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THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE PUBLISHED, FORWARDED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER.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:

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

(2) 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

(3) if you are resident in a member state of the EEA or the United Kingdom, you are not a "retail investor." For the purposes of this paragraph (3), the expression "*retail investor*" means a person who is one (or more) of the following:

(a) a "retail client" as defined in point (11) of Article 4(1) of Directive (EU) 2014/65 (as amended, "*MiFID II*");

(b) 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

(c) not a "qualified investor" as defined in Regulation (EU) 2017/1129 (the "*Prospectus Regulation*").

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.

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 or 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 (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 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 or the United Kingdom has been prepared and therefore offering or selling the

Securities or otherwise making them available to any retail investor in the EEA or the United Kingdom 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 or the United Kingdom 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 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.

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 Offering Memorandum is not being distributed, nor has it been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended, the "*FSMA*") by an authorized person under the FSMA. The Offering Memorandum is for distribution only to, and is only directed at, (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 (the "*Financial Promotion Order*"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) outside the United Kingdom or (iv) persons to whom it would be otherwise 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 Securities 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.

No person may 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 the Securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company.

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

$1,085,500,000 10.50% Senior Secured Notes due 2025

Aston Martin Capital Holdings Limited (the "*Issuer*"), a public limited company incorporated under the laws of Jersey, is offering $1,085,500,000 10.50% senior secured notes due 2025 (the "*New Notes*"). The proceeds of the New Notes will be used, together with the proceeds of certain other debt and equity financing transactions described herein (i) to redeem in full the outstanding amount of Old Notes (as defined herein), including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full and cancel the £20.0 million term loan described herein as the CLBILS Loan, including any accrued and unpaid interest thereon, (iii) for general corporate purposes, including working capital requirements, and (iv) to pay fees and expenses incurred in connection with the Transactions (as defined herein). See "*Use of proceeds*."

The New Notes will be issued on November 16, 2020 (the "*Issue Date*"). The New Notes will be issued under the indenture to be entered into by, among others, the Issuer and U.S. Bank Trustees Limited, as trustee, on the Issue Date (the "*New Notes Indenture*"). The Issuer expects to issue $335,000,000 aggregate principal amount of 15.00% second lien split coupon notes due 2026 (the "*Second Lien Notes*") under the indenture to be entered into by, among others, the Issuer and U.S. Bank Trustees Limited, as trustee, on or around November 10, 2020 (the "*Second Lien Indenture*"). The New Notes and the Second Lien Notes are collectively referred to herein as the "*Notes*."

Interest on the New Notes will be payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2021. The New Notes will mature on November 30, 2025.

Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance (each as defined herein) as well as delivery of a certification of the Issuer on the Release Date (as defined herein) that, on the Release Date, the outstanding aggregate principal amount of the Old Notes (as defined herein) will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the Initial Purchasers (as defined herein) will deposit the gross proceeds from the Offering (as defined herein) of the New Notes on the Issue Date into the Escrow Account (as defined herein). From the Issue Date to the Release Date, the Escrow Account will be subject to security on a first ranking basis in favor of the trustee under the New Notes Indenture and the holders of the New Notes. The consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and the release of the gross proceeds of the Offering from the Escrow Account will be subject to the satisfaction of certain conditions. If the Release Date does not take place on or prior to February 10, 2021 (the "*Escrow Longstop Date*"), or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the issue price of the New Notes plus accrued and unpaid interest and additional amounts, if any, to the date of special mandatory redemption. See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

Prior to November 1, 2024, the Issuer may redeem, at its option, the New Notes, in whole or in part, by paying a "make-whole" premium. On or after November 1, 2024, the Issuer may redeem, at its option, the New 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 November 1, 2024, the Issuer may redeem up to 40% of the original aggregate principal amount of the New 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 date of redemption; provided that at least 50% of the original aggregate principal amount of the New Notes remains outstanding immediately after the redemption. Until (and including) the 120th day after the Issue Date, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of the New Notes up to an amount equal to the net cash proceeds of any amount received pursuant to any Regulatory Debt Facility (as such term is defined under "*Description of the New Notes— Certain Definitions*") at a redemption price equal to 110.50% of the principal amount of New Notes so redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, provided that at least 60% of the original aggregate principal amount of the New Notes remains outstanding immediately after the redemption. See "*Description of the New Notes—Optional Redemption*."

The New Notes may 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 New Notes at 101% of the outstanding principal amount thereof, plus accrued and unpaid interest to the date of the redemption.

The New Notes will be the Issuer's senior obligations. On the Issue Date, the New 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 Guarantors will also guarantee the New Revolving Credit Facility (as defined herein) and the Second Lien Notes. On the Release Date, the New Notes and the Guarantees will be secured by first-priority security interests on certain assets (the "*Collateral*") that will also secure the obligations under our New Revolving Credit Facility, certain hedging obligations, if any, and the Second Lien Notes, as described in "*Description of the New Notes—Security—The Collateral.*" In the event of enforcement of the security over the Collateral, the holders of the New Notes will receive proceeds from the Collateral only after the lenders under the New 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 New Notes. Application will be made to The International Stock Exchange Authority Limited (the "*Authority*") for the listing of and permission to deal in the New Notes on the Official List of The International Stock Exchange (the "*Exchange*").

An investment in the New Notes involves risks. See "*Risk factors*" beginning on page 48.

The New 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 New 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 New 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 New Notes will be issued in the form of global notes in registered form. See "*Book-entry; delivery and form.*" The New Notes will initially be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof. The New Notes are expected to be delivered to investors in book-entry form through The Depository Trust Company ("*DTC*") on or about the Issue Date. See "*Book entry; delivery and form*."

Issue price: 100% and accrued interest, if any, from the Issue Date.

Global Coordinators and Joint Bookrunners

Sole Physical Bookrunner

J.P. Morgan **Barclays**

Joint Bookrunners

Credit Suisse **Deutsche Bank** **HSBC**

Offering Memorandum dated October 30, 2020

TABLE OF CONTENTS

Important Information

You should base your decision to invest in the New 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 New 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 New 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 New 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 New Notes. You should read this Offering Memorandum before making a decision whether to purchase the New 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 New 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 New Notes. It should be remembered that the price of securities and the income from them can fluctuate. By purchasing the New 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 New Notes 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 New 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 New 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 New Notes and the distribution of this Offering Memorandum, see "*Notice to investors*" and "*Transfer restrictions.*" By purchasing any New 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 New 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 New 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 New Notes and distribution of this Offering Memorandum, see "*Transfer Restrictions*."

A copy of this Offering Memorandum has been delivered to the registrar of companies in Jersey (the "*Jersey Registrar*") in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the "*Commission*") has given, and has not withdrawn, or will have given prior to the issue of the New Notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the New 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. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this Offering Memorandum you should consult your broker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up. The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this Offering Memorandum are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this Offering Memorandum in any material respect, whether of facts or of opinion. All the directors accept responsibility accordingly.

The New 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 New 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 New Notes.

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

Application will be made to the Authority for the listing of and permission to deal in the New 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. In the course of any review by the Authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum in producing a listing document for such listing. Comments by the Authority may require significant modification to or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in its business, financial condition or results of operations and prospects. The Issuer cannot guarantee that its application for listing of and permission to deal in the New Notes on the Official List of the Exchange will be approved as of the date of issuance of the New Notes or any date thereafter, and settlement of the New 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 New Notes offered by this Offering Memorandum.

Stabilization

IN CONNECTION WITH THE ISSUE OF THE NEW NOTES, J.P. MORGAN SECURITIES PLC (THE "*STABILIZING MANAGER*") (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NEW NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICES OF THE NEW NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZING MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) 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 NEW 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 NEW NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW NOTES.

Notice to investors

Notice to U.S. investors

Each purchaser of New Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Transfer restrictions*." The New 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 New 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 New 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 new 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 New Notes, see "*Transfer restrictions*." The New 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 New Note to the public.

Notice to prospective investors in Canada

The New 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 New 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 and United Kingdom investors

The New 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*") or 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 (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 New Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the New Notes in any member state of the EEA or the United Kingdom 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 New Notes has led to the conclusion that: (i) the target market for the New Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New 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 New Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notice to certain United Kingdom investors

The Offering Memorandum is for distribution only to, and is only directed at, (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 (the "*Financial Promotion Order*"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) outside the United Kingdom or (iv) persons to whom it would be otherwise lawful to distribute it, all such persons together being referred to as "*relevant persons*." The New Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New 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 New Notes are not being offered to the public in the United Kingdom.

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 New Notes in Austria and the Offering of the New Notes may not be advertised in Austria. Any offer of the New 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 New Notes in Austria. The New Notes will only be available to and this Offering Memorandum and any other offering material in relation to the New 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 and United Kingdom investors*" above.

Notice to investors in Belgium

This Offering Memorandum relates to a private placement of the New Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the New 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 New 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 and United Kingdom 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 New 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 New Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The New 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 (a) this Offering Memorandum has not been and will not be submitted for clearance to the AMF, (b) 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 (c) the direct and indirect distribution or sale to the public of the New 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 and United Kingdom investors*" above.

Notice to investors in Germany

The Offering is not a public offering in the Federal Republic of Germany. The New 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 New Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the New Notes and accordingly the New 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 New Notes will only be available to and this Offering Memorandum and any other offering material in relation to the New 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 New 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 and United Kingdom 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 New 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 New Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 2, letter (e) of the Prospectus Regulation; or (b) 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 New Notes or distribution of copies of this Offering Memorandum or of any other document relating to the New 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 New Notes or distribution of copies of this Offering Memorandum or any other document relating to the New Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(a) 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

(b) 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 and United Kingdom 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 New 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 and United Kingdom 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 New 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 and United Kingdom investors*" above.

Notice to investors in Poland

The New 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 and United Kingdom investors*" above.

Notice to investors in Spain

The New 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 New 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 New 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 New Notes in Spain. For selling restrictions in respect of Spain, see also "*—Notice to European Economic Area and United Kingdom 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 New 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 and United Kingdom investors*" above.

Notice to investors in Switzerland

The New 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 New 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 New 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 NEW 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 (i) the audited consolidated financial statements of Aston Martin Holdings (UK) Limited ("*AM Holdings*") as of and for the year ended December 31, 2017, (ii) the audited consolidated financial statements of Aston Martin Lagonda Global Holdings plc ("*AML Global Holdings*") as of and for the years ended December 31, 2018 and 2019 and (iii) the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum.

Financial information

Our consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("*IFRS*"). The unaudited condensed consolidated interim financial statements of the Group as of September 30, 2020 are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*," as adopted by the European Union.

On September 3, 2018, AML Global Holdings obtained control of the entire share capital of AM Holdings by way of a share-for-share exchange. Although the share-for-share exchange resulted in a change in legal ownership, in substance the consolidated financial information presented for the periods ended December 31, 2018 and 2019 and September 30, 2020 represent the continuation of the pre-existing group headed by AM Holdings. Consequently, references in this Offering Memorandum to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information prior to the year ended December 31, 2018 relate to AM Holdings and its subsidiaries and do not include AML Global Holdings; and references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information for the year ended December 31, 2018 onwards relate to AML Global Holdings and its subsidiaries.

IFRS 16 (*Leases*) became effective on, and applies to periods beginning on or after, January 1, 2019. Our audited consolidated financial statements as of and for the year ended December 31, 2019 and our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum, give effect to IFRS 16 (*Leases*). The new standard replaces the previous accounting standard, IAS 17 (*Leases*), including related interpretations. We have applied exemptions for short-term leases and leases of low value items and chose to adopt the modified retrospective transition approach for IFRS 16 under which, prior to reflecting the impact of lease incentives, we evaluated our lease liability using incremental borrowing rates assessed at the date of transition with a right of use asset of equal value. Our equity reserves as of January 1, 2019 have been adjusted to reflect the de-recognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right of use asset on adoption of IFRS 16, under the transition approach adopted, this treatment is not followed. There have been no IFRS 16 adjustments made to the consolidated income statements for the periods prior to January 1, 2019. See notes 2 and 16 of AML Global

Holdings' audited consolidated financial statements as of and for the year ended December 31, 2019 included elsewhere in this Offering Memorandum for further information on the impact of IFRS 16 on our consolidated income statement for the year ended December 31, 2019. See also "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting comparability—IFRS 16*."

Our consolidated financial statements include the results of operations and financial position of AML Global Holdings and AM Holdings (as applicable) 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 and AM Holdings (as applicable) 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 year ended December 31, 2017 of AM Holdings and the Company primarily related to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which were obligations of AM Holdings, but not the Company, as well as annual administration costs of AM Holdings in the amounts of £1.3 million for the year ended December 31, 2017. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 of AML Global Holdings and the Company primarily related to £61.9 million of costs associated with the conversion of the Preference Shares as part of the Aston Martin IPO for the year ended December 31, 2018, £2.5 million of directors' remuneration and administration costs for the year ended December 31, 2019, £1.7 million of directors' remuneration and administration costs for the nine months ended September 30, 2019 and £0.9 million of directors' remuneration and administration costs for the nine months ended September 30, 2020. Therefore, the financial and operating results and certain other information relating to AM Holdings and AML Global Holdings (as applicable) have been presented in this Offering Memorandum in lieu of the Company. We believe that AM Holdings' and 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. AML Global Holdings will be the reporting entity under the covenants pursuant to the New Notes Indenture and the New Revolving Credit Facility Agreement. For further information, see "*Description of the New Notes.*"

We also note commentary in note 1 of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 in which we discuss our liquidity in relation to our current financial position and forecasts. See also "*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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position*."

The Issuer is a wholly owned direct subsidiary of the Company and was formed on March 21, 2017 for purposes of issuing certain of the Old Notes.

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

IFRS 15 (*Revenue from Contracts with Customers*) became effective on, and applies to periods beginning on or after, January 1, 2018. The new standard integrates the various previously existing IFRS requirements and interpretations relating to revenue recognition into a single standard and establishes the principles, which an entity needs to apply when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. We have applied the new requirements for revenue from contracts with customers in the year ended December 31, 2018 using the "*full retrospective*" option. As a result, we present, within the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018, a restatement of the audited comparative periods (the "*Restated 2017 Financial Information*"). The Restated 2017 Financial Information is presented in this Offering Memorandum and 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, 2018, included elsewhere in this Offering Memorandum.

Certain reclassifications 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, 2019 regarding the 2018 comparative values, including: (i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables; (ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables; and (iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions. The Restated 2018 Financial Information is presented in this Offering Memorandum and 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, 2019. See "*Summary—Summary historical consolidated financial and other data—Certain restated financial data*" for additional information.

Moreover, in the preparation of the interim financial results of 2020 we have determined that an adjustment should be made in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. This is a non-cash adjustment and has no impact on the timing of the Company's historic or forecast cash flows. As a result, the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 and the consolidated statement of comprehensive income for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated to correct this error and the related adjustments to tax. See "*Summary—Summary historical consolidated financial and other data—Certain restated financial data*" for additional information.

In addition, in the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 (i) the tax charge for the nine months ended September 30, 2019 has been restated to derecognize deferred tax related to future finance costs for which tax relief is deferred to future periods and where the likelihood of recoverability is not considered to support recognition of the asset, (ii) frozen cash as of September 30, 2019 has been reclassified from cash and cash equivalents to other financial assets in the consolidated statement of financial position, (iii) three further adjustments were recorded to restate the consolidated statement of financial position and consolidated statement of comprehensive income for the nine months ended September 30, 2019 with a net increase in profit before tax of £5.6 million and profit after tax of £4.6 million (iv) and retained earnings as of January 1, 2019 have been restated to correct for a brought forward taxation error, with a corresponding £2.9 million entry made to reduce trade and other receivables as of September 30, 2019 and increase trade and other payables as of December 31, 2019 in the consolidated statements of financial position. See "*Summary—Summary historical consolidated financial and other data—Certain restated financial data*" for additional information.

LTM Guarantor coverage

As of and for the twelve months ended September 30, 2020, the Guarantors represented (on an unconsolidated basis without giving effect to intercompany eliminations) 79% and 113% of the Group's revenue and assets, respectively.

Non-IFRS measures

We have included certain non-IFRS financial measures in this Offering Memorandum, including net debt, *pro forma* net total debt, Adjusted EBITDA Covenant EBITDA, 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 New Notes 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.

Covenant EBITDA constitutes the basis for which debt incurrence and other calculations are made under the covenants in the New Notes Indenture and the New Revolving Credit Facility Agreement. See "*Description of the New Notes*" for a description of the calculation of Covenant EBITDA and "*Summary—Summary historical consolidated financial and other data*" for additional information. Such non-IFRS financial information has not been audited or reviewed by KPMG LLP or 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.

LTM Financial Information

In this Offering Memorandum we present certain financial information for the twelve months ended September 30, 2020 (the "*LTM Financial Information*"). The LTM Financial Information is derived by adding the unaudited consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2020 to the restated consolidated income statement information of AML Global Holdings for the year ended December 31, 2019 and deducting the restated consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2019. The consolidated statement of comprehensive income data for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "*—Certain restatements and reclassifications*" and "*Summary—Summary historical consolidated financial and other data—Certain Restated Financial Data*" for additional information. The LTM Financial Information has been presented for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The LTM Financial Information is not prepared in the ordinary course of our financial reporting or in accordance with IFRS. We also note commentary in note 2 of the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, included elsewhere in this Offering Memorandum.

***Pro forma* financial information**

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

- *Pro forma* 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 September 30, 2020.

- *Pro forma interest expense* is interest expense adjusted to give effect to the Transactions, including the issuances of the Notes and the entry into the New Revolving Credit Facility, as if they had occurred on October 1, 2019.

- *Pro forma* 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*."

Such *pro forma* 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 *pro forma* financial information has not been audited or reviewed by KPMG LLP or 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 *pro forma* 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 or any generally accepted accounting standards. The unaudited *pro forma* adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the *pro forma* adjustments nor the resulting unaudited *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited *pro forma* 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 *pro forma* 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 *pro forma* financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited *pro forma* financial information. The *pro forma* consolidated financial information, and the related assumptions, are for illustrative purposes only.

The unaudited *pro forma* 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*," "*Risk factors—Risks relating to our business and industry—The adjustments to Covenant EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*," "*Risk factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*" and the financial statements included in this Offering Memorandum.

Order book

This Offering Memorandum also includes certain information relating to our order book. Our management uses an order book for all of our models, including our special projects, to track current and future orders and to assess the operating performance of the business, including sales and revenue as well as expected costs. Our order book includes Orders in Production and Orders not yet in Production. We only recognize revenue from our order book upon delivery of the car, which, for various reasons, could be delayed or not occur at all. See "*Risk factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*" and "*Risk factors—Risks relating to our business and industry—Our profitability relies in part on our ability to produce and deliver our special edition models 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*."

Orders in Production

Orders in Production represents fully committed orders for our cars from our customers and dealers that have been loaded on our production schedule as of October 1, 2020. These orders are fully specified, meaning the ordered unit's specifications such as the trim, upholstery colors and material finishes have been specified by our customer or dealer. We require 12 weeks, at a minimum, to satisfy our production scheduling for an order. Orders in Production are firm orders for which we have generally scheduled supply of components from suppliers and which our customers or dealers cannot unilaterally cancel.

Orders not yet in Production

Orders not yet in Production represents (i) orders for our cars from our customers and dealers that are not yet loaded on our production schedule as of October 1, 2020 as they are yet to be fully specified by our customer or dealer and (ii) fully specified orders that are scheduled to begin production after December 31, 2020 and are therefore not yet loaded on our production schedule as of October 1, 2020. We do not yet schedule the relevant supply of components from suppliers for an order designated as an Order not yet in Production.

Neither Orders in Production nor Orders not yet in Production should be considered as alternatives to operating profit (loss), net 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. Our order book has important limitations as an analytical tool as both Orders in Production and Orders not yet in Production are subject to change and you should not consider them in isolation or as a substitute for analysis of our results as reported under IFRS. Unforeseen events or circumstances, including, for example, increased time requirements to complete the work, delays in commencing work, impacts of currency fluctuations, disruption of work, irrecoverable cost overruns, product recalls or other unforeseen events may affect our ability to fulfil Orders in Production. See also "*Forward-looking statements*," "*Risk factors—Risks relating to our business and industry—The adjustments to Covenant EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*" and "*Risk factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*."

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) Bain & Company's, Spring Luxury report (May 2020), (ii) World Wealth Report 2020 from Capgemini, (iii) IHS Markit, (iv) Knight Frank, 2020 Wealth Report 2020, (v) World Federation of Exchanges, First Quarter 2020 & Full Year 2019 Market Highlights, (vi) Bernstein Research, European Autos: The reincarnation of the Car (September 2020).

Bain & Company, Inc. is not affiliated with us and the information contained in this Offering Memorandum has not been reviewed or endorsed by Bain & Company.

The IHS Markit reports, data and information referenced herein (the "*IHS Markit Materials*") are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("*IHS Markit*") and represent data, research, opinions or viewpoints published by IHS Markit, and are not representations of fact. The IHS Markit 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 IHS Markit Materials are subject to change without notice and IHS Markit has no duty or responsibility to update the IHS Markit Materials. Moreover, while the IHS Markit 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. IHS Markit and the appropriate trademarks used in the data to be included are trademarks of IHS Markit. Other trademarks appearing in the IHS Markit Materials are the property of IHS Markit 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. While we are not aware of any misstatements regarding our industry data presented herein, 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.

Exchange rate and currency information

Unless otherwise indicated, references in this Offering Memorandum to "*sterling*," "*pound sterling*," "*GBP*" or "*£*" are to the lawful currency of the United Kingdom and references to "*U.S. dollars*," "*dollars*," "*U.S.$*" or "*$*" are to the lawful currency of the United States of America.

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg New York Composite Rate expressed as U.S. dollars per £1.00. The Bloomberg New York Composite Rate is a "*best market*" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg New York Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. None of the Issuer, the Guarantors or the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into pound sterling at any particular rate indicated or any other rate.

The average rate for a period means the average of the final daily Bloomberg New York Composite Rates during that period.

The Bloomberg Composite Rate of pound sterling on October 30, 2020 was $ 1.2947 per £1.00.

	U.S. dollar per £1.00			
Year	**High**	**Low**	**Average(1)**	**Period end**
2015	1.5881	1.4632	1.5285	1.4726
2016	1.4880	1.2123	1.3554	1.2357
2017	1.3594	1.2049	1.2889	1.3521
2018	1.4338	1.2489	1.3350	1.2760
2019	1.3339	1.2028	1.2767	1.3255
2020 (through October 30, 2020)	1.3384	1.1485	1.2736	1.2947

Month	**High**	**Low**	**Average(1)**	**Period end**
April 2020	1.2623	1.2231	1.2418	1.2594
May 2020	1.2506	1.2116	1.2296	1.2343
June 2020	1.2747	1.2298	1.2527	1.2401
July 2020	1.3096	1.2468	1.2686	1.3085
August 2020	1.3370	1.3034	1.3136	1.3370
September 2020	1.3384	1.1485	1.2754	1.2920
October 2020 (through October 30, 2020)	1.3149	1.2881	1.2978	1.2947

(1) The average of the final exchange rates on each business day during the relevant period.

Forward-looking statements

This Offering Memorandum includes forward-looking statements. When used in this document, the words "*aim*," "*anticipate*," "*believe*," "*estimate*," "*forecast*," "*expect*," "*intend*," "*plan*," "*project*" and "*target*" and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include 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:

- the effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations;

- 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 the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position;

- our future success depends on our ability to develop attractive products that are tailored to the needs and tastes of our customers, including our new SUV, the DBX;

- our business model assumes the Wholesale Finance Facility is, and going forward the Receivables Finance Facility or similar replacement financing arrangements, will be, available on an ongoing basis and 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 our business;

- 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;

- our future success depends on our continued ability to introduce our next generation cars, which will require significant capital expenditures;

- we are dependent on our primary manufacturing facility at Gaydon for the production of our three current sports and GT core models and we are also dependent on our new plant at St. Athan for the production of our fourth core model, the DBX, and we may incur unanticipated costs or delays in production of the DBX;

- our future success depends on our ability to continue to sell our cars to customers at prices which reflect the cost of maintaining the high quality of our cars;
- demand for our products and our pricing power is dependent on consumers’ sentiment and purchasing power;
- we are dependent upon our dealers for the sale and promotion of our products and services;
- car sales in certain regions depend in part on the availability of affordable financing;
- the trend toward cars with lower engine capacity and new drive technologies could negatively affect us;
- the strength of the Aston Martin brand could be diluted or weakened;
- our profitability relies in part on our ability to produce and deliver our special edition models 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;
- we face strong competition within the HLS car market, which could lead to a saturation of the market, and result in a significant drop in unit sales or price deterioration;
- we may not be able to realize cost savings, reduce capital expenditures or balance supply and demand effectively in line with our strategy;
- our international operations expose our business to risks that we may not have the expertise, capability or the systems to manage;
- our business is affected by the timing of new product launches, as well as other seasonal factors;
- Daimler is one of our significant suppliers and MBAG, one of its wholly owned subsidiaries, also holds shares in AML Global Holdings;
- we could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers;
- our long-term success depends on attracting and retaining key management and other personnel, as well as on good relationships with our workforce;
- legal, political and economic uncertainty surrounding the planned exit of the U.K. from the EU (“*Brexit*”) may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements;

- 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;

- conditions in the global economy may adversely affect our business, financial position and results of operations;

- we face credit and market risks arising from foreign currency exchange rates, commodity prices, interest rates and related hedging activities;

- exposure to domestic and global political developments could negatively affect us;

- developments in emerging markets may adversely affect our business;

- we operate a number of employee pension arrangements, including an underfunded U.K. 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 completed by July 5, 2021;

- the pensions regulator in the U.K. has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for us or an acceleration in the payment of our liabilities in relation to the U.K. DB Plan (as defined herein);

- changes in tax, tariff or fiscal policies could adversely affect demand for our products;

- we may lose or fail to maintain licenses, permissions or certifications that we currently use to export our products into other markets;

- we are in some cases subject to the residual value risk under lease financing agreements;

- we may not succeed in adequately protecting our intellectual property and know-how;

- 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;

- 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;

- 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;

- 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;
- our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject;
- the adjustments to derive Covenant EBITDA from Adjusted EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision;
- our order book is not necessarily indicative of our future revenue or results of operations;
- we may not be able to meet the targets that we have formulated as part of our medium term vision;
- consummation of the Strategic Cooperation is subject to a number of conditions, including certain antitrust approvals, which may not be satisfied or waived;
- we may face challenges, delays or excessive costs integrating the MBAG Technology into our cars and/or otherwise fail to realize the anticipated benefits of the Strategic Cooperation;
- if at the time that certain shares are issued to MBAG the price of AML Global Holdings' shares is below a certain level, we would be required to make an additional cash payment to MBAG, which could be material;
- we may face difficulties in obtaining licenses and/or receiving supply of components from third parties, which may prevent us from using certain elements of the MBAG Technology;
- the MBAG Technology may become outdated, making our vehicles less attractive to customers;
- we will access the MBAG Technology on a non-exclusive basis;
- MBAG may face unexpected delays in delivering MBAG Technology to us, be prevented from doing so, or decide to stop developing any MBAG Technology;
- MBAG could refuse access to certain of its technology and intellectual property;
- customers or other third parties could bring claims for loss resulting from the use of MBAG Technology in our vehicles;

- we may be exposed to liability in the event that the MBAG Technology infringes any third party intellectual property rights;
- we may be exposed to liability in the event that any of the intellectual property rights licensed by us to MBAG infringe third party intellectual property rights;
- we may lose access to certain MBAG Technology and be required to pay damages to MBAG if we breach our confidentiality obligations related to that technology;
- the Strategic Cooperation Agreement includes a termination right for MBAG in the event of certain events occurring that involve a strategic competitor of MBAG, which may discourage such competitors from making an investment in or otherwise seeking to strengthen their relationship with us;
- we may request and obtain access to MBAG Technology with an aggregate value greater than the aggregate value of the shares of AML Global Holdings that are capable of being issued to MBAG under the Strategic Cooperation Agreement, which would result in us making an additional cash payment; and
- other risks related to our indebtedness, the New Notes and the Guarantees discussed under "*Risk factors—Risks related to our indebtedness, the New 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.

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 New Notes.

Use of terms

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

- "*2011 Notes Proceeds Loan*" are to the subordinated intercompany loan from AM Capital to AM Holdings;
- "*Agreed Security Principles*" are to the agreed security principles set out in a schedule to the New 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;
- "*Asia Pacific*" are to Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam;
- "*Aston Martin IPO*" are to the completion of an initial public offering by AML Global Holdings in October 2018, in connection with which 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;
- "*Capital Raise*" are to the March Equity Placing and the Rights Issue;
- "*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;
- "*CLBILS Loan*" are to the £20.0 million term loan incurred by AML under the term loan facility agreement dated July 23, 2020 between Aston Martin Investments Limited, as parent, AML, as original borrower, HSBC UK Bank plc, as arranger, HSBC Bank plc, as agent and U.S. Bank Trustees Limited, as security agent, in accordance with the U.K. Coronavirus Large Business Interruption Loan Scheme, which is expected to be repaid in full and cancelled as part of the Transactions;

- "*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;

- "*DBZ Centenary Pair*" are to the DB4 GT Zagato Continuation, paired with a special edition DBS GT Zagato;

- "*Delayed Draw Notes Issuance*" are to the issuance of the Old Delayed Draw Notes;

- "*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;

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

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

- "*Escrow Account*" are to the escrow account into which the gross proceeds from the Offering of the New Notes will be deposited on the Issue Date, pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any;

- "*Escrow Agent*" are to JPMorgan Chase Bank, N.A., as escrow agent under the Escrow Agreement;

- "*Escrow Agreement*" are to the agreement to be dated the Issue Date, among the Issuer, the Trustee and the Escrow Agent relating to the Escrow Account;

- "*Escrow Longstop Date*" are to February 10, 2021;

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

- "*First Strategic Cooperation Equity Issuance*" are to the issue of the first tranche of shares in AML Global Holdings to MBAG pursuant to the Strategic Cooperation Agreement;

- "*General Meeting*" are to the general meeting of shareholders of AML Global Holdings which is expected to be held in December 2020 and at which shareholders of AML Global Holdings will vote on resolutions relating to, amongst other things, the New Equity Offering and the Strategic Cooperation Agreement as well as the related issuances of shares in AML Global Holdings to MBAG pursuant to the terms of the Strategic Cooperation Agreement;

- "*GT*" are to grand tourer cars;

- "*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 New Notes initially to be provided by all the Guarantors on the Issue Date pursuant to the New Notes Indenture;

- "*Guarantors*" are to the Company, AML Group Ltd., AML and AM Capital;

- "*HLS*" are to the high luxury sports segment of the automotive industry;

- "*HNWI*" are to high net worth individuals, which are typically defined as individuals having investable assets (financial assets not including primary residence, collectibles, consumables and consumer durables) in excess of $1 million;

- "*IFRS*" are to International Financial Reporting Standards, as adopted in the EU;

- "*Initial Purchasers*" are to J.P. Morgan Securities plc, Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and HSBC Bank plc;

- "*Intercreditor Agreement*" are to the intercreditor agreement originally dated April 18, 2017, as amended and restated on or around the Release Date between, among others, the Issuer, the Company and U.S. Bank Trustees Limited as security agent;

- "*Issue Date*" are to the date on which the New 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;

- "*June Equity Placing*" are to the raise of £152.1 million of gross proceeds through the placing of shares in AML Global Holdings in June 2020;

- "*March Equity Placing*" are to the private placing of shares in AML Global Holdings to the Yew Tree consortium led by Lawrence Stroll for £171 million in March 2020;

- "*MBAG*" are to Mercedes-Benz AG, a fully owned subsidiary of Daimler AG ("*Daimler*");

- "*MBAG Relationship Agreement*" are to the relationship agreement governing the relationship between AML Global Holdings and MBAG dated October 27, 2020;

- "*MBAG Technology*" are to certain of the technology and intellectual property of MBAG to which MBAG will grant us access under the Strategic Cooperation Agreement in consideration for the issue to MBAG of shares in AML Global Holdings;

- "*New Equity Offering*" are to the issue for subscription of ordinary shares of AML Global Holdings in the amount of £125 million to certain institutional investors;

- "*New Notes*" are to $1,085,500,000 aggregate principal amount of 10.50% Senior Secured Notes due 2025 to be issued by Aston Martin Capital Holdings Limited pursuant to the New Notes Indenture;

- "*New Notes Indenture*" are to the indenture to be entered into between, among others, the Issuer and U.S. Bank Trustees Limited, as trustee, governing the terms of the New Notes and the Guarantees;

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

- "*New Revolving Credit Facility Agreement*" are to the revolving credit facility agreement dated October 27, 2020, among, *inter alios*, Aston Martin Lagonda Limited as original borrower, J.P. Morgan Securities plc, Barclays Bank PLC, 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;

- "*Notes*" are to, collectively, the New Notes and the Second Lien Notes;

- "*Notes Proceeds Loans*" are to one or more loans incurred by AML under the Notes Proceeds Loan Agreements;

- "*Notes Proceeds Loan Agreements*" are to the subordinated intercompany loan agreements between the Issuer and AML pursuant to which the Issuer will on-lend the proceeds from the issuances of the Notes on or around the Release Date;

- "*Offering*" are to the offering of the New Notes offered hereby;

- "*Old 6.50% Notes*" are to the $400 million aggregate principal amount of 6.50% Senior Secured Notes due 2022 issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture;

- "*Old Delayed Draw Notes*" are to the $68 million aggregate principal amount of 12.0% Delayed Draw Senior Secured Split Coupon Notes due 2022, issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture;

- "*Old Dollar Notes*" are to the Old 6.50% Notes, the Old Mirror Notes, the Old Split Coupon Notes and the Old Delayed Draw Notes;

- "*Old Indenture*" are to the indenture dated April 18, 2017 governing the terms of the Old Notes, as supplemented on October 8, 2019 by the first supplemental indenture, as further amended and/or supplemented from time to time;

- "*Old Mirror Notes*" are to the $190 million aggregate principal amount of 6.50% Senior Secured Notes due 2022 issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture;

- "*Old Notes*" are to, collectively, the Old 6.50% Notes, the Old Sterling Notes, the Old Mirror Notes, the Old Split Coupon Notes and the Old Delayed Draw Notes;

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

- "*Old Revolving Credit Facility Agreement*" are to the revolving credit facility agreement dated April 3, 2017, among, *inter alios*, AML as original borrower, J.P. Morgan Limited, Bank of America Merrill Lynch International Limited, Deutsche Bank AG, London Branch, Goldman Sachs Bank USA, HSBC UK Bank plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and UniCredit AG, London Branch as arrangers, the financial institutions named therein as original lenders, U.S. Bank Global Corporate Trust Limited (as successor to Elavon Financial Services DAC, UK Branch), as facility agent and U.S. Bank Trustees Limited, as security agent, which was amended pursuant to an amendment letter dated April 24, 2017, and as amended, amended and restated and/or replaced from time to time;

- "*Old Split Coupon Notes*" are to the $157 million aggregate principal amount of 12.0% Senior Secured Split Coupon Notes due 2022, issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture;

- "*Old Sterling Notes*" are to the £285 million aggregate principal amount of 5.75% Senior Secured Notes due 2022 issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture;

- "*order book*" are to our order book, which includes Orders in Production and Orders not yet in Production, that our management uses to evaluate the current performance of our business as further described in "*Presentation of financial information—Order book*";

- "*Preference Shares*" are to the preference shares issued by AM Holdings, certain of which were allotted on April 29, 2015 with the remaining preference shares allotted on April 15, 2016. The Preference Shares were converted into ordinary shares as part of the Aston Martin IPO during the year ended December 31, 2018;

- "*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 New Notes offered hereby;

- "*Receivables Finance Facility*" are to the trade finance facility available to us pursuant to certain agreements between, among others, Velocitas Funding Designated Activity Company, J.P. Morgan Europe Limited, Wilmington Trust SP Services (Dublin) Limited, AML, AML Global Holdings, JPMorgan Chase Bank, N.A., London Branch and Barclays Bank plc, dated July 28, 2020, as amended from time to time;

- "*Relationship Agreements*" are, collectively, to two separate agreements governing the relationship between AML Global Holdings and Adeem/Primewagon Significant Shareholder Group, each executed on February 27, 2020 and amended on March 13, 2020;

- "*Release Date*" are to the date on which the escrowed property comprising of the New Notes proceeds will be released from the Escrow Account as described under "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption*";

- "*Restricted Group*" are to the Company and its subsidiaries which will be subject to the New Notes Indenture, which excludes (i) AMWS Limited and its subsidiaries and (ii) any subsidiaries subsequently designated by the Company as an unrestricted subsidiary;

- "*Rights Issue*" are to the fully underwritten rights issue of shares of AML Global Holdings in an aggregate amount of £364.7 million in March and April 2020;

- "*Second Lien Indenture*" are to the indenture expected to be entered into on or about November 10, 2020 between, among others, the Issuer and U.S. Bank Trustees Limited, as trustee, governing the terms of the Second Lien Notes;

- "*Second Lien Notes*" are to the $335 million aggregate principal amount of 15.00% second lien split coupon notes due 2026 that priced on October 27, 2020 and that the Issuer expects to issue under the Second Lien Indenture on or about November 10, 2020;

- "*Second Lien Notes Issue Date*" are to the date of the issuance of the Second Lien Notes under the Second Lien Indenture, which is expected to occur on or about November 10, 2020;

- "*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;

- "*Significant Shareholder Groups*" are, collectively, to the Adeem/Primewagon significant shareholder group ("*Adeem/Primewagon Significant Shareholder Group*") and the Yew Tree consortium significant shareholder group ("*Yew Tree Consortium Significant Shareholder Group*") that represent our significant shareholders (and, each of them individually, a "*Significant Shareholder Group*"); following the consummation of the First Strategic Cooperation Equity Issuance, the Significant Shareholder Groups will include MBAG, with the relationship between AML Global Holdings and MBAG continuing to be governed by the MBAG Relationship Agreement;

- "*Strategic Cooperation*" are to the strategic cooperation arrangement, pursuant to the Strategic Cooperation Agreement, between AML Global Holdings and MBAG, pursuant to which AML Global Holdings will issue shares to MBAG in consideration for access to certain technology and intellectual property to be provided by MBAG;

- "*Strategic Cooperation Agreement*" are to the strategic cooperation agreement between AML Global Holdings and MBAG dated October 27, 2020 setting out the terms of the Strategic Cooperation;

- "*Transactions*" are to:

  (i) the issuance by the Issuer of the New Notes offered hereby, the deposit of the gross proceeds of the New Notes into the Escrow Account, and the release of these proceeds from the Escrow Account to the Issuer on the Release Date, subject to the satisfaction of certain conditions (see "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption*");

  (ii) the issuance by the Issuer of $335 million in aggregate principal amount of Second Lien Notes pursuant to the Second Lien Indenture, which is expected to be on or about November 10, 2020, together with detachable warrants relating to shares of AML Global Holdings to be issued as of the Release Date; the gross proceeds of the Second Lien Notes are expected to be deposited into a segregated escrow account and expected to be released from escrow to the Issuer on the Release Date, subject to the satisfaction of certain conditions (see "*Description of other financial arrangements—Second Lien Notes*");

  (iii) the redemption in full of the Old Notes, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, using net proceeds from the Notes upon release from escrow;

  (iv) entering into the New Revolving Credit Facility Agreement with commitments of £87 million, of which we intend to borrow £77 million as of the Release Date, with the remaining balance being reserved to support existing letter of credit facilities; the New Revolving Credit Facility Agreement will replace the Old Revolving Credit Facility Agreement;

  (v) the repayment and cancellation in full of the CLBILS Loan, including any accrued and unpaid interest thereon;

  (vi) the New Equity Offering; we announced an equity raise by way of a placing of shares of AML Global Holdings to certain institutional investors pursuant to which we expect to raise gross proceeds of £125 million; The proceeds from the New Equity Offering will be used as set forth under "*Use of proceeds*;" the New Equity Offering is subject to, among other things, the consummation of the First Strategic Cooperation Equity Issuance and shareholder approval at the General Meeting and, as a result, there is no certainty that we will be able to consummate the New Equity Offering within the timeframe or on the terms that we currently expect, or at all;

  (vii) the consummation of the First Strategic Cooperation Equity Issuance; and

  (viii) 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.

- "*Wholesale Finance Facility*" are to the trade finance facility agreement between AML, Aston Martin Lagonda of North America, Inc. and Standard Chartered Bank dated May 31, 2007, as amended from time to time; and

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

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 a globally recognized luxury brand and a leader in the high-luxury sports ("*HLS*") car market. For more than a century, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our cars sit solely within the HLS car market segment and our market leadership position is supported by award-winning design and engineering capabilities, world-class technology and modern facilities, creating distinctive model line-ups. We believe our rich and prestigious heritage of delivering beautiful aw-inspiring cars defines Aston Martin as something truly unique within the automotive industry.

We sell cars worldwide, primarily from our main manufacturing facility and corporate headquarters in Gaydon, England. Our current model line-up comprises four core models: (1) the high-luxury DBX, our first SUV, of which we started delivering the first cars in July 2020, (2) one grand tourer (DB11), (3) one sports car (Vantage) and (4) one super grand tourer (DBS Superleggera). All of our sports cars are available in different core models (derivatives), including coupe and convertible models.

Our DBX order book built rapidly from when it opened on November 20, 2019 to the beginning of 2020. After a slow-down in orders, with the majority of our global dealer network closed for prolonged periods between January and July 2020 due to the COVID-19 pandemic, stable growth in our order book resumed in the three months ended September 30, 2020 driven by a successful media re-launch in July 2020 and DBX cars being delivered to dealers allowing test-drive opportunities. As of September 30, 2020, 345 DBX had been shipped to dealers. Initial media and customer reviews of DBX are positive. Based on the initial orders and reviews for DBX, we plan to unveil future derivatives of the DBX commencing in 2021.

In light of our 2019 operational and financial performance and a challenging HLS car market, we conducted a comprehensive review of our business and longer-term strategic options. Our new leadership team, which has a wealth of luxury automotive experience and a new major shareholder and Executive Chairman, who has world-class luxury retail experience, have allowed us to reset our business plan and focus on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position ourselves for controlled, long-term, profitable growth. We are moving towards a built-to-order strategy to manage our sports car wholesales in order to maintain the appropriate balance between supply and demand to regain a stronger order book and thus pricing power. With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory by de-stocking our dealer network by more than 1,400 units in the first nine months of 2020, which is more than seven times the level of de-stocking achieved in the whole of 2019.

We reviewed the timing of future product launches to control medium term investment requirements, improve cash generation and provide greater financial stability and flexibility. We will focus on three key pillars: front-engine, SUV and mid-engine. Our initial focus is on our current front-engine and SUV models: (1) the DB11 grand tourer, (2) the DBS Superleggera super grand tourer, (3) the Vantage front-engine sports car and (4) the DBX SUV as well as the derivate models that we will continue to produce of each of the four models. The third pillar, the mid-engine, takes its lead from the era-defining Aston Martin Valkyrie hypercar, with the first Valkyrie deliveries planned for 2021, and Aston Martin Valkyrie AMR Pro, which together establish Aston Martin's mid-engine platform. We plan to subsequently build on our mid-engine platform with the Valhalla hypercar and mid-engine core model Vanquish supercar.

Special editions continue to be a key component of our reset of the business plan as they enhance our brand and have strong financial characteristics. Given their desirability, special edition models are typically fully allocated prior to any significant capital commitment and typically generate higher margins than the core range. Deposits are required on allocation and typically allow special editions to be cash flow positive throughout the product life cycle, from design to final delivery.

In early 2020 we entered into an agreement, under which the Racing Point F1™ team will become the Aston Martin F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1™ grid for the first time since 1960. This agreement is for a 10-year initial term, and we also have the option to acquire an economic interest in the Racing Point F1™ team. Under the agreement, we will move from a pure sponsorship agreement with respect to the Red Bull Racing F1™ team, to an enhanced presence by providing the chassis and the team name Aston Martin. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing F1™ Team. See "*—Our strengths—Recognized luxury brand defined by unparalleled design and beauty—Formula One as global marketing platform*" and "*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. We believe our involvement in motorsports is an important brand building tool, due to the high levels of interest in F1™ among premium and luxury car owners globally. As of December 31, 2019, based on internal company data, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. Our own Aston Martin F1™ team will provide us with an improved global marketing platform, allowing us to benefit from increased brand exposure at each of the 22 races per year held in different locations across the world (certain of which have been cancelled in 2020 due to the COVID-19 pandemic). We maintain a dealership presence in 20 of these global F1™ race locations, providing the opportunity to engage with a high proportion of our customers and partners on a yearly basis.

Our strengths

Recognized luxury brand defined by unparalleled design and beauty

A quintessential luxury brand

We believe that the Aston Martin brand is one of the most globally recognized luxury brands and a leader in the HLS car market. Our brand identity is built upon a long-standing history as a Great British car company creating some of the most beautiful and accomplished cars in the world. Founded in London in 1913, Aston Martin has a long tradition of exceptional design, engineering and manufacturing of HLS sports and GT cars as well as a longstanding racing pedigree. Our historic partnership with the James Bond franchise remains strong and as in the past, the next James Bond film, *No Time to Die,* will feature Aston Martin cars.

We have also perpetuated our Aston Martin brand as a luxury lifestyle concept through brand extension activities, including engaging with existing and potential HNWI customers via our "Art of Living" experiential events platform, capitalizing on our target market's significant spending on experiences such as luxury driving breaks coupled with exceptional lifestyle experiences. In particular, we believe these experiences are an effective way to raise brand awareness, drive interest in our brand among new customer segments and bring clients closer to the Aston Martin brand and our partners.

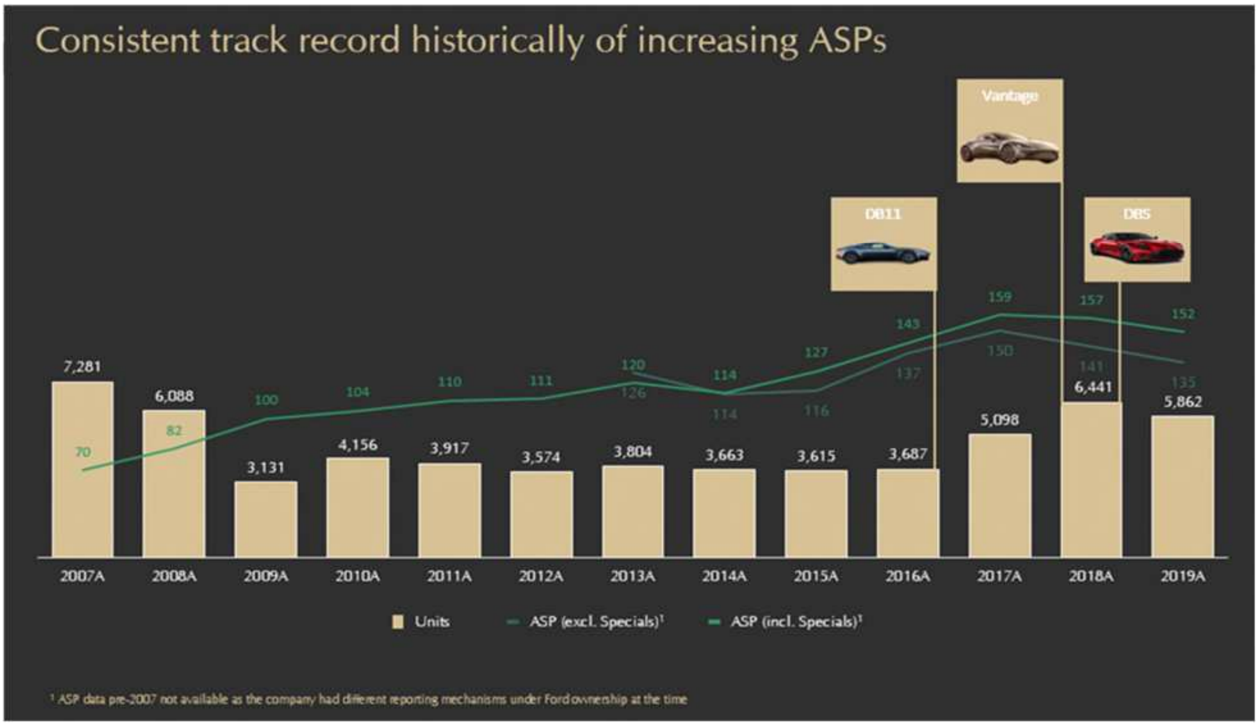
Formula One as global marketing platform

In 2016, we became a sponsor of Red Bull's F1™ team and since the start of 2018, the team has competed as "Aston Martin Red Bull Racing." In early 2020, we entered into a 10 year initial term agreement under which the Racing Point F1™ team will be re-launched as the Aston Martin F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1™ grid for the first time since 1960. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. Under the agreement, we will move from a pure sponsorship relationship with respect to the Red Bull Racing F1™ team to an enhanced presence by providing the chassis and the team name Aston Martin. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing F1™ Team.

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 F1™ with 66 days of F1™ racing and 22 F1™ races per year on five different continents and with Aston Martin dealers in 20 of the race locations allows us to engage with a high proportion of our customers and partners face-to-face on a yearly basis. As of December 31, 2019, based on internal company data, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. According to the F1™ website, in 2019 the global cumulative TV audience comprised 1.9 billion viewers, 24.9 million followers on F1™ social media channels and 52.1 million unique visits to the F1™ website. The enhanced engagement with a significant portion of global customers in an Aston Martin branded space provides us with a significant marketing platform, which we expect to leverage through the launch our mid-engine platform, starting with our era-defining Aston Martin Valkyrie, with first deliveries planned for 2021, followed by our Valhalla special mid-engine car and our mid-engine core model, Vanquish. We believe our range of mid-engine cars, which is more sports and performance focused, will allows us to increase our average selling price and attract a new, younger group of customers, including those who drive cars primarily for leisure and pleasure and are focused on high tech specifications and an unique range of customization and personalization.

Strong desirability and exclusivity supported by strong pipeline of bespoke special editions

Desirability and exclusivity of our cars drive our premium pricing power and we have been able to increase the average selling prices of core models by 112% between 2007 and 2019. Customers purchase our products for a variety of reasons, with demand particularly driven by emotive factors such as brand power, design, performance and quality. We target these emotive factors through the strategic introduction of new core models and variants of existing models with enhanced features whose design, performance and quality ensure a high-class and unique experience and enable our customers to experience an emotional connection with the Aston Martin brand. The strong connection between our customers and our products has enabled us to build a loyal consumer base.



In addition, the limited production of special editions promotes exclusivity while enhancing brand image, allowing us to raise price points for cars with these enhanced features. For example, based on the Vanquish model platform, we introduced four special editions using the

Zagato nameplate, each of which were priced in excess of £500,000. In addition, we have developed models, such as the Aston Martin Valkyrie, that are designed to be at the cutting-edge of automotive design and technology. The road version of the Aston Martin Valkyrie was fully allocated shortly after launch, having been over four times oversubscribed despite the limited number of customers approached and the price and deposit requirements. All 150 Valkyrie road car versions have been sold at a manufacturer's suggested retail price of £2,750,000 (including options) and significant customer deposits have been received. We believe the exclusive nature of these special edition models allows us to command superior pricing in comparison to our competitors and increases demand for our core models, as our special edition models are only available to regular customers of our core models.

The strong desirability of our cars is underpinned by the fact that we received numerous awards for our cars. For example, the DB11 V8 Coupe was named the What Car 'Car of the year (Coupe more than £50,000)' in 2018, 2019 and 2020, the DBS Superleggera 'Sunday Times Sports Car of the Year' in 2019 and the DBX 'Best Luxury SUV' by GQ Car Awards and 'SUV of the Year' by Off Road in 2020. We tap into the passion and demand for our highly exclusive heritage cars through our continuation models, which blend traditional craftsmanship with modern engineering advancements and performance enhancements. For example, the DB4 GT Continuation, launched in 2017, had a limited run of only 25 models and was oversubscribed at a selling price of £1.5 million plus tax (UK manufacturer's suggested retail price of £1.8 million including tax). We leveraged the success of the DB4 GT Continuation with a DB4 GT Zagato Continuation during 2019 and the DB5 *Goldfinger* Continuation in 2020.

The value of our cars is resilient, evidenced by our heritage cars, which often command collector premiums and have become investment classes in their own right. For example, based on Company research, as of December 31, 2019, the DB5 Coupe model was valued in the secondary market at 30 times its price in 1995, the DB5 Volante at 24 times its price in 1995 and the DB4GT at 14 times its price in 1995. Special editions continue to be a key component of our reset business plan as they enhance our brand and have strong financial characteristics. Given their desirability, special editions are typically fully allocated prior to any significant capital commitment and typically generate higher margins than their core range counterparts. Deposits are required on allocation and typically allow special editions to be cash flow positive throughout the product life cycle, from design to final delivery.

We operate a franchise model for our dealerships whereby we maintain strong control over the brand positioning while limiting the capital investment in the network. We have a dealership design consultancy team that works directly with individual dealers to deliver a world-class luxury customer experience and consistent brand presentation. Since 2015, this dealership network has been strengthened through the appointment of new and upgraded dealerships as part of our focus on continually enhancing and developing the network's viability, profitability and sustainability.

Historically, we sold approximately 3,500 to 4,000 sports cars per year. In recent years, however, the volumes of our sports cars sold to dealers increased significantly but was not matched by underlying retail demand and resulting in our dealers becoming over-stocked. We have taken decisive action to address overstocking by lowering wholesale volumes and providing customer financing support to drive retail sales and we have successfully de-stocked our dealer network by more than 1,400 units in the first nine months of 2020, which is the equivalent of three months' retail sales and more than seven times the level of de-stocking achieved in the whole of 2019. During the three months ended September 30, 2020, we have continued to make good progress in connection with de-stocking our dealer network, and we further reduced our global dealer stock by more than 550 vehicles and ahead of our de-stocking plan for 2020.

