger reserve. The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.
4. On 7 December 2020 the Company issued 250.0m ordinary shares by way of a placing. The shares were issued at 50p raising gross proceeds of £125.0m, with £2.3m recognised as share capital and the remaining £122.7m recognised as share premium.
5. On 7 December 2020 the Company issued 224.7m ordinary shares by way of Tranche 1 Consideration shares. The shares were issued at 63.34p in reflection of the fair value of access to technology assets acquired (see note 12), with £2.0m recognised as share capital and the remaining £140.3m recognised as share premium.
6. On 14 December 2020 the Company issued 3 ordinary shares. The shares were issued at 81.65p raising gross proceeds of £2.45. The shares were issued to facilitate the share consolidation in sub-note 7 below.
7. On 14 December 2020 the Company underwent a capital reorganisation. Each ordinary 0.9p share was split into one ordinary 0.5p share and one deferred 0.4p share. The deferred shares were repurchased by the Company for consideration of £1. The deferred shares were subsequently cancelled by the Company resulting in a movement from share capital into the Capital Redemption Reserve of £9.3m. Each holder of ordinary shares was entitled to 1 new ordinary share of 10p in respect of 20 ordinary 0.5p shares held.
8. 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.

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
Changes from financing cash flows										
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
Changes from financing cash flows										
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

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.

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 Personal 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.

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.

32 GROUP COMPANIES CONTINUED

	Aston Martin Works Limited 2021 £m	AMWS Limited 2021 £m	Aston Martin Works Limited 2020 £m	AMWS Limited 2020 £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.

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.

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 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 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 warrantholders 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

Allotted, called up and fully paid	2021 £m	2020 £m
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.

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OFFERING MEMORANDUM

Aston Martin Capital Holdings Limited

$960,000,000 10.000% Senior Secured Notes due 2029
£400,000,000 10.375% Senior Secured Notes due 2029

Dollar Notes			***Sterling Notes***	
Global Coordinators			*Global Coordinators*	
Goldman Sachs International	**Barclays**	**Barclays**	**Goldman Sachs International**	**HSBC**
Joint Bookrunners			*Bookrunner*	
HSBC	**Deutsche Bank**		**Deutsche Bank**	