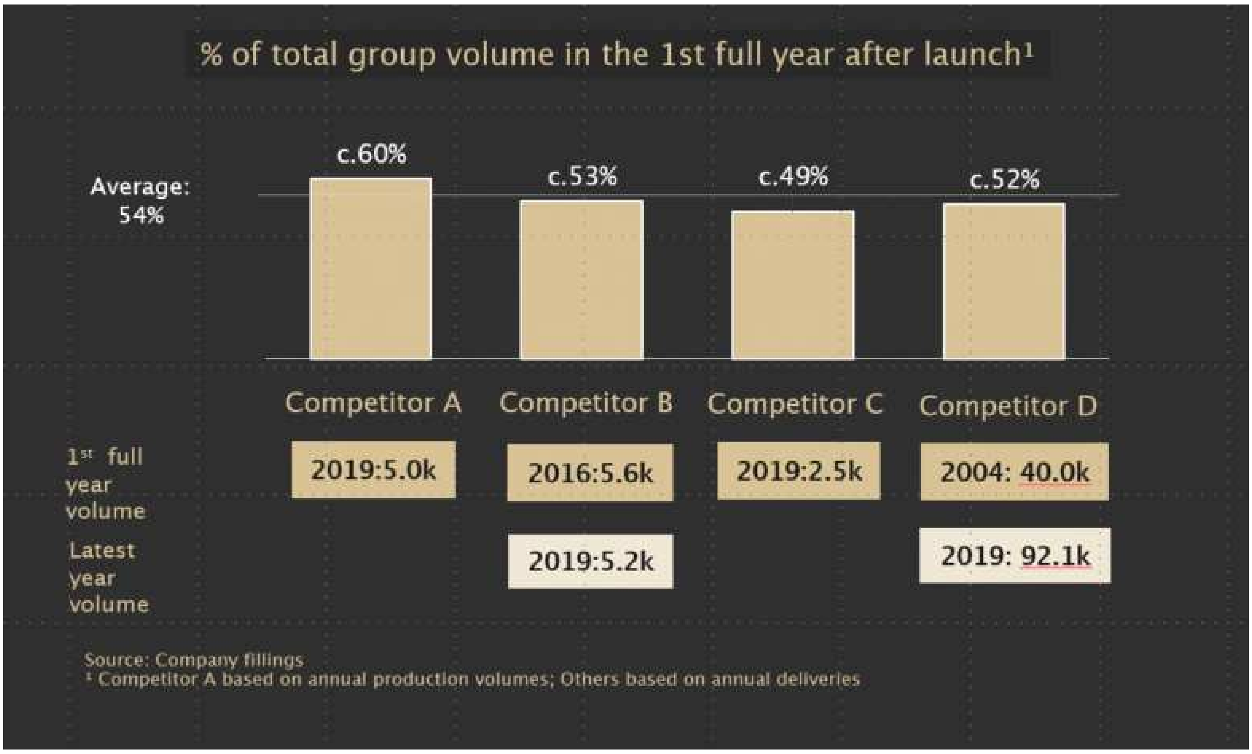
In early 2020, we refreshed the Vantage with the launch of the Vantage Roadster with the option of a new grille, and the production of the Vantage Roadster started in the three months ended September 30, 2020. In addition, we have continued to build our DBX order book in the three months ended September 30, 2020 following a successful media re-launch in July 2020 and delivery of DBX cars to dealers allowing test-drive opportunities. We have also started working on the midcycle refreshes of the DB11 and DBS Superleggera, which will be relaunched in the coming years.

Wide range in the attractive luxury car market with global access to growing wealth creation

A distinguishing characteristic of Aston Martin is the breadth of our product offering, which we believe enables us to appeal to a more diverse range of HNWIs and different demographics than other HLS manufacturers, including younger and female HNWIs. We believe we are one of the few luxury automotive manufacturers developing a full core model product portfolio aimed at addressing a wide spectrum of the luxury car market: the GT, super GT, sport, SUV and mid-engine segments. Our current core product offering includes four core models from the new generation core models addressing the GT, super GT, sports and, more recently, SUV segments. We expect the development of our mid-engine supercar, the Vanquish, to complete our ICE product portfolio, giving us a superior product offering in the luxury automotive space that addresses the needs of all key customer clusters.

Expanding into SUV and mid-engine segments

In the coming years, the luxury SUV and mid-engine markets are expected to show particularly high growth, with an expected CAGR of approximately 10.6% and 12.4% in the period 2020 through 2024, respectively, according to IHS Markit. We believe the DBX enables us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable SUV product than those currently available in the premium market. Our DBX order book built rapidly from when it opened on November 20, 2019 to the beginning of 2020. After a slow-down in orders, with the majority of our global dealer network closed for prolonged periods between January and July 2020 due to the COVID-19 pandemic, stable growth in our order book resumed in three months ended September 30, 2020 driven by a successful media re-launch in July 2020 and DBX cars being delivered to dealers allowing test-drive opportunities. As of September 30, 2020, 345 DBX had been shipped to dealers. Initial media and customer reviews of DBX are positive. Based on the initial orders and reviews for DBX, we plan to unveil future derivatives of the DBX commencing in 2021. Recently, we adjusted prices for the DBX to align them with our regional pricing and to support the targeted expansion of the platform with the expected higher-margin variants.



We expect to enter into the HLS mid-engine market with a core mid-engine supercar (the Vanquish) and a mid-engine hypercar (the Valhalla). Both models will draw on the learning and technology developed by the era-defining Aston Martin Valkyrie hypercar, with first deliveries of the Valkyrie planned for 2021.

Global access to HNWIs client base and resilient market

We believe that our product offering targeting the upper end of the luxury performance car segment and our large and diversified global dealer network makes us well-positioned to benefit from global fast growing HNWI wealth. The global HNWI population has grown by a CAGR of approximately 7% between 2011 and 2019 to approximately 19.6 million individuals in 2019 globally (World Wealth Report 2020 from Capgemini). Our products target the upper end of the luxury performance car segment and our buyers typically belong to the wealthiest segment of the population. The size and spending capacity of our target client base has grown significantly in recent years and there has been a strong growth in HNWI wealth from 2012-2019 at a CAGR of 7.0% (World Wealth Report 2020 from Capgemini). Growth is expected to continue with a CAGR of approximately 5% over the 2019 to 2024 period according to the Knight Frank 2020 Wealth Report.

We anticipate the expected increase in HNWI and UHNWI wealth in the next five years to promote the expansion of our market, particularly in emerging markets such as Brazil and India, where we already have a dealership presence, which have seen significant growth in personal wealth and disposable incomes. We believe that our dealers are well-positioned in attractive key growth markets, including Morocco and Thailand, to help us take advantage of these trends and to further establish the Aston Martin brand. As our buyers typically belong to the wealthiest segment of the population, we benefit from resilient demand for our product offering as it sits in the upper end of the luxury industry. Our tight control over the geographic allocation of our cars allows us to adjust the geographical distribution of unit sales over time to respond to economic developments in our markets and to benefit from patterns of wealth creation and demand for luxury products in different regions.

Our strategic relationships with key partners continue to provide competitive access to advanced technology supported by a world-class production platform

Strategic partnerships with key partners

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. Access to competitive technology is critical and one of our important assets.

We have a significant strategic technical and commercial partnership with Daimler to develop and supply high-powered bespoke V8 powertrains for future models, and to enable access to advanced technology, including engines and navigation and entertainment systems. AML Global Holdings also announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler, pursuant to which AML will issue ordinary shares to MBAG in exchange for access to certain technology to be provided to AML Global Holdings by MBAG (the "*Strategic Cooperation*"). The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular future electric/electronic (E/E) architecture and a full range of powertrain technology, including electric, mild and full hybrid. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic

Cooperation and "—*Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

In addition, the widely anticipated Aston Martin-Red Bull co-designed hypercar, the Aston Martin Valkyrie, is the product of our strategic partnership with Red Bull Advanced Technologies. We believe the Aston Martin Valkyrie official unveiling at the 2017 Geneva Motor Show piqued interest amongst a broader range of our target client market in the Aston Martin brand. The investment in, and development of, technology through the design of the Aston Martin Valkyrie will also pave the way for the development of our mid-engine cars Valhalla and Vanquish.

Highly scalable and efficient manufacturing capabilities at our modern facilities with world-class technical capabilities

We have used modular architecture as the basis for our models for over 14 years, starting with DB9 in 2004. The introduction of DB11 introduced a new advanced modular architecture including a revised aluminum body structure, electrical architecture and entertainment system and efficient V8 and V12 engines, upon which we intend to develop most of our future sports and GT models. Our updated modular architecture is the backbone of our product portfolio and employs a "Carry Over-Carry Across" principle for key systems components in order to improve quality and to reduce engineering cost, complexity, and time-to-market for subsequent models. Every significant component of an Aston Martin car utilizes a part from a previous model or creates a part for the next model which increases capital efficiency and also reduces warranty costs, as many components are already proven from previous models. The flexible modular architecture also allows for a high degree of product differentiation and enables us to easily adapt to the production of new models, thereby reducing the production and development costs for incremental models as well as the execution risk and time taken to bring those models to market. Leveraging the original investment made on modular architecture for DB11 substantially reduced our time spent and production and development costs on the Vantage and DBS Superleggera models. We expect that the modular architecture we use for DBX will also reduce the cost and time for DBX derivatives and other SUVs we develop in the future.

We operate a well-established production system enhanced by new manufacturing techniques throughout our production process in our modern and fully invested manufacturing facility at Gaydon, where we produce our three core sports cars and their derivatives, and our state-of-the-art and fully invested manufacturing facility at St. Athan, where we produce the DBX and planned derivatives. We believe that our advanced manufacturing techniques have contributed to increased efficiency throughout our production facilities, while ensuring all models, so far, have been launched on time and on budget without compromising on quality. In addition, our approach to manufacturing enables us to efficiently produce unique and customized units of production on two flow production lines. This method of manufacturing is possible due to a flexible logistic function and supply chain, which deliver parts to a line in a sequenced fashion, ensuring 'just-in-time' delivery of customized parts to the line.

This is supported by our skilled workforce, which has the capabilities to manage the production of a range of derivatives on the flow production line and to complete cycle times of between 25 and 40 minutes on certain stations. We believe that our current manufacturing facilities equip our business to handle future expected volumes efficiently and in line with our reset business plan. We also maintain a flexible employee base, each of whom is trained on most of our production stations and models. This flexibility allows us to add or reduce skilled and experienced personnel as needed, enabling us to shift employees across different areas of production, to maximize the production capacity and utilization. We are able to increase production volumes by production line rate increases and additional shifts or extra working days. The flexibility of our manufacturing process also enables us to efficiently build certain special edition models on the main production line, with only the finishing touches being completed in another facility. The success of our design, engineering and manufacturing methodology is demonstrated by the successful launch of three new models in the first half of 2018 (DB11 Volante, DB11 AMR and Vantage) and the respective special editions and derivatives during the second half of 2018 and 2019.

These main production facilities are complemented by manufacturing facilities for our continuation models at Newport Pagnell and special edition models at Wellesbourne. These niche production facilities also use elements of the production processes we have developed for our core cars, while enabling us to deliver higher value cars that require more technical or bespoke processes during manufacture.

Our strong liquidity position and extended maturity profile, combined with operational efficiencies, put us on a clear path to sustainable cash flow generation

Operational efficiencies

In 2019 and 2020, we outlined further actions to improve the cost efficiency of our business to operate as a true luxury car brand, in alignment with our strategic plan to deliver sustainable profitable growth. We significantly reduced the number of our contractors and introduced a voluntary redundancy and early retirement program in 2019, which led to a reduction in headcount of approximately 22% year-on-year. Such measures are expected to yield approximately £10 million in costs savings on an annualized basis, which will offset the incremental increase in costs at St. Athan as it scales up for full production of DBX in 2020.

In addition, in June 2020, we launched a consultation process with our employees and trade unions on proposals to further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. The consultation process is expected to be completed by the end of 2020. Such measures are expected to be implemented throughout the final quarter of 2020 and into the first quarter of 2021 and we estimate these initiatives will deliver, amongst other savings, annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with DBX production, resulting in a net amount of approximately £10 million in annualized personnel cost savings adjustment to Covenant EBITDA. For further information, see "Summary—*Summary historical consolidated financial and other data—Pro forma financial data of the Company*," "*Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program*" and "*Risk factors—Risks relating to our business and industry—We may not be able to realize cost savings, reduce capital expenditures or balance* *supply and demand effectively in line with our strategy. Our new strategy and business plan could also expose our business to different risks.*"

With our manufacturing facilities fully invested and stocked, we are confident that our operational efficiencies and reduced fixed cost base will strengthen our overall financial performance going forward. In addition, these measures align with our new lower volume model line-up catering to the high growth and high margin segments, including the luxury SUV and mid-engine markets. This new approach is bolstered by our focus on technology partnerships and the reengineering of processes under our new leadership team.

Capital structure

In 2020, 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 via the Capital Raise (£535.7 million, less total fees of £25.1 million) and the June Equity Placing (£152.1 million). In particular, we also placed shares to the Yew Tree Consortium, the Adeem/Primewagon Significant Shareholder Group and MBAG. See "*Principal shareholders*" for an overview of the shareholders holding a significant interest in the issued ordinary share capital of AML Global Holdings. As of September 30, 2020, our net debt and cash and cash equivalents were £868.5 million and £307.3 million, compared to £987.6 million and £107.9 million as of December 31, 2019.

Upon the consummation of all the Transactions, we will be fully funded and our capital structure will allow us to execute our strategic plan of resetting the business while maintaining sufficient liquidity buffers.

World-class leadership, with unique understanding and experience of both the luxury retail and car sectors

With our new leadership team, which has a wealth of luxury automotive experience, and new major shareholder and Executive Chairman, Mr. Lawrence Stroll, who brings with him world-class experience in the luxury retail sphere, we are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position us for controlled, long-term, profitable growth. We are dedicated to building on the inherent strengths of our business, including our brand, engineering prowess and the skills of our people to maintain Aston Martin's reputation as a pre-eminent luxury car brand and to forge the foundations of a bright future.

The investments of our Executive Chairman and the Yew Tree Consortium demonstrate the confidence they have in the future performance of our business. In addition to these investments, Mr. Stroll's experience in shaping some of the world's most prominent luxury brands, including Tommy Hilfiger and Polo Ralph Lauren, accompanied by a long history in the racing and luxury car industry and with distribution of luxury cars in North America place him in a strong position to lead the reset of our business.

Mr. Tobias Moers started as Chief Executive Officer of our Group in August 2020. He is a highly experienced automotive professional having spent more than 25 years in senior roles at Daimler, including leading Mercedes-AMG's profitable product expansion over the past seven years. With a unique combination of CEO and CTO experience, under Mr. Moers' leadership, Mercedes-AMG more than doubled its product portfolio and quadrupled the number of AMG units sold, with a clear pipeline of further expansion opportunities, in particular in electrification of powertrains in the performance segment. Mr. Moers' focus on operating and manufacturing efficiency delivered significant margin expansion to Mercedes-AMG.

Mr. Kenneth Gregor started as Chief Financial Officer of our Group in June 2020. Mr. Gregor has a strong leadership track record, with more than 20 years of automotive experience, most recently as CFO of Jaguar Land Rover for 11 years from 2008, where he developed the finance group as a strong business partner to support the delivery of shareholder value and the company's growth ambitions.

Our strategies

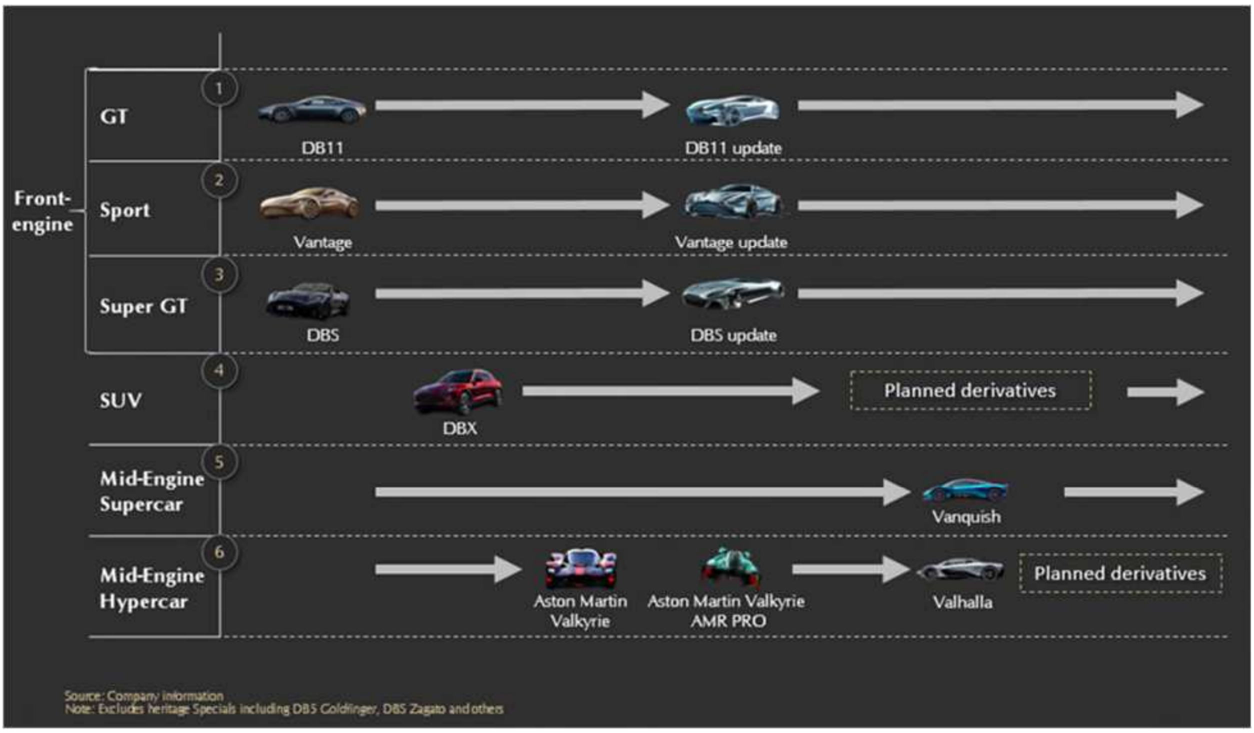
Core product offering focused on three-pillar strategy: front-engine cars, SUVs and mid-engine cars

Our model launch cadence is transitioning to a three-pillar product strategy focused on (i) front-engine cars, (ii) SUVs and (iii) mid-engine cars. We expect that our launch cadence will include a core car as well as derivatives and in-cycle improvements of each core model, to maintain the demand for each product through its product life cycle. Over the medium term we are aiming to produce approximately 4,000 front-engine cars and 5,000-6,000 SUVs, with low volume mid-engines offering further upside. Alongside our core cars, we also produce a range of special editions, enhancing our brand exclusivity, profitability and profit margins. We believe this strategy will deliver a unique product portfolio within the HLS car market.

We believe the DBX, our first step into the luxury SUV market, enables us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable SUV product. The SUV segment has been the fastest growing segment of the HLS car market, delivering the most attractive growth in the luxury space. Increased SUV ownership has been driven by new model development and established structural trends, such as the general HLS customer trend towards larger cars. We see significant growth opportunity in this segment, with the luxury SUV market expected to increase going forward, with an expected CAGR of approximately 10.6% in the period 2020 through 2024 according to IHS Markit and we expect to develop and launch a number of DBX variants, the first of which is planned to be unveiled in the fourth quarter of 2021. Once we have developed and launched the full range of our DBX variants, we expect the sales volumes of DBX to be broadly half of our core volumes on a run-rate.

With the addition of mid-engine cars, we aim to further enhance our offering of a wide spectrum of luxury cars in the luxury car market. Development of our range of mid-engine cars continues as planned and we expect to enter into the HLS mid-engine market with a core mid-engine supercar (the Vanquish) and a mid-engine hypercar (the Valhalla). Both models will draw on the learnings and technology developed by the era-defining Aston Martin Valkyrie hypercar, with first deliveries of the Valkyrie planned for 2021. We believe our core front-engine model range is ideally positioned to capture customers seeking true sporting elegance, driving pleasure and performance.

The below chart sets out our planned product launch schedule:



Control volume growth via gradual transition to "built-to-order" strategy with increased focus on personalization, thus improving pricing and margins

We are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position us for controlled, long-term, profitable growth. By reducing our core wholesale volumes, we are gradually moving towards a built-to-order strategy in order to maintain the appropriate balance between supply and demand to regain a stronger order book and thus enhance pricing power and bringing margins in line with historic levels and peers. With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory by de-stocking our dealer network by more than 1,400 units in the first nine months of 2020, which is more than seven times the level of de-stocking achieved in the whole of 2019. We aim to achieve a balance between the volume of cars we produce and the principal requirement to maintain brand exclusivity. Our built-to-order strategy will allow us to monitor dealer stocks and therefore maintain our price points.

We are reinvigorating our marketing initiatives, including through the expanded use of digitally led, personalized marketing engagements, by leveraging our Aston Martin F1™ team beginning in 2021, as well as through our "Art of Living" experiences and the exclusive Henniker club, to raise brand awareness in order to strategically drive volumes. In addition, the limited production of special editions promotes exclusivity, while enhancing brand image and increases demand for our core models as our special edition models are only available to regular customers of our core models.

We believe the exclusive nature of these special edition models allows us to raise price points for cars with these enhanced features and to command superior pricing in comparison to our competitors. Furthermore, programs through which customers can work with our award-winning design team to customize their Aston Martin by adding personalized and distinctive touches improves our price points and also strengthens our customers' emotional connection with our brand. The strong connection between our customers and our products has enabled us to build a loyal consumer base. Through the exclusive Henniker club, we manage a close relationship with our most loyal customers and VIPs, with benefits including exclusive offers and opportunities. For example, members were offered the first opportunity to place orders for Vanquish Zagato Speedster, Vanquish Zagato Shooting Brake, DBS Superleggera and DBX.

Continue to develop special editions pipeline to enhance financial profile, cash flow visibility and working capital management

We expect our core range of front-engine cars, SUVs and mid-engine cars to be enhanced by the addition of approximately two to three special edition models per year. We believe these special edition models will showcase our technical excellence and perpetuate brand uniqueness, exclusivity and desirability. Through the limited supply, distinctive design and high performance of our special edition models, we are able to demand high price points for the enhanced features they offer, which has a disproportionate positive impact on our margins.

In 2017, we launched the Zagato Volante and the Vantage AMR Pro, in 2018, we launched the Zagato Shooting Brake and the Zagato Speedster, in 2019, we unveiled the Aston Martin Valkyrie, the Aston Martin Valkyrie AMR Pro and launched the DBZ Centenary Pair (a DB4 GT Zagato Continuation and contemporary DBS GT Zagato) and in 2020, so far we have launched a V12 Speedster and the DB5 *Goldfinger* Continuation. In addition to the modern special edition models, we expect to launch a range of heritage vehicles, recognizing our proud history. The DB4 GT Continuation, which launched in 2018, was the first of our heritage products to launch, followed by the launch of the DB4 GT Zagato Continuation (one half of the DBZ Centenary Pair) in 2019 and the DB5 *Goldfinger* Continuation in 2020.

Not only do we believe that special editions enhance our brand, but they also boast strong financial characteristics. Given their desirability, special edition models are typically fully allocated prior to any significant capital commitment and typically generate higher margins than their core range counterparts. Deposits are required on allocation and typically allow special editions to be cash flow positive from design to the end of the product life cycle. The continued inclusion of special edition models in our launch cadence helps to maintain and control working capital swings as customer deposits for special editions can be maintained at a stable level.

Continue to enhance strategic partnerships with key partners

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. Access to competitive technology will also remain a critical and important asset.

We benefit from, and aim to continue to enhance, our significant strategic technical and commercial partnership with Daimler to develop and supply high-powered bespoke V8 powertrains for future models, and to maintain access to cutting-edge technology, including engines, navigation and entertainment systems, which de-risks and limits our own capital investments in technology. AML Global Holdings also announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler, pursuant to which AML will issue ordinary shares to MBAG in exchange for access to certain technology to be provided to AML Global Holdings by MBAG. The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular future electric/electronic (E/E) architecture and a full range of powertrain technology, including electric, mild and full hybrid. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

In addition, the widely anticipated Aston Martin-Red Bull co-designed hypercar, the Aston Martin Valkyrie, is the product of the strategic partnership with Red Bull Advanced Technologies. The collaboration with Red Bull Advanced Technologies to deliver the Aston Martin Valkyrie represented innovative design and performance for a road car, drawing upon Red Bull's technical knowledge as an F1™ team. The investment in, and development of, technology through the design of the Aston Martin Valkyrie will inspire other future models in the range, in particular our mid-engine hypercar Valhalla and mid-engine supercar Vanquish.

Focus on cost and investment control to support 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 key priorities are to focus on new growth areas such as the SUV and the mid-engine markets to drive increased revenue. This, coupled with the implementation of our cost savings, will allow us to deleverage in the medium term. We intend to reset our business plan through the introduction of targeted capital investments, a new cost structure and lower sales volumes with premium pricing power to increase cash flows and margins.

As part of our rigorous cost control, in 2019, we significantly reduced the number of our contractors and introduced a voluntary redundancy and early retirement program, which led to a reduction in headcount of approximately 22% year-on-year.

In addition, in June 2020, we launched a consultation process with our employees and trade unions on proposals to implement our restructuring plan and further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. For further details on the restructuring plan and related cost savings and efficiencies see "*Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program.*"

We expect that advances, such as our modular based engineering employing a 'Carry Over-Carry Across' principle, which allows us to use shared systems and components to reduce engineering complexities, will result in cost-saving and model synergies going forward. The body structure of our cars is comprised of a number of common structures, which provides flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market and therefore reducing our working capital requirements. In addition to the flexibility in the structure, our modular strategy enables the optimization of common systems and components such as chassis system, steering systems, infotainment systems and heating ventilation and air conditioning components, enabling us to deliver a range of products at efficient investment levels. For example, leveraging the original investment made on modular architecture for DB11 reduced our production and development costs on the Vantage and DBS Superleggera models by 53% and 84% respectively, while the time taken from formal program launch to initial production for each model was reduced from 37 months in the case of DB11, to 32 months for the Vantage and 27 months for DBS Superleggera. DBX also uses our continually improving product creation principles, as shown by the tub/body of DBX which has 13% fewer parts than DB11 despite being approximately 60% larger by volume.

In addition, our disciplined capital investment levels will also benefit from the new lower volume model line-up catering to the high growth and high margin segments, including the luxury SUV market in which we plan to unveil future derivatives of the DBX commencing in 2021, and the mid-engine market. For the year ending December 31, 2020, our total capital expenditures are expected to be approximately £270 million, which would represent a 13% decline compared to the year ended December 31, 2019. In the nine months ended September 30, 2020, £204.1 million of this amount has already been spent (£42.6 million in the third quarter of 2020), primarily on investments related to St. Athan, DBX and Aston Martin Valkyrie and core sports car refreshes, with an expected shift towards core sports car mid-cycle refreshes and mid-engine development in the last quarter of 2020.

Recent developments

Strategic cooperation agreement

On October 27, 2020, AML Global Holdings announced that it intends to enter into an enhanced strategic co-operation arrangement (the "*Strategic Cooperation Agreement*") with one of its existing shareholders, Mercedes-Benz AG ("*MBAG*"), pursuant to which AML will issue new ordinary shares to MBAG (the "*Consideration Shares*") in exchange for access to certain technology to be provided to AML Global Holdings by MBAG (the "*Strategic Cooperation*").

The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular:

- future electric/electronic (E/E) architecture; and
- a full range of powertrain technology, including electric, mild and full hybrid.

In consideration for the technology and intellectual property that MBAG will make available to us, we intend, subject to shareholder and customary regulatory and antitrust approvals being obtained, to issue up to a total of 458,942,744 Consideration Shares to MBAG. The Strategic Cooperation Agreement envisages the Consideration Shares being issued to MBAG in several tranches, with access to MBAG Technology to be provided to us over several corresponding stages. The first tranche of Consideration Shares (the "*First Strategic Cooperation Equity Issuance*"), is expected to be issued in the fourth quarter of 2020, with any further issues of Consideration Shares issued by the first quarter of 2023. If issued in full, the Consideration Shares would increase the size of MBAG's shareholding in AML Global Holdings to 20% (on an enlarged fully diluted basis and taking into account the issue of the New Equity Offering and the Consideration Shares and MBAG's existing shareholding in AML Global Holdings as set out under "*Principal shareholders*").

As a result of entering into the Strategic Cooperation, if approved by AML Global Holdings' shareholders and the relevant regulatory authorities (the German Federal Cartel Office ("*FCO*") in Germany and the Competition and Markets Authority ("*CMA*") in the U.K.), and agreeing to issue the Consideration Shares to MBAG, we will avoid significant investment of cash in the technology and intellectual property that will be made available to us, and the substantial additional investment that would otherwise be required for us to develop such technology and intellectual property ourselves. This is expected to enable us to focus on investment in other areas and expand our product portfolio, which is a substantial element of our strategic plan. If, at the time Consideration Shares (other than in the First Strategic Cooperation Equity Issuance) are issued to MBAG, the price of AML Global Holdings shares is below a certain level, we will, however, be required to make a cash payment to MBAG, which could be material. See "*Risk factors—Risks related to the Strategic Cooperation—If, at the time that further shares of AML Global Holdings (other than the shares issued in connection with the First Strategic Cooperation Equity Issuance) are issued to MBAG, the share price is below a certain level, we would be required to make an additional cash payment to MBAG, which could be material*."

In connection with the Strategic Cooperation, MBAG will receive the right, subject to certain conditions, to appoint up to two Non-Executive Directors to our Board. Pursuant to the Strategic Cooperation Agreement, MBAG has agreed not to sell, transfer or otherwise dispose of any Consideration Shares until the earlier of: (a) 365 days after the date of admission of all Consideration Shares; (b) the termination of the Strategic Cooperation Agreement; and (c) December 31, 2023, subject to the exceptions described in "*Certain relationships and related party transactions—Strategic Cooperation Agreement—MBAG Lock-up*."

See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for further details in relation to the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

COVID-19 update

In December 2019, an outbreak of a novel strain of coronavirus ("*COVID-19*") was identified and in March 2020, following the global spread of the virus, was declared a pandemic by the World Health Organization. COVID-19 has created very significant challenges for companies given its widespread adverse global economic, social and operational impact, the effects of which are continuing to unfold. In particular, the pandemic has caused dealer and consumer demand for cars in the regions in which we operate to decline significantly, in part due to government-imposed lockdown measures across the regions in which we operate.

For example, up to 93% of our dealer network was closed or running with limited capacity at various points during the nine months ended September 30, 2020. As of October 22, 2020, 95% of our global dealer network was open in some capacity, with 85% dealers fully open.

At the start of the global COVID-19 pandemic, we swiftly implemented various cash control measures to significantly reduce cash outflows, with the aim of maximizing our liquidity position. Specifically, we adopted the following measures:

- we suspended production at our U.K. manufacturing facilities for certain periods from March 25, 2020; our St. Athan manufacturing facility safely re-opened on May 5, 2020, ramping up for the production of DBX and is currently running at rate, and our Gaydon factory safely re-opened on August 24, 2020 and started producing to order, including the first new Vantage Roadsters; production at St. Athan and Gaydon resumed with enhanced health and safety measures and the safety and wellbeing of our employees remains one of our top priorities;

- we secured U.K. government support in connection with the COVID-19 pandemic, including in relation to the costs of furloughed staff in the U.K. from March 2020; as of September 30, 2020 we had received a total amount of £12.5 million under the U.K. Government's "Furlough and Coronavirus Job Retention Scheme"; as of September 30, 2020, only a small percentage of our employees was furloughed and support under the program ended with the expiration of the scheme on October 31, 2020; we are currently reviewing and considering our options with respect to accessing the U.K. Government's new "Job Support Scheme;" while we believe that we would be eligible to access this replacement scheme, no decision has been made at this point and we continue to review the situation depending on requirements of the business, government guidance and external developments;

- on July 6, 2020, we further strengthened our liquidity position by raising $68.0 million in connection with the Delayed Draw Notes Issuance and on July 23, 2020, we borrowed £20.0 million under a term loan facility agreement in accordance with the U.K. Coronavirus Large Business Interruption Loan Scheme (the "*CLBILS Loan*");

- we have implemented, and as part of our general business model going forward we plan to continue to implement, measures to reduce cost and non-critical expenditure at every level, including in areas such as contractor numbers, site footprint and marketing and travel expenditures in view of lower than originally planned production volumes. In particular, in June 2020 we launched a consultation process with our employees and trade unions on a restructuring plan to reduce the number of our personnel by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with a reduction in the volume of vehicles produced. The consultation process is expected to be completed by the end of 2020. Such measures are expected to continue throughout the fourth quarter of 2020 and into the first quarter of 2021. We estimate these initiatives will deliver, amongst other savings, annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with

DBX production, resulting in a net amount of £10 million in annualized personnel cost savings adjustment to Covenant EBITDA. For further information, see "*Summary historical consolidated financial and other data—Pro forma financial data of the Company" and "Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program*;" and

- we have successfully completed capital raises in an aggregate amount of £687.8 million of gross proceeds in 2020 to date, significantly increasing our liquidity and strengthening our balance sheet.

With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory to rebalance supply and demand, with dealer inventory reduced in the first nine months of 2020 by more than 1,400 units, which is more than seven times the level of de-stocking achieved in the whole of 2019 (190 units).

In light of the ongoing evolution of COVID-19, our primary concern remains the health and safety of our colleagues and their families, business partners and the communities in which we operate. We continue to follow public health guidance issued by the relevant governments to contain the spread of the virus.

As of the date of this Offering Memorandum, it is not possible to accurately predict the near, medium or long term impact of COVID-19 on our business and our industry. To date, COVID-19 has significantly adversely impacted and may further impact our supply chain, production capabilities and customer demand in all markets in which we operate. For more information, see "*Forward-looking statements*," "*Risk factors—Risks relating to our business and industry—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations*" and "*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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position.*" for further details in relation to the impact of the COVID-19 pandemic on us.

The Transactions

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

- the issuance by the Issuer of the New Notes offered hereby, the deposit of the gross proceeds of the New Notes into the Escrow Account and the release of these proceeds from the Escrow Account to the Issuer on the Release Date, subject to the satisfaction of certain conditions (see "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption*");

- the issuance by the Issuer of $335 million in aggregate principal amount of Second Lien Notes pursuant to the Second Lien Indenture, which is expected to be on or about November 10, 2020, together with detachable warrants relating to shares of AML Global Holdings to be issued as of the Release Date; the gross proceeds of the Second Lien Notes are expected to be deposited into a segregated escrow account and expected to be released from escrow to the Issuer on the Release Date, subject to the satisfaction of certain conditions (see "*Description of other financial arrangements—Second Lien Notes*");

- the redemption in full of the Old Notes, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, using net proceeds from the Notes upon release from escrow;

- entering into the New Revolving Credit Facility Agreement with commitments of £87 million, of which we intend to borrow £77 million as of the Release Date, with the remaining balance being reserved to support existing letter of credit facilities; the New Revolving Credit Facility Agreement will replace the Old Revolving Credit Facility Agreement;

- the repayment and cancellation in full of the CLBILS Loan, including any accrued and unpaid interest thereon;

- the New Equity Offering; we announced an equity raise by way of a placing of shares of AML Global Holdings to certain institutional investors pursuant to which we expect to raise gross proceeds of £125 million; the proceeds from the New Equity Offering will be used as set forth under "*Use of proceeds*;" the New Equity Offering is subject to, among other things, the consummation of the First Strategic Cooperation Equity Issuance and shareholder approval at the General Meeting and, as a result, there is no certainty that we will be able to consummate the New Equity Offering within the timeframe or on the terms that we currently expect, or at all;

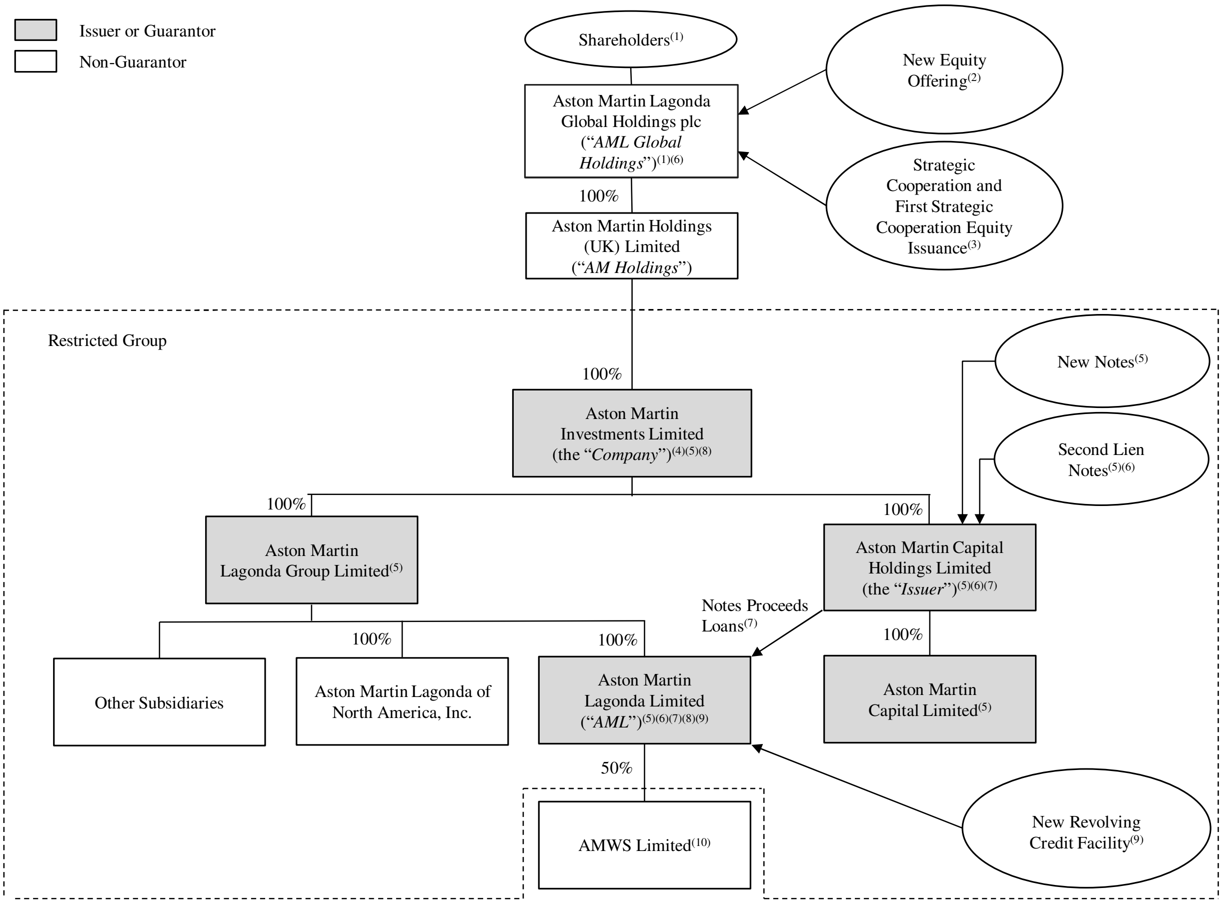
- the consummation of the First Strategic Cooperation Equity Issuance; and

- 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 of the New Notes (the "*Offering*").

Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account with the Escrow Agent. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the gross proceeds of the Offering from the Escrow Account have been or will be satisfied promptly following their release, the gross proceeds of the Offering will be released from the Escrow Account to the Issuer (or to such accounts as may be designated by the Issuer) to effect the remaining steps of the Transactions. Any release of the gross proceeds of the Offering from the Escrow Account is subject to the satisfaction of certain conditions. See "*Use of proceeds*" and "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*" As such, there can be no certainty that we will complete the Transactions.

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. In March and April 2020, we raised £535.7 million (less total fees of £25.1 million) of gross proceeds through the placing of shares in AML Global Holdings (the "*Capital Raise*"), consisting of a private placing of shares in AML Global Holdings to a consortium led by Lawrence Stroll (the "*Yew Tree Consortium*") for £171 million (the "*March Equity Placing*") and a fully underwritten rights issue of shares of AML Global Holdings for £364.7 million (the "*Rights Issue*"). In the course of the Capital Raise, the Yew Tree Consortium acquired approximately 25% of the issued share capital of AML Global Holdings. The Rights Issue was also supported by, among others, the Adeem/Primewagon Significant Shareholder Group and MBAG. In June 2020, AML Global Holdings raised an additional £152.1 million of gross proceeds through the placing of shares in AML Global Holdings (the "*June Equity Placing*"). The June Equity Placing was supported by, amongst others, the Yew Tree Consortium. See "*Principal shareholders*" for an overview of our shareholders holding a significant interest in the issued ordinary share capital after the Capital Raise and the June Equity Placing. AML Global Holdings' market capitalization as of October 23, 2020 was £912.0 million.

(2) On October 27, 2020, we announced an equity raise by way of an anticipated issue of shares of AML Global Holdings to certain institutional investors pursuant to which we expect to raise gross proceeds of £125 million (the "*New Equity Offering*"). The New Equity Offering is conditional on, amongst other things, the First Strategic Cooperation Equity Issuance and subject to shareholder approval at the General Meeting and, as a result, there is no certainty that we will be able to consummate the New Equity Offering within the timeframe or on the terms that we currently expect, or at all. The release of the gross proceeds from the Offering from the Escrow Account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account. If the relevant conditions are not met on or prior to February 10, 2020, or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—The gross proceeds of the offering of the New Notes will be deposited in the Escrow Account. If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the New Notes, which means that you may not obtain the return you expect on the New Notes.*"

(3) 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.

(4) On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, pursuant to which AML Global Holdings will issue up to a total of 458,942,744 Consideration Shares in exchange for access to certain technology to be provided to AML Global Holdings by MBAG. The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles). In consideration for the technology and intellectual property that MBAG will make available to us, we intend, subject to shareholder and customary regulatory approvals being obtained, to issue up to a total of 458,942,744 Consideration Shares to MBAG over the period of time between the fourth quarter of 2020 and the first quarter of 2023. If issued in full, the Consideration Shares would increase the size of MBAG's shareholding in AML Global Holdings to 20% (on an enlarged fully diluted basis and taking into account the issue of the New Equity Offering and the Consideration Shares and MBAG's existing shareholding in AML Global Holdings as set out under "*Principal shareholders*"). See "*—Recent developments—Strategic cooperation agreement*" and "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for further details in relation to the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

(5) Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account with the Escrow Agent. From the Issue Date to the Release Date, the Escrow Account will be subject to security on a first ranking basis in favor of the trustee under the New Notes Indenture and the holders of the New Notes. The release of the gross proceeds from the Offering from the Escrow Account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account. For a discussion of the specific conditions see "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*" If the Release Date does not take place on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the issue price of the New Notes plus accrued and unpaid interest and additional amounts, if any, to the date of special mandatory redemption. See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

The New Notes will be the Issuer's senior obligations. On the Issue Date, the New Notes will be guaranteed (the "*Guarantees*"), jointly and severally, on a senior basis by the Guarantors. The Guarantors will also guarantee the New Revolving Credit Facility and the Second Lien Notes. The laws of certain jurisdictions may limit the enforceability of certain Guarantees. See "*Description of the New Notes—Guarantees*," "*Risk factors—Risks related to our indebtedness, the New 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 New Notes from recovering payments due on the New Notes*" and "*Risk factors—Risks related to our indebtedness, the New 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.*" For the twelve months ended September 30, 2020, the Guarantors represented (on an unconsolidated basis without giving effect to intercompany eliminations) 79% and 113% of the Group's revenue and assets, respectively. As of September 30, 2020, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the New Notes (excluding the Issuer), had no third-party borrowings.

On the Release Date, subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the New Notes and the Guarantees will be secured by first-priority security interests on the following collateral that will also secure the liabilities under the New Revolving Credit Facility, certain hedging obligations, if any, and the Second Lien Notes: (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued capital stock of the Company; (ii) a security interest under Jersey law granted by the Company over the issued share capital of the Issuer; (iii) a security interest under Jersey law granted by the Issuer over the issued share capital of AM Capital; (iv) a security interest under the English law debenture (referred to in (x) of this footnote) granted by the Company over the issued capital stock of AML Group Ltd.; (v) a security interest under the English law debenture (referred to in (x) of this footnote) granted by AML Group Ltd. over the issued capital stock of AML; (vi) a security interest under New York law granted by AML Group Ltd. over the issued capital stock of Aston Martin Lagonda of North America, Inc.; (vii) an assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreements (including the Notes Proceeds Loans thereunder); (viii) a mortgage granted by AML over the factory at Banbury Road, Gaydon, Warwick, United Kingdom; (ix) a first-priority assignment governed by English law by AM Capital of its rights under the 2011 Notes Proceeds Loan; and (x) 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. In the event of enforcement of the security over the Collateral, the holders of the New Notes will receive proceeds from the Collateral only after the lenders under the New Revolving Credit Facility and certain hedging obligations, if any, have been repaid in full. See "*Description of the New Notes—Security—The Collateral.*" See "*—The Transactions*."

(6) The Issuer will issue $335 million aggregate principal amount of 15.00% second lien split coupon notes due 2026 (the "*Second Lien Notes*"), which priced on October 27, 2020 pursuant to the Second Lien Indenture on the Second Lien Notes Issue Date. The gross proceeds of the Second Lien Notes will be deposited into a segregated escrow account on the Second Lien Notes Issue Date and are expected to be released from the relevant escrow account concurrently with the release of the gross proceeds of the Offering from the Escrow Account. The Second Lien Notes will be guaranteed by the Guarantors and secured by the Collateral as described in note (5) above. In the event of enforcement of the security over the Collateral, the holders of the Second Lien Notes will receive proceeds from the Collateral only after the lenders under the New Revolving Credit Facility, certain hedging obligations, if any, and the New Notes have been repaid in full. See "*Description of other financial arrangements—Second Lien Notes*" for a description of the terms of the Second Lien Notes.

In connection with the sale of the Second Lien Notes, AML Global Holdings has agreed to issue to the holders of the Second Lien Notes detachable warrants with the right to subscribe for a number of ordinary shares of AML Global Holdings which will represent 5.00% of the fully diluted issued share capital of AML Global Holdings taking into account the issue of the Consideration Shares and the New Equity Offering (the "*Warrants*"). The Warrants are expected to be issued by AML Global Holdings on the Release Date.

(7) The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017 in connection with the offering of certain of the Old Notes. The Issuer is a special purpose finance subsidiary with no significant assets other than the existing notes proceeds loans in relation to the Old Notes and the shares it holds in its direct subsidiary, AM Capital. On the Release Date, the Issuer will on-lend the proceeds from the issuance of the Notes to AML as Notes Proceeds Loans.

(8) On July 23, 2020, Aston Martin Investments Limited, as parent, Aston Martin Lagonda Limited, as original borrower, HSBC UK Bank plc, as arranger, HSBC Bank plc, as agent and U.S. Bank Trustees Limited, as security agent, entered into the CLBILS Loan and AML incurred £20 million thereunder. As part of the Transactions, on or about the Release Date, we intend to repay in full and cancel the CLBILS Loan, together with any accrued and unpaid interest thereon, using additional borrowings under the New Revolving Credit Facility.

(9) In 2017, AML entered into the Old Revolving Credit Facility Agreement providing for commitments of £80 million. As of September 30, 2020, the Old Revolving Credit Facility was drawn in an aggregate principal amount of £70 million. The remaining balance under our Old Revolving Credit Facility was reserved to support existing letter of credit facilities. As part of the Transactions, we entered into the New Revolving Credit Facility Agreement and have received commitments of £87 million. Subject to the satisfaction of certain conditions, including settlement into escrow of a certain minimum quantum of the New Notes and the Second Lien Notes, the redemption of the Old Notes, the consummation of the New Equity Offering and the First

Strategic Cooperation Equity Issuance, as well as the satisfaction of customary closing conditions, we intend to borrow £77 million under the New Revolving Credit Facility Agreement on the Release Date, with the remaining balance being reserved to support existing letter of credit facilities. The New Revolving Credit Facility Agreement will replace the Old Revolving Credit Facility Agreement. See "*Capitalization*" and "*Description of other financial arrangements—New Revolving Credit Facility Agreement*."

(10) 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 New Notes

The following is a brief summary of certain terms of the Offering of the New Notes. The New Notes will be governed by the New Notes Indenture. The summary below describes the principal terms of the New Notes, the Guarantees, the New Notes 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 New 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 New Notes and the Intercreditor Agreement. Certain descriptions in this Offering Memorandum of provisions of the New Notes Indenture are summaries of such provisions and are qualified herein by reference to the New Notes 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).
New Notes offered	$1,085,500,000 aggregate principal amount of 10.50% Senior Secured Notes due 2025 (the "*New Notes*").
Maturity date............................	November 30, 2025.
Interest	Interest on the New Notes will accrue at the rate of 10.50% per annum in cash.
Interest payment dates............	Interest on the New Notes will be payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2021. Interest will accrue from the Issue Date.
Minimum denominations	The New Notes will initially be issued in denominations of $200,000 and in integral multiples of $1,000 in excess thereof.
Ranking of the New Notes	The New Notes will be: • senior obligations of the Issuer; • from the Issue Date to the Release Date, secured by liens over the Escrow Account on a first ranking basis; • on the Release Date, secured by liens over the Collateral, with the Collateral also securing the liabilities under the New Revolving Credit Facility, certain hedging obligations, if any, and the Second Lien Notes and their guarantees, and pursuant to the Intercreditor Agreement will receive proceeds from

	enforcement of security over the Collateral only after certain obligations (including lenders under the New Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any) have been paid in full, but in priority to the Second Lien Notes, as described below under "*Description of the New 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 New Notes (including the Second Lien Notes and the senior guarantee given by the Issuer in favor of the New 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 New Notes; • effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the New 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 New 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 New 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 Guarantors will also guarantee the New Revolving Credit Facility and the Second Lien Notes. On the Release Date, the Guarantees will be secured by first-priority security interests on the Collateral (as defined below) that will also, among others, secure the New Revolving Credit Facility

	and the Second Lien Notes, as described in "*Description of the New Notes—Security—The Collateral*." The laws of certain jurisdictions may limit the enforceability of certain Guarantees. See "*Description of the New Notes—Guarantees,*" "*Risk factors—Risks related to our indebtedness, the New 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 New Notes from recovering payments due on the New Notes*" and "*Risk factors—Risks related to our indebtedness, the New 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.*" For the twelve months ended September 30, 2020, the Guarantors represented (on an unconsolidated basis without giving effect to intercompany eliminations) 79% and 113% of the Group's revenue and assets, respectively. As of September 30, 2020, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the New Notes (excluding the Issuer), had no third-party borrowings.
Ranking of the Guarantees......	Each Guarantee: • will be senior obligations of the relevant Guarantor; • from the Issue Date to the Release Date, secured by liens over the Escrow Account on a first ranking basis; • on the Release Date, will be secured by liens over the Collateral, with the Collateral being intended to also secure the liabilities under the New Revolving Credit Facility, certain hedging obligations, if any, and the Second Lien Notes and their guarantees, 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 New Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any) have been paid in full, but in priority to the Second

	Lien Notes, as described below under "*Description of the New 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 New Revolving Credit Facility and the Second Lien Notes; • 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 New 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 New Notes; and • will be subject to limitations described herein.
Collateral....................................	From the Issue Date to the Release Date, the Escrow Account will be subject to security on a first ranking basis in favor of the trustee under the New Notes Indenture and the holders of the New Notes. On the Release Date, subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the New Notes and the Guarantees will be secured by the following collateral (the "*Collateral*"): • a limited recourse first-priority security interest under English law granted by AM Holdings over the issued capital stock of the Company; • a first-priority security interest under Jersey law granted by the Company over the issued share capital of the Issuer; • a first-priority security interest under Jersey law granted by the Issuer over the issued share capital of AM Capital;

- a 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 AML Group Ltd.;

- a first-priority security interest under the English law debenture (referred to in the last bullet point of this paragraph) granted by AML Group Ltd. over the issued capital stock of AML;

- a first-priority security interest under New York law granted by AML Group Ltd. over the issued capital stock of Aston Martin Lagonda of North America, Inc.;

- a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreements (and the Notes Proceeds Loans thereunder);

- a mortgage granted by AML over the factory at Banbury Road, Gaydon, Warwick, United Kingdom;

- a first-priority assignment governed by English law by AM Capital of its rights under the 2011 Notes Proceeds Loan; and

- 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 is intended to also secure the liabilities under the Revolving Credit Facility Agreement, certain hedging obligations, if any, and the liabilities under the Second Lien Notes.

The Agreed Security Principles will apply to the granting of security in favor of obligations under the New 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.*"
Escrow of Proceeds; Special Mandatory Redemption	Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and the redemption in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, of the Old Notes, on the Release Date upon the release of the proceeds of the Offering from escrow, the initial purchasers will deposit the gross proceeds from the Offering into the Escrow Account with the Escrow Agent. Any release of the gross proceeds of the Offering from the Escrow Account is subject to the satisfaction of certain conditions as described below. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the gross proceeds of the Offering from the Escrow Account have been or will be satisfied promptly following their release, the gross proceeds of the Offering will be released from the Escrow Account to the Issuer (or to such accounts as may be designated by the Issuer) and utilized as described in "*—The Transactions*," "*Use of proceeds*," "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*" The gross proceeds from the Offering shall be released from the Escrow Account upon satisfaction of the following conditions: (i) each of the New Equity Offering and the First Strategic Cooperation Equity Issuance has been (or will be on the Release Date) consummated upon the release from the Escrow Account, (ii) a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account, and (iii) as of the Release Date, there are no events of bankruptcy, insolvency or court protection with respect to the Company or the Issuer. In the event that (i) the Release Date does not take place on or prior to the Escrow Longstop Date, (ii) in the reasonable judgment of the Issuer, either the New Equity Offering or the First Strategic Cooperation Equity Issuance

	will not be consummated on or prior to the Escrow Longstop Date, (iii) either the New Equity Offering or the First Strategic Cooperation Equity Issuance is terminated at any time on or prior to the Escrow Longstop Date or (iv) there is an event of bankruptcy, insolvency or court protection with respect to the Company or the Issuer on or prior to the Escrow Longstop Date, the New Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the aggregate issue price of the New Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of special mandatory redemption (the "*Special Mandatory Redemption Price*"). As such, the Issuer will be required to fund any shortfall amount representing the difference between the Special Mandatory Redemption Price and the amounts in the Escrow Account. See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption*" and "*Risk factors—Risks Related to our indebtedness, the New Notes and the Guarantees—The gross proceeds of the Offering of the New Notes will be deposited in the Escrow Account. If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the New Notes, which means that you may not obtain the return you expect on the New Notes.*"
Optional redemption................	Prior to November 1, 2024, the Issuer may redeem, at its option, the New Notes, in whole or in part, by paying a "make-whole" premium. On or after November 1, 2024, the Issuer may redeem, at its option, the New Notes, in whole or in part, at the redemption price set forth under the caption "*Description of the New Notes—Optional Redemption—Optional Redemption of the New Senior Secured Notes*" plus accrued and unpaid interest and additional amounts. See "*Description of the New Notes—Optional Redemption—Optional Redemption of the New Senior Secured Notes.*" Prior to November 1, 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the New Notes (including additional New Notes) at a redemption price equal to (i) 110.50% 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 New Notes issued on the Issue Date remain outstanding immediately thereafter.
Optional Regulatory Debt Facility redemption	Until (and including) the 120th day after the Issue Date, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of the New Notes up to an amount equal to the net cash proceeds of any amount received pursuant to any Regulatory Debt Facility (as such term is defined under "*Description of the New Notes— Certain Definitions*") at a redemption price equal to 110.50% of the principal amount of New Notes so redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, *provided*, that at least 60% of the original aggregate principal amount of the New Notes originally issued under the New Notes Indenture remain outstanding immediately after the occurrence of each such redemption (unless all such New Notes are redeemed substantially concurrently). See "*Description of the New Notes— Optional Redemption.*"
Optional redemption for tax reasons	In the event of certain developments affecting taxation, the Issuer may redeem the New 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 New 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 New 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 New 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 New 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 New 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 New Notes—Withholding Taxes.*"
Certain covenants.....................	The New Notes Indenture that will govern the New 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; • enter into unrelated businesses or engage in prohibited activities; • consolidate or merge with other entities; and • impair the security interests for the benefit of the holders of the New Notes. Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the New Notes—Certain Covenants.*"
Use of proceeds.........................	The proceeds of the New Notes will be used, together with certain of the proceeds of the Second Lien Notes, the New

	Equity Offering and additional borrowings under the New Revolving Credit Facility (i) to redeem in full the outstanding amount of Old Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full and cancel the CLBILS Loan, including any accrued and unpaid interest thereon, (iii) for general corporate purposes, including working capital requirements, and (iv) to pay fees and expenses incurred in connection with the Transactions. See "*Use of proceeds*."
Transfer restrictions; no registration rights	The New 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 New Notes or the Guarantees. The New Notes will be subject to certain other restrictions on transfer as described under "*Transfer restrictions.*"
No prior market	The New 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 New 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 New Notes will develop or be maintained.
Listing......................................	Application will be made to the Authority for the listing of and permission to deal in the New Notes on the Official List of the Exchange.
Governing law of the New Notes Indenture, New Notes and the Guarantees	New York.
Governing law of the Intercreditor Agreement.......	England and Wales.
Governing law of the Security Documents	England and Wales, Jersey and New York.
Governing law of the Escrow Agreement	New York.
Escrow Agent...........................	JPMorgan Chase Bank, N.A.
Trustee and Security Agent.....	U.S. Bank Trustees Limited.

Paying Agent, Registrar and Transfer Agent	U.S. Bank National Association.
Listing agent	Carey Olsen Corporate Finance Limited.
ISIN	Reg S: USG05891AH20; Rule 144A: US04625HAG48.
CUSIP..	Reg S: G05891AH2; Rule 144A: 04625HAG4.
Risk Factors	An investment in the New 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 New Notes.

Summary historical consolidated financial and other data

Unless otherwise indicated, the historical and other financial data presented herein have been derived from (i) the audited consolidated financial statements of AM Holdings as of and for the year ended December 31, 2017, (ii) the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2018 and 2019, and (iii) the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum.

Financial information

Our consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("*IFRS*"). The unaudited condensed consolidated interim financial statements of the Group as of September 30, 2020 are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*," as adopted by the European Union.

On September 3, 2018, AML Global Holdings obtained control of the entire share capital of AM Holdings by way of a share-for-share exchange. Although the share-for-share exchange resulted in a change in legal ownership, in substance the consolidated financial information presented for the periods ended December 31, 2018 and 2019 and September 30, 2020 represent the continuation of the pre-existing group headed by AM Holdings. Consequently, references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information prior to the year ended December 31, 2018 relate to AM Holdings and its subsidiaries and do not include AML Global Holdings; and references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information for the year ended December 31, 2018 onwards relate to AML Global Holdings and its subsidiaries.

IFRS 16 (*Leases*) became effective on, and applies to periods beginning on or after, January 1, 2019. Our audited consolidated financial statements as of and for the year ended December 31, 2019 and our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum, give effect to IFRS 16 (*Leases*). The new standard replaces the previous accounting standard, IAS 17 (*Leases*), including related interpretations. We have applied exemptions for short-term leases and leases of low value items and chose to adopt the modified retrospective transition approach for IFRS 16 under which, prior to reflecting the impact of lease incentives, we evaluated our lease liability using incremental borrowing rates assessed at the date of transition with a right of use asset of equal value. Our equity reserves as of January 1, 2019 have been adjusted to reflect the de-recognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right of use asset on adoption of IFRS 16, under the transition approach adopted, this treatment is not followed. There have been no IFRS 16 adjustments made to the consolidated income statements for the periods prior to January 1, 2019. See notes 2 and 16 of AML Global Holdings' audited consolidated financial statements as of and for the year ended December 31, 2019 included elsewhere in this Offering Memorandum for further information on

the impact of IFRS 16 on our consolidated income statement for the year ended December 31, 2019. See also "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting comparability—IFRS 16*."

The consolidated financial statements present the results of operations and financial position of AML Global Holdings and AM Holdings (as applicable), which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings and AM Holdings (as applicable) 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 year ended December 31, 2017 of AM Holdings and the Company primarily related to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which were obligations of AM Holdings, but not the Company, as well as annual administration costs of AM Holdings in the amounts of £1.3 million for the year ended December 31, 2017. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 of AML Global Holdings and the Company primarily related to £61.9 million of costs associated with the conversion of the Preference Shares as part of the Aston Martin IPO for the year ended December 31, 2018, £2.5 million of directors' remuneration and administration costs for the year ended December 31, 2019, £1.7 million of directors' remuneration and administration costs for the nine months ended September 30, 2019 and £0.9 million of directors' remuneration and administration costs for the nine months ended September 30, 2020. Therefore, the financial and operating results and certain other information relating to AM Holdings and AML Global Holdings (as applicable) have been presented in this Offering Memorandum in lieu of the Company. We believe that AM Holdings' and 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. AML Global Holdings will be the reporting entity under the covenants pursuant to the New Notes Indenture and the New Revolving Credit Facility Agreement. For further information, see "*Description of the New Notes*."

Certain restatements and reclassifications

IFRS 15 (*Revenue from Contracts with Customers*) became effective for periods beginning on or after January 1, 2018. The new standard integrates the various previously existing IFRS requirements and interpretations relating to revenue recognition into a single standard and establishes the principles, which an entity needs to apply when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. We have applied the new requirements for revenue from contracts with customers in the year ended December 31, 2018 using the "*full retrospective*" option. As a result, we present, within the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018, a restatement of the audited comparative periods (the "*Restated 2017 Financial Information*"). The Restated 2017 Financial Information is presented in this Offering Memorandum and 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, 2018, included elsewhere in this Offering Memorandum.

In addition, certain reclassifications 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, 2019 regarding the 2018 comparative values (the "*Restated 2018 Financial Information*"), including (i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables, (ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables, and (iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions. The Restated 2018 Financial Information is presented herein and 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, 2019, included elsewhere in this Offering Memorandum. See "*—Certain Restated Financial Data*" for additional information.

Moreover, in the preparation of the interim financial results of 2020 we have determined that an adjustment should be made in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. This is a non-cash adjustment and has no impact on the timing of the Company's historic or forecast cash flows. As a result, the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 and the consolidated statement of comprehensive income for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated to correct this error and the related adjustments to tax. See "*—Certain restated financial data*" for additional information.

In addition, in the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 (i) the tax charge for the nine months ended September 30, 2019 has been restated to derecognize deferred tax related to future finance costs for which tax relief is deferred to future periods and where the likelihood of recoverability is not considered to support recognition of the asset, (ii) frozen cash as of September 30, 2019 has been reclassified from cash and cash equivalents to other financial assets in the consolidated statement of financial position, (iii) three further adjustments were recorded to restate the consolidated statement of financial position and consolidated statement of comprehensive income for the nine months ended September 30, 2019 with a net increase in profit before tax of £5.6 million and profit after tax of £4.6 million (iv) and retained earnings as of January 1, 2019 have been restated to correct for a brought forward taxation error, with a corresponding £2.9 million entry made to reduce trade and other receivables as of September 30, 2019 and increase trade and other payables as of December 31, 2019 in the consolidated statements of financial position. See "*—Certain restated financial data*" for additional information.

***Pro forma* non-IFRS financial information**

The following tables also include certain unaudited *pro forma* consolidated financial information, including *pro forma* cash and cash equivalents, *pro forma* total debt and *pro forma* net total debt and *pro forma* interest expense and leverage and coverage ratios. Such measures reflect the following:

- *Pro forma* 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 September 30, 2020.

- *Pro forma interest expense* is interest expense adjusted to give effect to the Transactions, including the issuances of the Notes and the entry into the New Revolving Credit Facility, as if they had occurred on October 1, 2019.

- *Pro forma* 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*."

Such *pro forma* 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. *Pro forma* financial information, and the related assumptions, are for illustrative purposes only and the actual financial data may vary materially from the *pro forma* financial information presented herein. The *pro forma* capitalization of the Company varies from the capitalization of AML Global Holdings.

Adjusted EBITDA and Covenant EBITDA include components based solely on internal information used by management and are based on management accounts, plus, in the case of Covenant EBITDA, management expectations for future periods based on our order book and expected personnel cost savings.

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 or any other person. See "*Presentation of financial and other information and use of non-IFRS financial information*," "*Forward-looking statements*" and "*Risk factors—The adjustments to Covenant EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*."

The unaudited *pro forma* 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 or any generally accepted accounting standards. The unaudited *pro forma* adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the *pro forma* adjustments nor the resulting unaudited *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited *pro forma* consolidated financial information is for informational purposes only and should be read in conjunction with the information contained in "*Presentation of financial and other information and use of non-IFRS financial information,*" "*Selected historical consolidated financial and other data*," "*Management's discussion and analysis of financial condition and results of operations*" and the financial statements included elsewhere in this Offering Memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

LTM financial information

In this Offering Memorandum we also present certain financial information for the twelve months ended September 30, 2020 (the "*LTM Financial Information*"). The LTM Financial Information is derived by adding the unaudited consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2020 to the restated consolidated income statement information of AML Global Holdings for the year ended December 31, 2019 and deducting the restated consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2019. The consolidated statement of comprehensive income data for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "*—Certain restatements and reclassifications*" and "*—Certain Restated Financial Data*" for additional information. The LTM Financial Information has been presented for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The LTM Financial Information is not prepared in the ordinary course of our financial reporting or in accordance with IFRS. We also note commentary in note 2 of the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, included elsewhere in this Offering Memorandum.

Consolidated statement of comprehensive income data

	For the year ended December 31,				For the nine months ended September 30,[1]		For the twelve months ended September 30,[1]
(£ in millions)	**2017[2]**	**2018**	**2019 (reported)[3][4]**	**2019 (restated)[3][4]**	**2019 (restated)[3][5]**	**2020[6]**	**2020**
Revenue	876.0	1,096.5	997.3	980.5	650.0	270.0	600.5
Cost of sales	(496.2)	(660.7)	(642.7)	(642.7)	(411.0)	(255.9)	(487.6)
Gross profit/(loss)	**379.8**	**435.8**	**354.6**	**337.8**	**239.0**	**14.1**	**112.9**
Selling and distribution expenses	(60.0)	(89.8)	(95.0)	(95.0)	(71.6)	(60.4)	(83.8)
Administrative and other operating expenses[7]	(171.0)	(293.2)	(277.3)	(275.8)	(178.1)	(182.8)	(280.5)
Other (expense)/income	—	20.0	(19.0)	(19.0)	(19.0)	-	-
Operating profit/(loss)	**148.8**	**72.8**	**(36.7)**	**(52.0)**	**(29.7)**	**(229.1)**	**(251.4)**
Finance income	35.6	4.2	16.3	16.3	4.1	1.9	14.1
Finance expense[8]	(99.9)	(145.2)	(83.9)	(83.9)	(69.2)	(80.7)	(95.4)
Profit/(loss) before tax[8]	**84.5**	**(68.2)**	**(104.3)**	**(119.6)**	**(94.8)**	**(307.9)**	**(332.7)**
Income tax (charge)/credit[8]	(7.7)	11.1	(0.1)	2.0	(1.1)	40.0	43.1
Profit/(loss) for the period[8]	**76.8**	**(57.1)**	**(104.4)**	**(117.6)**	**(95.9)**	**(267.9)**	**(289.6)**
Other comprehensive income/(loss) for the period, net of income tax[8]	1.7	(18.3)	17.3	17.3	(15.4)	9.1	41.8
Total comprehensive income/(loss) for the period[8]	**78.5**	**(75.4)**	**(87.1)**	**(100.3)**	**(111.3)**	**(258.8)**	**(247.8)**

Consolidated statement of financial position data

(£ in millions)	As of December 31, 2017[2][9]	2018[10]	2019[3][11]	As of September 30,[1] 2019[3][12]	2020[13]
Cash and cash equivalents[14]	167.8	144.6	107.9	100.9	307.3
Working capital[15]	(111.2)	(238.7)	(322.7)	(400.6)	(8.2)
Property, plant and equipment[16]	243.9	313.0	350.5	352.2	400.1
Total assets	1,632.1	1,970.2	2,231.1	2,222.1	2,589.8
Total current liabilities	529.5	790.3	890.2	961.4	775.7
Total non-current liabilities[17]	966.5	730.5	1,011.3	937.9	1,081.1
Total liabilities[17]	1,496.0	1,520.8	1,901.5	1,899.3	1,856.8
Total shareholders' equity	136.1	449.4	329.6	322.8	733.0

Consolidated statement of cash flows data

(£ in millions)	For the year ended December 31, 2017[2]	2018[10]	2019[18]	For the nine months ended September 30,[1] 2019[19]	2020[20]
Net cash flows from/(used in) operating activities	343.8	222.6	19.4	59.9	(272.1)
Net cash flows used in investing activities	(346.4)	(306.3)	(305.2)	(250.5)	(202.2)
Net cash flows from financing activities	69.9	57.8	243.3	147.8	678.3
Net increase/(decrease) in cash and cash equivalents	**67.3**	**(25.9)**	**(42.5)**	**(42.8)**	**204.0**

Certain restated financial data

Certain reclassifications 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, 2019 regarding the 2018 comparative values, including:

(i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables;

(ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables; and

(iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions.

The following table sets forth the impact of these reclassifications on the 2018 comparative values (the "*Restated 2018 Financial Information*") 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, 2019.

As of December 31, 2018	2018 values as disclosed in the full year 2018 financial statements	(i)	(ii) *(£ in millions) (unaudited)*	(iii)	2018 values as disclosed in the full year 2019 financial statements
Non-current assets					
Deferred tax assets	123.1	—	—	(91.0)	32.1
Current liabilities					
Trade and other payables	(696.1)	(5.2)	30.3	—	(671.0)
Non-current liabilities					
Trade and other payables	(12.2)	(7.3)	(30.3)	—	(49.8)
Provisions	(25.4)	12.5	—	—	(12.9)
Deferred tax liabilities	(111.0)	—	—	91.0	(20.0)

The Restated 2018 Financial Information is presented in this Offering Memorandum and 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, 2019.

In addition, our financial statements as of and for the year ended December 31, 2019 and the nine months ended September 30, 2019 have been amended to include an adjustment relating to revenue recognition in accordance with IFRS 15, which impacts the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 and the consolidated statement of comprehensive income for the nine months ended September 30, 2019 and the year ended December 31, 2019. Such adjustment relates to our revenue recognition in the U.S. with respect to the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. We have historically accounted for the impact of variable marketing expenses through a reduction in revenues on subsequent sales of vehicles in line with the contractual terms upon which such marketing incentives are granted to dealers. While we have historically applied a consistent global approach in recording this reduction in revenue following wholesale transactions with dealers to reflect the incurrence of variable marketing expenses, we have corrected revenue recognition in respect of our U.S. operations, due to the fact that our U.S. business operates under a different contractual arrangement with U.S. dealers. As a result of such amendments, our historical revenues have been adjusted to reflect that variable marketing expenses should be recorded at the time a wholesale transaction occurs between us and the relevant U.S. dealer with respect to our U.S. operations, while variable marketing expenses continue to be recorded as a reduction on revenues for subsequent wholesale transactions in relation to the rest of our operations. This is a non-cash adjustment and has no impact on the timing of our historic or forecast cash flows. Pursuant to IFRS 15, future variable marketing expenses in the U.S. should be estimated and accrued for on our consolidated statement of financial position and deducted from revenue at the point revenue is recognized for the wholesale of the vehicle to the dealer rather than at the time of retail sale by the dealer to the end customer. Due to the adjustment, an additional accrual required for variable marketing was reported in the statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 of £13.8 million, £21.8 million and £29.1 million, respectively, which, compared to the previously reported results, had a negative impact on EBITDA for the nine months ended September 30, 2019 and the year ended December 31, 2019 in an amount of £8.1 million and £15.3 million, respectively.

In addition, in the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 (i) the tax charge for the nine months ended September 30, 2019 has been restated to derecognize deferred tax related to future finance costs for which tax relief is deferred to future periods and where the likelihood of recoverability is not considered to support recognition of the asset, (ii) frozen cash as of September 30, 2019 has been reclassified from cash and cash equivalents to other financial assets in the consolidated statement of financial position, (iii) three further adjustments were recorded to restate the consolidated statement of financial position and consolidated statement of comprehensive income for the nine months ended September 30, 2019 with a net increase in profit before tax of £5.6 million and profit after tax of £4.6 million (iv) and retained earnings as of January 1, 2019 have been restated to correct for a brought forward taxation error, with a corresponding £2.9 million entry made to reduce trade and other receivables as of

September 30, 2019 and increase trade and other payables as of December 31, 2019 in the consolidated statements of financial position.

The following table sets forth the impact of these restatements on the consolidated statement of comprehensive income for the year ended December 31, 2019 and the nine months ended September 30, 2019:

	For the year ended December 31, 2019			For the nine months ended September 30, 2019		
	2019 values as disclosed in the 2019 financial statements	**Impact of restatements (Increase / (decrease))**	**2019 values as disclosed in the September 2020 interim financial statements**	**September 2019 values before restatements**	**Impact of restatements (Increase / (decrease))**	**September 2019 values as disclosed in the September 2020 interim financial statements**
	(£ in millions) (unaudited)					
Revenue	997.3	(16.8)	980.5	657.2	(7.2)	650.0
Cost of sales	(642.7)	-	(642.7)	(413.4)	2.4	(411.0)
Gross profit/(loss)	**354.6**	**(16.8)**	**337.8**	**243.8**	(4.8)	**239.0**
Selling and distribution expenses	(95.0)	—	(95.0)	(71.6)	—	(71.6)
Administrative and other operating expenses[7]	(277.3)	1.5	(275.8)	(180.4)	2.3	(178.1)
Other (expense)/income	(19.0)	—	(19.0)	(19.0)	—	(19.0)
Operating profit/(loss)	**(36.7)**	**(15.3)**	**(52.0)**	**(27.2)**	**(2.5)**	**(29.7)**
Finance income	16.3	—	16.3	4.1	—	4.1
Finance expense[8]	(83.9)	—	(83.9)	(69.2)	—	(69.2)
Profit/(loss) before tax[8]	**(104.3)**	**(15.3)**	**(119.6)**	**(92.3)**	**(2.5)**	**(94.8)**
Income tax (charge)/credit[8]	(0.1)	2.1	2.0	19.4	(20.5)	(1.1)
Profit/(loss) for the period[8]	**(104.4)**	**(13.2)**	**(117.6)**	**(72.9)**	**(23.0)**	**(95.9)**
Other comprehensive income/(loss) for the period, net of income tax[8]	17.3	—	17.3	(15.4)	—	(15.4)
Total comprehensive income/(loss) for the period[8]	**(87.1)**	**(13.2)**	**(100.3)**	**(88.3)**	**(23.0)**	**(111.3)**

The following table sets forth the impact of the adjustments on the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019:

	As of January 1, 2019			As of September 30, 2019			As of December 31, 2019		
	Values as disclosed in the full year 2019 financial statements, adjusted	**Impact of restatements (increase/ (decrease))**	**Value as restated**	**Values before restatements**	**Impact of restatement (increase/ (decrease))**	**Value as restated**	**Values as originally disclosed in the full year 2019 financial statements**	**Impact of restatements (increase/ (decrease))**	**Value as restated**
	(£ in millions) (unaudited)								
Deferred tax asset	32.1	0.6	32.7	41.9	(13.6)	28.3	45.7	—	45.7
Inventory	165.3	—	165.3	256.7	3.5	260.2	200.7	—	200.7
Trade and other receivables	243.0	(2.9)	240.1	193.1	(3.2)	189.9	249.7	—	249.7
Income tax receivable	0.8	—	0.8	4.0	(3.2)	0.8	0.3	—	0.3
Current trade and other payables	641.4	13.8	655.2	755.7	19.5	775.2	702.1	32.0	734.1
Income tax liability	4.9	—	4.9	5.2	(2.9)	2.3	8.9	—	*8.9*
Deferred tax liability	20.0	—	20.0	—	6.0	6.0	12.6	(2.7)	9.9
Net assets	**447.2**	**(16.1)**	**431.1**	**361.9**	**(39.1)**	**322.8**	**358.9**	**(29.3)**	**329.6**
Retained earnings	97.2	(16.1)	81.1	22.5	(39.1)	(17.6)	(13.5)	(29.3)	(42.8)
Equity attributable to owners of the group	437.0	(16.1)	420.9	347.6	(40.1)	307.5	344.8	(29.3)	315.5
Non-controlling interests	10.2	—	10.2	14.3	1.0	15.3	14.1	—	14.1
Total shareholders' equity	**447.2**	**(16.1)**	**431.1**	**361.9**	**(39.1)**	**322.8**	**358.9**	**(29.3)**	**329.6**

Further information in relation to the restatement is included in note 2 of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020.

The impact of these adjustments on our consolidated statement of comprehensive income and our consolidated statement of financial position as of and for the years ended December 31, 2017 and 2018 is not considered material.

Other financial data

	As of and for the year ended December 31,				As of and for the nine months ended September 30,[1]		As of and for the twelve months ended September 3 0,[1]
(£ in millions unless otherwise indicated)	2017	2018	2019 (reported)[3]	2019 (restated)[3][4]	2019 (restated)[3]	2020[6]	2020
Depreciation, amortization and impairment of which	82.2	100.0	164.5[4]	164.5[4]	88.0[5]	99.6[6]	176.1
Depreciation and impairment of property, plant and equipment	*27.4*	*32.4*	*38.8*	*38.8*	*25.9*	*26.6*	*39.5*
Depreciation and impairment of right-of-use lease assets	—	—	*13.3*[4]	*13.3*[4]	*8.9*[5]	*11.2*[6]	*15.6*
Amortization and impairment of intangible assets	*54.7*	*67.6*	*112.4*	*112.4*	*53.2*	*61.8*	*121.0*
Capital expenditures of which	294.1	310.5	310.2	310.2	254.6	204.1	259.7
Tangible and other intangible capital expenditure	*80.9*	*108.2*	*84.2*	*84.2*	*67.0*	*56.7*	*73.9*
Capitalized engineering/research & development cost	*213.2*	*202.3*	*226.0*	*226.0*	*187.6*	*147.4*	*185.8*
Cash and cash equivalents	167.8[2][9]	144.6[10]	107.9	107.9	100.9	307.3	307.3
Total debt[21]	585.1	704.1	984.1	1,095.5	1,016.3	1,175.8	1,175.8
Net debt[22]	417.3	559.5	876.2	987.6	915.4	868.5	868.5
Adjusted EBITDA[23]	206.5	247.3	134.2	118.9	63.7	(117.6)	(62.4)
Cash conversion ratio[24]	166%	90%	14%	16%	94%	n.m.	n.m.

Other operating data

	As of and for the year ended December 31,				As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
(£ in millions unless otherwise indicated)	2017	2018	2019 (reported)[3]	2019 (restated)[3]	2019 (restated)[3]	2020	2020
Total unit sales to dealers (number of cars)	5,098	6,441	5,862	5,862	3,939	1,555	3,478
Average core car sale price (£ in thousands)[25]	150	141	135	132	135	126	121
Total average car sale price (£ in thousands)[26]	159	157	152	149	146	137	143

Pro forma and other financial data of the Company[27]

(£ in millions unless otherwise indicated)	As of and for the twelve months ended September 30, 2020[1]
Adjusted EBITDA[23]	(62.4)
Pro forma cash and cash equivalents[28]	519
Pro forma total debt[29]	1,364
Pro forma net total debt[30]	844
Pro forma interest expense[31]	136.8
Covenant EBITDA[23]	30.6
Pro forma net secured debt[32]	655
Ratio of *pro forma* total debt to total market capitalization of AML Global Holdings[29][33]	1.5x

(1) Unaudited. The LTM Financial Information is derived by adding the unaudited consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2020 to the restated consolidated income statement information of AML Global Holdings for the year ended December 31, 2019 and deducting the restated consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2019.

(2) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum. The 2017 financial information has not been restated for (i) adjustments in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. See note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum and (ii) certain reclassifications which 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, 2019 regarding the 2018 comparative values included elsewhere in this Offering Memorandum. The 2018 financial information has not been restated for adjustments in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. See note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum. See "*—Certain Restated Financial Data*" for additional information.

(3) The consolidated statements of comprehensive income data and the consolidated statement of financial position data for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "*—Certain restatements and reclassifications*" and "*—Certain Restated Financial Data*" as well as note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum for additional information.

(4) The net impact of IFRS 16 on our consolidated statement of income for the year ended December 31, 2019, excluding the impact of taxation, comprised a loss before tax of £2.4 million. This included £12.3 million in respect of additional depreciation charges and £4.6 million in respect of additional interest expense on lease liabilities, significantly offset by a £14.5 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £15.5 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £1.2 million of deferred lease incentives released from our statement of financial position under IAS 17.

(5) The net impact of IFRS 16 on our consolidated statement of income for the nine months ended September 30, 2019, excluding the impact of taxation, comprised a charge of £1.4 million. This included £8.9 million in respect of additional depreciation charges and £3.4 million in respect of additional interest expense on lease liabilities, substantially offset by a £10.9 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £11.6 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £0.9 million of deferred lease incentives released from our statement of financial position under IAS 17.

(6) The net impact of IFRS 16 on our consolidated statement of income for the nine months ended September 30, 2020, excluding the impact of taxation, comprised a charge of £5.1 million. This included £11.2 million in respect of additional depreciation charges, including an impairment charge of £2.0 million, and £3.0 million in respect of additional interest expense on lease liabilities, substantially offset by a £9.1 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £9.8 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £0.9 million of deferred lease incentives released from our statement of financial position under IAS 17.

(7) Administrative and other expenses include costs attributable to AM Holdings and AML Global Holdings (as applicable) of £1.3 million, £18.7 million and £2.5 million for the years ended December 31, 2017, 2018 and 2019, respectively, and £1.7 million and £0.9 million for the nine months ended September 30, 2019 and 2020, respectively. These costs were not attributable to the Company or its subsidiaries.

(8) Finance expense for the years ended December 31, 2017 and 2018 includes interest expense with respect to the Preference Shares, which were obligations of AM Holdings. The Preference Shares were converted into ordinary shares as part of the Aston Martin IPO during the year ended December 31, 2018. Finance expense with respect to the Preference Shares was £37.9 million of interest expense for the year ended December 31, 2017 and £93.9 million for the year ended December 31, 2018, comprising £32.0 million of interest expense and £61.9 million of costs in relation to the conversion of the Preference Shares as part of the Aston Martin IPO. These costs were not attributable to the Company or its subsidiaries. The following table presents the above line items from finance expense through to total comprehensive income/(loss) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions, unaudited)	For the year ended December 31, 2017[2]	2018
Finance expense	(62.0)	(51.3)
Profit/(Loss) before tax	**122.4**	**25.7**
Income tax (charge)/credit	(7.7)	8.2[a]
Profit/(Loss) for the period	**114.7**	**33.9**
Other comprehensive income/(loss) for the period, net of income tax	1.7	(18.3)
Total comprehensive income/(loss) for the period	**116.4**	**15.6**

(a) The estimated reduction in the tax credit attributable to the impact of excluding the Preference Share interest for the year ended December 31, 2018 would be £2.9 million.

(9) Restated for the impact of the £15.1 million refund paid to Prestige Motor Holdings S.A., an entity owned by Investindustrial V L.P., in relation to the acquisition of an interest in the Group by Prestige Motor Holdings S.A. in 2013. For further information see note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

(10) Restated for the impact of (i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables; (ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables; and (iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions. Further information in relation to the restatement is included in "—*Certain Restated Financial Data*" above and note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019.

(11) The impact of IFRS 16 on our consolidated statement of financial position as of December 31, 2019, excluding the impact of taxation, comprised (i) an increase in total assets of £79.8 million comprising the recognition of right of use assets (non-current asset) in an amount of £81.8 million, offset by the de-recognition of £2.0 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £12.9 million comprised of £14.1 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £68.2 million, comprised of £97.3 million in respect of non-current lease liabilities, offset by a £29.1 million reclassification of lease incentives against right of use assets in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(12) The impact of IFRS 16 on our consolidated statement of financial position as of September 30, 2019, excluding the impact of taxation, comprised (i) an increase in total assets of £78.3 million comprising the recognition of right of use assets (non-current asset) in an amount of £80.3 million, offset by the de-recognition of £2.0 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £10.7 million comprised of £11.9 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £74.3 million, comprised of £103.7 million in respect of non-current lease liabilities, offset by a £29.4 million reclassification of lease incentives against right of use assets, in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(13) The impact of IFRS 16 on our consolidated statement of financial position as of September 30, 2020, excluding the impact of taxation, comprised (i) an increase in total assets of £73.8 million comprising the recognition of right of use assets (non-current asset) in an amount of £75.6 million, offset by the de-recognition of £1.8 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £8.7 million comprised of £9.9 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £66.5 million, comprised of £95.7 million in respect of non-current lease liabilities, offset by a £29.2 million reclassification of lease incentives against right of use assets in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(14) We have entered into a series of back-to-back loan arrangements with HSBC UK Bank plc, whereby renminbi is deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the U.K. As of September 30, 2020, cash and cash equivalents included £36.2 million (equivalent) of cash deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom drawn in the amount of £33.9 million. Cash and cash equivalents amounted to £291.6 million as of October 23, 2020, including £36.2 million (equivalent) of cash deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom drawn in the amount of £33.9 million.

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

(16) Following the adoption of IFRS 16, property, plant and equipment does not include right of use assets.

(17) Represents the book value of our total non-current liabilities, determined in compliance with IFRS. Total non-current liabilities includes the Preference Shares as of December 31, 2017, which were obligations of AM Holdings and not of the Company or its subsidiaries. The Preference Shares represented £255.9 million of indebtedness as of December 31, 2017 and were converted into ordinary shares as part of the Aston Martin IPO in the year ended December 31, 2018.

(18) The impact of IFRS 16 on our consolidated statement of cash flows for the year ended December 31, 2019 comprised a reclassification of £15.5 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

(19) The impact of IFRS 16 on our consolidated statement of cash flows for the nine months ended September 30, 2019 comprised a reclassification of £11.6 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

(20) The impact of IFRS 16 on our consolidated statement of cash flows for the nine months ended September 30, 2020 comprised a reclassification of £9.8 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

(21) Total debt as of December 31, 2017, 2018 and 2019 (reported) represents our total current and non-current borrowings and inventory repurchase arrangements, less cash held not available for short-term use, in our consolidated financial statements as of the applicable date, excluding the Preference Shares, which were obligations of AM Holdings and not of the Company or its subsidiaries. The Preference Shares represented £255.9 million of indebtedness as of December 31, 2017 and were converted into ordinary shares as part of the Aston Martin IPO in the year ended December 31, 2018. Total debt as of December 31, 2019 (restated) and as of September 30, 2019 and 2020 represents our total current and non-current borrowings, inventory repurchase arrangements, less cash held not available for short-term use, and our total current and non-current lease liabilities, less cash held not available for short-term use, recognized as a result of the impact of IFRS 16 in the consolidated financial statements of AML Global Holdings as of the applicable date.

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

(23) 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. The impact of IFRS 16 on Adjusted EBITDA for the year ended December 31, 2019 and for the nine months ended September 30, 2019 and 2020 comprised £14.5 million, £10.9 million and £9.1 million, respectively, as a result of the reclassification of the operating lease expense under IAS 17 prior to the adoption of IFRS 16. There was no impact of IFRS 16 on the periods prior to January 1, 2019. We also present Covenant EBITDA, which constitutes the basis for which debt incurrence and certain other calculations are made under the New Notes Indenture, the Second Lien Indenture and the New Revolving Credit Facility Agreement and which is defined as Adjusted EBITDA further adjusted to give *pro forma* effect to the contribution for Orders in Production (net of expected costs) which have been loaded on our production schedule as of October 1, 2020 and (ii) the expected run rate Adjusted EBITDA contribution of annualized net personnel cost savings for the twelve months ended September 30, 2020, which are expected to be implemented in the fourth quarter of 2020 and the first quarter of 2021. While the amounts included in Adjusted EBITDA and Covenant 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 and Covenant EBITDA to assess our operating performance. In addition, we believe that Adjusted EBITDA and Covenant EBITDA are measures commonly used by investors. Adjusted EBITDA and Covenant 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 and Covenant EBITDA are calculated as follows:

	For the year ended December 31,				For the nine months ended September 30,		For the twelve months ended September 30
(£ in millions)	2017	2018	2019 (reported)[(a)]	2019 (restated)[(a)]	2019 (restated)[(a)]	2020	2020
Profit/(loss) for the period	76.8	(57.1)	(104.4)	(117.6)	(95.9)	(267.9)	(289.6)
Income tax (charge)/credit	7.7	(11.1)	0.1	(2.0)	1.1	(40.0)	(43.1)
Net financing expense[(b)]	64.3	141.0	67.6	67.6	65.1	78.8	81.3
Depreciation, amortization and impairment	82.2	100.0	164.5	164.5	88.0	99.6	176.6
(Profit)/loss on sale of fixed assets	(0.2)	0.4	0.9	0.9	—	—	0.9
Adjusting items (excluding impairments)	(24.3)[(c)]	74.1[(d)]	5.5[(e)]	5.5[(e)]	5.4[(f)]	11.9[(g)]	11.5
Adjusted EBITDA[(h)]	**206.5**	**247.3**	**134.2**	**118.9**	**63.7**	**(117.6)**	**(62.4)**
Orders in Production adjustment[(i)]							83.0
Annualized net personnel cost savings adjustment[(j)]							10.0
Covenant EBITDA[(k)]							**30.6**

(a) Our financial statements as of and for the year ended December 31, 2019 and the nine months ended September 30, 2019 have been amended to include an adjustment relating to revenue recognition in accordance with IFRS 15, which impacts the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 and the consolidated statement of comprehensive income for the nine months ended September 30, 2019 and the year ended December 31, 2019. See "*—Certain restatements and reclassifications*" and "*—Certain Restated Financial Data*" for additional information. The calculation of Covenant EBITDA, as described below, is based on the Adjusted EBITDA for the twelve months ended September 30, 2020 after these restatements. For further information, including a reconciliation of the profit/(loss) for the year ended December 31, 2019 and the nine months ended September 30, 2019 as included in the table above to the restated profit/(loss) for these periods, see "*—Certain restated financial data*."

(b) The net financing expense for the year ended December 31, 2018 includes the premium on the redemption of the Preference Shares (£46.8 million) and the Preference Shares fee write-off (£15.1 million) which are one-off items. The net financing expense for the nine months ended September 30, 2019 and the year ended December 31, 2019 includes a £6.6 million charge which was recognized in relation to fair value movements of derivative financial instruments where there was ineffectiveness in the hedge relationship on foreign exchange forwards taken out for cash management purposes in relation to expected future payments and is a one-off item. The net financing expense for the nine months ended September 30, 2020 includes a £6.0 million negative impact of foreign exchange fluctuations related to the Old Dollar Notes, comprising of £3.5 million from an actual impact of foreign exchange fluctuations and £2.5 million due to the ineffectiveness on loan instruments designated as a cash flow hedge.

(c) Adjusting items for the year ended December 31, 2017 related to a credit arising from the reduction in the pension scheme deficit in 2017.

(d) Adjusting items for the year ended December 31, 2018 related to the costs related to the Aston Martin IPO, including £61.2 million staff incentives payable to our employees and management, including some deferred staff incentives contingent on our performance following the Aston Martin IPO, and £12.9 million of professional fees.

(e) Adjusting items for the year ended December 31, 2019 related to (i) a write-down of Rapide E inventory held of £2.3 million as a result of the program being paused pending further review as part of the business reset, (ii) employee redundancy costs of £2.8 million as part of our restructuring plan, (iii) £4.2 million of Aston Martin IPO-related bonuses being credited back as an adjusting item in order to remain consistent with the treatment of the initial accrual in the year ended December 31, 2018, as the 2019 target performance was not met, substantially offset by long-term incentive plan costs of £3.6 million and (iv) additional professional fees of £0.5 million related to the Aston Martin IPO. Included within depreciation, amortization and impairment for the year ended December 31, 2019 above are £37.1 million of adjusting items relating to the recognition of an impairment charge triggered by the pausing of the Rapide E program pending further review as part our business reset. The impairment charge comprises £27.7 million of development costs, £4.7 million of plant, machinery, fixtures and fittings, £3.7 million of tooling and £1.0 million of right-of-use lease assets.

(f) Adjusting items for the nine months ended September 30, 2019 related to £3.5 million of costs related to the Aston Martin IPO, including staff incentives payable to our employees and management. Included within net financing expense is a £6.6 million adjusting item charge which was recognized in relation to the recognition of a loss on the fair value movements of derivative financial instruments where there was ineffectiveness in the hedge relationship on foreign exchange forwards, taken out for cash management purposes in relation to expected future payments, for which the necessary criteria for hedge accounting had not been met.

(g) Adjusting items for the nine months ended September 30, 2020 related to (i) £12.1 million of expected employee redundancy costs in addition to £0.3 million of external advisor costs as part of our restructuring plan in connection with the consultation process on our proposal to reduce the number of our personnel by up to 500 permanent employees and 150 consultants, which are expected to be paid out in the fourth quarter of 2020 and the first quarter of 2021, (ii) £2.7 million of settlement arrangements and incentive payments payable in connection with the change of our senior management in 2020 and (iii) £6.4 million of Aston Martin IPO-related bonuses being credited back as an adjusting item in order to remain consistent with the treatment of the initial accrual in the year ended December 31, 2018, as the remaining bonus is no longer expected to be paid, partially offset by long-term incentive plan costs of £3.2 million. Included within depreciation, amortization and impairment for the nine months ended September 30, 2020 above is a £2.0 million adjusting item relating to the recognition of an impairment charge resulting from a rationalization review aimed at reducing our geographical footprint. This led to the conclusion of activity at one of our leased sites which gave rise to a write down of the right-of-use asset to zero.

(h) In the year ended December 31, 2018, we recognized £20 million of other income in relation to the sale of intellectual property including tooling and design drawings for the previous generation Vanquish. During the year ended December 31, 2019, we recorded a provision for doubtful debt of £19.0 million related to this sale as payments for the contract were overdue and receipt of almost all of the receivables under the contract became doubtful. The sale of this intellectual property and related assets, and the corresponding recording of a provision for doubtful debt were one-off events in the years ended December 31, 2018 and 2019, respectively. Excluding the impact of the other income received and the provision for doubtful debt recognized during the years ended December 31, 2018 and 2019, respectively, our Adjusted EBITDA for the years ended December 31, 2018 and 2019 would have been £227.3 million and £153.2 million, respectively.

(i) Orders in Production adjustment for calculating Covenant EBITDA as of October 1, 2020 amounts to £83.0 million (as compared to a £61.7 million adjustment for the comparative period in 2019, which is not required to be subtracted in calculating Covenant EBITDA under the Old Indenture, the New Notes Indenture or the Second Lien Indenture). The Orders in Production adjustment as of October 1, 2020 represents the expected Adjusted EBITDA contribution of fully committed orders (relating to 1,457 Orders in Production as of October 1, 2020), from our customers or dealers, which have been loaded on to our production schedule as of that date. This adjustment includes the impact of expected costs based on our production schedule for such orders. Orders in Production are fully specified, meaning the ordered unit's specifications such as the trim, upholstery colors and material finishes have been specified by the customer. At a minimum, 12 weeks are required to satisfy our production scheduling for an order. Orders in Production are firm orders for which the supply of components from suppliers has generally been initiated. The costs for the Orders in Production as of October 1, 2020 are estimated based on projected operating costs for each model produced plus known additional costs. See "*Presentation of financial and other information and use of non-IFRS financial information—Order book*."

(j) Annualized net personnel cost savings adjustment for the twelve months ended September 30, 2020 represents the estimated annualized cost savings of approximately £14 million, the full impact of which we expect to impact our financial statements in 2021, in respect of indirect costs resulting from a headcount reduction of non-manufacturing personnel as part of our restructuring plan to reduce the number of our personnel (including manufacturing, non-manufacturing and research and development personnel) by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with a reduction in the volume of vehicles produced, net of approximately £4 million of additional estimated annualized personnel costs in respect of the addition of approximately 300 new roles at the St. Athan manufacturing facility in connection with DBX production.

(k) Covenant EBITDA constitutes the basis for which debt incurrence and certain other calculations are and will be, as applicable, made under the New Notes Indenture and the New Revolving Credit Facility Agreement. Covenant EBITDA excludes the impact of IFRS 16. See "*Description of the New Notes*" for a description of the calculation of Covenant EBITDA. The below table presents ratios of various *pro forma* metrics to Covenant EBITDA:

(£ in millions unless otherwise indicated)	**As of and for the twelve months ended September 30, 2020**[1]
Ratio of *pro forma* net secured debt to Covenant EBITDA (Consolidated Secured Net Leverage Ratio)[23][32]	21.4x
Ratio of Covenant EBITDA to *pro forma* interest expense[23][31]	0.2x

Adjusted EBITDA and Covenant EBITDA, as well as the relevant adjustments, include components based solely on internal information used by management and are based on our management accounts and our management's expectation for future periods based on our order book and expected personnel cost savings. 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 and Covenant EBITDA do not constitute measures 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 "*Forward-looking statements*," "*Risk factors—Risks relating to our business and industry—The adjustments to Covenant EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*." See also "*Description of the New Notes*" for a description of the calculation of Covenant EBITDA.

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

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

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

(27) *Pro forma* financial data is specific to the Company. *Pro forma* 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*." *Pro forma* 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 September 30, 2020. *Pro forma* interest expense is interest expense adjusted to give effect to the Transactions, including the issuances of the Notes and the entry into the New Revolving Credit Facility, as if they had occurred on October 1, 2019. Such *pro forma* 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. *Pro forma* financial information, and the related assumptions, are therefore for illustrative purposes only and the actual financial data may vary materially from the *pro forma* financial information presented herein. The *pro forma* capitalization of the Company set forth in this table varies from the capitalization of AML Global Holdings.

(28) *Pro forma* cash and cash equivalents is calculated as cash and cash equivalents as of September 30, 2020 adjusted to give effect to our estimated cash position after giving effect to the Transactions, including the redemption in full of the Old Notes, and the use of proceeds therefrom as contemplated under "*Use of proceeds*." Cash and cash equivalents as of September 30, 2020 does not include cash not available for short term use in an amount of £10.6 million. For more information regarding this amount 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*." *Pro forma* cash and cash equivalents is not adjusted for ordinary course movements in our cash and cash equivalents after September 30, 2020, including revenue generated and expenses paid, including, but not limited to £23.0 million of accrued interest paid on October 15, 2020 with respect to certain series of the Old Notes. For the year ended December 31, 2019, our capital expenditures were £310.2 million and for the year ending December 31, 2020, our total capital expenditures are expected to be approximately £270 million. For additional information on historic and near term expected capital expenditures and the risks associated therewith, see "*Forward-looking statements*," "*Risk factors—Risks relating to our business and industry—Our future success depends on our continued ability to introduce our next generation of cars, which will require significant capital expenditures*," "*Risk factors—Risks related to our indebtedness, the New 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*" and "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Research and development expenditure*."

(29) *Pro forma* 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 September 30, 2020. *Pro forma* total debt includes £105.6 million of lease liabilities as a result of the adoption of IFRS 16.

(30) *Pro forma* net total debt represents our *pro forma* total debt less *pro forma* cash and cash equivalents.

(31) *Pro forma* total interest expense is interest expense with respect to our pro forma 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 New Revolving Credit Facility and the use of proceeds therefrom, as if they had occurred on October 1, 2019.

(32) *Pro forma* net secured debt represents *pro forma* net total debt further adjusted as calculated under the definition of "Consolidated Secured Net Leverage Ratio" under the New Notes Indenture and the New Revolving Credit Facility Agreement to, among other things, only include debt secured over the Collateral. See "*Description of the New Notes.*" Note that the Second Lien Indenture does not permit secured ratio debt capacity.

(33) AML Global Holdings' market capitalization as of October 23, 2020 was £912.0 million.

Risk factors

Participating in the Offering and investing in the New 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 New Notes. The risks and uncertainties described below are not the only ones we are facing. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the New Notes could decline, and we may not be able to pay all or part of the interest or principal on the New 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, financial condition, or our ability to fulfill our obligations under the New Notes and may affect your investment.

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. Please see "Forward-looking statements."

Risks relating to our business and industry

The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely 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 have implemented measures to reduce the spread of COVID-19, resulting in a substantial curtailment of the global economy. These measures continue to adversely affect workforces, consumer sentiment and retail sales, economies, financial markets, and, along with decreased consumer spending, have led to an economic downturn in many of the markets in which we operate and continue to provide uncertainty. For example, in the first quarter of 2020, gross domestic product decreased by 36% in China, and in the second quarter of 2020, gross domestic product dropped by 60% in the U.K., by 39% in the EU and by 32% in the U.S. (real GDP changes over previous period).

The global outbreak of COVID-19 and its sudden and significant effects on the economy, including these public health directives and orders and our policies, have and will continue to impact our business and many of our suppliers and customers, including in connection with the second "wave" of the pandemic that currently affects many countries and potential further "waves." In particular, the pandemic has caused dealer and consumer demand for cars and sales of luxury goods more generally to decline significantly, in part due to lockdown measures imposed across the regions in which we operate. As a result, the effects of the COVID-19 pandemic have and will continue to affect us for an indeterminable period of time, including our manufacturing and supply chain operations by significantly reducing our output, negatively impacting our productivity and delaying our product development programs. For instance, the virus has impacted customer demand globally, with all major markets having undergone shutdowns to control its spread, which was the primary driver of the 37% decline in our core retail sales (also including a decline of approximately 10% due to lifecycle decay of our models) compared to the nine months ended September 30, 2019, with the greatest impact in the second quarter (down 47%) of 2020. From March 25, 2020, we also temporarily had to suspend production at our U.K. manufacturing facilities in line with U.K. government instructions. Our St. Athan facility reopened again following public health guidelines on May 5, 2020 and our Gaydon factory resumed manufacturing operations on August 24, 2020. In addition, in the nine months ended September 30, 2020, up to 93% of our dealer network was closed or running with limited capacity at various points. As of October 22, 2020, 95% of our global dealer network was open in some capacity, with 85% dealers fully open. We were also required to re-phase costs and investment and we secured government support, including in relation to the costs of furloughed staff in the U.K. from March 2020, and as of September 30, 2020 we had received a total amount of £12.5 million under the U.K. Government's "Furlough and Coronavirus Job Retention Scheme." At its peak, more than 75% of employees were furloughed, but only a small percentage of our employees remained furloughed as of September 30, 2020 and support under the program ended with the expiration of the scheme on October 31, 2020. Currently, we are reviewing and considering our options with respect to accessing the U.K. Government's new "Job Support Scheme." While we believe that we would be eligible to access this replacement scheme, no decision has been made at this point and we continue to review the situation depending on requirements of the business, government guidance and external developments. As a response to the pandemic, we also commenced a restructuring program to reduce the fixed cost base of our business and implemented our incident management plan in response to the evolving situation with daily briefings of our executive committee and the establishment of a COVID-19 taskforce. The disruption of our production schedule caused by an unexpected shortage of systems, components, raw materials and parts caused us to alter production schedules and to suspend production entirely, which resulted in a loss of revenues that materially adversely affected our business, cash flows, financial condition and results of operations.

In addition, the advance of the COVID-19 pandemic also impacted dealer demand for cars which added to the wholesales unit decline as we implemented our strategic plan to decrease dealer inventory in order to attain a luxury norm. In the nine months ended September 30, 2020, this resulted in a lower average selling price, retail sales to customers decreasing by 1,730 units or 39% from 4,482 units in the nine months ended September 30, 2019 to 2,752 units in the nine months ended September 30, 2020 and wholesale sales to dealers decreasing by 61% compared to the nine months ended September 30, 2019 (wholesale sales to dealers decreased by 68% in APAC, by 74% in the Americas, by 41% in EMEA (excluding U.K.) and by 50% in the U.K.).

The global COVID-19 pandemic has had and may continue to have significant impacts on third-party arrangements, including those with our manufacturing, supply chain and distribution partners, information technology and other vendors and other service providers and business partners. For example, there have been and may continue to be significant disruptions in the ability of any or all of these third-party providers to meet their obligations to us on a timely basis, or at all, which may be caused by their own financial or operational difficulties, including any closures of their facilities pursuant to a governmental order or otherwise. As a result of these disruptions and other factors, including changes in our workforce availability during this pandemic, our ability to produce, sell and deliver cars, including our new SUV, the DBX, have been and may continue to be negatively impacted.

Widespread adoption of "social distancing" measures, governmental lockdowns and curfews and directions to close non-essential businesses and public perceptions of the risks associated with the COVID-19 pandemic have resulted in a substantial disruption in our and many of our suppliers' operations and the lives of our customers. In addition, recent increases in unemployment and uncertainty in the financial markets will likely have a negative impact on consumer sentiment and confidence and discretionary spending. If the industry in which we operate is fundamentally changed by the COVID-19 pandemic in ways that are detrimental to us, our business may continue to be adversely affected even as the pandemic abates and the broader economy begins to recover.

Because the COVID-19 situation is fluid and continues to evolve and because the duration and severity of the pandemic and its negative impact on the economy is unclear, it is difficult to forecast any impacts on our business and future results. So far, the COVID-19 pandemic has significantly adversely impacted and may further impact our supply chain, production capabilities and customer demand in all markets in which we operate. With the global spread of COVID-19, we expect the outbreak and its effects to continue to have a significant adverse impact on our business, financial condition and results of operations for the duration of the pandemic and, if the subsequent economic recovery is slow and gradual, throughout substantial portions of that recovery. The extent of the impact of the outbreak on our operational and financial performance will depend on certain developments, including the duration and spread of the pandemic (including the second "wave" that currently affects many countries and potential further "waves"), the impact on our customers and our sales, the impact on our employees and the effect on our dealers and suppliers, all of which are uncertain and cannot be predicted. If, among other factors, the adverse impacts stemming from the COVID-19 pandemic, economic, regulatory or other factors, including macro-economic trends, were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of goodwill or other long-lived assets. The currently ongoing review of the carrying value of specific intangible and tangible assets by our senior management could increase the likelihood of impairment charges and any such impairment charges could be significant.

Additionally, our ability to execute on cost-cutting measures and organizational change initiatives may impact our financial performance and results of operations, and may generate less-than-anticipated cost savings. See "*—We may not be able to realize cost savings, reduce capital expenditures or balance supply and demand effectively in line with our strategy. Our new strategy and business plan could also expose our business to different risks.*" Any of the restructuring measures we have launched remain subject to change and as such, the impacts are also subject to change. In addition, in the event demand for our products is further reduced as a result of the COVID-19 pandemic and related economic impacts, we may need to assess additional corporate actions, organizational change initiatives and cost-cutting measures, including reducing our workforce further, reducing our operating and capital costs or closing one or more of our offices or facilities, and these actions could cause us to incur costs and expose us to other risks and inefficiencies. Additionally, in the event our business experiences a subsequent recovery, there can be no assurance that we would be able to rehire our workforce or recommence operations at such facilities on commercially advantageous terms, if at all.

Any of the foregoing and other similar outbreaks, epidemics or pandemics could have a material adverse effect on our business, cash flows, financial position and results of operations. To the extent the COVID-19 pandemic adversely affects our business and financial results and our suppliers, dealers and customers, it may also have the effect of heightening many of the other risks described in this "*Risk factors*" section.

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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position.

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, 2019, our capital expenditures were £310.2 million and for the year ending December 31, 2020, our total capital expenditures are expected to be approximately £270 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, cost saving measures 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 model 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 which from which we are able to replace cancelled orders. See "*Risks relating to our business and industry —Our profitability relies in part upon our ability to produce and deliver our special edition models 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 September 30, 2020, we held £60.5 million of contractually refundable customer deposits.

The COVID-19 pandemic has had and continues to have a significant impact on our liquidity position, including, but not limited, to the reduction in our trade payables and an increase of inventory linked to the ramp up of our St. Athan manufacturing facility for the production of DBX, and we expect that impact will continue until the pandemic and any related negative economic effects abate. To minimize the risk of business disruption due to uncertainties and any potential future impact as a result from the COVID-19 pandemic, we have completed the June Equity Placing and the Delayed Draw Notes Issuance and have drawn the CLBILS Loan. We have also taken certain cost saving actions, including, among others, retiming projects to reduce capital expenditures, implementing savings arrangements agreed with governments (including deferrals to PAYE income tax payments and deferrals of business rate payments in Wales), delaying rent payments for our facilities (to the extent possible), agreeing with our Board and certain members of senior management to waive a portion of their remuneration for the three months ended June 30, 2020 and reducing our marketing spend. In addition, we have developed contingency plans, including with respect to the managing of working capital, and the prioritizing of capital expenditures and investments spend. The second "wave" of the COVID-19 pandemic that currently affects many countries and potential further "waves" may require us to take similar actions in the future.

In addition, the financing arrangements we are proposing to enter into in connection with these Transactions could lead to the further deterioration of the Group's financial position. The terms of the financing arrangements proposed pursuant to the Transactions may be significantly more expensive and onerous than those which apply under our existing financing arrangements, which may in turn exacerbate all of the risks in relation to our ability to make payments on the New Notes described in this Offering Memorandum. In particular, interest on the Second Lien Notes will accrue at the rate of 15.00% per annum, comprised of 8.89% cash interest per annum plus 6.11% interest paid in kind per annum, and, collectively, the Second Lien Notes and New Notes may bear interest at higher rates than the aggregate interest associated with our Old Notes.

Moreover, 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. For example, in China, due to exchange controls, we have had to enter into a series of one year back-to-back loan arrangements with HSBC UK Bank plc, whereby Chinese renminbi are deposited in an escrow account with HSBC UK Bank plc in China in exchange for a sterling overdraft facility with HSBC UK Bank plc in the U.K. If we were unable to maintain these back-to-back loan arrangements, including due to HSBC UK Bank plc refusing to extend their term or terminating them, or other similar arrangements to extract our cash from China, we may face significant liquidity risks, limiting the funds available for capital expenditures.

We also note commentary in note 1 of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 in which we state that we will need additional liquidity and an extension in the maturity of our Old Notes and Old Revolving Credit Facility in order to achieve our medium to long term ambitions and to navigate a severe, but plausible, downside scenario that could occur due to the end of the Brexit transition period, the ongoing COVID 19 impact, a reduction in DBX sales volumes or increased operating costs. Such analysis is based on our financial position and forecasts as of September 30, 2020 and while this analysis will change following the consummation of the Transactions, we cannot assure you that the Transactions will provide sufficient liquidity to meet our operational needs and strategic goals in the long-term or that we will not be adversely affected by Brexit, COVID 19 or other events.

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 nine months ended September 30, 2020 was negative £514 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. 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.

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

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.

Our success is influenced to a significant extent by the image, perception and recognizability of our cars. As we expand from our traditional focus on sports cars in favor of a wider range of high-luxury automobiles (such as the recent unveiling of our new SUV, the DBX), our success will also depend on the market's acceptance of our expansion into these new areas and deviation from our more traditional segments and designs. In particular, we may not achieve the level of consumer acceptance for the DBX and other new products that we anticipate, and we cannot guarantee that we will achieve the future orders we expect. Although we expect that the DBX will enable us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable product, insufficient demand for the DBX and other new products, including due to market saturation, the competitiveness of their price compared to cars of our competitors, technology or other quality issues, recalls, a lacking desirability of their features or a change of consumer behavior due to the impacts of the COVID-19 on the general economic development, could have a material adverse effect on our business and operations. This risk is heightened as the high luxury sports ("*HLS*") car market, and in particular the SUV segment thereof, is relatively small. See "*—We face strong competition within the HLS car market, which could lead to a saturation of the market, resulting in a significant drop in unit sales or price deterioration.*"

Trends affecting consumer demand may depend on factors such as disposable income, brand prestige and environmental consciousness (including a preference against high-emission cars), 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 Aston Martin cars and, in particular, the Aston Martin heritage range and special edition models, 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.

Our business model assumes the Wholesale Finance Facility is, and going forward the Receivables Finance Facility or 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 a Wholesale Finance Facility pursuant to which AML and AMLNA offer to Standard Chartered Bank certain receivables owed to them by dealers who have acquired Aston Martin cars from them on credit terms not exceeding 270 days from the date of dispatch. Where this facility is used (i.e., where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility agreement) following issuance of an invoice to the dealer (and subject to satisfaction of certain other requirements). The dealer is instructed to make payment of amounts due under that invoice to an account of Standard Chartered Bank and amounts paid to that account are recovered and retained by Standard Chartered Bank. We are required to pay Standard Chartered Bank a flat fee for providing the Wholesale Finance Facility on a quarterly basis for the duration of the facility. We re-charge any discount rate approved by Standard Chartered Bank and other fees associated with the facility to our dealers from time to time. In August 2020, the term of the Wholesale Finance Facility was extended until August 31, 2021.

We are planning to replace the Wholesale Finance Facility in the coming months with the Receivables Finance Facility, pursuant to which AML offers to sell its rights in certain receivables owing to it by dealers to Velocitas Funding DAC. Such offers are extended on the basis of a monthly list of receivables from dealers (except for dealers in the United States, Canada and China) and subject to certain customary representations and warranties. The purchase fee payable by Velocitas Funding DAC for any such receivables is subject to a discount rate based on the applicable base rate plus a certain credit spread. If Velocitas Funding DAC purchases the receivables offered to it, it finances the acquisition of these receivables by drawing funds from the senior lenders under the Receivables Revolving Senior Facility Agreement and the subordinated lenders under the Subordinated Loan Agreement. The maximum amount available to us under this program is £150 million (such arrangements, as amended from time to time, the "*Receivables Finance Facility*"). As the originator of the receivables, AML must retain an economic interest in the receivables of 5% of their value in accordance with the European securitization rules adopted by the U.K. This is achieved by AML being a lender under the receivables revolving senior facility agreement and the subordinated loan agreement that were entered into in connection with the Receivables Finance Facility. Subject to certain customary events of default, the Receivables Finance Facility is available for the duration of a revolving period which expires 364 days after the initial purchase of facilities under the Receivables Finance Facility Agreements. Prior to its expiration, Velocitas Funding DAC may request an extension from the senior lenders for the same period again. The payment terms of the Receivables Finance Facility require payment by the dealers at the earlier of 180 days from the invoice date or the sale of the car by the dealer to a retail customer. AML acts as the servicer in terms of originating and collecting funds from dealers into the bank accounts of Velocitas Funding DAC. The Receivables Finance Facility is backed by a credit insurance contract between Velocitas Funding DAC and its insurer, Atradius Credit Insurance N.V., in the event that a dealer fails to make payment to Velocitas Funding DAC of the receivables purchased by it under this scheme. If a dealer defaults, we have 14 days to initiate a payment plan agreed between the dealer, Atradius Credit Insurance N.V., and the administrative agent under the Receivables Finance Facility Agreements on behalf of Velocitas Funding DAC, and subsequently AML may, at its option, repurchase the relevant receivable. Additionally, in certain circumstances, such as the breach of certain representations and warranties, we may be required by Velocitas Funding DAC to repurchase the relevant unpaid receivable.

Although the Wholesale Finance Facility and the Receivables Finance Facility are backed by credit insurance, in exceptional circumstances, after thorough consideration of the credit history of an individual dealer, we may sell cars 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 September 30, 2020, we had drawn £33.3 million of the £75.0 million available under our Wholesale Finance Facility (which amount will reduce to £50 million in January 2021). As of September 30, 2020, the Receivables Finance Facility was not utilized.

If both the Wholesale Finance Facility (which will expire on August 31, 2021) and the Receivables Finance Facility became unavailable or available otherwise, we may need to sell cars 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, pay our suppliers or 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 September 30, 2020, we had £33.2 million in receivables overdue by 31 days or more, for which a credit loss provision of £22.6 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, the Wholesale Finance Facility and, going forward, the Receivables Finance Facility. In addition to the Wholesale Finance Facility and the Receivables Finance Facility, our Chinese Inventory Funding Arrangements enable us to manage our working capital and sell cars to dealers. See "—*Our business model assumes the Wholesale Finance Facility is, and going forward the Receivables Finance Facility or 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.

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

New model introductions and refurbishments drive customer visits to our dealers' showrooms and sales. The current model line-up comprises four core models from the new range, including one GT (the DB11), one sports car (the Vantage), one super GT (the DBS Superleggera) and one SUV (the DBX). In order to meet our sales goals, we must continue to invest heavily in car and powertrain design, engineering and manufacturing. For the year ended December 31, 2019, our capital expenditures were £310.2 million and for the year ending December 31, 2020 our total capital expenditures are expected to be approximately £270 million. Our ability to realize acceptable returns on these investments will depend in large part on consumers' acceptance of our new car offerings, as well as our ability to complete our car 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' principle for key systems and components and allows 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 and, in some cases, this could include the acquisition or building of new facilities. In order to make such large capital expenditures, 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.

If our new cars or upgraded variants of our existing models are not received favorably by consumers, our car sales, market share and profitability will suffer. If we are required to cut capital expenditures due to insufficient car sales, liquidity constraints and decreasing profitability or for any other reason, our ability to continue our program of developing the next generation of cars and keep pace with product and technological innovations would diminish, which could reduce demand for our cars and negatively impact our business, brand 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. We are also dependent on our new plant at St. Athan for the production of our fourth core model, the DBX, and we may incur unanticipated costs or delays in production of the DBX.

Currently, the three sports and GT core model vehicles that we sell (DB11, Vantage and DBS Superleggera) and some sub-assemblies for aftermarket parts, such as seats and bodies, are manufactured at the Gaydon facility. Our fourth core model (the DBX) is manufactured at our manufacturing facility in St. Athan (Wales). Pre-production of the DBX at our St. Athan manufacturing facility commenced in the first half of 2019, with the plant being ramped up and tested for full production. Full production of the DBX has commenced in the summer of 2020 and deliveries of the DBX started in July 2020.

Due to the COVID-19 pandemic, from March 25, 2020 we temporarily had to suspend production at our U.K. manufacturing facilities in line with U.K. government instructions. Our St. Athan facility reopened again following public health guidelines on May 5, 2020 and our Gaydon factory resumed manufacturing operations on August 24, 2020. These (temporary) closures have led to delays in our production and our ability to sell cars and have had and continue to have a material adverse effect on our business, financial position and results of operations. See "*—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations.*" Any closures of our manufacturing facilities in connection with responses of the U.K. government to the second "wave" of the pandemic that currently affects the U.K. and many countries, as well as potential further "waves," would have a similar effect. In addition, our facilities could become permanently or temporarily unusable for other reasons, including due to fire, contamination, power shortage or strikes. 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 cars in the U.K. If we were unable to manufacture cars, or were only able to manufacture cars in limited numbers at our facilities or if it became uneconomic for us to continue to manufacture cars 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 cars to meet demand. This would materially reduce our revenues and would require significant investment.

There are additional risks associated with the recent start of production at our plant in St. Athan. If the St. Athan manufacturing facility is not able to produce the targeted volumes of cars, we may be unable to achieve the expected delivery capacity of our manufacturing facilities to ensure the optimal balance between supply and demand. An unanticipated increase in costs relating to lower than expected delivery volumes may result in reduced liquidity available for investments in car and powertrain design, engineering and manufacturing and other capital expenditure necessary to maintain our schedule of product refreshment and enhancement.

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

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 cars 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 cars to customers at prices that are appropriate for the high quality of our products. Pricing pressure could limit our ability to pass on production costs 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.

Further, from time to time we may choose to support the profitable sale of new Aston Martin cars 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. In 2019, we started the year with elevated levels of company and dealer stocks and utilized marketing support to incentivize retail sales to start to de-stock the network. Whilst dealer stocks as of September 30, 2020 were more than 1,400 units lower than they were as of December 31, 2019, they remain elevated and we are focused on rebalancing supply and demand, to allow us to regain our price positioning. If retail sales decline, like in the current market environment caused by the impacts of the COVID-19 pandemic, it could take longer than expected to achieve this rebalancing, and wholesale volumes could decline more than expected. A reduction in marketing support could lead to a decreased level of retail sales.

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

Demand for cars 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 car and instead purchase a used car, 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 cars 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 car. 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 car.

Our products are priced and positioned in the HLS car segment, which is at the top-end of the car 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 car sales dependent on the number of high net worth individuals (“*HNWIs*”) in the world, and our business potential dependent on the growth in the number of those individuals. The number of HNWIs 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 the COVID-19 pandemic), 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 (including as a result of the COVID-19 pandemic), due to higher demand for cars produced by other manufacturers, consumer backlash against high prices or increased dealer incentives, including margins on sales, potentially driven by other manufacturers. For example, average selling price declined in 2019, mainly due to customer and retail financing support (variable marketing expenses and as part of the strategic de-stocking of our dealers), lower sales of special editions and changes to our geographic and product mix.

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 U.S., the U.K. and Europe, which together accounted for 81%, 78%, 78% and 81%, respectively, of our unit sales for the years ended December 31, 2017, 2018, 2019 and for the nine months ended September 30, 2020, respectively. 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. For example, including due to the impact of the COVID-19 pandemic, our core wholesale volumes (excluding special editions) for the nine months ended September 30, 2020 decreased by 68% in Asia Pacific, by 74% in the Americas, by 41% in EMEA (excluding United Kingdom) and by 50% in the United Kingdom compared to the nine months ended September 30, 2019. Continued softening of those key markets, including due to the continuing effects of the COVID-19 pandemic, may affect our results of operations.

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

We are almost 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. For example, in 2019 and 2020, increases in our dealer incentives had an adverse impact on our results of operations and profitability. Any increases of our dealer incentives and variable marketing expenses in the future, including as a result of the COVID-19 pandemic and in connection with the strategic de-stocking of the sports cars of our dealers, 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 the COVID-19 pandemic, 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 regions with only a single Aston Martin dealer.

Our business potential is also dependent on a sufficient number of new Aston Martin Lagonda dealers opening to sell our products or services in new areas and jurisdictions, which may be impacted due to the effects of the COVID-19 pandemic. See "*—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations.*" In addition, we may face competition from other HLS car manufacturers for potential new dealer openings, based on, among other things, dealer margin, incentives and the performance of other Aston Martin Lagonda dealers in the relevant jurisdiction. If insufficient new Aston Martin Lagonda dealers open in new areas and jurisdictions, our growth prospects could be materially adversely affected.

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).

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

In certain regions, such as the U.S., the U.K. and Europe, financing for new car sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates generally rise, market rates for new car financing are expected to rise as well, which may make our cars less affordable or cause consumers to purchase less expensive cars, thus affecting the level of sales. Additionally, if interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, clients may choose not to, or may not be able to, obtain financing to purchase our cars. 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 ratings. As a result, in the event our 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 cars.

The trend toward cars with lower engine capacity and new drive technologies could negatively affect us.

For several years, various markets, such as those in Europe, the U.S. and China, have seen a general trend toward demand for cars that use less fuel and emit fewer emissions. Several jurisdictions have also announced or are contemplating plans to phase out internal-combustion engine cars 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. 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 are developing a fuel-efficient, modular V6 engine with hybrid and plug-in capabilities, which will support Aston Martin core cars being available as hybrid and plug-in hybrid variants from the mid-2020s. However, we currently offer HLS cars that generally use comparatively more fuel and produce comparatively higher levels of emissions than those in lower car classes. Therefore, the continuation of this trend could adversely affect our business. In the past, we have started with the development of a fully electric car, the Rapide E, and had plans to develop fully electric cars under the Lagonda marque. However, following a recent operational and financial review, these programs are paused pending a strategic review. In 2019, an assessment of the carrying value of Rapide E assets has also resulted in an impairment charge of £37.1 million. These changes to our plans heighten the risk that we may not develop lower capacity and fully electric vehicles 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.

See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic Cooperation and "*—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

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 incorporating new technologies into vehicle designs costs the same or more for smaller volume manufacturers. As a smaller volume manufacturer, the costs for us are spread over significantly smaller volumes than they would be for our HLS 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 cars 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 car 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 products manufactured by us.

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 a failure to continue to produce cars of appropriate performance, aesthetics and quality; failure to keep up with new technologies; quality issues or recalls; dealers promoting other manufacturers' cars in priority to ours; and counterfeit cars 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. For example, in 2017, we recorded additional warranty costs following our recall campaigns of around 5,500 cars in the U.S. due to problems with powertrains and battery cables.

An increased availability of financing options for our products and/or an increase in the number of cars produced by us could also reduce the exclusivity of our cars, 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. Based on external reports, our branded business value has decreased over the course of 2019 and 2020, which we believe is due to a combination of our recent trading and changes to general market conditions and consumer confidence, including in connection with the COVID-19 pandemic. If the strength of the Aston Martin brand is further diluted or weakened for any reason, demand for our cars 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 F1™ team, which is expected to participate for the first time in the 2021 F1™ season, could have a negative effect on the Aston Martin brand and public perception of our cars and, in particular, special edition models such as the Aston Martin Valkyrie.

Our profitability relies in part upon our ability to produce and deliver our special edition models 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 special edition models, such as the Vantage GT12, Vantage AMR, Aston Martin Vulcan, DB4 GT Continuation, DB5 Continuation, Vanquish Zagato, Valkyrie, Valkyrie AMR Pro and DBZ Centenary pair models. Our profitability relies in part upon our ability to produce and deliver these special edition models 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 edition model in general, this could lead to a delay in release of a special edition model and increase costs of production. The effects of the COVID-19 pandemic have had and continue to have a negative impact on our production and will also result in delays of our production of special edition models. See "*—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations.*"

In addition, because of their desirability, and the fact that they are produced in limited volumes to retain exclusivity, special edition models are typically fully allocated prior to any significant capital commitment, with customer deposits due at the time of allocation. In some cases, customer deposits are refundable at the customer's discretion, for example in the event of production delays, and we have recently received some requests for refunds of customer deposits due to changes to the scheduled deliveries of cars in our Aston Martin Valkyrie and Valhalla programs, but we generally experienced very low rates of special edition customer cancellations following the payment of the customer deposit in the past. Furthermore, in all cases, we would be required to return the deposits in the event that the relevant special edition model were 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. The collection of deposits has been and will be negatively impacted by the COVID-19 pandemic, which will have a negative impact on our business, financial position and results of operations. See "*—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations.*" In addition, weaker economic conditions in the markets in which we operate, in addition to potential delays to the development and delivery of special edition programs in the future, including as a result of the COVID-19 pandemic, may impact the inflow of deposits from special editions in the future.

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

We face strong competition within the HLS car 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 car manufacturers). For example, Bentley (Bentayga), Rolls-Royce (Cullinan) and Lamborghini

(Urus) have all introduced an SUV model in the high end SUV market in recent years. The HLS car market, and in particular the SUV segment thereof, is relatively small, due to the price at which the cars are sold and the significant investment required to introduce new models to the market. The HLS car 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 cars 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 electric vehicle technology. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic Cooperation and "*—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation. 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.

We may not be able to realize cost savings, reduce capital expenditures or balance supply and demand effectively in line with our strategy. Our new strategy and business plan could also expose our business to different risks.

In 2019, we experienced difficult trading and significant liquidity constraints. As a result, we undertook an operational and financial review to address these issues. This concluded with the Board agreeing a series of actions to reset, stabilize and de-risk the business and position us for controlled, long term, profitable growth. The resetting of our business included the £535.7 million (less total fees of £25.1 million) which was raised earlier in 2020 by way of the placing of shares in AML Global Holdings to the Yew Tree Consortium led by Lawrence Stroll and the rights issue to certain shareholders of AML Global Holdings, the June Equity Placing, the rebalancing of supply and demand dynamics, reduced capital expenditure and the re-phasing of some future product launches, together with cost-efficiency initiatives. For example, in 2019 and 2020 we made changes in management, reduced our contractors significantly and started a voluntary redundancy and early retirement program.

In June 2020, we launched a consultation process with our employees and trade unions on proposals to further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. The consultation process is expected to be completed by the end of 2020. Such measures are expected to be implemented throughout the fourth quarter of 2020 and the first quarter of 2021 and we estimate these initiatives will deliver the following savings (i) annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with DBX production, (ii) annualized reduction in capital expenditure of approximately £10 million in connection with a reduction in research and development personnel (whose salaries would otherwise be recognized as capital expenditure) and (iii) annualized expense savings of approximately £8 million in connection with a reduction in direct manufacturing costs due to a reduction in the volume of vehicles produced and a corresponding reduction of manufacturing personnel. As of September 30, 2020, we have recorded costs of £12.4 million as part of this restructuring plan, comprising £3.8 million of incurred and £8.5 million of expected employee redundancy costs in connection with the consultation process on our proposal to reduce the number of our personnel by up to 500 permanent employees and 150 consultants in addition to £0.1 million of external advisor costs. We continue to implement these measures and the amount of any expected savings and our ability to achieve operational efficiency will depend on the actual total reduction achieved as well as the timeframe over which we roll out these changes. As a result of the COVID-19 pandemic, we have also taken certain additional cost saving actions, including, among others, retiming projects to reduce capital expenditures, implementing savings arrangements agreed with governments (including deferrals to PAYE income tax payments and deferrals of business rate payments in Wales), delaying rent payments for our facilities (to the extent possible), agreeing with our Board and certain members of senior management to waive a portion of their remuneration for the three months ended June 30, 2020 and reducing our marketing spend. See "*—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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position.*" In addition, we have implemented and plan to continue to implement measures to reduce cost and non-critical expenditure from the business at every level, including in areas such as contractor numbers, site footprint and marketing and travel expenditures in view of lower than originally planned production volumes. While we have launched these changes with the aim to result in significant cost savings, our ability to realize any of them may be adversely affected by a number of factors. For example, we may not be able to realize all or part of cost savings initially expected from redundancies of personnel due to constraints under the applicable employment laws or regulations. As certain of the employees that are subject to the expected personnel reductions are members of trade unions, there is a risk of industrial action. Moreover, many of these restructuring actions are associated with significant costs and the expenses required to achieve the intended cost savings may be higher than we currently expect. In addition, to the extent that we are not able to fully implement the measures identified or we experience delays in implementation, we may not be able to achieve the full amount of cost savings currently anticipated. Further, any such cost-cutting measures could result in a loss of qualified and skilled personnel, make it more difficult to recruit qualified personnel for the future operation of our business, reduce our ability to access growth markets due to limited resources, achieve cost savings in other areas which often require additional personnel resources and adversely impact our strategy and strategic planning for future periods.

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 cars, as well as to reduce capital expenditures without limiting our ability to introduce new cars in line with changes in trends and advances in technology. Market conditions and customer trends change over time and may be particularly affected by macroeconomic factors, including as a result of the COVID-19 pandemic, which may provide challenges to the Board's ability to implement its business plan or require it to re-consider it or adopt new strategies. In addition, major events with an impact on our business like the COVID-19 pandemic, including the second "wave" of the pandemic that currently affects many countries and potential further "waves," may result in a diversion of management attention and require us to focus on preserving liquidity rather than implementing our reset business plan. Any of our strategic shareholders and recently hired executives, like our newly appointed Chief Executive Officer as well as Chief Financial Officer, may also view our business differently than members of our prior senior management team and, over time, may make changes to our personnel and their responsibilities as well as our strategic focus, operations, or 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 company or 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 aura of exclusivity and the sense of luxury that the brand conveys. A central facet to this exclusivity is the limited number of models and cars 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 car supply below market demand. An inability to balance supply and demand effectively may result in excess inventory. For example, in 2019 and 2020, we started the year with elevated levels of company and dealer stocks. Consequently, achieving the retail sell through to start to de-stock the network required more retail and customer financing support than planned, which weighed on average selling price. Under our new business plan, we are aiming to achieve the ideal level of managed scarcity and to move our business towards a built-to-order model, with low volumes and increased prices, but the ongoing COVID-19 pandemic could result in delays to the successful implementation of this strategy and, even if implemented, it could result in new challenges to our business.

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 growth prospects and may have a material adverse effect on our business, financial condition and results of operations.

We operate a number of employee pension arrangements, including an underfunded U.K. 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 completed at the latest by July 5, 2021.

We provide retirement benefits to certain of our former and current employees through a number of pension arrangements. These include the operation of a U.K. defined benefit pension scheme (the "*U.K. DB Plan*") sponsored by AML. The U.K. DB Plan closed to new entrants on May 31, 2011 but currently remains open to future benefit accrual for existing active members. As of September 30, 2020, there were approximately 450 active members in the U.K. DB Plan. The U.K. DB Plan ceased final salary accrual from December 31, 2017 and adopted a career average revalued earnings (CARE) benefit structure from January 1, 2018, breaking the link to final salary as of December 31, 2017. Active members' benefits accrued prior to January 1, 2018 instead receive annual increases in line with CPI (capped at 2.5% or 5% depending on the date of benefit accrual) for each whole year between January 1, 2018 and the date the member's benefits become payable.

The latest actuarial valuation of the U.K. DB Plan as of April 6, 2017, showed a deficit of £48.6 million on a scheme-specific funding basis. For that valuation, AML agreed a deficit recovery plan with the trustee of the U.K. DB Plan under which we are required to make significant contributions to the scheme. On July 5, 2018, AML agreed (i) to increase the recovery plan contributions from £2.8 million per year to £4.0 million per year until March 31, 2020 and to £7.1 million per year thereafter through to July 31, 2025 and (ii) to share upside performance of the business with the U.K. DB Plan by making additional payments against the deficit recovery plan equal to 5% of AML's variable profits which exceed the anticipated variable profit target agreed as part of the U.K. DB Plan's 2014 valuation, but capped at £1.75 million per annum in respect of the calendar years 2018 and 2019 and then at £3 million per annum thereafter.

The deficit of the U.K. 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 an actuarial funding valuation of the U.K. DB Plan, we may be required to increase our contributions to the U.K. DB Plan. A variety of factors, including factors outside our control, may adversely affect the value of the U.K. 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 U.K. DB Plan and the costs and net liabilities associated with the U.K. DB Plan could increase substantially. The U.K. DB Plan's deficit, calculated by the actuary using the same actuarial methods to set assumptions as used for the scheme-specific funding basis in the plan's 2017 valuation updated to reflect market conditions at December 31, 2019 and benefits accrued to that date, had increased since the U.K. DB Plan's 2017 valuation to an estimated £60.6 million due to a decline in long-term real rates of return. The estimate of the liability for defined benefit obligations if the U.K. DB Plan is wound up, calculated by the U.K. DB Plan actuary, was £404 million as of April 6, 2017. As of September 30, 2020, the total fair value of plan assets was £343.5 million and the present value of obligations was £371.3 million on an IAS 19 basis. This resulted in a liability of £27.8 million on the balance sheet as of September 30, 2020.

The U.K. DB Plan's next actuarial valuation is currently underway with an effective date of April 6, 2020 and with a statutory deadline for completion by July 5, 2021. Although our discussions with the trustee in relation to the 2020 actuarial valuation and the funding and security of the U.K. DB Plan more generally were postponed due to the COVID-19 impact and uncertainty, discussions about the 2020 actuarial valuation are now taking place with the trustee with comments also being provided by the Pensions Regulator. In dialogue between the Pensions Regulator, the trustee and us towards the end of 2019, the Pensions Regulator expressed concern around the employer covenant provided to the U.K. DB Plan by AML (including the impact of secured debt taken on by the Group). The Pensions Regulator in the U.K. has indicated that, given the position of the U.K. DB Plan as an unsecured creditor, it would expect the trustee to seek mitigation from the Group in respect of the employer covenant which could include (but not be limited to): (i) a strengthening of the actuarial assumptions used, which would increase the deficit, (ii) additional contributions and (iii) security over Group assets to be provided in favor of the trustee. The Pensions Regulator is also expected to provide further input as the discussions on the 2020 actuarial valuation develop and it is clear that the trustee will take the Pension Regulator's views into account in approaching the 2020 actuarial valuation.

Discussions with the trustee about the 2020 actuarial valuation, including the additional protections proposed are ongoing but expected to be concluded as soon as possible, and in advance of the statutory deadline of July 5, 2021. In light of the discussions with the trustee taking into account feedback from the Pensions Regulator, AML has recently made a proposal to the trustee in relation to the 2020 actuarial valuation which AML considers would represent an appropriate outcome for the 2020 actuarial valuation and provide appropriate additional protection for the U.K. DB Plan, including: (i) a change in the assumptions underlying the 2020 actuarial valuation resulting in a deficit of £100 million, (ii) an increase in deficit repair contributions to the U.K. DB Plan to £12 million per annum plus a further £3 million per annum in contingent contributions and (iii) the U.K. DB Plan being granted security over certain equipment and tooling. Discussions with the trustee are at an early stage and no agreement has yet been reached with respect to this proposal.

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 following the 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. Any exercise of the Pensions Regulator's powers could result in significant additional liabilities and funding obligations for us. See also "*—The pensions regulator in the U.K. (the "Pensions Regulator") has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for us or an acceleration in the payment of our liabilities in relation to the U.K. DB Plan.*"

As is the case for all formerly contracted-out defined benefit pension plans in the U.K., the liabilities of the U.K. 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 United Kingdom, the trustee has the power under the U.K. DB Plan's governing documentation to wind-up the U.K. DB Plan in certain circumstances, which if exercised could accelerate and increase funding obligations to the plan.

The pensions regulator in the U.K. (the "Pensions Regulator") has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for us or an acceleration in the payment of our liabilities in relation to the U.K. DB Plan.

If certain statutory requirements are met, the Pensions Regulator has the power 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.

A Pension Schemes Bill has been introduced into the U.K. Parliament and is expected to change the U.K. regulatory framework governing defined benefit pension schemes by: (i) extending the U.K. Pension Regulator's powers in relation to its "moral hazard powers"; (ii) clarifying the scheme funding framework; and (iii) introducing a new statutory requirement to comply with some aspects of the U.K. Pension Regulator's guidance on scheme funding, which could affect the valuation of assets and liabilities of the U.K. DB Plan at its next triennial valuation. The Pension Schemes Bill is also expected to introduce 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."

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.

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 autumn 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. This occurred in the fourth quarter of 2019, where challenging trading performance continued through the peak delivery period of December resulting in lower sales, higher selling costs and lower margins.

Daimler is one of our significant suppliers and MBAG, one of its wholly owned subsidiaries, also holds shares in AML Global Holdings.

We source certain engines and electrical architecture and entertainment systems exclusively from Daimler, which, for the year ended December 31, 2019, was our largest supplier by spend. Our reliance on Daimler means that we are exposed to the risk that Daimler 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 car desirability.

Although the primary supply agreements with Daimler are long-term arrangements and can only be terminated by Daimler 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 Daimler, 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 cars 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 cars.

The various agreements governing the supplier relationship between us and Daimler impose certain restrictions that have the effect of limiting our ability to obtain investment from certain strategic Daimler competitors, or certain other restricted parties, without Daimler's consent. If certain strategic Daimler competitors acquire any interest or certain other restricted parties acquire a specified interest in AML Global Holdings without Daimler's consent, either we or Daimler may give notice of at least three years that the principal operational agreements governing the commercial and supply arrangements between us and Daimler 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, a wholly owned subsidiary of Daimler, is a shareholder of AML Global Holdings might impact the willingness of other potential suppliers to provide goods to us.

On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for details regarding the Strategic Cooperation and "*—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

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

The V12 engines used in certain of our cars are assembled by Ford under an engine supply contract which currently runs to the end of 2021. In December 2018, we gave notice to Ford that we do not intend to extend the contract. At present, Ford is our only supplier of V12 engines and our reliance on Ford means that we are exposed to the risk that Ford may become unable or unwilling to assemble V12 engines, for any reason (including those listed above) for the remaining duration of our contract with them. This could restrict or delay our ability to produce cars using V12 engines, and increase the cost of our engines and materially reduce our profitability if we are unable to develop a cost effective and timely alternative. We have entered into a contract with a new supplier, pursuant to which V12 engines will be assembled and supplied for us from June 2021. This agreement, similar to the Ford contract, is subject to a 36 months' notice of termination. We are also negotiating with this supplier in relation to the supply of V6 and/or V8 engines.

In addition, we rely on a limited number of suppliers for certain raw materials and components used in our cars. 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 cars from a sole supplier. Additionally, we use materials such as carbon fiber, and will use rare minerals in the future as part of our electric vehicle strategy, for which there are limited suppliers. Our dependence on a limited number of suppliers exposes us to the risk of suppliers becoming more expensive due to supplier pricing power, limited availability and delivery schedules, including as a result of the effects of the COVID-19 pandemic, 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, war, 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 cars and deliver our reset 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 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 cars that are competitive in terms of performance, quality 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. For example, earlier this year we had vacancies for the position of Chief Executive Officer and Chief Financial Officer and these vacancies were only filled when Tobias Moers and Kenneth Gregor joined us in these positions in August 2020 and June 2020, respectively. 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.

Recently hired executives, like our newly appointed Chief Executive Officer as well as Chief Financial Officer, may also view our business differently than members of our prior senior management team and, over time, may make changes to our personnel and their responsibilities as well as our strategic focus, operations, or business plan. Any such changes could impact our strategy as set out in "*Business—Our strategies.*" We may not be able to properly manage any such shift in focus, and any changes to our business may ultimately prove unsuccessful and may have a material adverse effect on our business, financial position and results of operations.

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 (including due to the effects of Brexit or difficulties in re-hiring personnel we furloughed because of the COVID-19 pandemic) 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.

Legal, political and economic uncertainty surrounding the exit of the U.K. from the EU ("Brexit") may be a source of instability in international markets, create significant currency fluctuations, and adversely affect current trading and supply arrangements.

Whilst the U.K. officially exited the EU on January 31, 2020, the legal status quo from before January 31, 2020 is continuing during a so-called "transition period" during which the U.K. and the EU are continuing to negotiate the terms of the separation and any future trade deal. This transition period is currently due to last until the end of December 2020. Ongoing uncertainty on whether and when the U.K. and the EU will come to an agreement on the terms of the future trading relationship sustains the possibility that the U.K. will leave the EU without an ongoing agreement and/or transition plan in place.

Due to the size and importance of the U.K. economy, the uncertainty and unpredictability concerning the U.K.'s legal, political and economic relationship with the EU after the U.K. exits the EU may continue to be a source of instability in the international markets, create significant currency fluctuations, and/or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future.

The long-term effects of Brexit will depend on any agreements (or lack thereof) between the U.K., the EU and those third countries with which the U.K. currently enjoys tariff free access. We are based in the U.K. and in the year ended December 31, 2019 we sold 15% of our cars in EU member states outside the U.K., so any negative effect on our ability to continue selling cars in EU member states and the terms on which we make such sales, including the imposition of import duties as a result of cessation of existing free trade agreements or potential value-added tax ("*VAT*") cash flow costs at the new U.K. trade border, could have a significant adverse effect on our sales and profitability. Additionally, the rate of exchange of the pound sterling vis-à-vis other currencies has dropped significantly since the Brexit referendum, which results in increasing costs of non-sterling denominated auto-parts (including the engines purchased in euro from Daimler and Ford) and other raw materials, as well as other obligations. Similarly, a majority of our suppliers are located in EU member states and so fiscal or other restrictions on the free movement of goods (including as a result of customs duties, import tariffs or other restrictions on trade), or termination provisions in our supply agreement with them, 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 cars to customers at prices which reflect such increased costs which could negatively impact our margins and profitability.

Following the end of the transition period, there are likely to 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 that Brexit, other political developments or developments otherwise affecting market confidence could negatively affect consumer behavior and, consequently, the volume of sales and demand for our cars.

In addition, a significant portion of our engineers and factory workers are from other European countries and there is a risk that Brexit will affect our ability to retain and recruit skilled workers from this wider European labor market.

Changes in laws and regulations, including export, tax and employment laws and regulations, could adversely impact our ability to continue manufacturing our cars in the U.K. Our plants in the U.K. use "just in time" manufacturing methods, where parts arrive at sites shortly before they are needed on assembly lines, and disruptions to the our supply chain as a result of Brexit or other U.K. or EU export controls could cause business interruptions in our U.K. plants or require higher but less efficient inventory levels. Increased inventory levels have had, and are expected to continue to have, an adverse impact on our cash flow levels and working capital. In connection with Brexit, we have tested plans to mitigate the impact on the business from potential supply chain disruptions of a Brexit in an unstructured manner. However, we cannot guarantee that our plans will be sufficient to mitigate the impact of Brexit on our supply chain and to the extent our plans are insufficient, Brexit could have a material effect on our business, cash flows, financial position and results of operations.

Furthermore, the U.K. regulatory requirements following the transition period could be subject to significant change and could place additional burdens on manufacturers selling their products in the U.K., which could affect our financial performance, as the U.K. market is significant to us (representing £229.6 million, or 23%, of our revenues for the year ended December 31, 2019).

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 such as China. Several jurisdictions have also announced plans to phase out internal-combustion engine cars entirely. See "*Business—Regulatory*." 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. Even though 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 United States, we will be required to comply with stricter standards in future periods. For example, from January 2021, we will be subject in the EU to the Real-world Driving Emissions tests and the Evaporative Emissions test method, which currently do not apply to us as we are eligible for a small-volume manufacturer provision within the relevant emissions standards. See "*Business—Regulatory—Vehicle exhaust emissions legislation—European Union and the United Kingdom*."

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 cars and results of our operations. For example, a bill significantly increasing such taxes based on cars' CO_2 emissions is currently in the process of being implemented in France.

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.

Conditions in the global economy may adversely affect our business, financial position and results of operations.

We operate in the HLS car market and accordingly our performance is linked to market conditions and consumer demand in that market. Sales of HLS cars are affected by general economic conditions, and can be materially affected by the economic cycle. Demand for luxury goods, including HLS cars, is inherently 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 HLS car sales, which may negatively affect our profitability and put downward pressure on our product and service prices and volumes. 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 current COVID-19 pandemic has led to a significant number of adverse effects on our business and results of operations. With respect to external impacts, governmental authorities around the world have implemented measures to reduce the spread of the COVID-19 pandemic, resulting in a substantial curtailment of the global economy. For example, in the first quarter of 2020, gross domestic product decreased by 36% in China, and in the second quarter of 2020, gross domestic product dropped by 60% in the U.K., by 39% in the EU and by 32% in the U.S. (real GDP changes over previous period). In particular, the pandemic has caused dealer and consumer demand for cars to decline significantly, in part due to lockdown measures imposed in the regions in which we operate.

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 cars, fewer purchases of demonstration and floor models by dealers and dealers reducing prices of pre-owned Aston Martin cars. All of these actions taken by dealers may reduce demand for our new cars.

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 to us, which could limit our ability to produce sufficient numbers of cars to meet demand, or our ability to produce any cars 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.

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 U.S. dollar and the euro. Uncertainty concerning the terms of Brexit could cause greater volatility in the pound sterling against foreign currencies in which we conduct business and heighten our translation risk. 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 Daimler and Ford. In addition, 53% of our gross debt was denominated in U.S. dollar as of September 30, 2020. Since the Brexit referendum, the exchange rate of the pound sterling vis-à-vis other currencies has dropped significantly, which has resulted, and may continue to result in, increasing 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 U.S. dollar exposures are hedged, if the U.S. dollar to pound sterling exchange rate were to decrease by five percent, the effect on our loss after tax in 2019 would have been a reduction of £8.6 million.

Over the past three years there have been significant exchange rate fluctuations, particularly with respect to the performance of the pound sterling, the U.S. dollar, the euro and the yen, which have had a corresponding effect on our business, financial position and results of operation. In addition, the New Notes will be denominated in U.S. dollar and could be subject to further exchange rate-related impacts in the future.

We seek to manage currency risk through hedging where possible; 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. We are also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

Exposure to domestic and global political developments could negatively affect us.

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 has the opportunity to impact the business through the introduction of new barriers, for example in relation to the trade between the U.K. 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.

We may also be affected by geopolitical events, including instability within the Eurozone, ongoing uncertainty regarding the relationship between the U.K. and the EU after the expiration of the transition period, a second independence referendum in Scotland, uncertainty as to the global effect of the current U.S. administration and the upcoming U.S. elections, strained relations with North Korea and Russia, tensions in the South China Sea, tensions in Iran and the Middle East as well as any widespread increases in protectionism and global tariffs. For example, the announcement of unilateral tariffs on imported products by the U.S. has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war." A "trade war" of this nature or other governmental action related to tariffs or international trade agreements, the impact of which cannot yet be fully assessed, could negatively affect the economics of the end-markets in which we operate (such as the U.S. and China), including regional or global demand for automobiles and automobile components, and our customers' ability to purchase our cars.

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 U.K., 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.

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 (including, in particular, China) and the Middle East regions.

Our strategy contemplates expanding our sales in Asia Pacific and the Middle East regions, recognizing the increasing number of HNWIs 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. For example, the announcement of unilateral tariffs on imported products by the U.S. has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war" which could negatively affect the economics of the end-markets in which we operate (such as the U.S. and China), including regional or global demand for automobiles and automobile components, and our customers' ability to purchase our cars. See "*—Exposure to domestic and global political developments could negatively affect us.*"

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, such as China, 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 cars 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 cars 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.

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 (as a result of Brexit or otherwise), could also adversely affect our results of operations. For example, the U.S. government's current administration has adopted a policy of levying tariffs on goods and materials imported into the U.S. These tariffs could have an adverse effect on our position in the U.S. market. See also "*—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 cars 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. Any loss of such a permit or license preventing us from selling our products in certain markets could materially and adversely affect our business, brand, prospects, results of operations, cash flow and financial condition.

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 cars under lease financing agreements, could have a material adverse effect on our business, financial condition and results of operations.

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.

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. Moreover, 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.

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 secret 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.

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 U.S. 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.

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 U.K., as well as in other jurisdictions. Such 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 U.K. and the United States. For example, in connection with certain arbitration proceedings in China pursued by a terminated dealer, three Chinese bank accounts have been frozen in 2019 (holding the pound sterling equivalent of £8.7 million in total; as of September 30, 2020, the balance held was the pound sterling equivalent of £10.6 million in total) pursuant to property protection orders routinely granted by local authorities for the benefit of claimants in arbitral proceedings. While we are challenging these orders to free our assets, we cannot assure you that we will succeed in doing so or that this, or other similar actions in other jurisdictions, will not interfere with day-to-day local operations.

To the extent that customers, particularly in the U.S., 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 cars 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. 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 it does face liability for its products and is 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, 2017, 2018 and 2019, we held a provision of £25.9 million, £36.2 million and £28.2 million, respectively, for expected claims based on volume of cars 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.

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.

The adjustments to derive Covenant EBITDA from Adjusted EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision.

In this Offering Memorandum, we present Covenant EBITDA, which is derived using various assumptions, including assumptions related to our ability to recognize revenue from car orders that we have not yet completed. See "*Summary—Summary historical consolidated financial and other data*" for additional details regarding these adjustments to Adjusted EBITDA and their underlying assumptions.

The assumptions we have made with respect to the Covenant EBITDA that we present in this Offering Memorandum are based on our current estimates, and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such adjusted financial information. Specifically, in order to make the Orders in Production adjustment that we present in this Offering Memorandum to derive Covenant EBITDA, we have assumed that the Adjusted EBITDA that we expect to realize from orders that were loaded on our production schedule as of October 1, 2020 will in fact be realized and that these orders will not otherwise fail to result in payment being made with respect to such orders. Similarly, in order to make the adjustment relating to the expected contribution of annualized personnel cost savings, we have assumed that we will in fact be in position to realize these cost savings over the expected period. While we believe that we will be able to realize the contribution to Covenant EBITDA related to our Orders in Production adjustment and our adjustment relating to the expected contribution of annualized personnel cost savings, there can be no guarantee that we will do so, and any failure to do so could have a material adverse effect on our business, financial position and results of operations. Additionally, while our Covenant EBITDA reflects our estimate of certain incremental costs that we may incur as a results of certain events that will become effective, or materialize, in the future, including incremental costs related to the Orders in Production adjustment and costs in connection with the adjustment relating to the expected contribution of annualized personnel cost savings, we cannot guarantee that our Covenant EBITDA includes the impact of all such incremental costs.

Further, Adjusted EBITDA and Covenant EBITDA have been derived from management accounts and have not been audited or independently reviewed by our auditors. 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. While we use Adjusted EBITDA and Covenant EBITDA to assess our operating performance, and we believe that these or similar measures are measures commonly used by investors, we cannot guarantee that Adjusted EBITDA and Covenant EBITDA, as presented in this Offering Memorandum, are comparable to similarly titled measures reported by other companies, including due to differences in the way these measures are calculated.

Our order book is not necessarily indicative of our future revenue or results of operations.

Because we produce a limited number of cars per year, our dealers and customers often place orders for vehicles well in advance. We have several metrics for tracking orders of our cars. We also have other metrics of tracking customer interest in certain models of our cars, but only define orders as Orders in Production that represent fully committed orders of our cars from our customers or dealers as of October 1, 2020 which have been loaded on our internal scheduling system as of that date. These orders are fully specified, meaning the ordered unit's specifications such as the trim, upholstery colors and material finishes have been specified by the customer. We require 12 weeks, at a minimum, to satisfy our production scheduling for our orders. Orders in Production are firm orders for which we have generally scheduled supply of components from suppliers and which our customers or dealers cannot unilaterally cancel.

When we define an order as an Order in Production, we assume that both parties will satisfy their obligations under the order and that production and payment will be on a timely basis consistent with historical experience. We believe that our order book is a useful indicator to assess our business' performance and provides useful trend information and visibility on our future financial results. However, Orders in Production as well as our Covenant EBITDA are based on a number of assumptions and estimates.

Consequently, as both figures are subject to change, they are not necessarily indicative of our expected revenue, Adjusted EBITDA, cash flows or results of operations. Unforeseen events or circumstances, including, for example, termination, increased time requirements to complete the work, delays in commencing work, impacts of currency fluctuations, disruption of work, irrecoverable cost overruns, product recalls or other unforeseen events may affect our ability to fulfil Orders in Production and could have a material adverse effect on our business, financial condition and results of operations.

The COVID-19 pandemic has had and continues to have an adverse impact on our business and therefore on our orders and Orders in Production. See "*—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations.*" In particular, currently there are no cars available for testing by our customers. While we expect that our order book will increase again when customers are able to test the on-road performance of our vehicles, there can be no assurance that we meet the anticipated numbers, that past levels of these metrics are reached or that there will be any catch-up effects.

We may not be able to meet the targets that we have formulated as part of our medium term vision.

We may not be able to meet the targets that we have formulated in the course of the strategic reset of our business plan as part of our medium term vision (see "*Business—Medium term vision*"). These medium term targets are "forward-looking" statements that involve various risks and uncertainties. Please see "*Forward-looking statements*." Any of these medium term targets are subject to change and, in particular, we may determine that it is appropriate to adapt our strategy and business plan in the future. These "forward-looking" statements, are not intended to be a forecast of our future business performance and are not guarantees of future financial results, and our actual results could differ significantly from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to the risks described in this "*Risk factors*" section and, specifically, any impacts of the COVID-19 pandemic. In particular, these medium term targets assume the successful completion of the Transactions. Our actual operations and results in 2024/25 may differ significantly from these forward-looking statements.

Factors that might cause such differences include those discussed in this "*Risk factors*" section and elsewhere in this Offering Memorandum.

Risks related to the Strategic Cooperation

Consummation of the Strategic Cooperation is subject to a number of conditions, including certain antitrust approvals, which may not be satisfied or waived.

The issue of Consideration Shares to MBAG in connection with the First Strategic Cooperation Equity Issuance is subject to the satisfaction of a number of conditions, some of which are outside of our control, including approval by the shareholders of AML Global Holdings, approval by the German Federal Cartel Office ("*FCO*") in Germany and confirmation from the Competition and Markets Authority ("*CMA*") in the U.K. that it does not intend to investigate the Strategic Cooperation or, alternatively, approval by the CMA following any such investigation.

There can be no certainty that any of the aforementioned conditions will be satisfied in a timely manner, or without being subject to conditions or remedies, or at all, in which case completion of the Strategic Cooperation may be delayed or may not occur and the benefits expected to result from the Strategic Cooperation may not be achieved.

Allotment of future tranches of Consideration Shares to MBAG pursuant to the Strategic Cooperation Agreement is subject to procurement of an independent valuation report in respect of the non-cash consideration to be provided by MBAG for the allotment to it of such Consideration Shares (being the provision of access to further MBAG Technology). Failure to obtain this independent valuation report could delay or prohibit AML Global Holdings from issuing further Consideration Shares to MBAG and therefore acquiring access to further MBAG Technology.

We may face challenges, delays or excessive costs integrating the MBAG Technology into our cars and/or otherwise fail to realize the anticipated benefits of the Strategic Cooperation.

Under the terms of the Strategic Cooperation Agreement, MBAG will provide access to certain technology to us, which we intend to integrate into the next generation of our vehicles. Prior to receiving access to the MBAG Technology, it is difficult for us to estimate the requirements and costs of that integration. We may therefore face challenges, delays or excessive costs integrating the MBAG Technology into our cars. In particular, under the terms of the Strategic Cooperation Agreement, MBAG has the right to approve any third-party service providers that we propose to engage where such services relate to certain commercially and competitively sensitively MBAG Technology. As a result, such third parties may be able to charge higher prices or we may otherwise face higher costs in respect of such services. In addition, MBAG has no obligation under the Strategic Cooperation Agreement to provide engineering services or integration support to us (although MBAG may choose to provide such support). We may therefore need to hire additional personnel or engage third party contractors with appropriate expertise to support integration of the MBAG Technology, which could result in additional costs to us.

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. See also "*—We could be exposed to claims brought by our* *customers or other third parties for loss resulting from the use of MBAG Technology in our vehicles.*"

In addition, whilst we consider that the Strategic Cooperation will provide us with a wide range of world-class technologies and critical intellectual property for the next generation of our vehicles, the integration of MBAG Technology into our vehicles may fail to result in additional value or other anticipated benefits of the Strategic Cooperation. This could happen, for instance, if the MBAG Technology were to become outdated sooner than anticipated (see also "*—The MBAG Technology may become outdated, making our vehicles less attractive to customers*").

If, at the time that further Consideration Shares (other than the Consideration Shares issued in connection with the First Strategic Cooperation Equity Issuance) are issued to MBAG, the share price is below a certain level, we would be required to make an additional cash payment to MBAG, which could be material.

If, at the time that further shares of AML Global Holdings (other than the Consideration Shares issued in connection with the First Strategic Cooperation Equity Issuance) are issued to MBAG, the volume weighted average price of the shares of AML Global Holdings for the 30 consecutive trading days two business days prior to the date of issue of such Consideration Shares (the "*Reference Price*") is lower than 62.317 pence per ordinary share of AML Global Holdings (the "*MBAG Entry Price*"), we will be required by the terms of the Strategic Cooperation Agreement to make an additional cash payment to MBAG in an amount equal to the difference between the MBAG Entry Price and the Reference Price multiplied by the number of additional Consideration Shares being issued to MBAG at that time. The first such payment could arise during the course of 2021 or in early 2022, when further shares of AML Global Holdings may be issued to MBAG under the terms of the Strategic Cooperation Agreement.

If the Reference Price is significantly lower than the MBAG Entry Price, the required additional cash payment could be material, which could have a material adverse effect on our business, financial condition and results of operations.

We may face difficulties in obtaining licenses and/or receiving supply of components from third parties, which may prevent us from using certain elements of the MBAG Technology.

Certain elements of the MBAG Technology use third party intellectual property rights. To be able to use those elements of the MBAG Technology, we may therefore need to obtain additional intellectual property licenses from third parties. Those third parties may not agree to grant us the necessary licenses, such that we would not be able to use certain elements of the MBAG Technology without exposing ourselves to a risk of intellectual property infringement claims. Alternatively, third parties may charge high license fees for our use of their intellectual property, which would increase our costs of using the MBAG Technology.

In addition, certain components of the MBAG Technology are expected to be supplied to us by MBAG's third party suppliers, rather than by MBAG directly. We have not yet agreed supply terms with those third party suppliers and there is no guarantee that we will be able to do so on acceptable terms or at all. Third party suppliers may also be exposed to capacity constraints or unexpected issues in their manufacturing facilities or supply chains (including as a result of demand from MBAG or the COVID-19 pandemic, respectively), each of which may result in us not receiving access to certain elements of the MBAG Technology when expected or at all.

Failure to obtain third party licenses necessary to use elements of the MBAG Technology at reasonable prices or at all, or to receive supply of components from third parties in a timely manner or at all, may result in challenges, delays or excessive costs integrating the MBAG Technology into our cars, each of which could have a material adverse effect on our business, financial condition and results of operations. See also "*—We may face challenges, delays or excessive costs integrating the MBAG Technology into our cars and/or otherwise fail to realize the anticipated benefits of the Strategic Cooperation.*"

The MBAG Technology may become outdated, making our vehicles less attractive to customers.

Third parties may develop technology that is more advanced and/or more attractive to consumers than the MBAG Technology that we integrate into our vehicles. In addition, the Strategic Cooperation Agreement does not prevent MBAG from making available technology that is more advanced than the MBAG Technology to our competitors (see also "*—Under the terms of the Strategic Cooperation Agreement, we will access the MBAG Technology on a non-exclusive basis*").

Furthermore, unless MBAG agrees otherwise on a case by case basis, we are prohibited under the Strategic Cooperation Agreement from starting production of vehicles containing new MBAG Technology for an agreed period of time after MBAG's start of production of vehicles containing that new MBAG Technology. This may increase the risk that our competitors launch vehicles containing the latest technology before we are able to do so.

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.

Under the terms of the Strategic Cooperation Agreement, we will access the MBAG Technology on a non-exclusive basis.

The 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 car 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.

MBAG may face unexpected delays in delivering MBAG Technology to us, be prevented from doing so, or decide to stop developing any MBAG Technology, any of which may significantly disrupt our vehicle development cycle or otherwise negatively impact us.

Unexpected factors, such as technical issues, supply chain problems and the impact of the COVID-19 pandemic, could prevent or delay MBAG from delivering any of the MBAG Technology to us on schedule or at all. This may expose us to additional challenges, delays or excessive costs integrating the MBAG Technology into our cars (see also "*—We may face* *challenges, delays or excessive costs integrating the MBAG Technology into our cars and/or otherwise fail to realize the anticipated benefits of the Strategic Cooperation*").

In addition, MBAG may decide to cancel its development programs for any of the MBAG Technology such that we would not be able to access that MBAG Technology. The terms of the Strategic Cooperation Agreement set out a process for MBAG and us to work together in good faith to agree alternative technology of equivalent value to replace any MBAG Technology that MBAG has stopped developing. However, there is no guarantee that we and MBAG will agree the scope and pricing of any alternative technology. The Strategic Cooperation Agreement does not legislate for the event that we and MBAG fail to agree suitable replacements for cancelled MBAG Technology where the Consideration Shares in AML Global Holdings in respect of that MBAG Technology have already been issued to MBAG. Even if MBAG and we agree on alternative technology, the delays incurred as a result of this process may significantly disrupt our vehicle development cycle or result in other delays or additional costs.

If we are required to source alternative technology from a third party, we may face additional challenges, delays or costs in switching to the third party technology, and may also be required to obtain expensive third party licenses, any of which could have a material adverse effect on our business, financial condition and results of operations.

MBAG could refuse access to certain of its technology and intellectual property.

Following the first phase of the Strategic Cooperation, we intend to seek access to further MBAG Technology pursuant to the Strategic Cooperation Agreement in 2021. Under the terms of the Strategic Cooperation Agreement, we may, on a quarterly basis, request access to any further components, products, parts, systems, interfaces, software and/or other technology from MBAG, and 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 the piece prices that we will need to pay for the supply of the requested technology and the terms of the relevant operational agreements that will be entered into between us and MBAG to govern the specific terms on which access to MBAG Technology will be provided to us (each an "*Operational Agreement*") for that technology. MBAG and we are each required to act reasonably and in good faith when negotiating that pricing and those other terms, but there is no guarantee we will reach agreement.

If MBAG refuses certain requests, or MBAG and we do not agree pricing and other commercial terms for the requested technology, we may not obtain access to all of the MBAG Technology that we consider to be critical for our next generation of vehicles and could therefore be unable to realize the anticipated benefits of the Strategic Cooperation. Failure to obtain access to such MBAG Technology could result in, among other things, delays to the introduction of new vehicle 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. However, AML Global Holdings will not be required to issue further Consideration Shares in respect of any MBAG Technology to which MBAG refuses to provide us access.

We could be exposed to claims brought by our customers or other third parties for loss resulting from the use of MBAG Technology in our vehicles.

If the MBAG Technology, once integrated into our vehicles, were to malfunction, experience technical problems, not function as expected or otherwise fail, we may be subject to claims brought by our customers or other third parties. The Strategic Cooperation Agreement does not contain any warranties or indemnities relating to product liability claims or recalls; any provisions we agree with MBAG will be documented in the Operational Agreements (which have not yet been agreed and may or may not contain any such protections for us). We are also required to bear all liabilities arising out of the integration of regulatory-driven modifications to the MBAG Technology into our vehicles. However, in the event that MBAG Technology ceases to function in the expected manner, the Strategic Cooperation Agreement does require MBAG to make available, on mutually acceptable terms, any solutions or substitute technology of equivalent functionality that MBAG has available to it.

We may be required to pay damages and other amounts under any such claims and may be liable to pay legal fees and expenses to defend such claims. We may be unable to recover such amounts from MBAG and these claims could therefore have a material adverse impact on our business, financial condition and results of operations.

In addition, we may be required to make additional investments to remedy any underlying technical issues involving the MBAG Technology. Such investments may not be recoverable by us from MBAG.

Even where we are successfully able to recover any loss from MBAG, such malfunctions, technical problems or other failures could result in diversion of significant managerial attention or reputational damage to us and the Aston Martin brand, which could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to liability in the event that the MBAG Technology infringes any third party intellectual property rights.

Third parties may bring claims against us alleging that our use of the MBAG Technology infringes their intellectual property rights. MBAG has agreed to indemnify us for any costs we suffer as a result of such third party claims, but only in relation to components manufactured by MBAG (or another member of its group) or to MBAG's specification, and in respect of claims that do not arise solely as a result of our modifications to those components. MBAG will not indemnify us in respect of MBAG Technology that is licensed to MBAG but not sub-licensable to us, and MBAG will also not indemnify us for any costs incurred above MBAG's £10 million liability cap under the Strategic Cooperation Agreement. We may therefore not be able to recover from MBAG any damages or legal fees and expenses relating to such claims where MBAG's indemnity obligation does not apply or the £10 million liability cap is exceeded. MBAG is entitled to control the defense of any such claims and, while MBAG is required to consult with us and take our views into account in good faith, MBAG may not resolve the claims in our best interest.

Even where we are successfully able to recover any loss from MBAG, such claims could result in delays or interruptions to the use by us of the MBAG Technology, diversion of significant managerial attention, requirements to obtain expensive licenses and/or reputational damage, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to liability in the event that any of the intellectual property rights licensed by us to MBAG infringe third party intellectual property rights.

Under the terms of the Strategic Cooperation Agreement, we will license to MBAG any of our intellectual property that MBAG needs to use in relation to the Strategic Cooperation. Third parties may bring claims against the MBAG group alleging that its use of our intellectual property infringes their intellectual property rights. We have agreed to indemnify MBAG for certain losses suffered as a result of such claims, subject to our £10 million liability cap under the Strategic Cooperation Agreement. We are entitled to control the defense of any such claims, although we are required to consult with MBAG and take MBAG's views into account in good faith.

Such claims could result in delays or interruptions to MBAG's activities in delivering the MBAG Technology to us, diversion of significant managerial attention, requirements to obtain expensive licenses and/or reputational damage, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may lose access to certain MBAG Technology and be required to pay damages to MBAG if we breach our confidentiality obligations related to that technology.

Under the terms of the 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 technology and require us to pay £10 million in liquidated damages to MBAG. In addition to the liquidated damages, the loss of access to that technology could have an adverse impact on our development and modification of such technology for use in our vehicles. This loss of access could also result in additional costs to source or develop replacement technology and/or delays in vehicle development or launches, as well as other challenges. Further, we would not be entitled to any replacement MBAG Technology to replace the loss of access to that technology, which would therefore result in a direct loss of value to us, as the Consideration Shares in AML Global Holdings in respect of that MBAG Technology would already have been issued to MBAG. Any of the aforementioned consequences could have a material adverse effect on our business, financial condition and results of operations.

The Strategic Cooperation Agreement includes a termination right for MBAG in the event of certain events occurring that involve a strategic competitor of MBAG, which may discourage such competitors from making an investment in or otherwise seeking to strengthen their relationship with us.

The terms of the Strategic Cooperation Agreement grant MBAG the right to terminate the agreement with immediate effect if, amongst other things, prior to the issue of the Consideration Shares in connection with the First Strategic Cooperation Equity Issuance a strategic competitor of MBAG: (a) acquires more than 30% of AML Global Holding's issued share capital; (b) 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 to the Board; or (c) enters into a strategic business arrangement with AML Global Holdings (i) that is comparable to the Strategic Cooperation with respect to technological collaboration or (ii) under which AML Global Holdings agrees to issue equity securities to the relevant strategic competitor or to form a joint venture company with such strategic competitor (the "*Strategic Competitor Termination Right*").

In addition, the terms of the Strategic Cooperation Agreement provide that all Operational Agreements shall also include a Strategic Competitor Termination Right, capable of being exercised at any point (i.e. whether or not the relevant trigger for such termination right occurs before or after the issue of the Consideration Shares in connection with the First Strategic Cooperation Equity Issuance). Unlike the Strategic Cooperation Agreement, where the termination right is immediate, termination of any Operational Agreement by MBAG pursuant to a Strategic Competitor Termination Right requires four years' prior notice.

The existence of the Strategic Competitor Termination Right in the Strategic Cooperation Agreement and the Operational Agreements may discourage other strategic competitors of MBAG from acquiring shares in AML Global Holdings or from entering into business arrangements with us. Stronger commercial relationships with strategic competitors of MBAG may be beneficial to our business interests, and the absence of such relationships may leave us more reliant on the Strategic Cooperation and on the MBAG Technology.

We may request and obtain access to MBAG Technology with an aggregate value greater than the aggregate value of the Consideration Shares that are capable of being issued to MBAG under the Strategic Cooperation Agreement, which would result in us making an additional cash payment.

Under the terms of the Strategic Cooperation Agreement, we may request and obtain access to MBAG Technology with an aggregate value greater than the aggregate value of the shares that are capable of being issued to MBAG under the Strategic Cooperation Agreement, with such additional amount being subject to a maximum cap of £28.6 million.

If, at the time at which further shares of AML Global Holdings (other than the shares of AML Global Holdings expected to be issued in connection with the First Strategic Cooperation Equity Issuance) are issued to MBAG, the value of the MBAG Technology to which we have been given access exceeds the aggregate value of the shares of AML Global Holdings that are capable of being issued to MBAG (which AML Global Holdings and MBAG have agreed shall be equal to approximately £286 million (the "*Aggregate MBAG Consideration Amount*") we will make an additional cash payment to MBAG equal to the difference, subject to the aforementioned cap. Payment of such additional cash amount in consideration for further MBAG Technology, whilst under our control, could negatively impact our financial condition or results.

Risks related to our indebtedness, the New Notes and the Guarantees

The gross proceeds of the offering of the New Notes will be deposited in the Escrow Account. If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the New Notes, which means that you may not obtain the return you expect on the New Notes.

The gross proceeds of the offering of the New Notes will be deposited in the Escrow Account pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts. In addition, the gross proceeds of the Second Lien Notes will be deposited into a segregated escrow account on the date on which the Second Lien Notes are issued. The consummation of the New Equity Offering the First Strategic Cooperation Equity Issuance, the release of the gross proceeds of the Offering from Escrow Account and the release of the gross proceeds of the Second Lien Notes from the applicable escrow account will each be subject to the satisfaction of certain conditions. The gross proceeds from the Offering shall be released from the Escrow Account upon satisfaction of the following conditions: (i) each of the New Equity Offering and the First Strategic Cooperation Equity Issuance has been (or will be on the Release Date) consummated upon the release from the Escrow Account, (ii) certification that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account, and (iii) as of the Release Date, there are no events of bankruptcy, insolvency or court protection with respect to the Company or the Issuer. If the New Equity Offering and the First Strategic Cooperation Equity Issuance are not consummated on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the issue price of the New Notes plus accrued and unpaid interest and additional amounts, if any, to the date of special mandatory redemption (the "*Special Mandatory Redemption Price*"). See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption*." As a result, if the New Notes are subject to a Special Mandatory Redemption Event (as defined in "*Description of the New Notes*"), you may not obtain the return you expect to receive on the New Notes. Furthermore, the Issuer will be required to fund any shortfall amount representing the difference between the Special Mandatory Redemption Price and the amounts in the Escrow Account. The Second Lien Notes are subject to similar special mandatory redemption provisions and in the event of a special mandatory redemption of such notes, the Issuer will also be required to fund any shortfall amount representing the difference between the Special Mandatory Redemption Price and the amounts in the Escrow Account. We cannot guarantee that the Issuer will be able to satisfy such shortfall obligations, in particular if the Issuer were to go into administration proceedings prior to the completion of the Transactions. As such, if a special mandatory redemption occurs, the liquidity risks described elsewhere in these "*Risk factors*" will be exacerbated.

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the New 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 New Notes and the Guarantees.

We are, and following the issuances of the Notes we will continue to be, highly leveraged. As of September 30, 2020, after giving effect to the Transactions, we would have had *pro forma* total debt of £1,364 million, including the Notes. The New Notes Indenture and the Revolving Credit Facility Agreement will allow us to incur substantial additional indebtedness. Although the New Notes 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 New Notes (subject to compliance with the restrictions in the Intercreditor Agreement) and may be secured by collateral that does not secure the New Notes. While the Second Lien Indenture will have more restrictive covenants than the New Notes Indenture, including in relation to incurrence of additional indebtedness, we will still be permitted to incur additional indebtedness. In addition, the New Notes Indenture, the Revolving Credit Facility Agreement and the Second Lien Indenture 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 New Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the New Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including as a result of COVID-19 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 New 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 New Notes, or to fund our other liquidity needs. See "—*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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position*."

If our future cash flows from operations and other capital resources (including borrowings under the New 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 New 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 New Revolving Credit Facility Agreement, the New Notes Indenture and the Second Lien Notes 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 New Notes Indenture and the Second Lien Indenture restrict our ability to transfer or sell assets. The terms of the Second Lien Indenture are more restrictive than the terms of the New Notes Indenture, and as long as the Second Lien Indenture is in force, we will be required to comply with these more restrictive covenants. See "*Description of other financial arrangements—Second Lien Notes*." 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. It was incorporated in March 2017 in connection with the offering of the Old 6.50% Notes and the Old Sterling Notes. 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 Loans and the shares it holds in its direct subsidiary, AM Capital. The Issuer's ability to pay interest on the New 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 Loans or otherwise from the Group. Accordingly, we cannot assure you that the Issuer will have the funds available to make interest payments on the New 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 New Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

Certain of our subsidiaries will Guarantee the New Notes. Our subsidiaries will not have any obligations to pay amounts due under the New Notes or to make funds available for that purpose unless they Guarantee the New Notes. As of and for the twelve months ended September 30, 2020, the Guarantors represented (on an unconsolidated basis without giving effect to intercompany eliminations) 79% and 113% of the Group's revenue and assets, respectively. As of September 30, 2020, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the New 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 New 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 New 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 New Notes and the Guarantees. Any of the debt that our non-Guarantor subsidiaries incur in the future in accordance with the New Notes Indenture will rank structurally senior to the New Notes and the Guarantees.

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

The New Notes Indenture and the New 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;

- enter into unrelated businesses or engage in prohibited activities;

- consolidate or merge with other entities; and

- impair the security interests for the benefit of the holders of the New 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 New Notes Indenture and the New Revolving Credit Facility Agreement, or with the covenants under the Second Lien Indenture, which are more restrictive, 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 New Notes Indenture and the New Revolving Credit Facility Agreement, or other financing arrangements. For a complete description of the events that would constitute a "change of control" under the New Notes, see the section entitled "*Description of the New Notes—Certain Definitions—Change of Control.*"

Under the Intercreditor Agreement, creditors under the New 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 New Notes.

The New Notes and the Guarantees will be secured as of the Release Date on a first-priority basis by the same Collateral securing the obligations under the New Revolving Credit Facility Agreement and certain hedging obligations, if any. In addition, under the terms of the New Notes 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 New Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the New Notes. The terms of the Second Lien Indenture, which are more restrictive than the New Notes Indenture, will also permit us to incur additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the New 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 New 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 New Notes. As such, in the event of a foreclosure of the Collateral, holders of the New Notes may not be able to recover on the Collateral if the then outstanding claims under the New 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 New Revolving Credit Facility Agreement and such hedging obligations have been discharged from such recoveries, be applied pro rata in repayment of the New 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 New Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the New 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 New Revolving Credit Facility Agreement (as instructed by more than 50% of the lenders under the New 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 New Revolving Credit Facility (as instructed by more than 50% of the lenders under the New 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 (other than the holders of the Second Lien Notes) 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 New 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; 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 New Revolving Credit Facility and any super senior hedge counterparties will prevail.

These arrangements could be disadvantageous to the holders of the New 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 New Revolving Credit Facility or the New Notes, the Issuer and other members of the Group may be prohibited from making payments in respect of the New Notes other than in accordance with the terms of the Intercreditor Agreement and any amounts recovered in respect of the New 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 New 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 New Notes, such as proceeds from the enforcement of the Collateral, to the lenders under the New Revolving Credit Facility and counterparties to certain hedging obligations (if any) in priority to the holders of the New Notes.

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

If a default occurs and the obligations under the New Notes are accelerated, the holders of the New 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 New Notes and certain liens may not be perfected on assets which do secure the New 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 New 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 a common Security Agent, who will also serve as the security agent for the lenders under the New Revolving Credit Facility Agreement, our hedging obligations, the New Notes and the Second Lien Notes and any additional debt secured by the Collateral permitted to be incurred by the New Notes Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement will regulate the ability of the Trustees or the holders of the New 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 indebtedness—Intercreditor Agreement*").

The lenders under the New 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 New 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 New 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 New Notes and the Guarantees and the liens over any other assets of such entities securing such New Notes and Guarantees may be released. See "*Description of other indebtedness—Intercreditor Agreement*," "*Description of the New Notes—Security—Release*."

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 New Notes will guarantee the payment of the New Notes on a senior secured basis. Each Guarantee will provide the holders of the New Notes with a direct claim against the relevant Guarantor. However, under the New Notes Indenture, the Guarantees of the New 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 New 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. Accordingly, the proceeds of any such recovery may not be sufficient to satisfy the payment obligations in respect of the New 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 New 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 New Notes involves risks which may impact your ability to recover payments of principal and interest under the New Notes in the event of an enforcement.

The New Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the New Notes and Guarantees, and such security may not be sufficient to satisfy the obligations under the New 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 New Notes.

The New Notes and the Guarantees will, subject to the Agreed Security Principles, be secured by first priority security interests in the Collateral described in this Offering Memorandum, which Collateral also secures the obligations under the New Revolving Credit Facility Agreement and certain hedging obligations, if any. The Collateral may secure additional debt ranking *pari passu* with the New Notes to the extent permitted by the terms of the New Notes Indenture and the Intercreditor Agreement. The rights of the holders of the New 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 New Notes and all other senior secured obligations, interest may cease to accrue on the New 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 New 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 New 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 New Notes will not be granted directly to the holders of the New Notes but will be granted only in favor of the Security Agent. The New Notes Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce the Collateral. As a consequence, holders of the New Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the New Notes, except through the trustee under the New Notes Indenture, who will (subject to the provisions of the New Notes Indenture) provide instructions to the Security Agent in respect of the Collateral.

There are circumstances other than repayment or discharge of the New Notes under which the Guarantees and the Collateral securing the New 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 New Notes will be released automatically and unconditionally including, without limitation:

- in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any of its restricted subsidiaries (excluding any merger or consolidation) that is permitted by the New Notes Indenture (with respect to the lien on such Collateral) or (b) the Company or any restricted subsidiary consistent with the Intercreditor Agreement or if permitted by the New 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 New Notes Indenture;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the New Notes Indenture;

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

- as described under the caption "*Description of the New Notes—Amendments and Waivers*";

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

- automatically, without any action by the Trustee, if the lien granted in favor of the New 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;

- as otherwise provided in the Intercreditor Agreement; or

- in connection with a "Permitted Reorganization" (see "*Description of the New Notes—Certain Definitions—Permitted Reorganization*").

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 New Notes 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 New Notes 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;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the New Notes Indenture;

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

- as described under the caption "*Description of the New Notes—Amendments and Waivers*"; or

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

The New Notes Indenture will provide that the Collateral securing the New Notes may be released and retaken in several circumstances, including in connection with the refinancing of certain indebtedness, including the New 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 New Notes. See "*Description of the New 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 New Notes may not be perfected with respect to the claims of the New 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 New 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 New Notes in respect of such Collateral and thus reduce the recovery of such holders under the New 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 New Notes 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 New 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 New 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 New Notes are issued. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the New 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 New Notes were issued. Any such security interest created or perfected after the date on which the New 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 New 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 New Notes from recovering payments due on the New 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 New Notes and their Guarantees. See "*Enforcement of Civil Liabilities*."

The loans under our New 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 New 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 New Notes.

On July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "*FCA Announcement*"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported LIBOR, which could have a material adverse effect on the value of and return on any floating rate debt linked to LIBOR and on our ability to service debt that bears interest at floating rates of interest. Any of the foregoing could have an adverse effect on our interest expense in connection with our floating rate debt obligations including the New Revolving Credit Facility, reducing cash flows otherwise available for our operations, capital expenditures and servicing our debt obligations, including the New Notes.

Our hedging and other derivative arrangements may not effectively or sufficiently offset 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 of the New Notes, the Issuer may enter into hedging arrangements with respect to the New 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 New Notes upon a change of control.

Each of the New Notes Indenture and the Second Lien Notes 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 New Revolving Credit Facility Agreement each lender is entitled to require that all amounts payable to that lender under the New 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 New Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the New Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the New Notes Indenture. Furthermore, certain important corporate events that might adversely affect the value of the New Notes (including certain reorganizations, restructurings and mergers) would not constitute a "change of control" under the New Notes Indenture. For a complete description of the events that would constitute a "change of control" under the New Notes, see the section entitled "*Description of the New Notes—Certain Definitions—Change of Control*."

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 New 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 New 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 New Notes and our overall financial performance, as described elsewhere in these "*Risk factors*." We have no obligation to inform the Holders of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the credit rating assigned to the New 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 New Notes.

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

While the market, if any, for the New 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 New 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 New Notes will be traded at or above the principal amount of such New Notes in the future.

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

The consolidated financial statements of Aston Martin Holdings (UK) Limited as of December 31, 2017 and for the year then ended, and the consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of December 31, 2018 and for the year then ended, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their reports appearing herein.

In respect of the audit reports relating to the consolidated financial statements of Aston Martin Holdings (UK) Limited as of December 31, 2017 and for the years then ended, and the consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of December 31, 2018 and for the year then ended, each reproduced herein, KPMG LLP, our former independent auditor, provides: "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.

The consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of and for the year ended December 31, 2019 have been audited by Ernst & Young LLP, our independent auditor, as stated in their report appearing herein.

In respect of the audit report relating to the consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of December 31, 2019 and for the year then ended then, reproduced herein, Ernst & Young LLP, our independent auditor, provides: "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 New Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the New Notes) other than the members of the Company with respect to those reports.

The U.S. Securities and Exchange Commission 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. Securities Exchange Act of 1934. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the New 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 U.K., 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 New Notes to bring any action against our auditors for damages arising out of an investment in the New 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 Aston Martin Lagonda of North America, Inc., "*AMLNA*") 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 New Notes 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 AMLNA) 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 New Notes will be restricted, which may adversely affect the value of the New Notes.

Because the New 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 New Notes. It is the obligation of investors in the New Notes to ensure that all offers and sales of the New 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 New Notes, in which case your ability to sell the New Notes will be limited and future trading prices of the New Notes could be adversely impacted.

The New 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 New Notes which may make them an illiquid investment. We cannot therefore assure you as to:

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

Future trading prices of the New Notes will depend on many factors, including, among other things, the liquidity of any market in the New 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 New 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 New Notes. Any such disruption may have a negative effect on you, as a holder of New Notes, regardless of our prospects and financial performance.

The New 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 New Notes listed on the Official List of the Exchange and to maintain such listing as long as the New Notes are outstanding, the Issuer cannot assure you that the listing of or permission to deal in the New Notes will be obtained or be maintained. If the Issuer cannot obtain or thereafter maintain the listing on and permission to deal in the New 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 New 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 New 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 New Notes Indenture, failure to be approved for listing or the delisting of the New Notes from the Official List of the Exchange or another listing exchange in accordance with the New Notes Indenture may have a material adverse effect on a holder's ability to resell New 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 New Notes will initially be held in book-entry form and therefore investors must rely on the procedures of DTC to exercise any rights and remedies.

The New Notes will initially only be issued in global certificated form and held through DTC. Interests in the global notes will trade in book-entry form only, and New Notes in definitive registered form, or definitive registered New 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 New Notes. The nominee for DTC will be the sole registered holder of the global notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the New Notes will be made to the paying agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the New Notes and credited by such participants to indirect participants. After payment to the nominee for DTC 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 and if investors are not participants in DTC 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 New Notes under the New Notes Indenture.

Unlike the holders of the New 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 New 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. 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 New Notes Indenture, unless and until definitive registered New Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the New 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 New Notes.

On the date of this Offering Memorandum, we have two groups of significant shareholders namely, the Yew Tree Significant Shareholder Group and the Adeem/Primewagon Significant Shareholder Group. The relationship between AML Global Holdings and each of these Significant Shareholder Groups is governed by the Relationship Agreements. Each of the Relationship Agreements provides that each Significant Shareholder Group is entitled (i) to nominate two Non-Executive Directors to the Board so long as the Significant Shareholder Group's direct or indirect interest in the voting rights of AML Global Holdings is at least 10% and (ii) to 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 relevant Significant Shareholder Group 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 of AML Global

Holdings. The Relationship Agreements also provide 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, the appointment or dismissal of executive directors and the grant of certain equity incentive awards.

Following the consummation of the First Strategic Cooperation Equity Issuance, MBAG will also become a Significant Shareholder Group. In connection with the Strategic Cooperation Agreement, AML Global Holdings and MBAG have entered into a relationship agreement (the "*MBAG Relationship Agreement*"). The MBAG Relationship Agreement is substantially on the same terms as the Relationship Agreements that AML Global Holdings has in place with the Yew Tree Significant Shareholder Group and the Adeem/Primewagon Significant Shareholder Group. The MBAG Relationship Agreement provides that (i) MBAG shall be able to 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) the right to nominate one director will continue for so long as MBAG's shareholding in AML Global Holdings is equal to or exceeds 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 will be able 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 MBAG Relationship Agreement, AML Global Holdings also 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, the appointment or dismissal of executive directors and the grant of certain equity incentive awards.

Accordingly, the Significant Shareholder Groups 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 New Notes Indenture and the Second Lien Indenture, if entered into, 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 Significant Shareholder Groups may differ from one another, and such differences could result in disagreements between the Significant Shareholder Groups 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 Significant Shareholder Groups. 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*."

We are currently non-compliant with the U.K. Corporate Governance Code in relation to the proportion of non-independent directors on the Board and could be required to explain the reason for non-compliance to our shareholders.

As of the date of this Offering Memorandum, three of AML Global Holdings' eight Directors (excluding for these purposes the Executive Chairman) are considered independent non-executive directors for the purposes of the U.K. Corporate Governance Code. The U.K. 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. We are therefore currently non-compliant with the U.K. Corporate Governance Code in relation to the proportion of independent non-executive directors on the Board (with five non-independent directors and three independent) but are compliant in respect of the composition of our committees.

In addition, in connection with the Strategic Cooperation Agreement, AML Global Holdings and MBAG have entered into the MBAG Relationship Agreement. The MBAG Relationship Agreement provides that (i) MBAG shall be able to 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) the right to nominate one director will continue for so long as MBAG's shareholding in AML Global Holdings is equal to or exceeds 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 will be able 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. As a result, AML Global Holdings is expected to (i) become non-compliant with the U.K. Corporate Governance Code in relation to the proportion of independent Non-Executive Directors on the nomination committee of the Board and (ii) require a larger number of independent Non-Executive Directors in order to become compliant in respect of the Board composition.

We are currently undergoing a search for suitable independent Non-Executive Director candidates to appoint to the Board and have identified a number of qualified potential candidates who we are in the process of vetting. At this stage no offer has been made or accepted. If we are unable to appoint suitable candidates, we may continue to be no-compliant with the U.K. Corporate Governance Code which would require us to explain the reasons for this in our upcoming 2020 annual report. This explanation would include how our actual practices are consistent with the U.K. Corporate Governance Code principles the actions we are taking to become compliant with the U.K. Corporate Governance Code and timing for this and any mitigating actions being taken to address any additional risk that may arise from non-compliance. Continuing non-compliance with the U.K. Corporate Governance Code could have an adverse impact on our relationship with our shareholders.

Use of proceeds

The gross proceeds from the Offering is expected to be £838.3 million (equivalent), translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020. Such gross proceeds will primarily be used, together with certain of the proceeds of the Second Lien Notes, the New Equity Offering and additional borrowings under the New Revolving Credit Facility (i) to redeem in full the outstanding amount of Old Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full and cancel the CLBILS Loan, including any accrued and unpaid interest thereon, (iii) for general corporate purposes, including working capital requirements, and (iv) 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.

Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account with the Escrow Agent. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the gross proceeds of the Offering from the Escrow Account have been or will be satisfied promptly following their release, the gross proceeds of the Offering will be released from the Escrow Account to the Issuer (or to such accounts as may be designated by the Issuer). Any release of the gross proceeds of the Offering from the Escrow Account is subject to the satisfaction of certain conditions. See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*" Similarly, the gross proceeds of the Second Lien Notes will be deposited into an escrow account on the Second Lien Notes Issue Date. The release of the gross proceeds of the Second Lien Notes from the relevant escrow account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account. Such release of the gross proceeds of the Second Lien Notes is expected to occur concurrently with the release of the gross proceeds of the Offering from the Escrow Account.

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)
New Notes offered hereby[(1)]	838
Second Lien Notes[(2)]	254
New Equity Offering[(3)]	125
Additional amounts drawn under New Revolving Credit Facility[(4)]	7
Total	**1,224**

Uses of Funds	(£ equivalent in millions)
Repayment in full of principal amount of Old Notes and redemption premium[(5)]	936
Repayment in full of principal amount of CLBILS Loan[(6)]	20
Accrued and unpaid interest on the Old Notes and the CLBILS Loan[(7)]	14
General corporate purposes	212
Transaction fees[(8)]	42
Total	**1,224**

(1) Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account with the Escrow Agent. The release of the gross proceeds from the Offering from the Escrow Account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account. If the New Equity Offering and the First Strategic Cooperation Equity Issuance are not consummated on or prior to February 10, 2021, or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. See "*Description of the New Notes—Escrow of Proceeds; Special Mandatory Redemption.*" The New Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(2) Represents gross proceeds in an amount of $328.3 million in connection with the offering of the $335.0 million in aggregate principal amount of Second Lien Notes, which priced at an issue price of 98.0% on October 27, 2020. The Second Lien Notes are expected to be issued on or about November 10, 2020. The gross proceeds of the Second Lien Notes are expected to be deposited into an escrow account on the Second Lien Notes Issue Date. The release of the gross proceeds of the Second Lien Notes from the escrow account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from such escrow account. The Second Lien Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(3) On October 27, 2020, we announced an equity raise by way of an issue of shares of AML Global Holdings to certain institutional investors pursuant to which we expect to raise gross proceeds of £125 million. The New Equity Offering is conditional on, amongst other things, the First Strategic Cooperation Equity Issuance and subject to shareholder approval at the General Meeting and, as a result, there is no certainty that we will be able to consummate the New Equity Offering within the timeframe or on the terms that we currently expect, or at all. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—The gross proceeds of the offering of the New Notes will be deposited in the Escrow Account. If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the New Notes, which means that you may not obtain the return you expect on the New Notes.*"

(4) As part of the Transactions, we entered into the New Revolving Credit Facility Agreement and have received commitments of £87 million. Subject to the satisfaction of certain conditions, including settlement into escrow of a certain minimum quantum of the New Notes and the Second Lien Notes, the redemption of the Old Notes, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance, as well as the satisfaction of customary closing conditions, we intend to borrow £77 million under the New Revolving Credit Facility Agreement on the Release Date, with the remaining balance being reserved to support existing letter of credit facilities. See "*Description of other financial arrangements—New Revolving Credit Facility Agreement*." The New Revolving Credit Facility Agreement will replace the Old Revolving Credit Facility Agreement. The amount of £7 million set forth in the table above represents the increase in outstanding borrowings under the New Revolving Credit Facility Agreement as of the Release Date as part of the Transactions compared to the £70 million of expected outstanding borrowings under the Old Revolving Credit Facility Agreement as of such date.

(5) As part of the Transactions, the Old Notes will be redeemed in full on the Release Date with the proceeds of the Offering upon the release of such proceeds from the Escrow Account together with certain of the proceeds of the Second Lien Notes upon release from escrow. The outstanding principal amount of Old Notes as of September 30, 2020 was £914 (equivalent) million. Based on an assumed Release Date of December 4, 2020, the redemption premiums with respect to the Old Notes will be approximately £22 million. The Old Dollar Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(6) As part of the Transactions, the CLBILS Loan will be repaid in full and cancelled. The amount of £20 million set forth in the table above represents the principal outstanding amount under the CLBILS Loan.

(7) Represents the amounts required to pay the accrued and unpaid interest of approximately £14 million on the Old Notes and the accrued and unpaid interest of approximately £0.2 million on the CLBILS Loan, in each case, based on an assumed Release Date of December 4, 2020. The accrued and unpaid interest on the Old Dollar Notes has been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(8) Represents 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.

Capitalization

The following table sets forth the unaudited consolidated cash and cash equivalents and capitalization as of September 30, 2020 for AML Global Holdings:

- on an actual consolidated basis; and

- on an adjusted basis to give effect to the Transactions, including the issuances of the Notes, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance, the entry into the New Revolving Credit Facility, the repayment of the CLBILS Loan, the receipt of the proceeds from the New Equity Offering (net of fees and expenses) and the use of proceeds therefrom as contemplated under "*Use of proceeds*," as if they had occurred on September 30, 2020.

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 and the New Equity Offering, binding commitments we receive for the New Revolving Credit Facility Agreement, foreign currency exchange rates as of the Issue Date and other factors.

	As of September 30, 2020	
(£ in millions)	**AML Global Holdings actual**	**As adjusted for the Transactions(1)(14)**
Cash and cash equivalents(2)	**307**	**519**
Bank loans and overdrafts(3)	134	121
of which drawn under the New Revolving Credit Facility	*—*	*77*
of which drawn under the Old Revolving Credit Facility	*70*	*—*
of which drawn under the CLBILS Loan	*20*	*—*
New Notes offered hereby(4)	—	838
Second Lien Notes(5)	—	259
Old 6.50% Notes(6)	309	—
Old Sterling Notes(7)	285	—
Old Mirror Notes(8)	147	—
Old Split Coupon Notes(9)	121	—
Old Delayed Draw Notes(10)	53	—
Lease liabilities(11)	106	106
Short-term inventory repurchase arrangements(12)	40	40
Total Indebtedness of the Company	**1,194**	**1,364**
Total shareholders' equity(13)	**733**	**958**
Total capitalization	**1,927**	**2,322**

(1) On October 27, 2020, we announced an equity raise by way of an issue of shares of AML Global Holdings to certain institutional investors pursuant to which we expect to raise gross proceeds of £125 million. The New Equity Offering is conditional on, amongst other things, the First Strategic Cooperation Equity Issuance and subject to shareholder approval at the General Meeting and, as a result, there is no certainty that we will be able to consummate the New Equity Offering within the timeframe or on the terms that we currently expect, or at all.

The release of the gross proceeds from the Offering from the Escrow Account will be subject to, amongst other conditions, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the Escrow Account. If the New Equity Offering and the First Strategic Cooperation Equity Issuance are not consummated on or prior to February 10, 2020, or upon the occurrence of certain other events, the New Notes will be subject to a special mandatory redemption. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—The gross proceeds of the offering of the New Notes will be deposited in the Escrow Account. If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the New Notes, which means that you may not obtain the return you expect on the New Notes.*"

(2) Cash and cash equivalents does not include cash not available for short term use in an amount of £10.6 million as of September 30, 2020. For more information regarding this amount 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*." Adjusted cash and cash equivalents is not adjusted for ordinary course movements in our cash and cash equivalents after September 30, 2020, including revenue generated and expenses paid, including, but not limited to £23.0 million of accrued interest paid on October 15, 2020 with respect to certain series of the Old Notes. Cash and cash equivalents amounted to £291.6 million as of October 23, 2020, including £36.2 million (equivalent) of cash deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom drawn in the amount of £33.9 million.

(3) As part of the Transactions, we entered into the New Revolving Credit Facility Agreement and have received commitments of £87 million. Subject to the satisfaction of certain conditions, including settlement into escrow of a certain minimum quantum of the New Notes and the Second Lien Notes, the redemption of the Old Notes, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance, as well as the satisfaction of customary closing conditions, we intend to borrow £77 million under the New Revolving Credit Facility Agreement on the Release Date, with the remaining balance being reserved to support existing letter of credit facilities. See "*Description of other financial arrangements—New Revolving Credit Facility Agreement*." The New Revolving Credit Facility Agreement will replace the Old Revolving Credit Facility Agreement. The £7 million of additional amounts drawn under the New Revolving Credit Facility represents an increase in outstanding borrowings under the New Revolving Credit Facility Agreement as of the Release Date compared to the £70 of expected outstanding borrowings under the Old Revolving Credit Facility Agreement as of such date million of outstanding borrowings under the Old Revolving Credit Facility Agreement and will be used, together with the other proceeds, to repay and cancel the CLBILS Loan. The £20 million principal amount under the CLBILS Loan excludes accrued and unpaid interest.

In addition to borrowings under the Old Revolving Credit Facility and the New Revolving Credit Facility and the CLBILS Loan, bank loans and overdrafts include (i) £33.9 million of borrowings as of September 30, 2020 under our back-to-back loan arrangement with HSBC UK Bank plc, whereby renminbi is deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom and (ii) £10.0 million of borrowings as of September 30, 2020 under a fixed rate loan to finance the construction of the paint shop at our St. Athan facility, which matures on March 31, 2022.

(4) Represents £838 million (equivalent) in aggregate principal amount of New Notes offered. The New Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(5) Represents £259 million (equivalent) of Second Lien Notes, which are expected to be issued on the Second Lien Notes Issue Date at an issue price of 98.0%. The Second Lien Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020. The gross proceeds in an amount of $328.3 million will be deposited into an escrow account on the Second Lien Notes Issue Date and are expected to be released concurrently with the release of the gross proceeds of the Offering from the Escrow Account on the Release Date.

(6) The Old 6.50% Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020, representing the exchange rate as of our last reporting date. The amount indicated is gross of capitalized debt issuance costs and excludes accrued and unpaid interest.

(7) The amount indicated is gross of capitalized debt issuance costs and excludes accrued and unpaid interest.

(8) The Old Mirror Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020, representing the exchange rate as of our last reporting date. The amount indicated is gross of the discount on issuance and capitalized debt issuance costs and excludes accrued and unpaid interest.

(9) The Old Split Coupon Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020, representing the exchange rate as of our last reporting date. The amount indicated is gross of capitalized debt issuance costs and excludes accrued and unpaid interest.

(10) The Old Delayed Draw Notes have been translated at an exchange rate of $1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020, representing the exchange rate as of our last reporting date. The amount indicated is gross of capitalized debt issuance costs and excludes accrued and unpaid interest.

(11) Represents £106 million of lease liabilities, which have been recorded as a result of the adoption of IFRS 16, £6.4 million of which are under our body-in-white facility with AIB Group (UK) P.L.C.

(12) Represents short-term repurchase liabilities under our inventory repurchase arrangements with Falcon in an amount of £39.6 million as of September 30, 2020. The maximum amount available under these inventory repurchase arrangements is £40.0 million, which we intend to continue to fully utilize. See "*Description of other financial arrangements—Falcon Inventory Repurchase Arrangements*" for further information.

(13) As further adjusted for the Transactions, shareholders' equity reflects: (i) a decrease of £11.1 million reflecting the write off of capitalized debt issue costs in relation to our Old Notes, which are being redeemed in full as part of the Transactions, and (ii) the impact on shareholders' equity with respect to the New Equity Offering and the First Strategic Cooperation Equity Issuance.

(14) Does not reflect any adjustments with respect to the Warrants to be issued by AML Global Holdings to the holders of the Second Lien Notes (see "*Summary—Summary corporate and financing structure*"), capitalized debt issue costs with respect to the Notes or costs with respect to the issuance of new equity under the New Equity Offering and the First Strategic Cooperation Equity Issuance.

Selected historical consolidated financial and other data

Unless otherwise indicated, the historical and other financial data presented herein have been derived from (i) the audited consolidated financial statements of AM Holdings as of and for the year ended December 31, 2017, (ii) the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2018 and 2019, and (iii) the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum.

Financial information

Our consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("*IFRS*"). The unaudited condensed consolidated interim financial statements of the Group as of September 30, 2020 are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*," as adopted by the European Union.

On September 3, 2018, AML Global Holdings obtained control of the entire share capital of AM Holdings by way of a share-for-share exchange. Although the share-for-share exchange resulted in a change in legal ownership, in substance the consolidated financial information presented for the periods ended December 31, 2018 and 2019 and September 30, 2020 represent the continuation of the pre-existing group headed by AM Holdings. Consequently, references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information prior to the year ended December 31, 2018 relate to AM Holdings and its subsidiaries and do not include AML Global Holdings; and references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information for the year ended December 31, 2018 onwards relate to AML Global Holdings and its subsidiaries.

IFRS 16 (*Leases*) became effective on, and applies to periods beginning on or after, January 1, 2019. Our audited consolidated financial statements as of and for the year ended December 31, 2019 and our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum, give effect to IFRS 16 (*Leases*). The new standard replaces the previous accounting standard, IAS 17 (*Leases*), including related interpretations. We have applied exemptions for short-term leases and leases of low value items and chose to adopt the modified retrospective transition approach for IFRS 16 under which, prior to reflecting the impact of lease incentives, we evaluated our lease liability using incremental borrowing rates assessed at the date of transition with a right of use asset of equal value. Our equity reserves as of January 1, 2019 have been adjusted to reflect the de-recognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right of use asset on adoption of IFRS 16, under the transition approach adopted, this treatment is not followed. There have been no IFRS 16 adjustments made to the consolidated income statements for the periods prior to January 1, 2019. See notes 2 and 16 of AML Global Holdings' audited consolidated financial statements as of and for the year ended December 31, 2019 included elsewhere in this Offering Memorandum for further information on

the impact of IFRS 16 on our consolidated income statement for the year ended December 31, 2019. See also "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting comparability—IFRS 16*."

The consolidated financial statements present the results of operations and financial position of AML Global Holdings and AM Holdings (as applicable), which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings and AM Holdings (as applicable) 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 year ended December 31, 2017 of AM Holdings and the Company primarily related to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which were obligations of AM Holdings, but not the Company, as well as annual administration costs of AM Holdings in the amounts of £1.3 million for the year ended December 31, 2017. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 of AML Global Holdings and the Company primarily related to £61.9 million of costs associated with the conversion of the Preference Shares as part of the Aston Martin IPO for the year ended December 31, 2018, £2.5 million of directors' remuneration and administration costs for the year ended December 31, 2019, £1.7 million of directors' remuneration and administration costs for the nine months ended September 30, 2019 and £0.9 million of directors' remuneration and administration costs for the nine months ended September 30, 2020. Therefore, the financial and operating results and certain other information relating to AM Holdings and AML Global Holdings (as applicable) have been presented in this Offering Memorandum in lieu of the Company. We believe that AM Holdings' and 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. AML Global Holdings will be the reporting entity under the covenants pursuant to the New Notes Indenture and the New Revolving Credit Facility Agreement. For further information, see "*Description of the New Notes*."

Consolidated statement of comprehensive income data

	For the year ended December 31,				For the nine months ended September 30,[1]		For the twelve months ended September 30,[1]
£ in millions)	**2017[2]**	**2018**	**2019 (reported)[3][4]**	**2019 (restated)[3][4]**	**2019 (restated)[3][5]**	**2020[6]**	**2020**
Revenue	876.0	1,096.5	997.3	980.5	650.0	270.0	600.5
Cost of sales	(496.2)	(660.7)	(642.7)	(642.7)	(411.0)	(255.9)	(487.6)
Gross profit/(loss)	**379.8**	**435.8**	**354.6**	**337.8**	**239.0**	**14.1**	**112.9**
Selling and distribution expenses	(60.0)	(89.8)	(95.0)	(95.0)	(71.6)	(60.4)	(83.8)
Administrative and other operating expenses[7]	(171.0)	(293.2)	(277.3)	(275.8)	(178.1)	(182.8)	(280.5)
Other (expense)/income	—	20.0	(19.0)	(19.0)	(19.0)	-	-
Operating profit/(loss)	**148.8**	**72.8**	**(36.7)**	**(52.0)**	**(29.7)**	**(229.1)**	**(251.4)**
Finance income	35.6	4.2	16.3	16.3	4.1	1.9	14.1
Finance expense[8]	(99.9)	(145.2)	(83.9)	(83.9)	(69.2)	(80.7)	(95.4)
Profit/(loss) before tax[8]	**84.5**	**(68.2)**	**(104.3)**	**(119.6)**	**(94.8)**	**(307.9)**	**(332.7)**
Income tax (charge)/credit[8]	(7.7)	11.1	(0.1)	2.0	(1.1)	40.0	43.1
Profit/(loss) for the period[8]	**76.8**	**(57.1)**	**(104.4)**	**(117.6)**	**(95.9)**	**(267.9)**	**(289.6)**
Other comprehensive income/(loss) for the period, net of income tax[8]	1.7	(18.3)	17.3	17.3	(15.4)	9.1	41.8
Total comprehensive income/(loss) for the period[8]	**78.5**	**(75.4)**	**(87.1)**	**(100.3)**	**(111.3)**	**(258.8)**	**(247.8)**

Consolidated statement of financial position data

(£ in millions)	As of December 31, 2017(2)(9)	2018(10)	2019(3)(11)	As of September 30,(1) 2019(3)(12)	2020(13)
Cash and cash equivalents(14)	167.8	144.6	107.9	100.9	307.3
Working capital(15)	(111.2)	(238.7)	(322.7)	(400.6)	(8.2)
Property, plant and equipment(16)	243.9	313.0	350.5	352.2	400.1
Total assets	1,632.1	1,970.2	2,231.1	2,222.1	2,589.8
Total current liabilities	529.5	790.3	890.2	961.4	775.7
Total non-current liabilities(17)	966.5	730.5	1,011.3	937.9	1,081.1
Total liabilities(17)	1,496.0	1,520.8	1,901.5	1,899.3	1,856.8
Total shareholders' equity	136.1	449.4	329.6	322.8	733.0

Consolidated statement of cash flows data

(£ in millions)	For the year ended December 31, 2017(2)	2018(10)	2019(18)	For the nine months ended September 30,(1) 2019(19)	2020(20)
Net cash flows from/(used in) operating activities	343.8	222.6	19.4	59.9	(272.1)
Net cash flows used in investing activities	(346.4)	(306.3)	(305.2)	(250.5)	(202.2)
Net cash flows from financing activities	69.9	57.8	243.3	147.8	678.3
Net increase/(decrease) in cash and cash equivalents	**67.3**	**(25.9)**	**(42.5)**	**(42.8)**	**204.0**

(1) Unaudited. The LTM Financial Information is derived by adding the unaudited consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2020 to the restated consolidated income statement information of AML Global Holdings for the year ended December 31, 2019 and deducting the restated consolidated income statement information of AML Global Holdings for the nine months ended September 30, 2019.

(2) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum. The 2017 financial information has not been restated for (i) adjustments in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. See note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum and (ii) certain reclassifications which 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, 2019 regarding the 2018 comparative values included elsewhere in this Offering Memorandum. The 2018 financial information has not been restated for adjustments in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. See note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum. See "—*Certain Restated Financial Data*" for additional information.

(3) The consolidated statements of comprehensive income data and the consolidated statement of financial position data for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "—*Certain restatements and reclassifications*" and "—*Certain Restated Financial Data*" as well as note 2 of the unaudited consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 included elsewhere in this Offering Memorandum for additional information.

(4) The net impact of IFRS 16 on our consolidated statement of income for the year ended December 31, 2019, excluding the impact of taxation, comprised a loss before tax of £2.4 million. This included £12.3 million in respect of additional depreciation charges and £4.6 million in respect of additional interest expense on lease liabilities, significantly offset by a £14.5 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £15.5 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £1.2 million of deferred lease incentives released from our statement of financial position under IAS 17.

(5) The net impact of IFRS 16 on our consolidated statement of income for the nine months ended September 30, 2019, excluding the impact of taxation, comprised a charge of £1.4 million. This included £8.9 million in respect of additional depreciation charges and £3.4 million in respect of additional interest expense on lease liabilities, substantially offset by a £10.9 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £11.6 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £0.9 million of deferred lease incentives released from our statement of financial position under IAS 17.

(6) The net impact of IFRS 16 on our consolidated statement of income for the nine months ended September 30, 2020, excluding the impact of taxation, comprised a charge of £5.1 million. This included £11.2 million in respect of additional depreciation charges, including an impairment charge of £2.0 million, and £3.0 million in respect of additional interest expense on lease liabilities, substantially offset by a £9.1 million decrease of administrative and other expenses primarily as a result of the reclassification of an expense of £9.8 million that was treated as an operating lease charge under IAS 17 prior to the adoption of IFRS 16 and the de-recognition of £0.2 million of prepaid legal fees related to our leases net of £0.9 million of deferred lease incentives released from our statement of financial position under IAS 17.

(7) Administrative and other expenses include costs attributable to AM Holdings and AML Global Holdings (as applicable) of £1.3 million, £18.7 million and £2.5 million for the years ended December 31, 2017, 2018 and 2019, respectively, and £1.7 million and £0.9 million for the nine months ended September 30, 2019 and 2020, respectively. These costs were not attributable to the Company or its subsidiaries.

(8) Finance expense for the years ended December 31, 2017 and 2018 includes interest expense with respect to the Preference Shares, which were obligations of AM Holdings. The Preference Shares were converted into ordinary shares as part of the Aston Martin IPO during the year ended December 31, 2018. Finance expense with respect to the Preference Shares was £37.9 million of interest expense for the year ended December 31, 2017 and £93.9 million for the year ended December 31, 2018, comprising £32.0 million of interest expense and £61.9 million of costs in relation to the conversion of the Preference Shares as part of the Aston Martin IPO. These costs were not attributable to the Company or its subsidiaries. The following table presents

the above line items from finance expense through to total comprehensive income/(loss) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions, unaudited)	For the year ended December 31, 2017	2018
Finance expense	(62.0)	(51.3)
Profit/(Loss) before tax	**122.4**	**25.7**
Income tax (charge)/credit	(7.7)	8.2[(a)]
Profit/(Loss) for the period	**114.7**	**33.9**
Other comprehensive income/(loss) for the period, net of income tax	1.7	(18.3)
Total comprehensive income/(loss) for the period	**116.4**	**15.6**

(a) The estimated reduction in the tax credit attributable to the impact of excluding the Preference Share interest for the year ended December 31, 2018 would be £2.9 million.

(9) Restated for the impact of the £15.1 million refund paid to Prestige Motor Holdings S.A., an entity owned by Investindustrial V L.P., in relation to the acquisition of an interest in the Group by Prestige Motor Holdings S.A. in 2013. For further information see note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

(10) Restated for the impact of (i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables; (ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables; and (iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions. Further information in relation to the restatement is included in "—*Certain Restated Financial Data*" above and note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019.

(11) The impact of IFRS 16 on our consolidated statement of financial position as of December 31, 2019, excluding the impact of taxation, comprised (i) an increase in total assets of £79.8 million comprising the recognition of right of use assets (non-current asset) in an amount of £81.8 million, offset by the de-recognition of £2.0 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £12.9 million comprised of £14.1 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £68.2 million, comprised of £97.3 million in respect of non-current lease liabilities, offset by a £29.1 million reclassification of lease incentives against right of use assets in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(12) The impact of IFRS 16 on our consolidated statement of financial position as of September 30, 2019, excluding the impact of taxation, comprised (i) an increase in total assets of £78.3 million comprising the recognition of right of use assets (non-current asset) in an amount of £80.3 million, offset by the de-recognition of £2.0 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £10.7 million comprised of £11.9 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £74.3 million, comprised of £103.7 million in respect of non-current lease liabilities, offset by a £29.4 million reclassification of lease incentives against right of use assets, in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(13) The impact of IFRS 16 on our consolidated statement of financial position as of September 30, 2020, excluding the impact of taxation, comprised (i) an increase in total assets of £73.8 million comprising the recognition of right of use assets (non-current asset) in an amount of £75.6 million, offset by the de-recognition of £1.8 million of prepaid legal fees related to our leases, (ii) an increase in current liabilities of £8.7 million comprised of £9.9 million in respect of current lease liabilities, offset by a £1.2 million reclassification of lease incentives against right of use assets and (iii) an increase in non-current liabilities of £66.5 million, comprised of £95.7 million in respect of non-current lease liabilities, offset by a £29.2 million reclassification of lease incentives against right of use assets in each case, in respect of lease assets that were recorded as operating leases prior to the adoption of IFRS 16.

(14) We have entered into a series of back-to-back loan arrangements with HSBC UK Bank plc, whereby renminbi is deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the U.K. As of September 30, 2020, cash and cash equivalents included £36.2 million (equivalent) of cash deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom drawn in the amount of £33.9 million. Cash and cash equivalents amounted to £291.6 million as of October 23, 2020, including £36.2 million (equivalent) of cash deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the United Kingdom drawn in the amount of £33.9 million.

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

(16) Following the adoption of IFRS 16, property, plant and equipment does not include right of use assets.

(17) Represents the book value of our total non-current liabilities, determined in compliance with IFRS. Total non-current liabilities includes the Preference Shares as of December 31, 2017, which were obligations of AM Holdings and not of the Company or its subsidiaries. The Preference Shares represented £255.9 million of indebtedness as of December 31, 2017 and were converted into ordinary shares as part of the Aston Martin IPO in the year ended December 31, 2018.

(18) The impact of IFRS 16 on our consolidated statement of cash flows for the year ended December 31, 2019 comprised a reclassification of £15.5 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

(19) The impact of IFRS 16 on our consolidated statement of cash flows for the nine months ended September 30, 2019 comprised a reclassification of £11.6 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

(20) The impact of IFRS 16 on our consolidated statement of cash flows for the nine months ended September 30, 2020 comprised a reclassification of £9.8 million of cash outflows from operating activities to cash flows used in financing activities in respect of lease assets recorded as operating leases prior to the adoption of IFRS 16.

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 (i) the audited consolidated financial statements of AM Holdings as of and for the year ended December 31, 2017, (ii) the audited consolidated financial statements of AML Global Holdings as of and for the years ended December 31, 2018 and 2019 and (iii) the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum.

Financial information

Our consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("*IFRS*"). The unaudited condensed consolidated interim financial statements of the Group as of September 30, 2020 are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*," as adopted by the European Union.

On September 3, 2018, AML Global Holdings obtained control of the entire share capital of AM Holdings by way of a share-for-share exchange. Although the share-for-share exchange resulted in a change in legal ownership, in substance the consolidated financial information presented for the periods ended December 31, 2018 and 2019 and September 30, 2020 represent the continuation of the pre-existing group headed by AM Holdings. Consequently, references in this Offering Memorandum to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information prior to the year ended December 31, 2018 relate to AM Holdings and its subsidiaries and do not include AML Global Holdings; and references to the "*Group*" or "*Aston Martin Lagonda*" in the context of historical financial information or other financial information for the year ended December 31, 2018 onwards relate to AML Global Holdings and its subsidiaries.

IFRS 16 (*Leases*) became effective on, and applies to periods beginning on or after, January 1, 2019. Our audited consolidated financial statements as of and for the year ended December 31, 2019 and our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020, each included elsewhere in this Offering Memorandum, give effect to IFRS 16 (*Leases*). The new standard replaces the previous accounting standard, IAS 17 (*Leases*), including related interpretations. We have applied exemptions for short-term leases and leases of low value items and chose to adopt the modified retrospective transition approach for IFRS 16 under which, prior to reflecting the impact of lease incentives, we evaluated our lease liability using incremental borrowing rates assessed at the date of transition with a right of use asset of equal value. Our equity reserves as of January 1, 2019 have been adjusted to reflect the de-recognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right of use asset on adoption of IFRS 16, under the transition approach adopted, this treatment is not followed. There have been no IFRS 16 adjustments made to the consolidated income statements for the periods prior to January 1, 2019. See notes 2 and 16 of AML Global Holdings' audited consolidated financial statements as of and for the year ended December 31, 2019 included elsewhere in this Offering Memorandum for further information on

the impact of IFRS 16 on our consolidated income statement for the year ended December 31, 2019. See also "*—Key factors affecting comparability—IFRS 16*."

Our consolidated financial statements include the results of operations and financial position of AML Global Holdings and AM Holdings (as applicable) which are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AML Global Holdings and AM Holdings (as applicable) 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 year ended December 31, 2017 of AM Holdings and the Company primarily related to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which were obligations of AM Holdings, but not the Company, as well as annual administration costs of AM Holdings in the amounts of £1.3 million for the year ended December 31, 2017. The material differences between the consolidated financial position and results of operations as of and for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 of AML Global Holdings and the Company primarily related to £61.9 million of costs associated with the conversion of the Preference Shares as part of the Aston Martin IPO for the year ended December 31, 2018, £2.5 million of directors' remuneration and administration costs for the year ended December 31, 2019, £1.7 million of directors' remuneration and administration costs for the nine months ended September 30, 2019 and £0.9 million of directors' remuneration and administration costs for the nine months ended September 30, 2020. Therefore, the financial and operating results and certain other information relating to AM Holdings and AML Global Holdings (as applicable) have been presented in this Offering Memorandum in lieu of the Company. We believe that AM Holdings' and 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. AML Global Holdings will be the reporting entity under the covenants pursuant to the New Notes Indenture and the New Revolving Credit Facility Agreement, if both are entered into. For further information, see "*Description of the New Notes.*"

Overview

Aston Martin is a globally recognized luxury brand and a leader in the high-luxury sports ("*HLS*") car market. For more than a century, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our cars sit solely within the HLS car market segment and our market leadership position is supported by award-winning design and engineering capabilities, world-class technology and modern facilities, creating distinctive model line-ups. We believe our rich and prestigious heritage of delivering beautiful aw-inspiring cars defines Aston Martin as something truly unique within the automotive industry.

We sell cars worldwide, primarily from our main manufacturing facility and corporate headquarters in Gaydon, England. Our current model line-up comprises four core models: (1) the high-luxury DBX, our first SUV, of which we started delivering the first cars in July 2020, (2) one grand tourer (DB11), (3) one sports car (Vantage) and (4) one super grand tourer (DBS Superleggera). All of our sports cars are available in different core models (derivatives), including coupe and convertible models.

Recent developments

Strategic cooperation agreement

On October 27, 2020, AML Global Holdings announced that it intends to enter into an enhanced strategic co-operation arrangement (the "*Strategic Cooperation Agreement*") with one of its existing shareholders, Mercedes-Benz AG ("*MBAG*"), pursuant to which AML will issue new ordinary shares to MBAG (the "*Consideration Shares*") in exchange for access to certain technology to be provided to AML Global Holdings by MBAG (the "*Strategic Cooperation*").

The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular:

- future electric/electronic (E/E) architecture; and
- a full range of powertrain technology, including electric, mild and full hybrid.

In consideration for the technology and intellectual property that MBAG will make available to us, we intend, subject to shareholder and customary regulatory and antitrust approvals being obtained, to issue up to a total of 458,942,744 Consideration Shares to MBAG. The Strategic Cooperation Agreement envisages the Consideration Shares being issued to MBAG in several tranches, with access to MBAG Technology to be provided to us over several corresponding stages. The first tranche of Consideration Shares (the "*First Strategic Cooperation Equity Issuance*"), is expected to be issued in the fourth quarter of 2020, with any further issues of Consideration Shares issued by the first quarter of 2023. If issued in full, the Consideration Shares would increase the size of MBAG's shareholding in AML Global Holdings to 20% (on an enlarged fully diluted basis and taking into account the issue of the New Equity Offering and the Consideration Shares and MBAG's existing shareholding in AML Global Holdings as set out under "*Principal shareholders*").

As a result of entering into the Strategic Cooperation, if approved by AML Global Holdings' shareholders and the relevant regulatory authorities (the German Federal Cartel Office ("*FCO*") in Germany and the Competition and Markets Authority ("*CMA*") in the U.K.), and agreeing to issue the Consideration Shares to MBAG, we will avoid significant investment of cash in the technology and intellectual property that will be made available to us, and the substantial additional investment that would otherwise be required for us to develop such technology and intellectual property ourselves. This is expected to enable us to focus on investment in other areas and expand our product portfolio, which is a substantial element of our strategic plan. If, at the time Consideration Shares (other than in the First Strategic Cooperation Equity Issuance) are issued to MBAG, the price of AML Global Holdings shares is below a certain level, we will, however, be required to make a cash payment to MBAG, which could be material. See "*Risk factors—Risks related to the Strategic Cooperation—If, at the time that further shares of AML Global Holdings (other than the shares issued in connection with the First Strategic Cooperation Equity Issuance) are issued to MBAG, the share price is below a certain level, we would be required to make an additional cash payment to MBAG, which could be material.*"

In connection with the Strategic Cooperation, MBAG will receive the right, subject to certain conditions, to appoint up to two Non-Executive Directors to our Board. Pursuant to the Strategic Cooperation Agreement, MBAG has agreed not to sell, transfer or otherwise dispose of any Consideration Shares until the earlier of: (a) 365 days after the date of admission of all Consideration Shares; (b) the termination of the Strategic Cooperation Agreement; and (c) December 31, 2023, subject to the exceptions described in "*Certain relationships and related party transactions—Strategic Cooperation Agreement—MBAG Lock-up.*"

See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for further details in relation to the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

COVID-19 update

In December 2019, an outbreak of a novel strain of coronavirus ("*COVID-19*") was identified and in March 2020, following the global spread of the virus, was declared a pandemic by the World Health Organization. COVID-19 has created very significant challenges for companies given its widespread adverse global economic, social and operational impact, the effects of which are continuing to unfold. In particular, the pandemic has caused dealer and consumer demand for cars in the regions in which we operate to decline significantly, in part due to government-imposed lockdown measures across the regions in which we operate.

For example, up to 93% of our dealer network was closed or running with limited capacity at various points during the nine months ended September 30, 2020. As of October 22, 2020, 95% of our global dealer network was open in some capacity, with 85% dealers fully open.

At the start of the global COVID-19 pandemic, we swiftly implemented various cash control measures to significantly reduce cash outflows, with the aim of maximizing our liquidity position. Specifically, we adopted the following measures:

- we suspended production at our U.K. manufacturing facilities for certain periods from March 25, 2020; our St. Athan manufacturing facility safely re-opened on May 5, 2020, ramping up for the production of DBX and is currently running at rate, and our Gaydon factory safely re-opened on August 24, 2020 and started producing to order, including the first new Vantage Roadsters; production at St. Athan and Gaydon resumed with enhanced health and safety measures and the safety and wellbeing of our employees remains one of our top priorities;

- we secured U.K. government support in connection with the COVID-19 pandemic, including in relation to the costs of furloughed staff in the U.K. from March 2020; as of September 30, 2020 we had received a total amount of £12.5 million under the U.K. Government's "Furlough and Coronavirus Job Retention Scheme"; as of September 30, 2020, only a small percentage of our employees was furloughed and support under the program ended with the expiration of the scheme on October 31, 2020; we are currently reviewing and considering our options with respect to accessing the U.K. Government's new "Job Support Scheme;" while we believe that we would be eligible to access this replacement scheme, no decision has been made at this point and we continue to review the situation depending on requirements of the business, government guidance and external developments;

- on July 6, 2020, we further strengthened our liquidity position by raising $68.0 million in connection with the Delayed Draw Notes Issuance and on July 23, 2020, we borrowed £20.0 million under a term loan facility agreement in accordance with the U.K. Coronavirus Large Business Interruption Loan Scheme (the "*CLBILS Loan*");

- we have implemented, and as part of our general business model going forward we plan to continue to implement, measures to reduce cost and non-critical expenditure at every level, including in areas such as contractor numbers, site footprint and marketing and travel expenditures in view of lower than originally planned production volumes. In particular, in June 2020 we launched a consultation process with our employees and trade unions on a restructuring plan to reduce the number of our personnel by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with a reduction in the volume of vehicles produced. The consultation process is expected to be completed by the end of 2020. Such measures are expected to continue throughout the fourth quarter of 2020 and into the first quarter of 2021. We estimate these initiatives will deliver, amongst other savings, annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with DBX production, resulting in a net amount of £10 million in annualized personnel cost savings adjustment to Covenant EBITDA. For further information, see "*Summary historical consolidated financial and other data—Pro forma financial data of the Company" and "Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program*;" and

- we have successfully completed capital raises in an aggregate amount of £687.8 million of gross proceeds in 2020 to date, significantly increasing our liquidity and strengthening our balance sheet.

With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory to rebalance supply and demand, with dealer inventory reduced in the first nine months of 2020 by more than 1,400 units, which is more than seven times the level of de-stocking achieved in the whole of 2019 (190 units).

In light of the ongoing evolution of COVID-19, our primary concern remains the health and safety of our colleagues and their families, business partners and the communities in which we operate. We continue to follow public health guidance issued by the relevant governments to contain the spread of the virus.

As of the date of this Offering Memorandum, it is not possible to accurately predict the near, medium or long term impact of COVID-19 on our business and our industry. To date, COVID-19 has significantly adversely impacted and may further impact our supply chain, production capabilities and customer demand in all markets in which we operate. For more information, see

"*Forward-looking statements*," "*Risk factors—Risks relating to our business and industry—The effects of the COVID-19 pandemic have adversely impacted, and will continue to adversely impact, our business, financial position and results of operations*" and "*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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position.*" for further details in relation to the impact of the COVID-19 pandemic on us.

For the nine months ended September 30, 2020, our Adjusted EBITDA was negative £118 million compared to positive £64 million for the nine months ended September 30, 2019. During the nine months ended September 30, 2019, we recorded a provision for doubtful debt of £19 million related to the sale of intellectual property for the previous Vanquish generation as payments for the contract were overdue and receipt of almost all of the receivables under the contract became doubtful, which has not recurred in 2020. In addition, lower wholesale volumes lead to a decline of £238 million of revenues from wholesales in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the impact of the COVID-19 pandemic on dealer demand and the strategic decision to lower wholesales to reduce dealer inventory in order to attain a luxury norm. We also recorded in the nine months ended September 30, 2020 additional foreign exchange losses of £14 million and a decrease in other gross margin of £4 million, which was partially offset by improved mix of models and pricing performance of £29 million and a decrease in net operating expenses of £25 million, in each case compared to the nine months ended September 30, 2019.

Trends and factors affecting our results of operations

COVID-19

The COVID-19 pandemic has had a substantial impact on our business during the nine months ended September 30, 2020. The virus has impacted customer demand globally, with all major markets having undergone shutdowns to control its spread, which was the primary driver of the 37% decline in our core retail sales in the nine months ended September 30, 2020 (also including a decline of approximately 10% due to lifecycle decay of our models) compared to the nine months ended September 30, 2019. The greatest impact on retail sales could be observed in the second quarter (down 47% compared to 2019), while the decline in the first quarter and third quarter of 2020 was 31% and 33%, respectively.

With up to 93% of our dealer network closed or running with limited capacity at various points during the nine months ended September 30, 2020, the global shutdown due to the COVID-19 pandemic amplified the impact of our strategic decision to lower wholesale volumes to reduce dealer inventory in order to attain a luxury norm. Our core wholesale volumes (excluding special editions) for the nine months ended September 30, 2020 decreased globally by 61% compared to the nine months ended September 30, 2019, with a greater impact in the second quarter (77%) than in the first quarter (44%) and third quarter (56%) of 2020. This decline was primarily a result of the COVID-19 pandemic (estimated to account for approximately 55% to 65% of the decline) and, to a lesser extent, the strategic de-stocking of the sports cars of our dealers (estimated to account for approximately 20% to 30% of the decline) and lifecycle decay of our models (estimated to account for approximately 5% to 10% of the decline). Customer and retail financing support for retail sales with lower wholesale volumes resulted in a lower average selling price in the nine months ended September 30, 2020. Our revenues declined by 58% compared to the nine months ended September 30, 2019. As of October 22, 2020, 95% of our global dealer network was open in some capacity, with 85% dealers fully open.

Our total wholesale volumes for the nine months ended September 30, 2020 decreased primarily due to the impact of the COVID-19 pandemic and, to a lesser extent, the strategic de-stocking of the sports cars of our dealers and lifecycle decay of our models by 68% in Asia Pacific, by 74% in the Americas, by 40% in EMEA and by 50% in the United Kingdom compared to the nine months ended September 30, 2019, generally with a greater impact in the second quarter than in the first and third quarter of 2020.

In addition, from March 25, 2020, we temporarily suspended all our manufacturing operations at our U.K. plants in line with U.K. government instructions and furloughed the majority of our employees in order to control costs. Our Board and certain members of senior management voluntarily waived a portion of their remuneration for the three months ending June 30, 2020. On May 5, 2020, we reopened our St. Athan manufacturing facility following public health guidelines allowing a phased re-start of the trial DBX production. The phased reopening of our Gaydon facility started on August 24, 2020.

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 core models, which do not include any special editions in the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2017	**2018**	**2019**	**2019**	**2020**
			(£ in thousands) *(unaudited)*		
Average core model sale price....................	150	141	135	135	126

Whilst we have been able to increase the average selling price of our core models (not including special editions) over the long term from £70,000 in 2007 to £135,000 in 2019, the average selling price in 2018 and 2019 and in the nine months ended September 30, 2020 decreased period-on-period.

The decrease of the average selling price of our core models in 2019 was driven primarily by elevated levels of company and dealer stock levels as a result of the lower than expected demand for Vantage and the lead-time required to adjust manufacturing and supply levels. Consequently, achieving the retail sell through to start to de-stock the dealer network's sports cars and rebalance our supply levels required more retail and customer financing support than planned, weighing on average selling price. Whilst dealer stock levels as of September 30, 2020 were more than 1,400 units lower than they were as of December 31, 2019, they remain elevated and we are focused on rebalancing supply and demand, to allow us to regain our price positioning.

Average selling price in 2019 was further adversely impacted by challenging trading conditions in Europe and the United Kingdom, lifecycle decay in volumes across the Asia Pacific region, and the impact of increased sales of lower margin Vantage cars in the mix of core models sold in 2019.

Average selling price in the nine months ended September 30, 2020 was adversely impacted by the customer and retail financing support provided to drive retail sales during the COVID-19 pandemic and to reduce dealer inventory to luxury norm levels, as well as by the impact of the sales of the lower margin Vantage on the core product mix and less sales in China weighing on our geographic mix and the sale of only eleven special editions compared to 47 special editions in the nine months ended September 30, 2019. Core average selling price increased in the third quarter of 2020 to £130,000, compared to £126,000 in the third quarter of 2019, supported by our improved product mix with DBX deliveries in the third quarter of 2020 and DBS Superleggera representing a greater proportion of the mix.

We are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint. We intend to reset our business to enable it to operate as a true luxury company through the implementation of our new strategies as further described under "*Business—Our strategies—Control volume growth via gradual transition to "built-to-order" strategy with increased focus on personalization, thus improving pricing and margins*." The reset of the business plan includes a more conservative view for sports car wholesales for 2020, particularly for Vantage, and in the medium term we intend to manage sports car wholesales in order to maintain the appropriate balance between supply and demand to regain a stronger order book and thus pricing power.

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 incurred capital expenditure of £204.1 million for the nine months ended September 30, 2020 compared to £254.6 million for the nine months ended September 30, 2019, £310.2 million for the year ended December 31, 2019, £310.5 million for the year ended December 31, 2018 and £294.1 million for the year ended December 31, 2017. In all periods, 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 (including, but not limited to, Vantage, DB11 range (V8 and V12 coupes and volantes), DBS Superleggera, Aston Martin Valkyrie and DBX), including tooling costs associated with our new modular architecture, which was an investment for DB11 and future models. 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.

As part of the reset of our business plan, we are re-phasing some of our future product launches, together with cost-efficiency initiatives. First deliveries of our mid-engine hypercar Valkyrie are expected for 2021 and will be followed by the expected unveiling of Valhalla and our mid-engine core model Vanquish (supercar) at a later point. Development of a fuel-efficient, modular V6 engine with hybrid and plug-in capabilities continues, which will support our core cars being available as hybrid and plug-in hybrid variants from the mid-2020s.

In 2018 and 2019, we revealed special projects: the Vanquish Zagato Speedster, the Vanquish Zagato Shooting Brake, the Aston Martin Valkyrie, the Aston Martin Valkyrie AMR Pro, the Vantage AMR Pro, the DBZ Centenary Pair, all of which were pre-sold and allocated to customers. Special editions continue to be a key component of the reset of the business plan.

HLS car market and general macro-economic conditions

We are exposed to developments in the HLS car market and our performance is impacted by weaknesses in our key markets. Although the luxury and performance premium car market experienced long term growth through 2017, the upward trend of the previous years did not continue in 2018 and 2019 as various factors weighed on demand. In particular, the market in the United Kingdom and Europe continued to suffer from uncertainties related to Brexit and other political and economic weakness during 2019. Notwithstanding these headwinds, our retail sales volume globally increased by 12% in 2019 compared to 2018. The effect of such uncertainty has continued in 2020 as a result of the COVID-19 pandemic. See "—*COVID-19*" for further information. As a result, our core retail sales (excluding special editions) decreased by 1,631 units or 37% from 4,370 in the nine months ended September 30, 2019 to 2,739 units in the nine months ended September 30, 2020 as the COVID-19 pandemic impacted customer demand and, to a lesser extent, as a result of the lifecycle decay of our models. Retail demand, however, improved in all key markets in the third quarter of 2020 compared to the second quarter, and China showed a particular strong increase of retail sales by 29% over this period.

Including special editions, our wholesale volumes for 2019 decreased globally by 9% compared to 2018. Including special editions, our wholesale volumes increased by 16% in the Americas and decreased by 6% in Asia Pacific, by 21% in the United Kingdom and by 28% in EMEA, in each case compared to 2018. The increase in the United States was driven by the demand for the Vantage and DBS Superleggera, which was in large part due to increased marketing support in the United States. The decrease in the United Kingdom and EMEA reflects the continued softening of those markets due to current macro-economic conditions, in addition to these markets having been negatively impacted by supply chain disruption in 2018 leading to over-stocked dealers at the start of 2019.

Cost reduction program

A significant reduction in contractors, a voluntary redundancy and early retirement program actioned in 2019 led to an approximately 22% reduction in headcount year-on-year, which is expected to yield approximately £10 million in costs savings on an annualized basis. In

June 2020, we launched a consultation process with our employees and trade unions on proposals to further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. The consultation process is expected to be completed by the end of 2020. Such measures are expected to be implemented throughout the final quarter of 2020 and into the first quarter of 2021 and we estimate these initiatives will deliver the following savings (i) annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with DBX production, (ii) annualized reduction in capital expenditure of approximately £10 million in connection with a reduction in research and development personnel (whose salaries would otherwise be recognized as capital expenditure) and (iii) annualized expense savings of approximately £8 million in connection with a reduction in direct manufacturing costs due to a reduction in the volume of vehicles produced and a corresponding reduction of manufacturing personnel. As of September 30, 2020, we have recorded costs of £12.4 million as part of this restructuring plan, comprising £3.8 million of incurred and £8.5 million of expected employee redundancy costs in connection with the consultation process on our proposal to reduce the number of our personnel by up to 500 permanent employees and 150 consultants, in addition to £0.1 million of external advisor costs. In addition, we have implemented and plan to continue to implement measures to reduce cost and non-critical expenditure from the business at every level, including in areas such as contractor numbers, site footprint and marketing and travel expenditures in view of lower than originally planned production volumes.

High net worth individuals

The principal driver of the HLS car market is growth in high-luxury markets as well as in the number of HNWIs with the resources available to purchase HLS cars. The pool of HNWIs has been boosted by global economic growth and wealth creation, particularly in certain emerging markets such as the Asia Pacific region, which is a growing market for us and where we currently have low penetration, compared to other regions. The global HNWI population has grown by a CAGR of approximately 7% between 2011 and 2019 to approximately 19.6 million individuals in 2019 globally (World Wealth Report 2020 from Capgemini). For example, from 2016 to 2017, the number of HNWIs increased globally by 9.5%, and by 12.1% in the Asia Pacific region, followed by a slight decline from 2017 to 2018 by 0.3% globally and by 1.7% in the Asia Pacific region and an increase from 2018 to 2019 by 8.8% globally and by 7.6% in the Asia-Pacific region (World Wealth Report 2020 from Capgemini). However, in particular in the Asia Pacific region growth was not as stable in recent years with the HNWI population decreasing between 2017 and 2018 and, compared to the global growth rate, lower increases between 2018 than 2018. The impact of the COVID-19 pandemic and resulting economic downturn in various global on the HNWI population will only become evident in the years to come.

The increasingly younger age at which individuals are obtaining high net worth status is an important factor, as the HLS car 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 HLS car market. We expect the percentage of our cars sold to women will increase further in the future.

Demand for luxury and customization

The sale of luxury cars is the single biggest segment in the luxury goods sector. Luxury consumers demand higher specifications and unique or personalized features, such as custom paint and interior trim colors, to distinguish their car from others in the HLS car market. We offer a broad range of customization and personalization services with an array of distinctive design touches and exclusive trim and enhancements.

Moreover, we endeavor to meet the increasing demand for luxury and customization by offering highly exclusive special edition models such as the DB4 GT Continuation and DB4 GT Zagato Continuation, which were limited to 25 and 19 units, respectively. Another example is the Aston Martin Valkyrie hypercar, with the 150 units produced being sold out shortly after we opened the order book.

Diversification of unit sales by geography

We have a balanced diversification of wholesale unit sales across the United Kingdom (including South Africa); the Americas region; EMEA, which includes Europe (excluding the United Kingdom), the Middle East and North Africa; and Asia Pacific, which represented 30.2%, 25.0%, 25.8% and 19.0%, respectively, (including special edition models) for the year ended December 31, 2017; 27.9%, 27.3%, 23.2% and 21.7%, respectively, (including special edition models), for the year ended December 31, 2018; 24.4%, 35.0%, 18.3% and 22.3%, respectively, (including special edition models), for the year ended December 31, 2019; and 30.2%, 22.0%, 28.3% and 19.5%, respectively, (including special edition models) for the nine months ended September 30, 2020. Although China currently represents a small portion of our global sales, the Chinese market is important for us given its significance for the sales of our DBX and future models. The COVID-19 pandemic had a severe impact on our sales in China in the first quarter of 2020, followed by a rapid recovery in the second and third quarter of 2020, with growth of our retail sales ahead of the prior corresponding period, despite a reduction of wholesale volumes due to the strategic de-stocking of our dealer network's sports cars.

Timing of product launches and other seasonal factors

Our sales and cash flows are generally driven by the introduction of new models or derivatives, which has typically resulted in the fourth quarter being our strongest. For example, in the second half of 2019, we experienced higher sales as a result of the first deliveries of the DB4 GT Zagato Continuation and the launch of the Vantage AMR. As a result, our sales are typically lower in the first and third quarters. This tends to reduce 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 2020, we have experienced operational challenges which have impacted our results, mainly as a result of the COVID-19 pandemic. Sales in the first quarter of 2020 were adversely affected, particularly in certain of our markets such as China and other countries in the Asia Pacific region. Furthermore, sales during the second quarter of 2020 were adversely affected by governmental lockdown measures in the U.K., EU, North America and parts of Middle East and

Asia Pacific. We saw improved sales during the third quarter of 2020 due to the first deliveries of DBX, but the overall market situation remains highly volatile. In line with the third quarter, the fourth quarter of 2020 is expected to benefit from the ramp up of DBX sales although we expect an overall decline in sales in 2020 due to the continuing effects of the COVID-19 pandemic and the ongoing effects of our strategic de-stocking of the sports cars of our dealer network compared to 2019.

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 when sales generally increase. Furthermore, most markets tend to be impacted by the summer holiday, which results in lower demand, and 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 a corresponding fluctuation in cash flow levels. For example, this occurred in the fourth quarter of 2019, where challenging trading performance continued through the peak delivery period of December resulting in lower sales, higher selling costs and lower margins and in the nine months ended September 30, 2020, where the COVID-19 pandemic impacted, amongst others, our sales in the U.K. during one of the peak delivery periods in which normally many new vehicles are registered.

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, 70%, 69%, 70% and 81% of our sales were denominated in currencies other than pound sterling for the years ended December 31, 2017, 2018 and 2019 and for the nine months ended September 30, 2020, respectively. We have exchange rate exposure to the euro, the Chinese renminbi, the U.S. dollar and the Japanese yen, among others. Over the same periods, 46%, 38%, 47% and 51% of our operating costs (including costs of sales) were denominated in currencies other than pound sterling. As a consequence, we have considerable cash flow, revenue and assets in foreign currencies, primarily euro and U.S. dollar. 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 our results. We seek to manage currency risk through hedging where possible and 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. See also "*Risk factors—Risks relating to our business and industry—We face credit and market risks arising from foreign currency exchange rates, commodity prices, interest rates and related hedging activities.*"

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, a 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 our liabilities denominated in non-sterling currencies and our non-sterling revenues. The pound sterling to U.S. dollar exchange rate has been volatile in 2017, 2018, 2019 and in the first nine months of 2020. For example, in December 2019, the pound sterling rallied against the U.S. dollar, resulting in net sales headwind for us. However, this sterling rally was positive at net income level due to the significant amount of our U.S. dollar-denominated debt. In the first six months of 2020, the U.S. dollar strengthened against the pound sterling, having the opposite effect, followed by another modest strengthening of the pound sterling in the three months ended September 30, 2020.

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 30%, 31%, 23% and 19% of net sales were generated in pound sterling in the years ended December 31, 2017, 2018 and 2019 and in the nine months ended September 30, 2020, respectively. For the same periods, 6%, 4%, 9% and 3% of our fixed costs and 29%, 29%, 31% and 25% of sales were denominated in U.S. dollar. This results in 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 our profit after tax by £8.1 million, £12.4 million, £8.6 million and £1.3 million for the years ended December 31, 2017, 2018 and 2019 and for the nine months ended September 30, 2020, respectively.

IFRS 16

IFRS 16 (*Leases*) introduces a single, on balance sheet lease accounting model for lessees. IFRS 16 establishes that lessees shall recognize in the consolidated balance sheet a financial liability for the present value of the payments to be made over the remaining life of the lease agreement and a right of use asset for the underlying asset, which is measured based on the amount of the associated liability, to which the initial direct costs incurred are added. Additionally, the recognition criteria for lease expenses has changed. Lease expenses are now recorded as a depreciation charge for the lease asset and as a financial expense for the lease liability. In relation to lessor accounting, the standard has not changed substantially, and entities continue to classify the lease as an operating or finance lease based on the extent to which risks and rewards inherent to the ownership of the asset are substantially transferred.

As described in notes 2 and 16 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019, IFRS 16 became effective for periods beginning on or after January 1, 2019 and replaces the previous accounting standard, IAS 17 (*Leases*), including related interpretations. The audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019 and the unaudited condensed consolidated financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 give effect to IFRS 16. We applied exemptions for short-term leases and leases of low value items and chose to adopt the modified retrospective transition approach for IFRS 16 under which, prior to reflecting the impact of lease incentives, we evaluated our lease liability using incremental borrowing rates assessed at the date of transition with a right of use asset of equal value. Our equity reserves as of January 1, 2019 have been adjusted to reflect the de-recognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right of use asset on adoption of IFRS 16, under the transition approach adopted, this treatment is not followed. There have been no IFRS 16 adjustments made to our consolidated income statements for the periods prior to January 1, 2019.

Certain restatements and reclassifications

IFRS 15 (*Revenue from Contracts with Customers*) became effective for periods beginning on or after January 1, 2018. The new standard integrates the various previously existing IFRS requirements and interpretations relating to revenue recognition into a single standard and establishes the principles, which an entity needs to apply when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. We have applied the new requirements for revenue from contracts with customers in the year ended December 31, 2018 using the "*full retrospective*" option. As a result, we present, within the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018, a restatement of the audited comparative periods (the "*Restated 2017 Financial Information*"). The Restated 2017 Financial Information is presented in this Offering Memorandum and 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, 2018, included elsewhere in this Offering Memorandum.

In addition, certain reclassifications 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, 2019 regarding the 2018 comparative values (the "*Restated 2018 Financial Information*"), including (i) a reclassification of service plan liabilities from non-current provisions into current and non-current trade and other payables, (ii) a reclassification of lease incentives from current trade and other payables to non-current trade and other payables, and (iii) an offset of deferred tax assets and deferred tax liabilities where a right of offset exists in certain jurisdictions. The Restated 2018 Financial Information is presented herein and 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, 2019, included elsewhere in this Offering Memorandum. See "*Summary—Summary historical consolidated financial and other data —Certain Restated Financial Data*" for additional information.

Moreover, in the preparation of the interim financial results of 2020 we have determined that an adjustment should be made in respect of the timing of accounting recognition of the majority of customer and retail incentive support (variable marketing expense) associated with supporting lease and other incentive programs in the U.S. This is a non-cash adjustment and has no impact on the timing of the Company's historic or forecast cash flows. As a result, the consolidated statement of financial position as of January 1, 2019, September 30, 2019 and December 31, 2019 and the consolidated statement of comprehensive income for the nine months ended September 30, 2019 and the year ended December 31, 2019 have been restated to correct this error and the related adjustments to tax. See "*Summary—Summary historical consolidated financial and other data—Certain restated financial data*" for additional information.

In addition, in the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020 (i) the tax charge for the nine months ended September 30, 2019 has been restated to derecognize deferred tax related to future finance costs for which tax relief is deferred to future periods and where the likelihood of recoverability is not considered to support recognition of the asset, (ii) frozen cash as of September 30, 2019 has been reclassified from cash and cash equivalents to other financial assets in the consolidated statement of financial position, (iii) three further adjustments were recorded to restate the consolidated statement of financial position and consolidated statement of comprehensive income for the nine months ended September 30, 2019 with a net increase in profit before tax of £5.6 million and profit after tax of £4.6 million (iv) and retained earnings as of January 1, 2019 have been restated to correct for a brought forward taxation error, with a corresponding £2.9 million entry made to reduce trade and other receivables as of September 30, 2019 and increase trade and other payables as of December 31, 2019 in the consolidated statements of financial position. See "*Summary—Summary historical consolidated financial and other data —Certain restated financial data*" for additional information.

Intellectual property sale

During 2018, we entered into a contract with our Aston Martin Consulting business to sell intellectual property and assets to a third party car manufacturer. The intellectual property that was sold related to tooling and design drawings for the previous generation Vanquish, as well as ongoing consultancy support for an 18-month period. The consideration for the project was £20.0 million, £19.8 million of which was operating profit. The margin was high on this contract because the net book value of the intellectual property was approximately zero at the time of sale. During 2019, we recorded a credit loss allowance of £19 million related to this sale as payments for the contract were overdue and receipt of almost all the receivables under the contract became doubtful. The sale of this intellectual property and related assets, and the corresponding recording of a credit loss allowance in 2018 and 2019 were one-off events in the years ended December 31, 2018 and 2019, respectively, and are not expected going forward.

Change in methodology of capitalization policy

We adopted new research and product development procedures in 2018, which are targeted at further improving efficiency. Accordingly, investment is spent on concept and platform development to increase the longevity of components, systems and technologies by creating common archetypes that can be applied across vehicle programs. As a result, and in accordance with IAS 38 (*Intangible Assets*), from the start of 2018, all application program spend is capitalized, since the technical feasibility will have been completed as part of the concept and platform development.

Our capitalized research and development costs were £213.2 million, £202.3 million, £226.0 million and £147.4 million for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020, respectively. The change in capitalized research and development costs was primarily due to the positioning of the product development cycle for future models. Total research and development expenditure was £224.4 million, £213.8 million, £226.0 million and £150.0 million for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020. Capitalized research and development expenditure was 95% to 100% of total research and development expenditure during the reported periods.

Explanation of key statement of comprehensive income line items

Revenue

Revenues are primarily derived from sales of our cars to the 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 wholesale and anticipated retail discounts, rebates, variable marketing expenses (also referred to as “marketing support”), VAT and other sales taxes or duty. Revenue also includes revenue from partnerships including brand extension activities, Aston Martin partnerships and motorsport.

Cost of sales

We have split our cost of sales into three categories:

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

(2) direct labor costs—these include the salary and other employment-related costs of employees and contractors engaged by us in manufacturing cars; 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 car, 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 costs of overseas operations (U.S., Asia Pacific, the Middle East and continental Europe) including other administrative areas, such as our 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 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 profit / (loss)

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

Net finance income / (expense)

Net finance income / (expense) comprises finance income less finance expense.

Finance income comprises interest receivable on funds invested calculated using the effective interest rate method, net interest income on the net defined benefit (liability) asset, income from sub-leasing of right of use assets (for periods after December 31, 2018) and gains on financial instruments that are recognized in the income statement.

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit (liability) asset, interest expense on lease liabilities (for periods after December 31, 2018), losses on financial instruments that are recognized in the income statement, net losses on financial liabilities measured at amortized cost and fair value movements on hedge instruments that do not qualify for hedge accounting. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalized as part of the cost of that asset.

Profit / (loss) before tax

Profit / (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 our U.K. corporation tax liabilities as well as similar tax liabilities in the U.S., 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 our 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

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

The following table sets forth our main operating results, extracted from our unaudited consolidated statement of comprehensive income, for each of the nine months ended September 30, 2020 and September 30, 2019 and shows these items as a percentage of revenue:

Consolidated Statement of Comprehensive Income Data:	**For the nine months ended September 30, 2019[1]**		**For the nine months ended September 30, 2020**	
	(£ in millions)	*(% of total revenue)*	*(£ in millions)*	*(% of total revenue)*
Revenue	650.0	100.0	270.0	100.0
Cost of sales	(411.0)	(63.2)	(255.9)	(94.8)
Gross profit/(loss)	239.0	36.8	14.1	5.2
Selling and distribution expenses	(71.6)	(11.0)	(60.4)	(22.4)
Administrative and other operating expenses[2]	(178.1)	(27.4)	(182.8)	(67.7)
Other income/(expense)	(19.0)	(2.9)	–	–
Operating loss	(29.7)	(4.6)	(229.1)	(84.9)
Finance income	4.1	0.6	1.9	0.7
Finance expense	(69.2)	(10.6)	(80.7)	(29.9)
Net finance expense	(65.1)	(10.0)	(78.8)	(29.2)
Loss before tax	(94.8)	(14.6)	(307.9)	(114.0)
Income tax (charge)/credit	(1.1)	(0.2)	40.0	14.8
Loss for the period	(95.9)	(14.8)	(267.9)	(99.2)
Other comprehensive income/(loss) for the period, net of income tax	(15.4)	(2.4)	9.1	3.4
Total comprehensive loss for the period	(111.3)	(17.1)	(258.8)	(95.9)

(1) The consolidated statement of comprehensive income data for the nine months ended September 30, 2019 has been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "*Summary—Summary historical consolidated financial and other data—Certain restatements and reclassifications*" and "*Summary—Summary historical consolidated financial and other data—Certain Restated Financial Data*" for additional information. The information in this table and throughout this section "*Management's discussion and analysis of financial condition and results of operations*" is shown giving effect to this restatement.

(2) Administrative and other expenses includes costs of £1.7 million attributable to AM Holdings and AML Global Holdings for the nine months ended September 30, 2019 and £0.9 million attributable to AM Holdings and AML Global Holdings for the nine months ended September 30, 2020, respectively. These costs were not attributable to the Company or its subsidiaries.

Revenue

Revenue was £270.0 million for the nine months ended September 30, 2020 compared to £650.0 million for the nine months ended September 30, 2019, a decrease of 58.5% or £380.0 million primarily driven by the impact of the COVID-19 pandemic on dealer demand and, to a lesser extent, the strategic decision to lower wholesales to reduce dealer inventory in order to attain a luxury norm, which, together with the lifecycle decay of our models, resulted in a lower average selling price due to continued significant customer and retail financing support provided to drive retail sales, in addition to the impact of the sales of the lower margin Vantage on the core product mix, our geographic mix and only eleven sales of special edition models, as planned.

Cost of sales

Cost of sales were £255.9 million for the nine months ended September 30, 2020 (or 94.8% of our revenue), compared to £411.0 million for the nine months ended September 30, 2019 (or 63.2% of our revenue), a decrease of 37.7% or £155.1 million. The decrease in cost of sales for the nine months ended September 30, 2020 was primarily attributable to lower volumes of cars sold in 2020 primarily driven by the impact of the COVID-19 pandemic on dealer demand and the strategic decision to lower wholesales to reduce dealer inventory in order to attain a luxury norm. Cost of sales increased as a percentage of revenue in the nine months ended September 30, 2020 compared to the prior corresponding period due to the continued significant customer and retail financing support provided to drive retail sales and the impact of the COVID-19 pandemic, which adversely impacted sales during such period.

Gross profit/(loss)

Our gross profit was £14.1 million for the nine months ended September 30, 2020, compared to a gross profit of £239.0 million for the nine months ended September 30, 2019, a decrease of £224.9 million. The decreased gross profit for the nine months ended September 30, 2020 was primarily due to the overall lower wholesale volumes due to the impact of the COVID-19 pandemic on dealer demand and the strategic decision to lower wholesales to reduce dealer inventory in order to attain a luxury norm and the mix of models being sold in the nine months ended September 30, 2020 compared to the mix of models being sold in the nine months ended September 30, 2019, primarily as a result of the increased sales of lower margin Vantage cars and the sale of only eleven special editions compared to 47 special editions (including the higher value DB4 GT Zagato) in the nine months ended September 30, 2019.

Selling and distribution expenses

Our selling and distribution expenses were £60.4 million, or 22.4% of our revenue, for the nine months ended September 30, 2020, compared to £71.6 million, or 11.0% of our revenue, for the nine months ended September 30, 2019, a decrease of 15.6% or £11.2 million. This decrease was primarily due to the suspension of part of our operations from March to August 2020 and the re-phasing of our marketing expenses and the shift from physical to digital marketing as a result of COVID-19 and the furloughing of part of our marketing and sales personnel during this period, as well as due to the cost discipline as a result of our cost reduction program.

Administrative and other operating expenses

Our administrative and other operating expenses were £182.8 million, or 67.7% of our revenue, for the nine months ended September 30, 2020, compared to £178.1 million, or 27.4% of our revenue, for the nine months ended September 30, 2019, an increase of 2.6% or £4.7 million. This increase was primarily due to additional costs in connection with the ramp up of our St. Athan manufacturing facility and the preparation of the factory for the launch of DBX, depreciation and amortization following the launch of the Vantage with a manual gearbox and the DBS Superleggera Volante in the second half of 2019 and the impact of inflationary pay rises linked to pay agreements, partially offset by benefits from furlough credits.

Within administrative and other operating expenses, one-off costs amounted to £13.9 million and £5.4 million for the nine months ended September 30, 2020 and 2019, respectively. In the nine months ended September 30, 2020, the one-off costs predominantly related to an impairment charge of £2.0 million recognized following a rationalization exercise undertaken to reduce our geographical footprint, restructuring costs of £12.4 million incurred to implement our cost reduction program and director settlement arrangements and incentive payments of £2.7 million. In addition, a charge of £3.2 million related to pre-IPO long-term incentive plan incentives is offset by the release of the remaining IPO bonus following our reduced performance of £6.4 million. In the nine months ended September 30, 2019, the one-off costs predominantly related to pre-IPO long-term employee incentives.

Depreciation and amortization, including impairment charges, for the nine months ended September 30, 2020 was £99.6 million or 36.9% of our revenue, compared to £88.0 million or 13.5% of our revenue for the nine months ended September 30, 2019.

Operating profit (loss)

Operating loss was £229.1 million for the nine months ended September 30, 2020, compared to an operating loss of £29.7 million for the nine months ended September 30, 2019, an increase of £199.4 million. The increased operating loss was driven by our reduced revenue and gross profit, partially offset by lower operating costs and marketing expenses and the benefits from furlough credits.

Net finance income (expense)

We had net finance expense of £78.8 million for the nine months ended September 30, 2020, compared to net finance expense of £65.1 million for the nine months ended September 30, 2019, an increase of 21.0% or £13.7 million. The increase in our net finance expense in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily related to the higher interest payments resulting from the additional notes issued in April and October 2019 and a £2.5 million expense driven by the hedge ineffectiveness on loan instruments designated as a cash flow hedge, partially offset by a lower negative impact of foreign exchange fluctuations related to the Old Dollar Notes in the nine months ended September 30, 2020.

Income tax (charge) credit

Income tax credit for the nine months ended September 30, 2020 was £40.0 million, compared to an income tax charge of £1.1 million for the nine months ended September 30, 2019, an increase of £41.1 million. Our effective income tax rate was 13% for the nine months ended September 30, 2020, compared to 0% for the nine months ended September 30, 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018

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, 2019 and December 31, 2018 and shows these items as a percentage of total revenue.

Consolidated Statement of Comprehensive Income Data:	**For the year ended December 31, 2018(1)**		**For the year ended December 31, 2019(1)**	
	(£ in millions)	*(% of total revenue)*	*(£ in millions)*	*(% of total revenue)*
Revenue	1,096.5	100.0	997.3	100.0
Cost of sales	(660.7)	(60.3)	(642.7)	(64.4)
Gross profit	435.8	39.7	354.6	35.6
Selling and distribution expenses	(89.8)	(8.2)	(95.0)	(9.5)
Administrative and other operating expenses(2)	(293.2)	(26.7)	(277.3)	(27.8)
Other income/(expense)	20.0	1.8	(19.0)	(1.9)
Operating loss	72.8	6.6	(36.7)	(3.7)
Finance income	4.2	0.4	16.3	1.6
Finance expense(3)	(145.2)	(13.2)	(83.9)	(8.4)
Net finance expense	(141.0)	(12.9)	(67.6)	(6.8)
Loss before tax	(68.2)	(6.2)	(104.3)	(10.5)
Income tax (charge)/credit	11.1	1.7	(0.1)	(0.0)
Loss for the period	(57.1)	5.2	(104.4)	(10.5)
Other comprehensive income/(loss) for the period, net of income tax	(18.3)	(1.7)	17.3	1.7
Total comprehensive loss for the period	(75.4)	(6.9)	(87.1)	(8.7)

(1) The consolidated statement of comprehensive income data for the year ended December 31, 2019 has been restated in the course of the preparation of the unaudited condensed consolidated interim financial statements of AML Global Holdings as of and for the nine months ended September 30, 2020. See "*Summary—Summary historical consolidated financial and other data—Certain restatements and reclassifications*" and "*Summary—Summary historical consolidated financial and other data—Certain Restated Financial Data*" for additional information. On a restated basis, our revenue was £980.5 million for the years ended December 31, 2019. The information in this table and throughout this section "*Management's discussion and analysis of financial condition and results of operations*" is shown without giving effect to this restatement.

(2) Administrative and other expenses includes costs of £18.7 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2018 and £2.5 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2019, respectively. These costs were not attributable to the Company or its subsidiaries.

(3) Finance expense includes interest expense with respect to the Preference Shares, which were obligations of AM Holdings for the year ended December 31, 2018. The Preference Shares were converted into ordinary shares in the year ended December 31, 2018 as part of the Aston Martin IPO. Finance expense with respect to the Preference Shares was £93.9 million, including £32.0 million of interest expense and £61.9 million of costs in relation to the conversion of the Preference Shares as part of the Aston Martin IPO, for the year ended December 31, 2018. The following table presents the above line items from finance expense through to total comprehensive income/(loss) for the year, as adjusted to exclude the impact of the Preference Shares:

	For the year ended December 31, 2018	**For the year ended December 31, 2019**
	(£ in millions) *(unaudited)*	*(£ in millions)* *(audited)*
Finance expense(2)	(51.3)	(83.9)

	For the year ended December 31, 2018	For the year ended December 31, 2019
	(£ in millions) *(unaudited)*	*(£ in millions)* *(audited)*
Net finance expense	(47.1)	(67.6)
Loss before tax	25.7	(104.3)
Income tax (charge)/credit	8.2[(a)]	(0.1)
Profit/(Loss) for the period	33.9	(104.4)
Other comprehensive income/(loss) for the period, net of income tax	(18.3)	17.3
Total comprehensive income/(loss) for the period	15.6	(87.1)

(a) The estimated reduction in the tax credit attributable to the impact of excluding the Preference Share interest for the year ended December 31, 2018 would be £2.9 million.

Revenue

Revenue decreased by £99.2 million, or 9.0%, to £997.3 million in the year ended December 31, 2019 from £1,096.5 million in the year ended December 31, 2018. This decrease was primarily due to the lower average selling price of cars sold during 2019 compared to 2018 compounded by lower year-on-year volumes. These drivers were, in large part, due to elevated levels of company and dealer stock levels at the start of 2019, which required us to increase retail and customer financing support to facilitate de-stocking of the dealer network's sports cars and rebalancing of our supply levels. Average selling price was further adversely impacted by challenging trading conditions in Europe and the United Kingdom, lifecycle decay in volumes across the Asia Pacific region, and the impact of increased sales of lower margin Vantage cars in the mix of core models sold in 2019. In addition, there were fewer special editions sold year-on-year.

Cost of Sales

Cost of sales decreased by £18.0 million, or 2.7%, to £642.7 million in the year ended December 31, 2019 from £660.7 million in the year ended December 31, 2018, principally due to lower volumes of cars sold in 2019.

Gross profit

As a result of the foregoing, gross profit decreased by £81.2 million, or 18.6%, to £354.6 million in the year ended December 31, 2019 from £435.8 million in the year ended December 31, 2018.

Selling and distribution expenses

Selling and distribution expenses increased by £5.2 million, or 5.8%, to £95.0 million in the year ended December 31, 2019 from £89.8 million in the year ended December 31, 2018. This increase was primarily due to incremental marketing campaigns in December 2019, particularly in the United States and in support of DBX launch activities, as well as generally higher fixed marketing expenses as part of our efforts to de-stock the dealer network's sports cars and rebalance our supply levels in 2019.

Administrative and other operating expenses

Administrative and other operating expenses decreased by £15.9 million, or 5.4%, to £277.3 million in the year ended December 31, 2019 from £293.2 million in the year ended December 31, 2018. This decrease was primarily due to a reduction in one-off costs. In 2019 there were £42.1 million of one-off costs, predominantly related to the Rapide E impairment and our restructuring plan that is expected to complete over the course of 2020. In 2018, one-off costs amounted to £74.1 million, predominantly related to staff incentives and other costs incurred as part of the Aston Martin IPO, including some deferred staff incentives contingent on our performance following the Aston Martin IPO. IPO-related bonuses subject to 2019 performance were not paid as targets were not met, resulting in £4.2 million being credited back to our consolidated income statement for the year ended December 31, 2019 as an adjusting item in order to remain consistent with the treatment of the initial accrual in the year ended December 31, 2018.

The decrease in administrative and other operating expenses was partially offset by higher depreciation and amortization driven by the full year impact of selling New Vantage, DBS Superleggera Coupe and the introduction of the DBS Superleggera Volante, in addition to the impact of IFRS 16, additional marketing spend and increased headcount in relation to our new manufacturing facility in St. Athan.

Operating profit (loss)

Operating loss in the year ended December 31, 2019 was £36.7 million, compared to an operating profit of £72.8 million in the year ended December 31, 2018. This change was principally due to lower revenue (reduced volume and decrease in the average selling price, as discussed above), as well as the pre-production of DBX and the completion of the St. Athan plant. In addition, our operating expenses increased as a result of higher marketing spending across our existing and new products and an increased headcount in relation to the new manufacturing facility in St. Athan.

Net finance income (expense)

Net finance expense decreased by £73.4 million, or 52.1%, to a net finance expense of £67.6 million in the year ended December 31, 2019 from a net finance expense of £141.0 million in the year ended December 31, 2018. Finance expense in the year ended December 31, 2018 includes interest expense with respect to the Preference Shares. The Preference Shares were converted into ordinary shares as part of the Aston Martin IPO. Interest expense with respect to the Preference Shares was £93.9 million (including £32.0 million of interest expense and £61.9 million of costs in relation to the conversion of the Preference Shares as part of the Aston Martin IPO) in 2018.

Excluding the impact of the Preference Shares in 2018, net finance expense increased by £20.5 million, or 43.5%, to £67.6 million in the year ended December 31, 2019 from £47.1 million in the year ended December 31, 2018. This increase was primarily related to our incremental interest costs on additional borrowing taken out in 2019, alongside an adjusting £6.6 million charge relating to cross-currency forward exposures not eligible for hedge accounting.

Income tax (charge) credit

Income tax charge in the year ended December 31, 2019 was £0.1 million, compared to an income tax credit of £11.1 million in the year ended December 31, 2018. The tax credit in 2018 related partly to a tax credit taken for tax losses incurred in prior periods for which credit had not previously been taken due to uncertainty over their utilization.

Year ended December 31, 2018 compared to year ended December 31, 2017

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, 2018 and December 31, 2017 and shows these items as a percentage of total revenue.

Consolidated Statement of Comprehensive Income Data:	**For the year ended December 31, 2017[1]**		**For the year ended December 31, 2018**	
	(£ in millions)	*(% of total revenue)*	*(£ in millions)*	*(% of total revenue)*
Revenue	876.0	100.0	1,096.5	100.0
Cost of sales	(496.2)	(56.6)	(660.7)	(60.3)
Gross profit	379.8	43.4	435.8	39.7
Selling and distribution expenses	(60.0)	(6.8)	(89.8)	(8.2)
Administrative and other operating expenses[2]	(171.0)	(19.5)	(293.2)	(26.7)
Other income/(expense)	—	—	20.0	1.8
Operating loss	148.8	17.0	72.8	6.6
Finance income	35.6	4.1	4.2	0.4
Finance expense[3]	(99.9)	(11.4)	(145.2)	(13.2)
Net finance expense	(64.3)	(7.3)	(141.0)	(12.9)
Loss before tax	84.5	9.6	(68.2)	(6.2)
Income tax (charge)/credit	(7.7)	(0.9)	11.1	1.7
Loss for the period	76.8	8.8	(57.1)	5.2
Other comprehensive income/(loss) for the period, net of income tax	1.7	0.2	(18.3)	(1.7)
Total comprehensive income/(loss) for the period	78.5	9.0	(75.4)	(6.9)

(1) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

(2) Administrative and other expenses includes costs of £1.3 million attributable to AM Holdings for the year ended December 31, 2017 and £18.7 million attributable to AM Holdings and AML Global Holdings for the year ended December 31, 2018, respectively. These costs were not attributable to the Company or its subsidiaries.

(3) Finance expense includes interest expense with respect to the Preference Shares, which were obligations of AM Holdings for the years ended December 31, 2017 and 2018. The Preference Shares were converted into ordinary shares in the year ended December 31, 2018 as part of the Aston Martin IPO. Finance expense with respect to the Preference Shares was £37.9 million of interest expense for the year ended December 31, 2017 and £93.9 million, including £32.0 million of interest expense and £61.9 million of costs in relation to the conversion of the Preference Shares as part of the Aston Martin IPO, for the year ended December 31, 2018. The following table presents the above line items from finance expense through to total comprehensive income/(loss) for the year, as adjusted to exclude the impact of the Preference Shares:

	For the year ended December 31, 2017	**For the year ended December 31, 2018**
	(£ in millions) (unaudited)	
Finance expense[3]	(62.0)	(51.3)
Net finance expense	(26.4)	(47.1)

Loss before tax	122.4	25.7
Income tax (charge)/credit	(7.7)	8.2[(a)]
Profit/(Loss) for the period	114.7	33.9
Other comprehensive income/(loss) for the period, net of income tax	1.7	(18.3)
Total comprehensive income/(loss) for the period	116.4	15.6

(a) The estimated reduction in the tax credit attributable to the impact of excluding the Preference Share interest for the year ended December 31, 2018 would be £2.9 million.

Revenue

Revenue was £1,096.5 million for the year ended December 31, 2018 compared to £876.0 million for the year ended December 31, 2017, an increase of 25.2% or £220.5 million. Revenue with respect to the sale of vehicles was £1,010.7 million for the year ended December 31, 2018 compared to £810.1 million for the year ended December 31, 2017, revenue with respect to the sale of parts was £61.1 million for the year ended December 31, 2018 compared to £56.0 million for the year ended December 31, 2017, revenue with respect to the servicing of vehicles was £14.6 million for the year ended December 31, 2018 and £9.9 million for the year ended December 31, 2017 and revenue with respect to brands and motorsport was £10.1 million for the year ended December 31, 2018. The revenue with respect to brands and motorsport was not material for the year ended December 31, 2017 and reported under the sale of vehicles revenue. The increase in revenue for the year ended December 31, 2018 was primarily attributable to the increase in wholesale volumes driven by the introduction of the Vantage, DB11 V8 Volante, DB11 V12 AMR and DBS Superleggera. The total average selling price in 2018 of our core models fell slightly to £141,000 compared to £150,000 in 2017, driven by the planned decrease in the average selling price of core vehicles as the model mix shifted as expected towards the Vantage and DB11 V8 variants, and away from the higher priced DB11 V12 derivatives. This reduction of the average selling price was partially offset by the introduction of the DBS Superleggera in the fourth quarter of 2018, the highest priced model of the core model line-up, alongside the delivery of the higher priced special vehicles.

Cost of sales

Cost of sales were £660.7 million, or 60.3% of our revenue, for the year ended December 31, 2018, compared to £496.2 million, or 56.6% of our revenue, for the year ended December 31, 2017, an increase of 33.2% or £164.5 million, which was primarily attributable to the higher number of units sold (26%) compared to the year ended December 31, 2017, and the change in the product mix towards the lower margin Vantage models.

Gross profit

Our gross profit was £435.8 million, or 39.7% of our revenue, for the year ended December 31, 2018, compared to £379.8 million, or 43.4% of our revenue, for the year ended December 31, 2017, an increase of 14.7% or £56.0 million. The gross profit margin decreased as expected from 43.4% to 39.7% due to the planned mix shift into the Vantage, partially offset by an outperformance in the regions where our average selling prices are higher and the introduction of the DBS Superleggera. Gross profit margin also benefited from the sale of fewer, but higher margin special vehicles.

Selling and distribution expenses

Our selling and distribution expenses were £89.8 million, or 8.2% of our revenue, for the year ended December 31, 2018, compared to £60.0 million, or 6.8% of our revenue, for the year ended December 31, 2017, an increase of 49.7% or £29.8 million. The increase in selling and distribution expenses was primarily due to investment in marketing and associated selling costs supporting new model launches.

Administrative and other operating expenses

Administrative and other operating expenses amounted to £293.2 million, or 26.7% of our revenue, for the year ended December 31, 2018, compared to £171.0 million, or 19.5% of our revenue, for the year ended December 31, 2017, an increase of 71.5% or £122.2 million. For the year ended December 31, 2018, there were £74.1 million of one-off expenses comprising £61.2 million for pre-IPO long- term incentive and remuneration expenses and £12.9 million of professional fees in relation to the Aston Martin IPO. There were no one-off costs for the year ended December 31, 2017. Excluding the one-off costs in relation to the Aston Martin IPO, our administrative and other operating expenses increased by £48.1 million, which was mainly due to the rebalancing of our geographic mix, the additional running costs of the St. Athan facility, additional headcount to support the growth and focus on different revenue streams for AM Brands after the acquisition thereof in 2017 and higher than expected logistics costs due to supply chain delays in the fourth quarter of 2018. In addition for the years ended December 31, 2017 and 2018, respectively, £1.1 million and £18.7 million of administrative costs associated with salary and other administrative costs were attributable to AM Holdings and were not attributable to the Company or its subsidiaries.

Operating profit

Operating profit was £72.8 million for the year ended December 31, 2018, or 6.6% of our revenue, compared to £148.8 million for the year ended December 31, 2017, or 17.0% of our revenue, a decrease of 51.1% or £76.0 million due to the increase in administrative and other operating expenses for the year ended December 31, 2018, compared to the administrative and other operating expenses for the year ended December 31, 2017 (as described under "—*Administrative and other operating expenses*" above). Excluding one-off costs (as described under "—*Administrative and other operating expenses*" above), the adjusted operating profit decreased by £1.9 million or 1.3% to a profit of £146.9 million for the year ended December 31, 2018 from a profit of £148.8 million for the year ended December 31, 2017 due to higher selling and distribution expenses primarily due to investment in marketing and associated selling costs supporting new model launches and the lower profit margin due to the planned mix shift into the Vantage, partially offset by an outperformance in the regions where our average selling prices are higher and the introduction of the DBS Superleggera.

Net finance income (expense)

Net finance expense was £141.0 million for the year ended December 31, 2018 compared to a net finance expense of £64.3 million (restated for IFRS 15, see note 2 of the consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum) for the year ended December 31, 2017, an increase of £76.7 million. Excluding the impact of the Preference Shares, we had net finance expense of £47.1 million for the year ended December 31, 2018, compared to net finance expense of £26.4 million for the year ended December 31, 2017, an increase of £20.7 million. Excluding the impact of the Preference Shares, the increase in net finance expense was primarily due to the impact of IFRS 9 on our statement of income. For the year ended December 31, 2017, we recognized £32.5 million of gains relating to financial instruments and non-pound sterling denominated borrowings in our statement of income, whereas as a result of the application of IFRS 9, any applicable foreign exchange fluctuations are recycled to the hedge reserve and not finance income / expense in our statement of income for the year ended December 31, 2018 reducing our finance income for the year December 31, 2018. The Preference Shares were obligations of AM Holdings and were not attributable to the Company or its subsidiaries. The Preference Shares were converted into ordinary shares as part of the Aston Martin IPO. Interest on the Preference Shares amounted to £32.0 million and £37.9 million for the years ended December 31, 2018 and 2017, respectively and the conversion costs of the Preference Shares as part of the IPO amounted to £61.9 million.

Income tax (charge) credit

Income tax credit for the year ended December 31, 2018 was £11.1 million, compared to an income tax charge of £7.7 million for the year ended December 31, 2017. The tax benefit for the year ended December 31, 2018 related partly to a tax credit taken for tax losses incurred in prior periods for which credit had not previously been taken due to uncertainty over their utilization.

Liquidity and capital resources

Liquidity

In connection with the anticipated Capital Raise, the Yew Tree Consortium granted us short-term capital support in February and March 2020, which we repaid by offsetting £75.5 million of the subscription price payable in connection with the March Equity Placing pursuant to which we placed shares in AML Global Holdings to the Yew Tree Consortium for £171.0 million on March 31, 2020. Following the March Equity Placing, we completed the Rights Issue on April 20, 2020. In the course of the Rights Issue, which was supported by certain of our existing shareholders and the Yew Tree Consortium, we raised an additional £364.7 million of gross proceeds. In June 2020, AML Global Holdings raised an additional £152.1 million of gross proceeds in the June Equity Placing through the placing of shares in AML Global Holdings, £5.3 million of which was received in July 2020 from the retail element of the placing. The June Equity Placing was supported by, amongst others, the Yew Tree Consortium.

In addition, on July 6, 2020, we issued $68.0 million in the Delayed Draw Notes Issuance to strengthen our liquidity and on July 23, 2020 we borrowed £20.0 million under the CLBILS Loan.

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 Wholesale Finance Facility (which will expire on August 31, 2021) and the Receivables Finance Facility (see "*—Off-balance Sheet Arrangements—Receivables Finance Facility*"), and new debt securities and loan facilities that may become available in the future.

Cash and cash equivalents balance

As of September 30, 2020, our cash and cash equivalents balance was £307.3 million. During the first nine months of 2020, we used £272.7 million in operating activities. Over the same period, we used £202.2 million in investing activities, in particular for investment at St. Athan and in DBX and Aston Martin Valkyrie. Net cash inflow from financing activities during the nine months ended September 30, 2020 was £678.3 million, largely due to the Capital Raise, the June Equity Placing, the Delayed Draw Notes Issuance, the CLBILS Loan and drawings under our Inventory Repurchase Arrangements, partially offset by the repayment of existing borrowings, repayments of our outstanding balances under our Inventory Repurchase Arrangements and transaction fees related to the financing transactions during the period.

As of December 31, 2019, our cash and cash equivalents balance was £107.9 million. During 2019, we generated £19.4 million from operating activities. Over the same period, we used £305.2 million in investing activities, in particular for new models (namely, DBX and Valkyrie) and investment in St. Athan. Net cash inflow from financing activities during 2019 was £243.3 million, due primarily to the issuance of the \$190 million 6.5% Notes due 2022 in April 2019, the issuance of the \$150 million 12.0% Notes due 2022 in October 2019 and short-term inventory financing, partially offset by interest paid on borrowings.

As of December 31, 2018, our cash and cash equivalents balance was £144.6 million. During 2018, we generated £222.6 million from operating activities. Over the same period, we used £306.3 million in investing activities related to, in particular, the continued investment in new models to be launched in future years and the completion of the St. Athan facility, and generated £57.8 million from financing activities related to, in particular, additional funds from a new fixed rate loan to finance the construction of the paint shop at the St. Athan manufacturing facility (£15.8 million), increased back-to-back loan facilities with HSBC UK Bank plc in China and the United Kingdom (£11.8 million) and a drawdown of the Old Revolving Credit Facility (£70.0 million) to support our working capital requirements partially offset by interest paid.

As of December 31, 2017, our cash and cash equivalents balance was £167.8 million. During 2017, we generated £343.8 million from operating activities. Over the same period, we used £346.4 million in investing activities, in particular for the acquisition of AM Brands Limited and continued investment in new models to be launched in future years, and generated £69.9 million from financing activities, in particular additional funds from the £550 million equivalent issuance of secured notes in April 2017 to refinance existing debt and for general corporate purposes. A further £55 million equivalent issuance of secured notes in December 2017 was used to fund the acquisition of AM Brands Limited. Our cash and cash equivalents balance was also affected by an operating lease in relation to the facility in St. Athan, which resulted in a cash inflow of £32.6 million and is recognized in our income statement over the life of the lease.

Total borrowings

As of September 30, 2020, our total borrowings comprised borrowings under secured debt securities, borrowings under the Old Revolving Credit Facility, borrowings under the CLBILS Loan, various unsecured loans to finance specific projects, a back-to-back loan arrangement whereby Chinese renminbi are deposited in an escrow account in China in exchange for a pound sterling overdraft facility in the United Kingdom, our inventory repurchase arrangements with Falcon, borrowings under a fixed rate loan to finance the construction of the paint shop at our St. Athan facility, our body-in-white facility with AIB Group (UK) P.L.C., certain overdraft facilities and lease liabilities (as a result of the adoption of IFRS 16). The book value of our total borrowings was £1,186.4 million as of September 30, 2020 compared to £1,104.2 million as of December 31, 2019. Net debt as of September 30, 2020, was £868.5 million, which was £119.1 million lower than the balance as of December 31, 2019 of £987.6 million. The decrease in net debt as of September 30, 2020 is primarily attributable to our higher cash balance as a result of the Capital Raise and the June Equity Placing, partially offset by the Old Delayed Draw Notes Issuance and the CLBILS Loan.

As of December 31, 2019, our total borrowings comprised borrowings under secured debt securities, borrowings under the Old Revolving Credit Facility, various unsecured loans to finance specific projects, a back-to-back loan arrangement whereby Chinese renminbi are deposited in an escrow account in China in exchange for a pound sterling overdraft facility in the United Kingdom, our inventory repurchase arrangements with Falcon, our inventory facilities, including borrowings of AM Works, a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by AML, under its facility agreement with BMW Financial Services (GB) Limited, borrowings under a fixed rate loan to finance the construction of the paint shop at our St. Athan facility, our body-in-white facility with AIB Group (UK) P.L.C., certain overdraft facilities and lease liabilities (as a result of the adoption of IFRS 16). The book value of our total borrowings was £1,104.2 million (£992.8 million excluding lease liabilities) as of December 31, 2019 compared to £704.1 million as of December 31, 2018. Net debt as of December 31, 2019, excluding lease liabilities, was £876.2 million, which was £316.7 million higher than the balance as of December 31, 2018 of £559.5 million. The increase in net debt as of December 31, 2019 is primarily attributable to the $190 million 6.5% Notes due 2022 in April 2019, the issuance of the $150 million 12.0% Notes due 2022 in October 2019 and short-term inventory financing.

As of December 31, 2018, our total borrowings comprised borrowings under secured debt securities, borrowings under the Old Revolving Credit Facility, a fixed rate loan to finance the construction of the paint shop at the St. Athan manufacturing facility, the inventory funding facilities and certain overdraft facilities. The book value of our total borrowings was £704.1 million as of December 31, 2018 compared to £841.0 million as of December 31, 2017, £255.9 million of which related to the Preference Shares. Net debt as of December 31, 2018 was £559.5 million, which was £113.6 million lower than the balance as of December 31, 2017 of £673.1 million. The decrease in net debt as of December 31, 2018 is primarily attributable to the conversion of the Preference Shares as part of the Aston Martin IPO, offset by a decrease in cash and cash equivalents due to cash spent on investing activities exceeding that generated from operating activities (primarily due to the continued investment in new models to be launched in future years and the completion of the St. Athan facility), the re-valuation of the U.S. dollar tranche of our financing arrangements (£18.4 million), a new fixed rate loan to finance the construction of the paint shop at the St. Athan manufacturing facility (£15.8 million), increased back-to-back facilities in China (£11.8 million) and a drawdown of the Old Revolving Credit Facility (£70.0 million) to support our working capital requirements.

Finance expenses

For the nine months ended September 30, 2020, we incurred gross finance expenses of £80.7 million and net finance expenses of £78.8 million. For the nine months ended September 30, 2019, we incurred gross finance expenses of £69.2 million and net finance expenses of £65.1 million.

For the year ended December 31, 2019, we incurred gross finance expenses of £83.9 million and net finance expenses of £67.6 million.

For the year ended December 31, 2018, we incurred gross finance expenses of £145.2 million and net finance expenses of £141.0 million. Excluding the impact of the interest payable on the Preference Shares and the cost related to the conversion of the Preference Shares as part of the Aston Martin IPO, our net finance expense amounted to £47.1 million for the year ended December 31, 2018.

For the year ended December 31, 2017, we incurred gross finance expenses of £99.9 million and net finance expenses of £64.3 million. Excluding the Preference Shares, our net finance expense amounted to £26.4 million for the year ended December 31, 2017.

Cash flows

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

	For the year ended December 31,			For the nine months ended September 30,	
(£ in millions)	**2017[1]**	**2018[2]**	**2019**	**2019**	**2020**
Cash flow from operating activities:					
Profit / (loss) after tax for the period	76.8	(57.1)	(104.4)	(95.9)	(267.9)
Adjustments to reconcile profit / (loss) to net cash inflow from operating activities[3]	267.0	279.7	145.0	155.8	(4.2)
Net cash inflow / (outflow) from/(used in) operating activities	343.8	222.6	19.4	59.9	(272.1)
Net cash used in investing activities	(346.4)	(306.3)	(305.2)	(250.5)	(202.2)
Net cash inflow from financing activities	69.9	57.8	243.3	147.8	678.3
Net increase / (decrease) in cash and cash equivalents	67.3	(25.9)	(42.5)	(42.8)	204.0
Effect of exchange rates on cash and cash equivalents	(1.2)	2.7	5.8	(0.9)	(4.6)
Cash and cash equivalents at the beginning of the period	101.7	167.8	144.6	144.6	107.9
Cash and cash equivalents at the end of the period	167.8	144.6	107.9	100.9	307.3

(1) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

(2) A reclassification has been made in the statement of cash flows in the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019 regarding the 2018 comparative values of £7.2 million cash inflow from Movement in provisions

to Decrease in trade and other payables. This had no impact on the cash generated from operations. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019.

(3) Adjustments principally comprise changes in working capital, depreciation and amortization, changes in provisions, income taxes and net finance costs.

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,			For the nine months ended September 30,	
(£ in millions)	**2017[(1)]**	**2018[(2)]**	**2019**	**2019**	**2020**
Profit/(loss) after tax	76.8	(57.1)	(104.4)	(95.9)	(267.9)
Depreciation and impairment of property, plant and equipment	27.4	32.4	38.8	25.9	26.6
Depreciation of right-of-use assets	—	—	13.3	8.9	11.2
Amortization and impairment of intangible assets	54.8	67.6	112.4	53.2	61.8
Increase in inventories	(10.6)	(37.5)	(33.3)	(91.4)	(51.5)
(Increase)/decrease in trade and other receivables	(7.8)	(122.4)	(28.9)	51.5	49.9
Increase/(decrease) in trade and other payables	65.2	134.0	(70.0)	(18.5)	(109.7)
Income taxes paid	(0.7)	(7.9)	(12.5)	(8.2)	(7.2)
Other	100.8	72.5	36.4	69.3	(64.1)
Net finance costs	37.9	141.0	67.6	65.1	78.8
Net cash inflow from/(used in) operating activities	343.8	222.6	19.4	59.9	(272.1)

(1) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

(2) A reclassification has been made in the statement of cash flows in the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019 regarding the 2018 comparative values of £7.2 million cash inflow from Movement in provisions to Decrease in trade and other payables. This had no impact on the cash generated from operations. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2019.

We used £272.1 million of cash in our operating activities for the nine months ended September 30, 2020 compared to a cash inflow from our operating activities of £59.9 million for the nine months ended September 30, 2019. The increase in cash outflow from operating activities is primarily attributable to our operating loss of £229.1 million alongside a working capital outflow of £111.3 million made up from £49.9 million of receivables inflow offset by £109.7 million and £51.5 million of trade and other payables and inventory outflow. In addition, our cash from operating activities was impacted by a reduction of the advances and customer deposits of £21.8 million. During the nine months ended September 30, 2020 the increase in inventories of £51.5 million was primarily driven by the ramp up of St. Athan to produce DBX and the decrease in trade and other payables of £106.8 million was primarily driven by increased supplier spend in connection with the ramp up of St. Athan in addition to the timing of supplier payments. The reduction in advances and customer deposits was primarily due to fewer sales of special editions.

We generated £19.4 million of net cash from operating activities for the year ended December 31, 2019 compared to £222.6 million for the year ended December 31, 2018. The decrease in net cash inflow from operating activities is primarily attributable to the lower average selling price of the cars sold during 2019 compared to 2018 and lower volumes. This was in large part due to elevated levels of our and dealer stock levels at the start of 2019, which required us to increase retail and customer financing support in order to de-stock the dealer network's sports cars and rebalance our supply levels. Average selling price was also negatively impacted by challenging trading conditions in Europe and the United Kingdom, lifecycle decay in volumes in the Asia Pacific region and the impact of increased sales of lower margin Vantage cars in the mix of core models sold in 2019. The decrease was partially offset by an inflow of £48.4 million of customer deposits. Deposits on the balance sheet stood at £319.3 million, with building deposits for Valhalla and DB5 *Goldfinger* continuations. As deliveries of Aston Martin Valkyrie start, the deposit balance is expected to unwind, although this is expected to be partially offset by building deposits on upcoming special editions.

We generated £222.6 million of net cash from operating activities for the year ended December 31, 2018 compared with £343.8 million for the year ended December 31, 2017. The decrease in net cash inflow from operating activities is primarily attributable to a significant increase in working capital, including receivables of approximately £90 million associated with supply chain delays in the fourth quarter of 2018 and the consequential shift of wholesale deliveries to the end of the period.

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,			For the nine months ended September 30,	
(£ in millions)	**2017(1)**	**2018**	**2019**	**2019**	**2020**
Interest received	3.1	4.2	5.0	4.1	1.9
Proceeds on the disposal of property, plant and equipment	0.2	—	—	—	—
Payment to acquire subsidiary undertaking	(50.0)	—	—	—	—
Payments to acquire property, plant and equipment	(75.0)	(101.9)	(82.2)	(65.0)	(76.1)
Loan to shareholders	(5.6)	—	—	—	—
Payments to acquire intangible assets	(219.1)	(208.6)	(228.0)	(189.6)	(128.0)
Net cash used in investing activities	(346.4)	(306.3)	(305.2)	(250.5)	(202.2)

(1) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

We recorded £202.2 million of net cash used in investing activities for the nine months ended September 30, 2020 compared to £250.5 million for the nine months ended September 30, 2019. The net cash used in investing activities is primarily attributable to our investments in St. Athan, DBX and Aston Martin Valkyrie and core sports cars refreshes.

We recorded £305.2 million of net cash used in investing activities in the year ended December 31, 2019 compared to £306.3 million in the year ended December 31, 2018. In 2019, this primarily comprised capital expenditure related to the St. Athan manufacturing facility and the ramp up of DBX and Valkyrie. In 2018, this primarily comprised capital expenditure related to the development of the Vantage and the DBS Superleggera, as well St. Athan and DBX.

We recorded £306.3 million of net cash used in investing activities for the year ended December 31, 2018 compared to £346.4 million for the year ended December 31, 2017. The decrease in net cash outflow from investing activities is primarily attributable to the acquisition of AM Brands in the year ended December 31, 2017.

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,			For the nine months ended September 30,	
(£ in millions)	**2017[1]**	**2018**	**2019**	**2019**	**2020**
Interest paid	(49.8)	(42.2)	(52.0)	(25.5)	(39.3)
Proceeds from equity share issue	—	4.6	—	—	687.8
Dividend paid to non-controlling interest	—	(3.0)	—	—	—
Principal element of lease payments	—	—	(10.9)	(8.4)	(9.2)
Movements in existing borrowings	(474.3)	0.3	10.8	23.5	(83.0)
Proceeds from inventory repurchase arrangements	—	—	38.7	—	39.0
Repayment of inventory repurchase arrangements	—	—	—	—	(38.7)
Proceeds from new borrowings	606.1	98.1	260.8	158.6	149.9
Transaction fees paid	(12.1)	—	(4.1)	(0.4)	(28.2)
Net cash inflow / (outflow) from financing activities	69.9	57.8	243.3	147.8	678.3

(1) Restated to reflect the adoption of IFRS 15. See note 2 of the audited consolidated financial statements of AML Global Holdings as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

We generated £678.3 million of net cash from financing activities for the nine months ended September 30, 2020, primarily due to the Capital Raise, the June Equity Placing, the Delayed Draw Notes Issuance, the CLBILS Loan and drawings under our Inventory Repurchase Arrangements, partially offset by the repayment of existing borrowings, repayments of our outstanding balances under our Inventory Repurchase Arrangements and transaction fees related to the financing transactions during the period.

We generated £243.3 million of net cash from financing activities in the year ended December 31, 2019, primarily due to the issuance of the $190 million 6.5% Notes due 2022 in April 2019 and the $150 million 12.0% Notes due 2022 in October 2019, partially offset by interest paid on borrowings.

We generated £57.8 million of net cash from financing activities for the year ended December 31, 2018, principally due to a drawdown of the Old Revolving Credit Facility (£70.0 million) to support our working capital requirements, partially offset by interest paid on borrowings.

We generated £69.9 million of net cash from financing activities for the year ended December 31, 2017, primarily consisting of the £550 million equivalent issuance of secured notes in April 2017 and other additional borrowings, net of the amount of debt refinanced and the related transaction costs, less interest paid of £49.8 million.

Research and development expenditure

For the year ending December 31, 2020, our total capital expenditures are expected to be approximately £270 million, of which £204.1 million has already been spent as of September 30, 2020, primarily on investments related to St. Athan, DBX and Aston Martin Valkyrie and core sports car refreshes. Our capital expenditures for the year ending December 31, 2020 are expected to primarily relate to investments at St. Athan, the production of DBX, the development of the

Aston Martin Valkyrie and core sports car refreshes. Our expected capital expenditures for the year ended December 31, 2021 are £250 million.

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

	For the year ended December 31,			For the nine months ended September 30,	
(£ in millions)	**2017**	**2018**	**2019**	**2019**	**2020**
Total research and development expenditure	224.3	213.8	226.0	187.6	150.0
Capitalized research and development	(213.2)	(202.3)	(226.0)	(187.6)	(147.4)
Recognized as an expense	11.1	11.5	—	—	2.6

Total research and development expenditure decreased to £150.0 million for the nine months ended September 30, 2020 compared to £187.6 million for the nine months ended September 30, 2019, primarily due to the completion of St. Athan and the development of DBX in 2020. Capitalized research and development expenditure decreased to £147.4 million for the nine months ended September 30, 2020 compared to at £187.6 million in the nine months ended September 30, 2019, primarily due to the phasing of the development cycles on current and future models.

Total research and development expenditure increased to £226.0 million for the year ended December 31, 2019 compared to £213.8 million for the year ended December 31, 2018, primarily due to continued investment in new core models, in particular DBX. During the year ended December 31, 2018, the methodology applied to the capitalization of research and development expenditure for new cars was refined to more appropriately reflect the point at which the development phase starts in the current development process. Capitalized research and development expenditure was £202.3 million in 2018 and £226.0 million in 2019, an increase of 11.7%, primarily due to the current positioning of the product development cycle for future models.

Total research and development expenditure decreased to £213.8 million for the year ended December 31, 2018 compared to £224.3 million for the year ended December 31, 2017, primarily due to the timing of program development. During the year ended December 31, 2018, the methodology applied to the capitalization of research and development expenditure for new cars was refined to more appropriately reflect the point at which the development phase starts in the current development process. Capitalized research and development expenditure was £213.2 million in the year ended December 31, 2017 and £202.3 million in the year ended December 31, 2018, a reduction of 5%, primarily due to the timing of program development.

We capitalize engineering and research and development expenditure and development assets that are specific to the development of new models or model derivatives. Over the historical period, we capitalized between 95% and 100% of total research and development expenditure, in accordance with IFRS.

In addition to our research and development expenditure in the periods under review, we also incurred product capital expenditures of £80.9 million, £108.2 million and £84.2 million during the years ended December 31, 2017, 2018 and 2019, respectively.

Capital resources

Short-term resources

On January 31, 2020, we entered into a deposit arrangement with the Yew Tree Consortium pursuant to which the Yew Tree Consortium deposited £55.5 million in early February 2020 for a future delivery of cars. This short-term working capital support was provided in order to improve our liquidity immediately. On February 26, 2020, the Yew Tree Consortium assigned its rights under the deposit arrangement to Falcon Group Europe Limited ("*Falcon*") and Falcon purchased cars with a value of £55.5 million. Falcon placed all purchased cars on consignment with us. Upon the completion of the March Equity Placing on March 31, 2020, we repurchased the cars that were acquired by Falcon and held on consignment by us. Under the relevant contractual arrangements between the Yew Tree Consortium, Falcon and us, we offset £55.5 million of the subscription price payable pursuant to the March Equity Placing against the amounts owed to Falcon for the repurchase of cars on March 31, 2020. In June 2020, AML Global Holdings raised an additional £152.1 million of gross proceeds through the placing of shares in AML Global Holdings.

In addition to the £55.5 million of short-term working capital support provided in February 2020, the Yew Tree Consortium provided an additional £20 million of short-term working capital support in March 2020. On March 31, 2020, we offset £20 million of the subscription price payable pursuant to the March Equity Placing against the amounts owed to the Yew Tree Consortium under this short-term working capital support arrangement.

As of September 30, 2020, our current borrowings were £106.8 million, which included (i) £70.0 million of borrowings under the Old Revolving Credit Facility Agreement, (ii) £33.9 million of borrowings under our back-to-back loan arrangements with HSBC UK Bank plc whereby Chinese renminbi are deposited in an escrow account in China in exchange for a pound sterling overdraft facility in the United Kingdom and (iii) a current element in an amount of £2.9 million under a fixed rate loan to finance the construction of the paint shop at St. Athan. In addition, we had current lease liabilities of £9.9 million, including £2.6 million relating to certain plant and machinery (in connection with the body-in-white facility with AIB Group (UK) P.L.C.) in the St. Athan manufacturing facility. As of September 30, 2020, current trade and other payables amounted to £630.3 million.

In November 2019, £32.2 million of parts for resale, service parts and production stock were sold to KWM Commodities Trading (UK) Limited for £38.7 million (gross of sales tax) and subsequently repurchased. Under the inventory repurchase arrangements, we repaid £40.0 million gross of indirect tax in the first half of 2020. The maximum amount available under the arrangements is £40.0 million and we intend to continue utilizing the full amount available thereunder. As part of this arrangement, we surrender legal title to the parts but control remains with us. As of September 30, 2020, a repurchase liability of £39.6 million under these inventory repurchase arrangements, inclusive of £0.6 million of accrued interest, has been recognized in accruals and other payables, and has been included within net debt. See "*Description of other financial arrangements—Falcon Inventory Repurchase Arrangements*" for additional details.

As part of the Transactions, we entered into the New Revolving Credit Facility Agreement and have received commitments of £87 million, of which we intend to borrow £77 million as of the Release Date, with the remaining balance being reserved to support existing letter of credit facilities.

Long-term resources

The New Notes Indenture, the Second Lien Indenture and the New Revolving Credit Facility Agreement will contain, covenants that, among other things, limit the ability of Aston Martin Investments Limited 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;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interests given for the benefit of our secured debt securities.

In addition, the New Revolving Credit Facility Agreement will contain, (i) certain affirmative and negative covenants, which are subject to materiality, actual knowledge or other qualifications, exceptions an 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 September 30, 2020, 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
New Revolving Credit Facility	—	—	—	77.0	77.0
New Notes offered hereby[(1)]	—	—	838.3	—	838.3
Second Lien Notes[(2)]	—	—	—	258.7	258.7
Lease obligations[(3)]	9.9	20.8	7.2	67.7	105.6
Other obligations[(4)]	97.3	7.1	—	—	104.4
Total	107.2	27.9	845.5	403.4	1,384.0

(1) Represents the New Notes offered hereby. The New Notes have been translated at an exchange rate of \$1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(2) Represents the Second Lien Notes. The Second Lien Notes have been translated at an exchange rate of \$1.2949 = £1.00, which represents the rate of exchange as of September 30, 2020.

(3) Lease obligations represent the present value of the lease payments accounted for under IFRS 16, £6.4 million of which are under our body-in-white facility with AIB Group (UK) P.L.C.

(4) Excludes employee benefits which as of September 30, 2020, amounted to £27.8 million. Includes contractually refundable deposits of £60.5 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 a U.K. defined benefit pension scheme (the "*U.K. DB Plan*") sponsored by AML. The U.K. DB Plan closed to new entrants on May 31, 2011 but currently remains open to future benefit accrual for existing active members. As of September 30, 2020, there were approximately 450 active members in the U.K. DB Plan. The U.K. DB Plan ceased final salary accrual from December 31, 2017 and adopted a career average revalued earnings (CARE) benefit structure from January 1, 2018, breaking the link to final salary as of December 31, 2017. Active members' benefits accrued prior to January 1, 2018 instead receive annual increases in line with CPI (capped at 2.5% or 5% depending on the date of benefit accrual) for each whole year between January 1, 2018 and the date the member's benefits become payable. The adoption of a CARE benefit structure and breaking the final salary link improves our statement of financial position and risk outlook by reducing pension liabilities and future scheme volatility. Accordingly, a non-recurring credit of £24.3 million, representing the related lifecycle reduction in the pension scheme deficit, was credited to our cost of sales in 2017.

The latest actuarial valuation of the U.K. DB Plan as of April 6, 2017, showed a deficit of £48.6 million on a scheme-specific funding basis. For that valuation, AML agreed a deficit recovery plan with the trustee of the U.K. DB Plan under which we are required to make significant contributions to the scheme. On July 5, 2018, AML agreed (i) to increase the recovery plan contributions from £2.8 million per year to £4.0 million per year until March 31, 2020 and to £7.1 million per year thereafter through to July 31, 2025 and (ii) to share upside performance of the business with the U.K. DB Plan by making additional payments against the deficit recovery plan equal to 5% of AML's variable profits which exceed the anticipated variable profit target agreed as part of the U.K. DB Plan's 2014 valuation, but capped at £1.75 million per annum in respect of the calendar years 2018 and 2019 and then at £3 million per annum thereafter.

The deficit of the U.K. 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 an actuarial funding valuation of the U.K. DB Plan, we may be required to increase our contributions to the U.K. DB Plan. A variety of factors, including factors outside our control, may adversely affect the value of the U.K. 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 U.K. DB Plan and the costs and net liabilities associated with the U.K. DB Plan could increase substantially. The U.K. DB Plan's deficit, calculated by the actuary using the same actuarial methods to set assumptions as used for the scheme-specific funding basis in the plan's 2017 valuation updated to reflect market conditions at December 31, 2019 and benefits accrued to that date, had increased since the U.K. DB Plan's 2017 valuation to an estimated £60.6 million due to a decline in long-term real rates of return. The estimate of the liability for defined benefit obligations if the U.K. DB Plan is wound up, calculated by the U.K. DB Plan actuary, was £404 million as of April 6, 2017. As of September 30, 2020, the total fair value of plan assets was £343.5 million and the present value of obligations was £371.3 million on an IAS 19 basis. This resulted in a liability of £27.8 million on the balance sheet as of September 30, 2020.

The U.K. DB Plan's next actuarial valuation is currently underway with an effective date of April 6, 2020 and with a statutory deadline for completion by July 5, 2021. Although our discussions with the trustee in relation to the 2020 actuarial valuation and the funding and security of the U.K. DB Plan more generally were postponed due to the COVID-19 impact and uncertainty, discussions about the 2020 actuarial valuation are now taking place with the trustee with comments also being provided by the Pensions Regulator. In dialogue between the Pensions Regulator, the trustee and us towards the end of 2019, the Pensions Regulator expressed concern around the employer covenant provided to the U.K. DB Plan by AML (including the impact of secured debt taken on by the Group). The Pensions Regulator in the U.K. has indicated that, given the position of the U.K. DB Plan as an unsecured creditor, it would expect the trustee to seek mitigation from the Group in respect of the employer covenant which could include (but not be limited to): (i) a strengthening of the actuarial assumptions used, which would increase the deficit, (ii) additional contributions and (iii) security over Group assets to be provided in favor of the trustee. The Pensions Regulator is also expected to provide further input as the discussions on the 2020 actuarial valuation develop and it is clear that the trustee will take the Pension Regulator's views into account in approaching the 2020 actuarial valuation.

Discussions with the trustee about the 2020 actuarial valuation, including the additional protections proposed are ongoing but expected to be concluded as soon as possible, and in advance of the statutory deadline of July 5, 2021. In light of discussions with the trustee taking into account feedback from the Pensions Regulator, AML has recently made a proposal to the trustee in relation to the 2020 actuarial valuation which AML considers would represent an appropriate outcome for the 2020 actuarial valuation and provide appropriate additional protection for the U.K. DB Plan, including: (i) a change in the assumptions underlying the 2020 actuarial valuation resulting in a deficit of £100 million, (ii) an increase in deficit repair contributions to the U.K. DB Plan to £12 million per annum plus a further £3 million per annum in contingent contributions and (iii) the

U.K. DB Plan being granted security over certain equipment and tooling. Discussions with the trustee are at an early stage and no agreement has yet been reached with respect to this proposal.

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 following the 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. Any exercise of the Pensions Regulator's powers could result in significant additional liabilities and funding obligations for us. See also "*Risk factors—The pensions regulator in the U.K. (the "Pensions Regulator") has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for us or an acceleration in the payment of our liabilities in relation to the U.K. DB Plan.*"

As is the case for all formerly contracted-out defined benefit pension plans in the U.K., the liabilities of the U.K. 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 United Kingdom, the trustee has the power under the U.K. DB Plan's governing documentation to wind-up the U.K. DB Plan in certain circumstances, which if exercised could accelerate and increase funding obligations to the plan.

Off-balance Sheet Arrangements

Wholesale Finance Facility

We have a Wholesale Finance Facility to provide additional liquidity under which dealers have individually agreed credit limits with Standard Chartered Bank to an aggregate of £75.0 million. The Wholesale Finance Facility is a global facility, pursuant to which AM Holdings and its subsidiaries and AMLNA offer to Standard Chartered Bank certain receivables owed to them by dealers who have acquired our cars from them on credit terms not exceeding 270 days from the date of dispatch. Our Wholesale Finance Facility is treated as an off-balance sheet arrangement. Where this facility is used (i.e. where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility) following issuance of an invoice to the dealer (and subject to satisfaction of certain other requirements). The dealer is instructed to make payment of amounts due under that invoice to an account of Standard Chartered Bank and amounts paid to that account are recovered and retained by Standard Chartered Bank. We are required to pay Standard Chartered Bank a flat fee for providing the Wholesale Finance Facility on a quarterly basis for the duration of the facility. We re-charge all discount rates applied by Standard Chartered Bank or other fees associated with the Wholesale Finance Facility to our dealers from time to time. If we cannot utilize this facility in connection with sales to a dealer, the dealer is required to pay for the car prior to delivery, other than in North America where dealers typically have 10 days to pay. The Wholesale Finance Facility is backed by credit insurance as protection if a dealer fails to repay its financing under this scheme. Only if the credit insurance does not cover the cost of such financing do we have direct liability in respect of amounts due by such defaulting dealer to Standard Chartered Bank, subject to an aggregate limit of £200,000 over the period ending August 31, 2021. In August 2020, the term of the Wholesale Finance Facility was extended until August 31, 2021. As of September 30, 2020, we had drawn £33.3 million of the £75.0 million available under our Wholesale Finance Facility. The available amount will reduce further to £50 million in January 2021.

Receivables Finance Facility

In July 2020, we entered into the Receivables Finance Facility as we are planning to replace the Wholesale Finance Facility in the coming months with the Receivables Finance Facility. Pursuant to the Receivables Finance Facility, AML offers to sell its rights in certain receivables owing to it by dealers (except for dealers in the United States, Canada and China) to Velocitas Funding DAC. Such offers are extended on the basis of a monthly list of receivables from dealers (except for dealers in the United States, Canada and China) and subject to certain customary representations and warranties. The purchase fee payable by Velocitas Funding DAC for any such receivables is subject to a discount rate based on the applicable base rate plus a certain credit spread. If Velocitas Funding DAC purchases the receivables offered to it, it finances the acquisition of these receivables by drawing funds from the senior lenders under the receivables revolving senior facility agreement and the subordinated loan agreement that were entered into in connection with the Receivables Finance Facility. The maximum amount available to us under this program is £150 million. Subject to certain customary events of default, the Receivables Finance Facility is available for the duration of a revolving period which expires 364 days after the initial purchase of receivables under the Receivables Finance Facility Agreements. Prior to its expiration, Velocitas Funding DAC may request an extension from the senior lenders for the same period again.

The payment terms of the Receivables Finance Facility require payment by the dealers at the earlier of 180 days from the invoice date or the sale of the car by the dealer to a retail customer. AML acts as the servicer in terms of originating and collecting funds from dealers into the bank accounts of Velocitas Funding DAC. The Receivables Finance Facility is backed by a credit insurance contract between Velocitas Funding DAC and its insurer, Atradius Credit Insurance N.V., in the event that a dealer fails to make payment to Velocitas Funding DAC of the receivables purchased by it under this scheme. If a dealer defaults, we have 14 days to initiate a payment plan agreed between the dealer, Atradius Credit Insurance N.V., and the administrative agent under the Receivables Finance Facility Agreements on behalf of Velocitas Funding DAC, and subsequently AML may, at its option, repurchase the relevant receivable. As of September 30, 2020, the Receivables Finance Facility was not utilized.

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 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 cars from the Group. The relevant vehicles financed under the inventory funding arrangements are required to be delivered to the relevant dealers within 45 days from funding. These agreements are non-recourse to the Group.

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, 2019.

Credit risk

We sell cars through our dealer network. Dealers outside of North America are required to pay for cars in advance of their dispatch or use the Wholesale Finance Facility with Standard Chartered Bank plc. Dealers within North America are allowed 10-day credit terms from the date of invoice or can use the Wholesale Finance Facility. Standard Chartered Bank plc has substantially all the risk associated with the Wholesale Finance Facility and in addition all car sales on the Wholesale Finance Facility are covered by credit risk insurance, which means that a third party bears substantially all the credit risk associated with dealers using the Wholesale Finance Facility. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, we may sell cars to the dealer outside of the credit risk insurance policy. Parts sales, which represent a smaller element of total revenue, are made to dealers on 30-day credit terms. Service receivables are due for payment on collection of the car.

Interest rate risk

Our overdraft and borrowing facilities are predominantly at fixed rates of interest. Our financing arrangements and the fixed rate loan to finance the construction of a paint shop at the facility in St. Athan are at fixed rates of interest. The rate of interest on the Old Revolving Credit Facility, the New Revolving Credit Facility, the Receivables Finance Facility and inventory financing are determined at the date the borrowing commences and are based on a formula provided in the agreements. Amounts advanced by Standard Chartered Bank plc on the Wholesale Finance Facility are at rates based on LIBOR at the commencement of the facility. Therefore, the only interest rate risk relates to the back-to-back loan arrangements with HSBC UK Bank plc, whereby Chinese renminbi is deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC UK Bank plc in the U.K. As of September 30, 2020, £33.9 million was outstanding under the overdraft facility. The interest rate charged on the overdraft facility is based on 3-month LIBOR. LIBOR and other "*benchmark*" interest rates are currently the subject of recent and ongoing national, international and other regulatory guidance and proposals for reform, which may cause such "*benchmarks*" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could result in an increase of the interest payable on any of our debt linked to such a "*benchmark*."

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 53% of our operating costs in pound sterling in the year ended December 31, 2019, 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, 2019. As of September 30, 2020, 53% and 47% 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. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position*" and "*Risk factors—Risks relating to our business and industry—Our business model assumes the Wholesale Finance Facility is, and going forward the Receivables Finance Facility or 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 indefinite life intangible assets (including goodwill);

(2) impairment of finite life intangible assets; and

(3) the measurement of defined benefit pension assets and obligations.

Impairment of indefinite and finite life intangible assets

Management determines whether indefinite life intangible assets are impaired on an annual basis, or more frequently when there is an indication that the asset is impaired. This requires an estimation of the value-in-use derived from the estimation of future cash flows utilizing a suitable discount rate.

Management has determined that for goodwill and other intangibles with indefinite lives, there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty which generate specific cash flows that are independent of the inflows generated by other assets or groups of 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 is 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.

Industry

Aston Martin Lagonda's market characteristics

We operate primarily within the high luxury sports ("*HLS*") car market where we are positioned along with other key players such as Bentley, Ferrari, Lamborghini, McLaren and Rolls-Royce. Some Aston Martin models have some key competitors within both the luxury and performance premium market.

Compared with the broader passenger car market, the high luxury sports ("*HLS*") car 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 High Net Worth Individuals ("*HNWIs*"). Given the significant cost and high degree of customization of the cars offered within the HLS car segment, its customers tend to be HNWIs, who are typically defined as individuals having investable assets (financial assets not including primary residence, collectables, consumables and consumer durables) in excess of $1 million.

The HLS car 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. HLS car brands are considered to be those with an average selling price of over £100,000. Historically, customers have typically purchased HLS cars as incremental cars, 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 cars and will often be purchased as a primary household vehicle. At the top of the HLS car 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 HLS 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 HLS car segment 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 HLS car segment, 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, HLS car 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 HLS car market. Growing wealth, changing demand patterns and significant infrastructure investments have led to an increase in demand in these markets. This trend will also likely be supported by the 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 car ownership per capita.

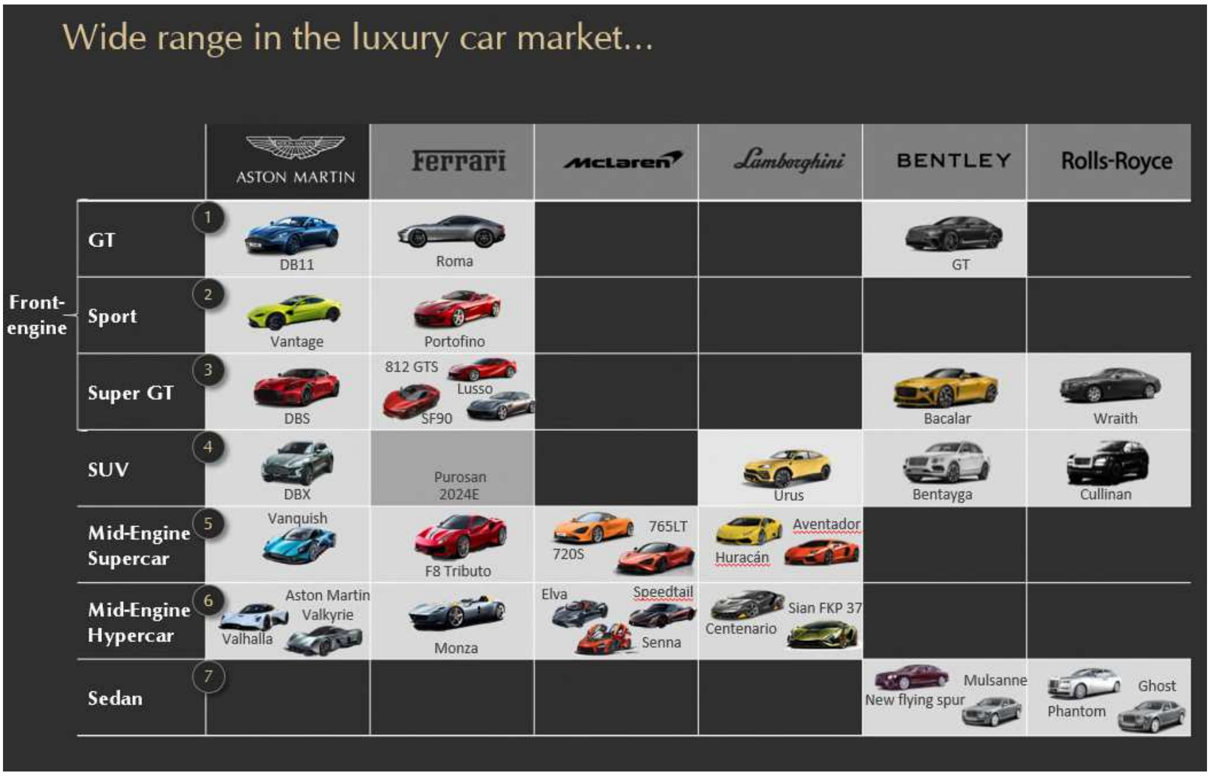
As a result, there is an increasing number of HNWIs within developing markets who may represent purchasers for the HLS car market. This is especially true in China, where there have been rising levels of affluence and growth in luxury goods consumption. Changing customer preferences in the Chinese HLS car 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 HLS car 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 cars.

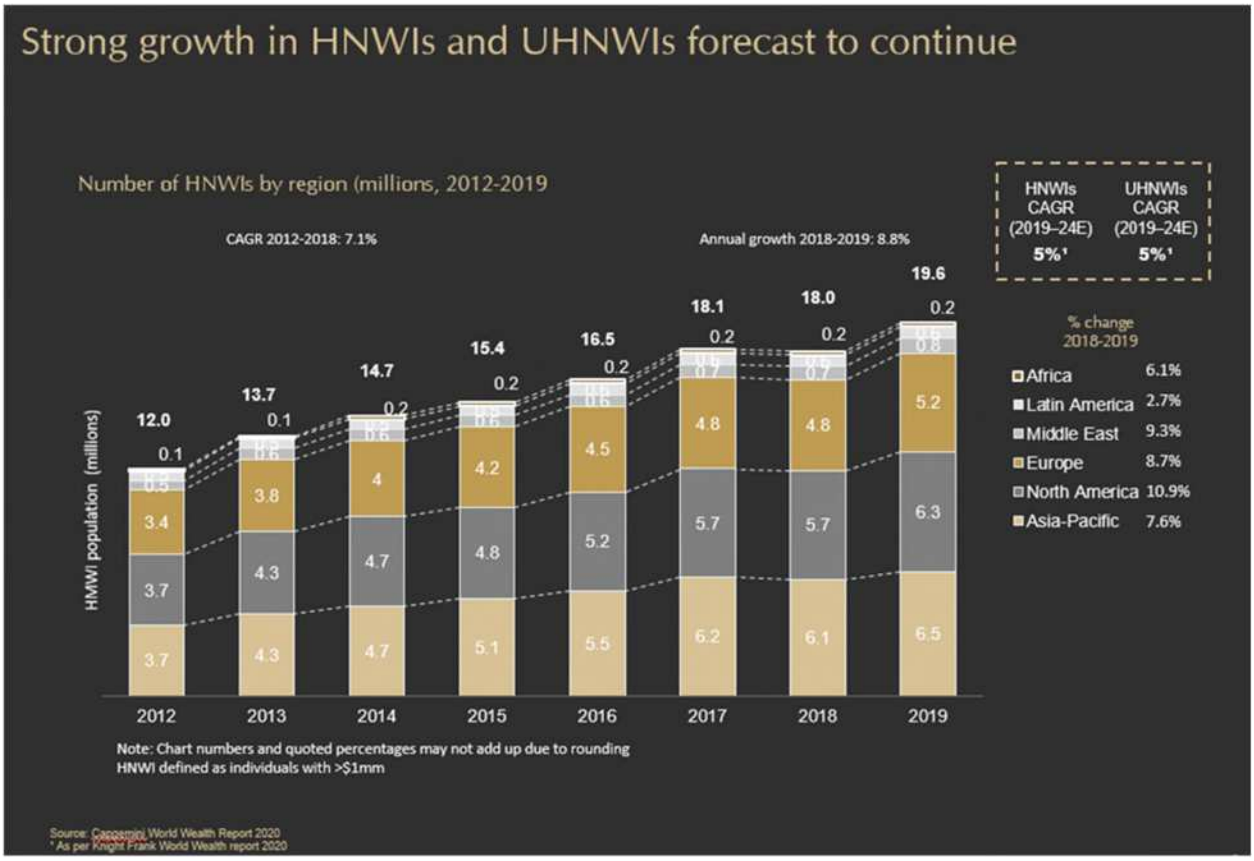
Key competitors within this segment include Ferrari, Lamborghini, Bentley, Rolls-Royce and McLaren. In addition to these main players, certain premium manufacturers also produce a small number of higher priced cars that compete with cars in the lower price bracket of our range in terms of price and performance (for example, the Porsche 911 Turbo). Competition in the HLS car market is mainly driven by the strength and differentiation of the brand, the appealing styling, performance and innovation of the cars and the regular renewal of model offerings in order to continually stimulate customer demand.

As mentioned previously, the luxury automotive market breaks down into a number of key segments, including GT, sports, super GT, SUV, mid-engine supercar, mid-engine supercar 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. We believe this is one of the key strengths of our business model and that it enables us to appeal to a broader range of HNWIs than some of the other HLS manufacturers.

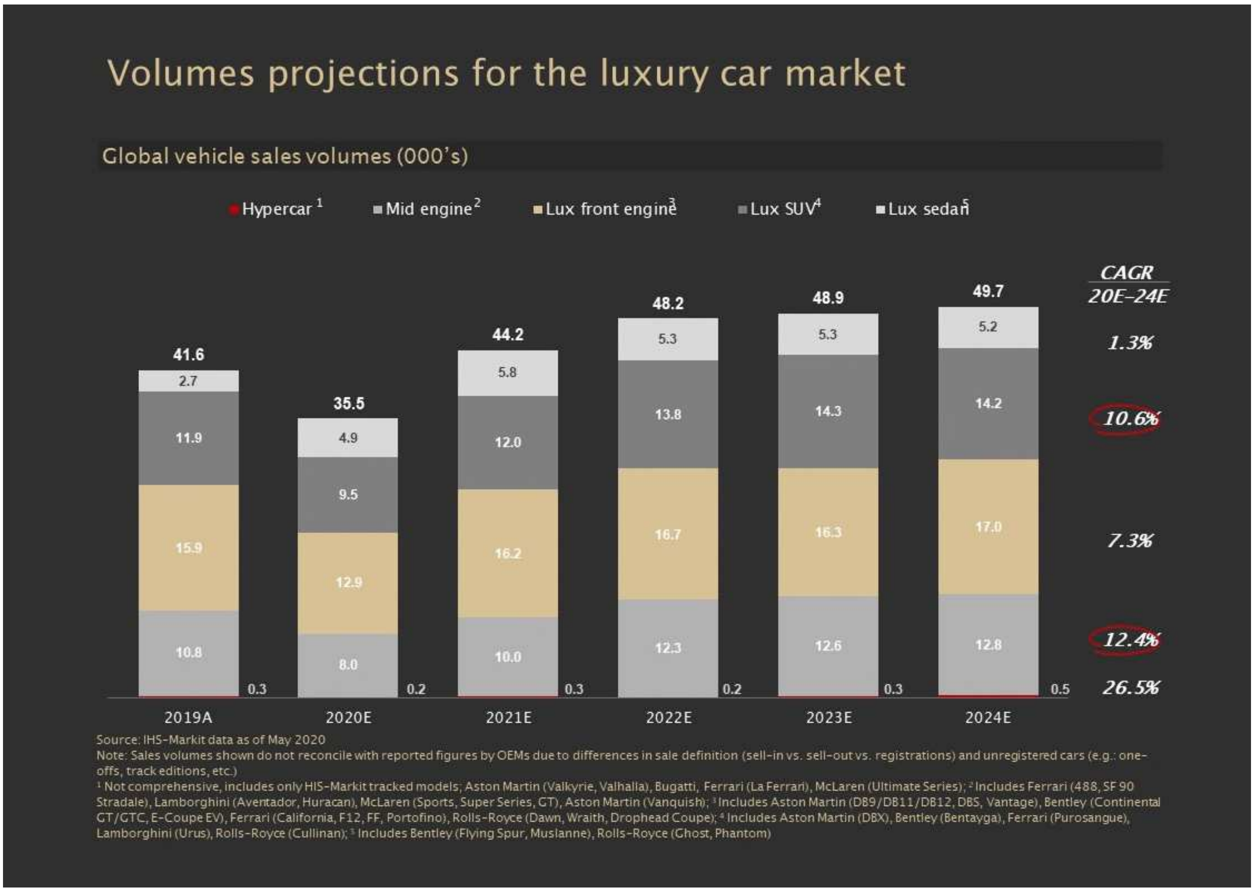


Current trends

Compared with the broader passenger car market, the HLS 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 HNWIs. In 2019, according to IHS Markit, the total size of the high luxury and performance premium segment amounted to approximately 123,000 units sold worldwide, compared to 111,000 units in 2018 (11% year-on-year growth). With the increasing number of HNWIs globally, the expansion of our product offerings into all luxury sectors is expected to enable us to appeal to the diverse and expanding HNWI population. We believe that we are well-positioned to capitalize on this growth market as demand is expected to increase for products from HLS manufacturers.



While the overall development of the HLS and performance premium market has been positive, demand on a vehicle segment level has seen diverging dynamics. The SUV segment has continued to show the strongest growth momentum in 2019, with global sales reaching an estimated 47,000 units, a 35% increase compared to 35,000 units sold in 2018, according to IHS Markit. These increases were driven by high consumer acceptance and new model launches in the segment, including new entries from the high luxury brands in the form of Bentley Bentayga, Lamborghini Urus and Rolls-Royce Cullinan. This growth is expected to continue over the medium term after the rebasing this year due to the impact of the COVID-19 pandemic.



The sports market, on the other hand, in which the Aston Martin Vantage competes contracted in 2019, with the volume of registrations in the segment declining by 13% compared to prior year. This was, in part, due to macro-economic pressures and resultant trading conditions, particularly in the United Kingdom and Europe. In addition, the introduction of the Worldwide Harmonised Light Vehicle Test Procedure in the United Kingdom and Europe required all registrations to be compliant with the legislation from September 2018. This resulted in increased sales in 2018 negatively impacting 2019 sales potential. Despite the decline in the accessible market for Vantage, its market share more than doubled in 2019 compared to the prior year.

COVID-19

As per World Federation of Exchanges reports (First Quarter 2020 & Full Year 2019 Market Highlights), COVID-19 erased more than $18 trillion from global markets over the course of February and March 2020, before a slight recovery in April. The World Wealth Report 2020 from Capgemini projected a decline of between 6% and 8% in global wealth until the end of April 2020 (compared with December 2019). Investment priorities have also shifted and it is expected that sustainable investments upholding environmental and social priorities are gaining significant prominence post-pandemic. The global mass auto market has slowed in recent months as the pandemic continues to weigh on demand. The wider luxury industry faces serious challenges driven by lockdowns and the shutdown of tourism in all key markets. After falling by an estimated 25% in the first quarter of 2020, the slowdown was expected to accelerate in the second quarter and expected to lead to an estimated contraction of between 20% to 35% for the full year (according to Bain & Company's Spring Luxury report (May 2020)).

Amid the pandemic, China has begun to lead the way towards a recovery with Chinese consumers expected to maintain their status as crucial drivers of the luxury industry, estimated to account for nearly 50% of the luxury goods market by 2025. Luxury purchases made online have increased throughout the crisis and the online channel is expected to represent up to 30% of the luxury goods market by 2025. The personal luxury market registered estimated sales of 281 billion euros in 2019 before the virus outbreak. Despite a decrease as a result of the COVID-19 pandemic, it is expected to return to that level between 2022 and 2023, depending on economic trends, consumer confidence levels at that time, tourism flows, and brands' ability to anticipate and fulfil consumer needs (according to Bain & Company's Spring Luxury report (May 2020)).

Since the outbreak of the COVID-19 pandemic, consumers of all age groups and from all geographies are more skeptical towards usage of public transportation including ride sharing and ride hailing. People are more likely to spend more time on holiday in their region versus long distance travel and more willingness to explore the possibility of living outside major cities especially those working in organizations with well-functioning work from home capabilities. Individual mobility and vehicle ownership are on the rise on consumers' preference lists as they begin to have more reservations on surrounding hygiene and want to remain in a bio secure environment. These changes in consumers' lifestyle choices and mobility patterns may have an impact on the broader auto sector driving it higher in the coming years with traditional OEMs remaining at the forefront of production and sale of the new generation of products

Other themes (Carbon emissions and electrification)

Within the broader passenger car 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 battery 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 HLS car market segment 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 La Ferrari & SF90, the Porsche 918 and the McLaren P1).

Key market drivers

Number of HNWIs

The principal driver of the HLS car segment is the number of HNWIs with the resources available to purchase HLS cars. The pool of HNWIs has been boosted over the past decade by 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.

HNWI wealth and population increased by almost 9% globally in 2019, despite a global economic slowdown, international trade wars and geopolitical tensions (World Wealth Report 2020 from Capgemini). North America and Europe took the lead with around 11% and 9% growth respectively, surpassing Asia-Pacific (with 8%) for the first time since 2012. However, the future of these trends is uncertain as global economies have been impacted by the COVID-19 pandemic. For example, in the first quarter of 2020, gross domestic product decreased by 36% in China, and in the second quarter of 2020, gross domestic product dropped by 60% in the U.K., by 39% in the EU and by 32% in the U.S. (real GDP changes over previous period).

As the sector recovers, we believe that age will continue to drive the penetration of the HNWI population into the HLS car market in two main ways. First, individuals are entering the HNWI population at increasingly younger ages, which is creating a larger market. Second, the older members of the HNWI population tend to resist growing old in terms of style, appearance and attitude when it comes to purchasing a car. This youthful mentality supports demand for sports cars in the market of older members of the HNWI population. Additionally, the growth in the number of female HNWIs, which leads to a correspondingly higher household income, is expected to aid the recovery in the HLS car market.

Penetration of HLS among HNWIs

Economic growth, an increasing concentration of wealth, changing demand patterns and significant infrastructure investments are key drivers of demand for HLS cars worldwide.

A further driver for the HLS car market is the ownership rate of HLS cars within the HNWI population. This is influenced by the growing availability of HLS cars, dealership network expansions and volume increases of original equipment manufacturers, as well as affordability and desirability of the vehicles.

Additionally, improving infrastructure in emerging markets and increasing HLS product awareness among HNWI consumers is expected to drive penetration levels in these markets, which historically have been below the levels of more established markets, due to road and traffic constraints, wide-spread reliance on chauffeurs and lack of suitable racetracks.

Limited supply to protect brand exclusivity and pricing power

HLS car manufacturers often employ a low-volume production strategy, where the volume does not typically vary based on demand but is rather based on volume targets established to maintain a reputation of exclusivity and scarcity among purchasers of their cars. Manufacturers deliberately monitor and maintain their product 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 new built-to-order strategy. See "*Business—Our strategies—Control volume growth via gradual transition to "built-to-order" strategy with increased focus on personalization, thus improving pricing and margins.*"

A low-volume strategy, combined with the quality and performance of the cars produced, has typically allowed HLS car manufacturers to charge high average selling prices, which, through continual improvement in performance, technology, quality and other features, have trended up over time.

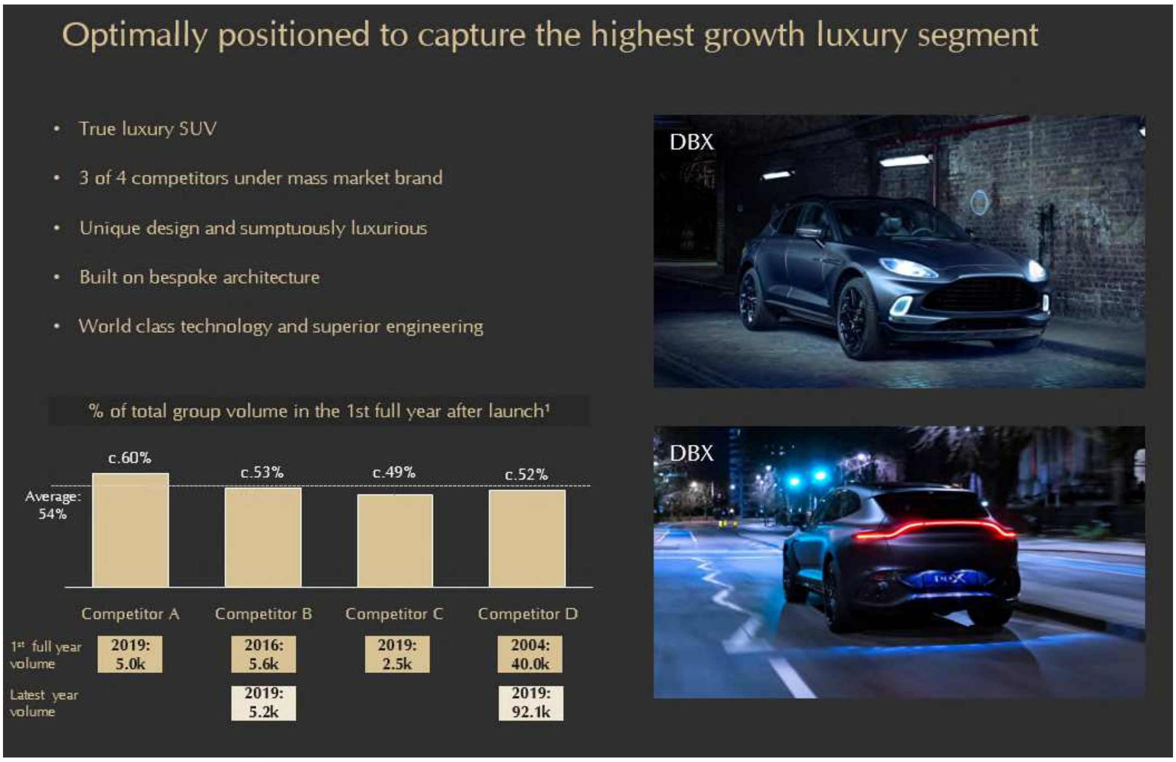
New product launches and economic confidence

Given the significant financial resources available to the HNWI customer base, a key characteristic of the HLS car market is that a considerable portion of demand is driven by new product offerings, which 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. Demand for HLS products is maintained through the lifecycle of the product by introducing new derivatives, such as a convertible or second powertrain derivatives, performance upgrades, new personalization options and improved quality. This strategy enables HLS manufacturers to continually deliver new product variants, thereby increasing consumer demand.Consumer demand for passenger cars in general is affected by global economic conditions, which in turn affect consumers' disposable income, purchasing power and the availability of credit. The high disposable income and liquid wealth levels of the HNWI segment mean that HLS customers are less affected by the economic cycle. However, 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 HLS cars.

Increased breadth of HLS product offering

Consistent with the changing demographics of the HNWI population, with an increased emphasis on Asia and a greater proportion of women and younger individuals, customer tastes and preferences in the HLS car 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 HLS car 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 HLS car 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 HLS car customer base is expected to support the increased penetration of luxury SUVs, as producers target HNWIs seeking to upgrade their existing vehicles.



(1) Competitor A based on annual production volumes. Others based on annual deliveries.

Brand recognition and customer experience

Brands within the HLS car market have strong brand recognition, built through a history of iconic, exclusive products and associations with the motorsport industry. We believe this brand recognition and history provides a barrier to entry into the HLS car 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 and often curated in partnership with other luxury goods brands, brand centers and retail stores are increasingly important for HLS brands, helping to perpetuate an aspirational "lifestyle" choice for customers in conjunction with other bespoke brand experiences and enhancing the visibility of the brand. With an increasingly youthful and brand-conscious HNWI customer base, tailored customer engagement strategies are becoming more prevalent in the HLS market to provide a more exclusive and immersive luxury experience for owners.

Heritage market

Given the exclusive nature and inimitable heritage synonymous with many producer brands within the HLS car market, over time, many HLS car models have evolved from a consumable product into an investment class of their own. This has made it more attractive for HNWIs to acquire HLS cars. In our case, for example, as of December 31, 2019, in the secondary market the DB5 Coupe model was valued at 30 times its price in 1995, the DB5 Volante at 24 times its price in 1995 and the DB4GT at 14 times its price in 1995 (based on our own research).

Business

Overview

Aston Martin is a globally recognized luxury brand and a leader in the high-luxury sports ("*HLS*") car market. For more than a century, the brand has symbolized exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. Our cars sit solely within the HLS car market segment and our market leadership position is supported by award-winning design and engineering capabilities, world-class technology and modern facilities, creating distinctive model line-ups. We believe our rich and prestigious heritage of delivering beautiful aw-inspiring cars defines Aston Martin as something truly unique within the automotive industry.

We sell cars worldwide, primarily from our main manufacturing facility and corporate headquarters in Gaydon, England. Our current model line-up comprises four core models: (1) the high-luxury DBX, our first SUV, of which we started delivering the first cars in July 2020, (2) one grand tourer (DB11), (3) one sports car (Vantage) and (4) one super grand tourer (DBS Superleggera). All of our sports cars are available in different core models (derivatives), including coupe and convertible models.

Our DBX order book built rapidly from when it opened on November 20, 2019 to the beginning of 2020. After a slow-down in orders, with the majority of our global dealer network closed for prolonged periods between January and July 2020 due to the COVID-19 pandemic, stable growth in our order book resumed in the three months ended September 30, 2020 driven by a successful media re-launch in July 2020 and DBX cars being delivered to dealers allowing test-drive opportunities. As of September 30, 2020, 345 DBX had been shipped to dealers. Initial media and customer reviews of DBX are positive. Based on the initial orders and reviews for DBX, we plan to unveil future derivatives of the DBX commencing in 2021.

In light of our 2019 operational and financial performance and a challenging HLS car market, we conducted a comprehensive review of our business and longer-term strategic options. Our new leadership team, which has a wealth of luxury automotive experience and a new major shareholder and Executive Chairman, who has world-class luxury retail experience, have allowed us to reset our business plan and focus on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position ourselves for controlled, long-term, profitable growth. We are moving towards a built-to-order strategy to manage our sports car wholesales in order to maintain the appropriate balance between supply and demand to regain a stronger order book and thus pricing power. With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory by de-stocking our dealer network by more than 1,400 units in the first nine months of 2020, which is more than seven times the level of de-stocking achieved in the whole of 2019.

We reviewed the timing of future product launches to control medium term investment requirements, improve cash generation and provide greater financial stability and flexibility. We will focus on three key pillars: front-engine, SUV and mid-engine. Our initial focus is on our current front-engine and SUV models: (1) the DB11 grand tourer, (2) the DBS Superleggera super grand tourer, (3) the Vantage front-engine sports car and (4) the DBX SUV as well as the derivate models that we will continue to produce of each of the four models. The third pillar, the mid-engine, takes its lead from the era-defining Aston Martin Valkyrie hypercar, with the first Valkyrie deliveries planned for 2021, and Aston Martin Valkyrie AMR Pro, which together establish Aston Martin's mid-engine platform. We plan to subsequently build on our mid-engine platform with the Valhalla hypercar and mid-engine core model Vanquish supercar.

Special editions continue to be a key component of our reset of the business plan as they enhance our brand and have strong financial characteristics. Given their desirability, special edition models are typically fully allocated prior to any significant capital commitment and typically generate higher margins than the core range. Deposits are required on allocation and typically allow special editions to be cash flow positive throughout the product life cycle, from design to final delivery.

In early 2020 we entered into an agreement, under which the Racing Point F1™ team will become the Aston Martin F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1™ grid for the first time since 1960. This agreement is for a 10-year initial term, and we also have the option to acquire an economic interest in the Racing Point F1™ team. Under the agreement, we will move from a pure sponsorship agreement with respect to the Red Bull Racing F1™ team, to an enhanced presence by providing the chassis and the team name Aston Martin. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing F1™ Team. See "*—Our strengths—Recognized luxury brand defined by unparalleled design and beauty—Formula One as global marketing platform*" and "*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. We believe our involvement in motorsports is an important brand building tool, due to the high levels of interest in F1™ among premium and luxury car owners globally. As of December 31, 2019, based on internal company data, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. Our own Aston Martin F1™ team will provide us with an improved global marketing platform, allowing us to benefit from increased brand exposure at each of the 22 races per year held in different locations across the world (certain of which have been cancelled in 2020 due to the COVID-19 pandemic). We maintain a dealership presence in 20 of these global F1™ race locations, providing the opportunity to engage with a high proportion of our customers and partners on a yearly basis.

Our strengths

Recognized luxury brand defined by unparalleled design and beauty

A quintessential luxury brand

We believe that the Aston Martin brand is one of the most globally recognized luxury brands and a leader in the HLS car market. Our brand identity is built upon a long-standing history as a Great British car company creating some of the most beautiful and accomplished cars in the world. Founded in London in 1913, Aston Martin has a long tradition of exceptional design, engineering and manufacturing of HLS sports and GT cars as well as a longstanding racing pedigree. Our historic partnership with the James Bond franchise remains strong and as in the past, the next James Bond film, *No Time to Die,* will feature Aston Martin cars.

We have also perpetuated our Aston Martin brand as a luxury lifestyle concept through brand extension activities, including engaging with existing and potential HNWI customers via our "Art of Living" experiential events platform, capitalizing on our target market's significant spending on experiences such as luxury driving breaks coupled with exceptional lifestyle experiences. In particular, we believe these experiences are an effective way to raise brand awareness, drive interest in our brand among new customer segments and bring clients closer to the Aston Martin brand and our partners.

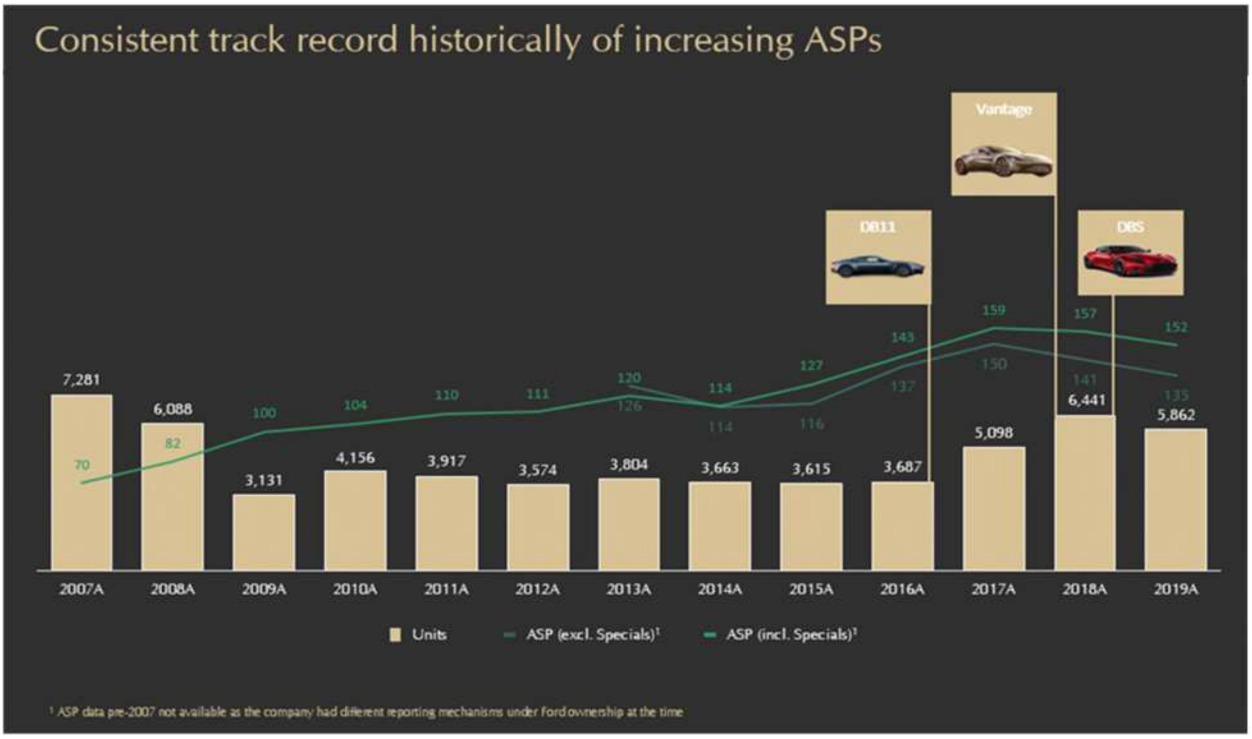
Formula One as global marketing platform

In 2016, we became a sponsor of Red Bull's F1™ team and since the start of 2018, the team has competed as "Aston Martin Red Bull Racing." In early 2020, we entered into a 10 year initial term agreement under which the Racing Point F1™ team will be re-launched as the Aston Martin F1™ team with effect from the 2021 season, bringing an Aston Martin team back to the F1™ grid for the first time since 1960. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. Under the agreement, we will move from a pure sponsorship relationship with respect to the Red Bull Racing F1™ team to an enhanced presence by providing the chassis and the team name Aston Martin. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing F1™ Team.

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 F1™ with 66 days of F1™ racing and 22 F1™ races per year on five different continents and with Aston Martin dealers in 20 of the race locations allows us to engage with a high proportion of our customers and partners face-to-face on a yearly basis. As of December 31, 2019, based on internal company data, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. According to the F1™ website, in 2019 the global cumulative TV audience comprised 1.9 billion viewers, 24.9 million followers on F1™ social media channels and 52.1 million unique visits to the F1™ website. The enhanced engagement with a significant portion of global customers in an Aston Martin branded space provides us with a significant marketing platform, which we expect to leverage through the launch our mid-engine platform, starting with our era-defining Aston Martin Valkyrie, with first deliveries planned for 2021, followed by our Valhalla special mid-engine car and our mid-engine core model, Vanquish. We believe our range of mid-engine cars, which is more sports and performance focused, will allows us to increase our average selling price and attract a new, younger group of customers, including those who drive cars primarily for leisure and pleasure and are focused on high tech specifications and an unique range of customization and personalization.

Strong desirability and exclusivity supported by strong pipeline of bespoke special editions

Desirability and exclusivity of our cars drive our premium pricing power and we have been able to increase the average selling prices of core models by 112% between 2007 and 2019. Customers purchase our products for a variety of reasons, with demand particularly driven by emotive factors such as brand power, design, performance and quality. We target these emotive factors through the strategic introduction of new core models and variants of existing models with enhanced features whose design, performance and quality ensure a high-class and unique experience and enable our customers to experience an emotional connection with the Aston Martin brand. The strong connection between our customers and our products has enabled us to build a loyal consumer base.



In addition, the limited production of special editions promotes exclusivity while enhancing brand image, allowing us to raise price points for cars with these enhanced features. For example, based on the Vanquish model platform, we introduced four special editions using the Zagato nameplate, each of which were priced in excess of £500,000. In addition, we have developed models, such as the Aston Martin Valkyrie, that are designed to be at the cutting-edge of automotive design and technology. The road version of the Aston Martin Valkyrie was fully allocated shortly after launch, having been over four times oversubscribed despite the limited number of customers approached and the price and deposit requirements. All 150 Valkyrie road car versions have been sold at a manufacturer's suggested retail price of £2,750,000 (including options) and significant customer deposits have been received. We believe the exclusive nature of these special edition models allows us to command superior pricing in comparison to our competitors and increases demand for our core models, as our special edition models are only available to regular customers of our core models.

The strong desirability of our cars is underpinned by the fact that we received numerous awards for our cars. For example, the DB11 V8 Coupe was named the What Car 'Car of the year (Coupe more than £50,000)' in 2018, 2019 and 2020, the DBS Superleggera 'Sunday Times Sports Car of the Year' in 2019 and the DBX 'Best Luxury SUV' by GQ Car Awards and 'SUV of the Year' by Off Road in 2020.

We tap into the passion and demand for our highly exclusive heritage cars through our continuation models, which blend traditional craftsmanship with modern engineering advancements and performance enhancements. For example, the DB4 GT Continuation, launched in 2017, had a limited run of only 25 models and was oversubscribed at a selling price of £1.5 million plus tax (UK manufacturer's suggested retail price of £1.8 million including tax). We leveraged the success of the DB4 GT Continuation with a DB4 GT Zagato Continuation during 2019 and the DB5 *Goldfinger* Continuation in 2020.

The value of our cars is resilient, evidenced by our heritage cars, which often command collector premiums and have become investment classes in their own right. For example, based on Company research, as of December 31, 2019, the DB5 Coupe model was valued in the secondary market at 30 times its price in 1995, the DB5 Volante at 24 times its price in 1995 and the DB4GT at 14 times its price in 1995.

Special editions continue to be a key component of our reset business plan as they enhance our brand and have strong financial characteristics. Given their desirability, special editions are typically fully allocated prior to any significant capital commitment and typically generate higher margins than their core range counterparts. Deposits are required on allocation and typically allow special editions to be cash flow positive throughout the product life cycle, from design to final delivery.

We operate a franchise model for our dealerships whereby we maintain strong control over the brand positioning while limiting the capital investment in the network. We have a dealership design consultancy team that works directly with individual dealers to deliver a world-class luxury customer experience and consistent brand presentation. Since 2015, this dealership network has been strengthened through the appointment of new and upgraded dealerships as part of our focus on continually enhancing and developing the network's viability, profitability and sustainability.

Historically, we sold approximately 3,500 to 4,000 sports cars per year. In recent years, however, the volumes of our sports cars sold to dealers increased significantly but was not matched by underlying retail demand and resulting in our dealers becoming over-stocked. We have taken decisive action to address overstocking by lowering wholesale volumes and providing customer financing support to drive retail sales and we have successfully de-stocked our dealer network by more than 1,400 units in the first nine months of 2020, which is the equivalent of three months' retail sales and more than seven times the level of de-stocking achieved in the whole of 2019. During the three months ended September 30, 2020, we have continued to make good progress in connection with de-stocking our dealer network, and we further reduced our global dealer stock by more than 550 vehicles and ahead of our de-stocking plan for 2020.

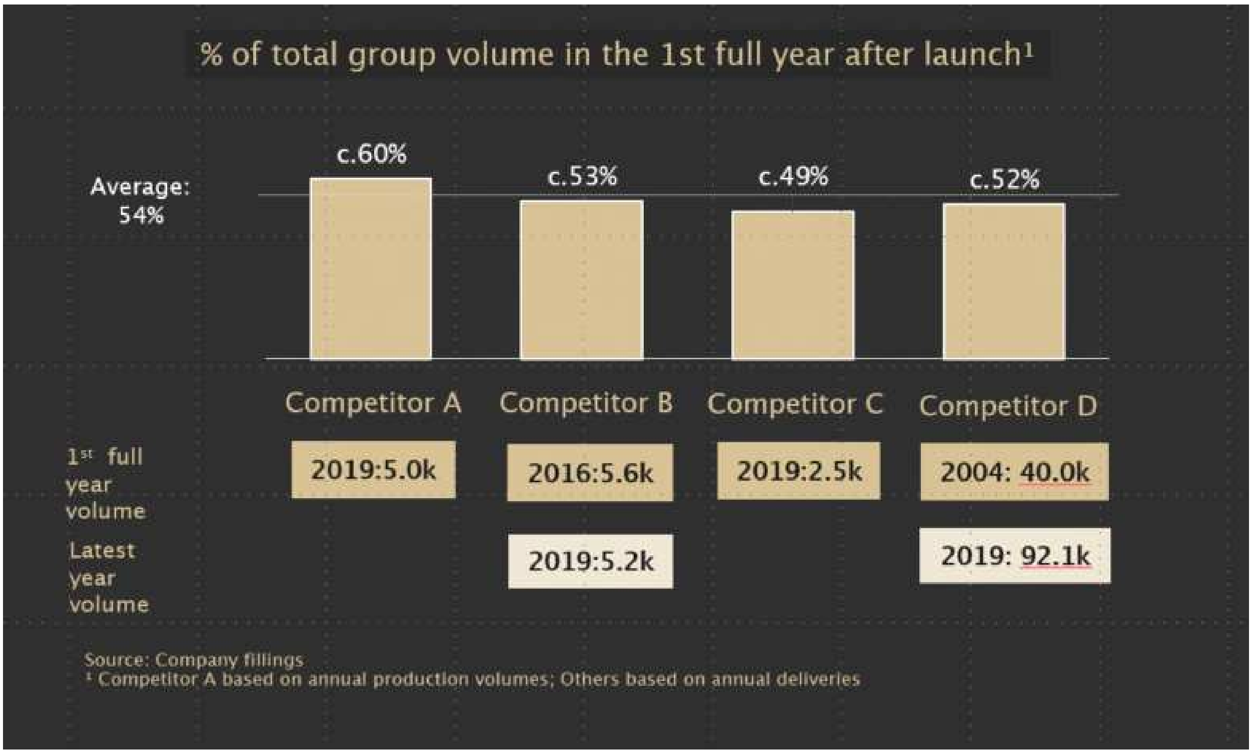
In early 2020, we refreshed the Vantage with the launch of the Vantage Roadster with the option of a new grille, and the production of the Vantage Roadster started in the three months ended September 30, 2020. In addition, we have continued to build our DBX order book in the three months ended September 30, 2020 following a successful media re-launch in July 2020 and delivery of DBX cars to dealers allowing test-drive opportunities. We have also started working on the midcycle refreshes of the DB11 and DBS Superleggera, which will be relaunched in the coming years.

Wide range in the attractive luxury car market with global access to growing wealth creation

A distinguishing characteristic of Aston Martin is the breadth of our product offering, which we believe enables us to appeal to a more diverse range of HNWIs and different demographics than other HLS manufacturers, including younger and female HNWIs. We believe we are one of the few luxury automotive manufacturers developing a full core model product portfolio aimed at addressing a wide spectrum of the luxury car market: the GT, super GT, sport, SUV and mid-engine segments. Our current core product offering includes four core models from the new generation core models addressing the GT, super GT, sports and, more recently, SUV segments. We expect the development of our mid-engine supercar, the Vanquish, to complete our ICE product portfolio, giving us a superior product offering in the luxury automotive space that addresses the needs of all key customer clusters.

Expanding into SUV and mid-engine segments

In the coming years, the luxury SUV and mid-engine markets are expected to show particularly high growth, with an expected CAGR of approximately 10.6% and 12.4% in the period 2020 through 2024, respectively, according to IHS Markit. We believe the DBX enables us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable SUV product than those currently available in the premium market. Our DBX order book built rapidly from when it opened on November 20, 2019 to the beginning of 2020. After a slow-down in orders, with the majority of our global dealer network closed for prolonged periods between January and July 2020 due to the COVID-19 pandemic, stable growth in our order book resumed in three months ended September 30, 2020 driven by a successful media re-launch in July 2020 and DBX cars being delivered to dealers allowing test-drive opportunities. As of September 30, 2020, 345 DBX had been shipped to dealers. Initial media and customer reviews of DBX are positive. Based on the initial orders and reviews for DBX, we plan to unveil future derivatives of the DBX commencing in 2021. Recently, we adjusted prices for the DBX to align them with our regional pricing and to support the targeted expansion of the platform with the expected higher-margin variants.



We expect to enter into the HLS mid-engine market with a core mid-engine supercar (the Vanquish) and a mid-engine hypercar (the Valhalla). Both models will draw on the learning and technology developed by the era-defining Aston Martin Valkyrie hypercar, with first deliveries of the Valkyrie planned for 2021.

Global access to HNWIs client base and resilient market

We believe that our product offering targeting the upper end of the luxury performance car segment and our large and diversified global dealer network makes us well-positioned to benefit from global fast growing HNWI wealth. The global HNWI population has grown by a CAGR of approximately 7% between 2011 and 2019 to approximately 19.6 million individuals in 2019 globally (World Wealth Report 2020 from Capgemini). Our products target the upper end of the luxury performance car segment and our buyers typically belong to the wealthiest segment of the population. The size and spending capacity of our target client base has grown significantly in recent years and there has been a strong growth in HNWI wealth from 2012-2019 at a CAGR of 7.0% (World Wealth Report 2020 from Capgemini). Growth is expected to continue with a CAGR of approximately 5% over the 2019 to 2024 period according to the Knight Frank 2020 Wealth Report.

We anticipate the expected increase in HNWI and UHNWI wealth in the next five years to promote the expansion of our market, particularly in emerging markets such as Brazil and India, where we already have a dealership presence, which have seen significant growth in personal wealth and disposable incomes. We believe that our dealers are well-positioned in attractive key growth markets, including Morocco and Thailand, to help us take advantage of these trends and to further establish the Aston Martin brand. As our buyers typically belong to the wealthiest segment of the population, we benefit from resilient demand for our product offering as it sits in the upper end of the luxury industry. Our tight control over the geographic allocation of our cars allows us to adjust the geographical distribution of unit sales over time to respond to economic developments in our markets and to benefit from patterns of wealth creation and demand for luxury products in different regions.

Our strategic relationships with key partners continue to provide competitive access to advanced technology supported by a world-class production platform

Strategic partnerships with key partners

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. Access to competitive technology is critical and one of our important assets.

We have a significant strategic technical and commercial partnership with Daimler to develop and supply high-powered bespoke V8 powertrains for future models, and to enable access to advanced technology, including engines and navigation and entertainment systems. AML Global Holdings also announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler, pursuant to which AML will issue ordinary shares to MBAG in exchange for access to certain technology to be provided to AML Global Holdings by MBAG (the "*Strategic Cooperation*"). The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular future electric/electronic (E/E) architecture and a full range of powertrain technology, including electric, mild and full hybrid. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic

Cooperation and "*—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

In addition, the widely anticipated Aston Martin-Red Bull co-designed hypercar, the Aston Martin Valkyrie, is the product of our strategic partnership with Red Bull Advanced Technologies. We believe the Aston Martin Valkyrie official unveiling at the 2017 Geneva Motor Show piqued interest amongst a broader range of our target client market in the Aston Martin brand. The investment in, and development of, technology through the design of the Aston Martin Valkyrie will also pave the way for the development of our mid-engine cars Valhalla and Vanquish.

Highly scalable and efficient manufacturing capabilities at our modern facilities with world-class technical capabilities

We have used modular architecture as the basis for our models for over 14 years, starting with DB9 in 2004. The introduction of DB11 introduced a new advanced modular architecture including a revised aluminum body structure, electrical architecture and entertainment system and efficient V8 and V12 engines, upon which we intend to develop most of our future sports and GT models. Our updated modular architecture is the backbone of our product portfolio and employs a "Carry Over-Carry Across" principle for key systems components in order to improve quality and to reduce engineering cost, complexity, and time-to-market for subsequent models. Every significant component of an Aston Martin car utilizes a part from a previous model or creates a part for the next model which increases capital efficiency and also reduces warranty costs, as many components are already proven from previous models. The flexible modular architecture also allows for a high degree of product differentiation and enables us to easily adapt to the production of new models, thereby reducing the production and development costs for incremental models as well as the execution risk and time taken to bring those models to market. Leveraging the original investment made on modular architecture for DB11 substantially reduced our time spent and production and development costs on the Vantage and DBS Superleggera models. We expect that the modular architecture we use for DBX will also reduce the cost and time for DBX derivatives and other SUVs we develop in the future.

We operate a well-established production system enhanced by new manufacturing techniques throughout our production process in our modern and fully invested manufacturing facility at Gaydon, where we produce our three core sports cars and their derivatives, and our state-of-the-art and fully invested manufacturing facility at St. Athan, where we produce the DBX and planned derivatives. We believe that our advanced manufacturing techniques have contributed to increased efficiency throughout our production facilities, while ensuring all models, so far, have been launched on time and on budget without compromising on quality. In addition, our approach to manufacturing enables us to efficiently produce unique and customized units of production on two flow production lines. This method of manufacturing is possible due to a flexible logistic function and supply chain, which deliver parts to a line in a sequenced fashion, ensuring 'just-in-time' delivery of customized parts to the line.

This is supported by our skilled workforce, which has the capabilities to manage the production of a range of derivatives on the flow production line and to complete cycle times of between 25 and 40 minutes on certain stations. We believe that our current manufacturing facilities equip our business to handle future expected volumes efficiently and in line with our reset business plan. We also maintain a flexible employee base, each of whom is trained on most of our production stations and models. This flexibility allows us to add or reduce skilled and experienced personnel as needed, enabling us to shift employees across different areas of production, to maximize the production capacity and utilization. We are able to increase production volumes by production line rate increases and additional shifts or extra working days. The flexibility of our manufacturing process also enables us to efficiently build certain special edition models on the main production line, with only the finishing touches being completed in another facility. The success of our design, engineering and manufacturing methodology is demonstrated by the successful launch of three new models in the first half of 2018 (DB11 Volante, DB11 AMR and Vantage) and the respective special editions and derivatives during the second half of 2018 and 2019.

These main production facilities are complemented by manufacturing facilities for our continuation models at Newport Pagnell and special edition models at Wellesbourne. These niche production facilities also use elements of the production processes we have developed for our core cars, while enabling us to deliver higher value cars that require more technical or bespoke processes during manufacture.

Our strong liquidity position and extended maturity profile, combined with operational efficiencies, put us on a clear path to sustainable cash flow generation

Operational efficiencies

In 2019 and 2020, we outlined further actions to improve the cost efficiency of our business to operate as a true luxury car brand, in alignment with our strategic plan to deliver sustainable profitable growth. We significantly reduced the number of our contractors and introduced a voluntary redundancy and early retirement program in 2019, which led to a reduction in headcount of approximately 22% year-on-year. Such measures are expected to yield approximately £10 million in costs savings on an annualized basis, which will offset the incremental increase in costs at St. Athan as it scales up for full production of DBX in 2020.

In addition, in June 2020, we launched a consultation process with our employees and trade unions on proposals to further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. The consultation process is expected to be completed by the end of 2020. Such measures are expected to be implemented throughout the final quarter of 2020 and into the first quarter of 2021 and we estimate these initiatives will deliver, amongst other savings, annualized operating cost savings of approximately £14 million in connection with an expected reduction of non-manufacturing personnel, partially offset by approximately £4 million of annualized costs from the addition of approximately 300 new roles at our St. Athan manufacturing facility in connection with DBX production, resulting in a net amount of approximately £10 million in annualized personnel cost savings adjustment to Covenant EBITDA. For further information, see "Summary—*Summary historical consolidated financial and other data—Pro forma financial data of the Company*," "*Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program*" and "*Risk factors—Risks relating to our business and industry—We may not be able to realize cost savings, reduce capital expenditures or balance* *supply and demand effectively in line with our strategy. Our new strategy and business plan could also expose our business to different risks.*"

With our manufacturing facilities fully invested and stocked, we are confident that our operational efficiencies and reduced fixed cost base will strengthen our overall financial performance going forward. In addition, these measures align with our new lower volume model line-up catering to the high growth and high margin segments, including the luxury SUV and mid-engine markets. This new approach is bolstered by our focus on technology partnerships and the reengineering of processes under our new leadership team.

Capital structure

In 2020, 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 via the Capital Raise (£535.7 million, less total fees of £25.1 million) and the June Equity Placing (£152.1 million). In particular, we also placed shares to the Yew Tree Consortium, the Adeem/Primewagon Significant Shareholder Group and MBAG. See "*Principal shareholders*" for an overview of the shareholders holding a significant interest in the issued ordinary share capital of AML Global Holdings. As of September 30, 2020, our net debt and cash and cash equivalents were £868.5 million and £307.3 million, compared to £987.6 million and £107.9 million as of December 31, 2019.

Upon the consummation of all the Transactions, we will be fully funded and our capital structure will allow us to execute our strategic plan of resetting the business while maintaining sufficient liquidity buffers.

World-class leadership, with unique understanding and experience of both the luxury retail and car sectors

With our new leadership team, which has a wealth of luxury automotive experience, and new major shareholder and Executive Chairman, Mr. Lawrence Stroll, who brings with him world-class experience in the luxury retail sphere, we are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position us for controlled, long-term, profitable growth. We are dedicated to building on the inherent strengths of our business, including our brand, engineering prowess and the skills of our people to maintain Aston Martin's reputation as a pre-eminent luxury car brand and to forge the foundations of a bright future.

The investments of our Executive Chairman and the Yew Tree Consortium demonstrate the confidence they have in the future performance of our business. In addition to these investments, Mr. Stroll's experience in shaping some of the world's most prominent luxury brands, including Tommy Hilfiger and Polo Ralph Lauren, accompanied by a long history in the racing and luxury car industry and with distribution of luxury cars in North America place him in a strong position to lead the reset of our business.

Mr. Tobias Moers started as Chief Executive Officer of our Group in August 2020. He is a highly experienced automotive professional having spent more than 25 years in senior roles at Daimler, including leading Mercedes-AMG's profitable product expansion over the past seven years. With a unique combination of CEO and CTO experience, under Mr. Moers' leadership, Mercedes-AMG more than doubled its product portfolio and quadrupled the number of AMG units sold, with a clear pipeline of further expansion opportunities, in particular in electrification of powertrains in the performance segment. Mr. Moers' focus on operating and manufacturing efficiency delivered significant margin expansion to Mercedes-AMG.

Mr. Kenneth Gregor started as Chief Financial Officer of our Group in June 2020. Mr. Gregor has a strong leadership track record, with more than 20 years of automotive experience, most recently as CFO of Jaguar Land Rover for 11 years from 2008, where he developed the finance group as a strong business partner to support the delivery of shareholder value and the company's growth ambitions.

Our strategies

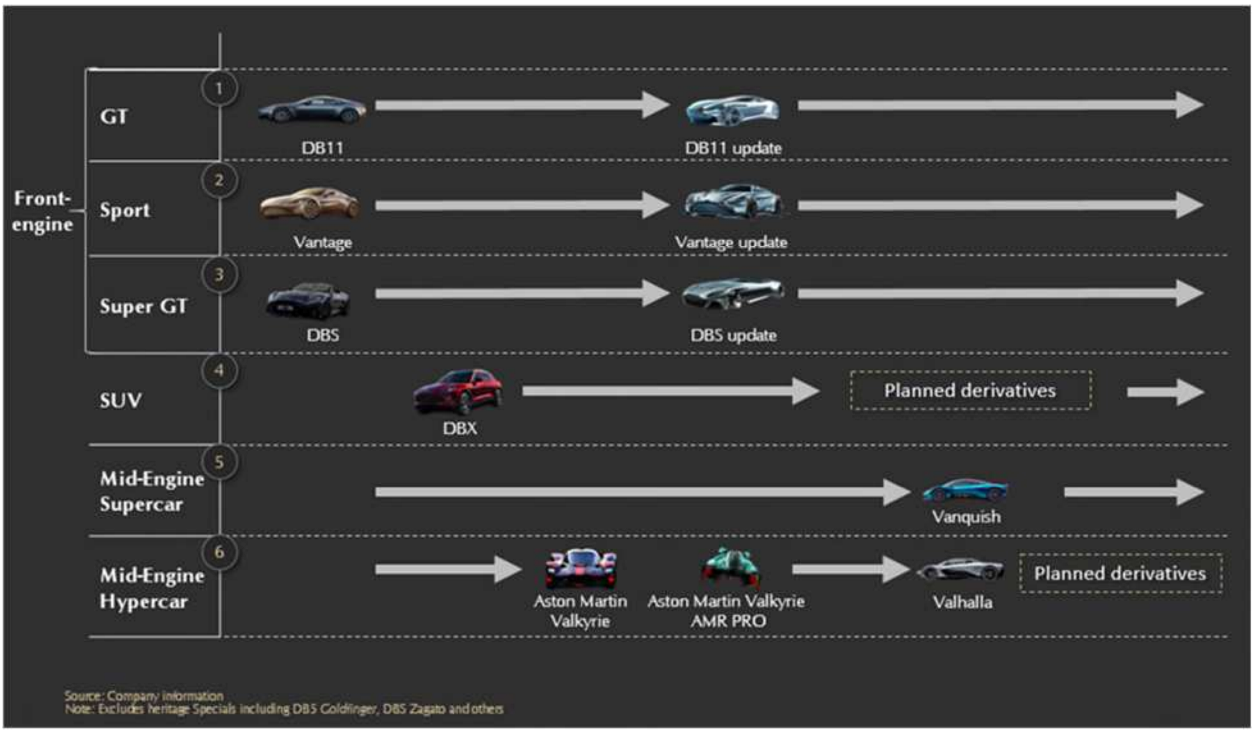
Core product offering focused on three-pillar strategy: front-engine cars, SUVs and mid-engine cars

Our model launch cadence is transitioning to a three-pillar product strategy focused on (i) front-engine cars, (ii) SUVs and (iii) mid-engine cars. We expect that our launch cadence will include a core car as well as derivatives and in-cycle improvements of each core model, to maintain the demand for each product through its product life cycle. Over the medium term we are aiming to produce approximately 4,000 front-engine cars and 5,000-6,000 SUVs, with low volume mid-engines offering further upside. Alongside our core cars, we also produce a range of special editions, enhancing our brand exclusivity, profitability and profit margins. We believe this strategy will deliver a unique product portfolio within the HLS car market.

We believe the DBX, our first step into the luxury SUV market, enables us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable SUV product. The SUV segment has been the fastest growing segment of the HLS car market, delivering the most attractive growth in the luxury space. Increased SUV ownership has been driven by new model development and established structural trends, such as the general HLS customer trend towards larger cars. We see significant growth opportunity in this segment, with the luxury SUV market expected to increase going forward, with an expected CAGR of approximately 10.6% in the period 2020 through 2024 according to IHS Markit and we expect to develop and launch a number of DBX variants, the first of which is planned to be unveiled in the fourth quarter of 2021. Once we have developed and launched the full range of our DBX variants, we expect the sales volumes of DBX to be broadly half of our core volumes on a run-rate.

With the addition of mid-engine cars, we aim to further enhance our offering of a wide spectrum of luxury cars in the luxury car market. Development of our range of mid-engine cars continues as planned and we expect to enter into the HLS mid-engine market with a core mid-engine supercar (the Vanquish) and a mid-engine hypercar (the Valhalla). Both models will draw on the learnings and technology developed by the era-defining Aston Martin Valkyrie hypercar, with first deliveries of the Valkyrie planned for 2021. We believe our core front-engine model range is ideally positioned to capture customers seeking true sporting elegance, driving pleasure and performance.

The below chart sets out our planned product launch schedule:



Control volume growth via gradual transition to "built-to-order" strategy with increased focus on personalization, thus improving pricing and margins

We are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint in order to de-risk the business and position us for controlled, long-term, profitable growth. By reducing our core wholesale volumes, we are gradually moving towards a built-to-order strategy in order to maintain the appropriate balance between supply and demand to regain a stronger order book and thus enhance pricing power and bringing margins in line with historic levels and peers. With the support of our dealer network we have continued to make strong progress in reducing our global dealer inventory by de-stocking our dealer network by more than 1,400 units in the first nine months of 2020, which is more than seven times the level of de-stocking achieved in the whole of 2019. We aim to achieve a balance between the volume of cars we produce and the principal requirement to maintain brand exclusivity. Our built-to-order strategy will allow us to monitor dealer stocks and therefore maintain our price points.

We are reinvigorating our marketing initiatives, including through the expanded use of digitally led, personalized marketing engagements, by leveraging our Aston Martin F1™ team beginning in 2021, as well as through our "Art of Living" experiences and the exclusive Henniker club, to raise brand awareness in order to strategically drive volumes. In addition, the limited production of special editions promotes exclusivity, while enhancing brand image and increases demand for our core models as our special edition models are only available to regular customers of our core models.

We believe the exclusive nature of these special edition models allows us to raise price points for cars with these enhanced features and to command superior pricing in comparison to our competitors. Furthermore, programs through which customers can work with our award-winning design team to customize their Aston Martin by adding personalized and distinctive touches improves our price points and also strengthens our customers' emotional connection with our brand. The strong connection between our customers and our products has enabled us to build a loyal consumer base. Through the exclusive Henniker club, we manage a close relationship with our most loyal customers and VIPs, with benefits including exclusive offers and opportunities. For example, members were offered the first opportunity to place orders for Vanquish Zagato Speedster, Vanquish Zagato Shooting Brake, DBS Superleggera and DBX.

Continue to develop special editions pipeline to enhance financial profile, cash flow visibility and working capital management

We expect our core range of front-engine cars, SUVs and mid-engine cars to be enhanced by the addition of approximately two to three special edition models per year. We believe these special edition models will showcase our technical excellence and perpetuate brand uniqueness, exclusivity and desirability. Through the limited supply, distinctive design and high performance of our special edition models, we are able to demand high price points for the enhanced features they offer, which has a disproportionate positive impact on our margins.

In 2017, we launched the Zagato Volante and the Vantage AMR Pro, in 2018, we launched the Zagato Shooting Brake and the Zagato Speedster, in 2019, we unveiled the Aston Martin Valkyrie, the Aston Martin Valkyrie AMR Pro and launched the DBZ Centenary Pair (a DB4 GT Zagato Continuation and contemporary DBS GT Zagato) and in 2020, so far we have launched a V12 Speedster and the DB5 *Goldfinger* Continuation. In addition to the modern special edition models, we expect to launch a range of heritage vehicles, recognizing our proud history. The DB4 GT Continuation, which launched in 2018, was the first of our heritage products to launch, followed by the launch of the DB4 GT Zagato Continuation (one half of the DBZ Centenary Pair) in 2019 and the DB5 *Goldfinger* Continuation in 2020.

Not only do we believe that special editions enhance our brand, but they also boast strong financial characteristics. Given their desirability, special edition models are typically fully allocated prior to any significant capital commitment and typically generate higher margins than their core range counterparts. Deposits are required on allocation and typically allow special editions to be cash flow positive from design to the end of the product life cycle. The continued inclusion of special edition models in our launch cadence helps to maintain and control working capital swings as customer deposits for special editions can be maintained at a stable level.

Continue to enhance strategic partnerships with key partners

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. Access to competitive technology will also remain a critical and important asset.

We benefit from, and aim to continue to enhance, our significant strategic technical and commercial partnership with Daimler to develop and supply high-powered bespoke V8 powertrains for future models, and to maintain access to cutting-edge technology, including engines, navigation and entertainment systems, which de-risks and limits our own capital investments in technology. AML Global Holdings also announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler, pursuant to which AML will issue ordinary shares to MBAG in exchange for access to certain technology to be provided to AML Global Holdings by MBAG. The Strategic Cooperation will provide us with access to a wide range of MBAG's world-class technologies and critical intellectual property for the next generation of our luxury vehicles (comprising sport, SUV and mid-engine vehicles), including, in particular future electric/electronic (E/E) architecture and a full range of powertrain technology, including electric, mild and full hybrid. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for our plans in connection with the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

In addition, the widely anticipated Aston Martin-Red Bull co-designed hypercar, the Aston Martin Valkyrie, is the product of the strategic partnership with Red Bull Advanced Technologies. The collaboration with Red Bull Advanced Technologies to deliver the Aston Martin Valkyrie represented innovative design and performance for a road car, drawing upon Red Bull's technical knowledge as an F1™ team. The investment in, and development of, technology through the design of the Aston Martin Valkyrie will inspire other future models in the range, in particular our mid-engine hypercar Valhalla and mid-engine supercar Vanquish.

Focus on cost and investment control to support 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 key priorities are to focus on new growth areas such as the SUV and the mid-engine markets to drive increased revenue. This, coupled with the implementation of our cost savings, will allow us to deleverage in the medium term. We intend to reset our business plan through the introduction of targeted capital investments, a new cost structure and lower sales volumes with premium pricing power to increase cash flows and margins.

As part of our rigorous cost control, in 2019, we significantly reduced the number of our contractors and introduced a voluntary redundancy and early retirement program, which led to a reduction in headcount of approximately 22% year-on-year.

In addition, in June 2020, we launched a consultation process with our employees and trade unions on proposals to implement our restructuring plan and further reduce personnel numbers by up to 500 permanent employees and 150 consultants in order to enhance efficiency and reduce expenses in line with lower than originally planned production volumes. For further details on the restructuring plan and related cost savings and efficiencies see "*Management's discussion and analysis of financial condition and results of operations—Trends and factors affecting our results of operations—Cost reduction program.*"

We expect that advances, such as our modular based engineering employing a 'Carry Over-Carry Across' principle, which allows us to use shared systems and components to reduce engineering complexities, will result in cost-saving and model synergies going forward. The body structure of our cars is comprised of a number of common structures, which provides flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market and therefore reducing our working capital requirements. In addition to the flexibility in the structure, our modular strategy enables the optimization of common systems and components such as chassis system, steering systems, infotainment systems and heating ventilation and air conditioning components, enabling us to deliver a range of products at efficient investment levels. For example, leveraging the original investment made on modular architecture for DB11 reduced our production and development costs on the Vantage and DBS Superleggera models by 53% and 84% respectively, while the time taken from formal program launch to initial production for each model was reduced from 37 months in the case of DB11, to 32 months for the Vantage and 27 months for DBS Superleggera. DBX also uses our continually improving product creation principles, as shown by the tub/body of DBX which has 13% fewer parts than DB11 despite being approximately 60% larger by volume.

In addition, our disciplined capital investment levels will also benefit from the new lower volume model line-up catering to the high growth and high margin segments, including the luxury SUV market in which we plan to unveil future derivatives of the DBX commencing in 2021, and the mid-engine market. For the year ending December 31, 2020, our total capital expenditures are expected to be approximately £270 million, which would represent a 13% decline compared to the year ended December 31, 2019. In the nine months ended September 30, 2020, £204.1 million of this amount has already been spent (£42.6 million in the third quarter of 2020), primarily on investments related to St. Athan, DBX and Aston Martin Valkyrie and core sports car refreshes, with an expected shift towards core sports car mid-cycle refreshes and mid-engine development in the last quarter of 2020.

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 U.K. customers. For more than 100 years Aston Martin has been internationally recognized for its elegant and sophisticated British style, having built approximately 100,000 cars (of which 95% still exist), from the iconic DB5 seen in the 1964 James Bond film Goldfinger, to the newest models, the award-winning DB11, Vantage, DBS Superleggera and DBX. We have produced some of the most iconic cars in the world, including DB5, 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 latest victory in the GTE Pro class of the 2017 Le Mans 24-hour race and five class wins since 2007. Our DBR1, the winning model at the 1959 24 Hours of Le Mans, has since become the most expensive British car ever sold. In 1947, we acquired the Lagonda brand, another niche producer of luxury cars, which was founded in 1904. One of our famous heritage cars, the Lagonda M45R Rapide, from which our recent 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 cars per year in the few 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, Daimler became the holder of non-voting shares representing 4.9% of Aston Martin Holdings (UK) Limited's issued ordinary share capital.

In 2016, we introduced DB11, replacing DB9. DB11 introduced an improved modular architecture, which forms the basis of our GT and sports cars. DB11 was also the first product to incorporate Mercedes-Benz electrical architecture and entertainment systems following the partnership with Daimler. 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 the Vantage, replacing the successful V8 Vantage S and V12 Vantage S models. The Vantage and the DBS Superleggera, launched in June 2018, are based on the same modular platform as DB11. In July 2018, a 1961 Aston Martin DB4 GT Zagato (raced by F1™ champion, Jim Clark) became the most expensive British car ever to be sold at a European auction. In 2019, we completed the construction and facilitation of our new St. Athan manufacturing facility dedicated to the production of our first SUV, the DBX. 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 2020, 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 via the Capital Raise (£535.7 million, less total fees of £25.1 million) and the June Equity Placing (£152.1 million). 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. See "*Principal shareholders*" for an overview of the shareholders holding a significant interest in the issued ordinary share capital of AML Global Holdings.

Medium term vision

As part of the strategic reset of our business plan, we are targeting revenue of approximately £2 billion and Adjusted EBITDA of approximately £500 million by financial years 2024 / 2025, underpinned by the Strategic Cooperation Agreement and targeted annual capital expenditure of £250 million to £300 million per annum between 2021 and 2025.

Our plan incorporates a refresh of all the front-engine sports car range, an expansion of the SUV offering and the launch of a mid-engine range. There is a program of special editions over the period to support the core business. The cadence of new and refreshed models, incorporating updated technology through the Strategic Cooperation Agreement, is intended to drive exclusivity and maintain dealer profitability supported by the marketing of the Aston Martin F1™ team from 2021.

By 2025, the plan is to produce 9,000 to 10,000 units a year, comprising of a split of approximately 40% front-engine and 60% SUV offerings. Additionally, we plan to produce a series of exciting low volume mid-engine sports cars leveraging the branding and reach of the Aston Martin F1™ team, starting with the Aston Martin Valkyrie next year.

Our plan to improve profitability starts with an enhanced product offering with disciplined production to order, to generate a margin more aligned to the luxury automotive segment. This will be supplemented with an enhanced operational focus on cost and investment control and greater discipline on cash flow, driven by a strategy to restructure the Group to deliver an operational level of excellence in line with the updated product and business plan.

These medium term targets are "forward-looking" statements that involve risks and uncertainties. In particular, these medium term targets assume the successful completion of the Transactions. Our actual operations and results in 2024/25 may differ significantly from these forward-looking statements. Factors that might cause such differences include those discussed in "*Risk factors*" and elsewhere in this Offering Memorandum. Please see "*Forward-looking statements*" and "*Risk factors—We may not be able to meet the targets that we have formulated as part of our medium term vision.*"

Aston Martin Lagonda cars

Our products include a range of core models, in addition to special edition models. The current model line-up comprises the high-luxury DBX, our first SUV, unveiled in November 2019 and three core sports car models from the new range, including one grand tourer (DB11), one sports car (Vantage) and one super grand tourer (DBS Superleggera). All our sports cars are available in different core models (derivatives), 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 special edition models that are typically sold at a higher price than our standard models. We sold 270, 185 and 64 special edition units in 2017, 2018 and 2019, respectively, and have generally moved towards selling fewer but higher priced special edition models, with certain lower priced special edition models such as Vantage GT8. The special edition models have recently included Vantage GT12, Vantage GT8, Vanquish Zagato Coupe, Vanquish Zagato Volante, Vanquish Zagato Speedster, DB4 GT Continuation, Aston Martin Vulcan, Vanquish Zagato Shooting Brake, Vantage AMR and forthcoming models include the Aston Martin Valkyrie, the Aston Martin Valkyrie AMR Pro, the Aston Martin Valhalla, the DB4 GT Zagato Continuation, DBS GT Zagato and the DB5 *Goldfinger* Continuation. Special edition models are typically oversubscribed and require a substantial deposit to reserve a car.

In 2019, we sold 5,862 cars (including 64 special editions) to our dealers, which produced sale of vehicles revenues of £897.6 million (£880.8 million on a restated basis, see "*Summary—Summary historical consolidated financial and other data—Certain restatements and reclassifications*" and "*Summary—Summary historical consolidated financial and other data—Certain Restated Financial Data*"). In order to reduce dealer inventory to luxury norm levels, in the nine months ended September 30, 2020 we only sold 1,555 cars (including only eleven special editions (six DB5 *Goldfinger* Continuations, two DBS GT Zagatos, one DB4 GT Zagato and two other non-core vehicles)) to our dealers which produced sale of vehicles revenue of £213.9 million. The strategic de-stocking of our dealer network is mainly achieved by reducing inventory due to lower production volumes and wholesale sales accompanied by customer and retail financing support for retail sales. Such customer and retail financing support provided to drive retail sales during the COVID-19 pandemic and to reduce dealer inventory to luxury norm levels adversely impacted our average selling price in the nine months ended September 30, 2020 which further impacted our sale of vehicle revenues in the nine months ended September 30, 2020.

SUV – DBX

The high-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. The HLS SUV segment is the newest of the HLS car market. We believe DBX will enable us to access the expanding luxury SUV segment and address customers looking for a more versatile, luxurious and comfortable product. We anticipate that DBX will widen the appeal of the Aston Martin brand, thereby capturing a more diverse global audience.

Our DBX order book built rapidly from when it opened on November 20, 2019 to the beginning of 2020. After a slow-down in orders, with the majority of our global dealer network closed for prolonged periods between January and July 2020 due to the COVID-19 pandemic, stable growth in our order book resumed in the three months ended September 30, 2020 driven by a successful media re-launch in July 2020 and DBX cars being delivered to dealers allowing test-drive opportunities. As of September 30, 2020, 345 DBX had been shipped to dealers. Initial media and customer reviews of DBX are positive. Recently, we adjusted prices for the DBX to align them with our regional pricing and to support the targeted expansion of the platform with the expected higher-margin variants. Based on the initial orders and reviews for DBX, we plan to unveil future derivatives of the DBX commencing in 2021.

Grand tourer – DB11

The DB11 model range sits within the GT segment and is built at our Gaydon plant. First produced in 2016, DB11 debuted at the Geneva Motor Show in March 2016. DB11 is available with a V12 engine as a two-door coupe and is powered by an all-new twin-turbo V12 engine, making it the first turbocharged series production Aston Martin brand car. In June 2017, we announced the introduction of the new DB11 coupe with a 4.0 liter twin-turbo V8 engine, which has a top speed of 187 miles per hour and is our most fuel efficient powertrain currently on offer. This additional derivative, which has the lowest CO_2 emissions of the current DB11 range, brings benefits in markets where car taxation policy is structured around engine capacity and environmental cost.

DB11 V8 is also available as a convertible, DB11 Volante, with first deliveries having taken place in the first quarter of 2018. The most recent addition to the DB11 range was DB11 AMR, boasting greater power, increased performance, enhanced driving dynamics and a more characterful exhaust note. The DB11 range introduced an updated advanced modular architecture, which we are using as the base for further cycles of core models, and a new electrical architecture and entertainment system, a product of our partnership with Daimler (see "*—Production—Manufacturing facilities and partnerships—Daimler and Strategic Cooperation Agreement*").

Sports car – Vantage

The Vantage started production in the second quarter of 2018 and is available as a two-door coupe powered by a 4.0 liter twin-turbo charged V8 AMG engine, provided through our partnership with Daimler (see "*—Production—Manufacturing facilities and partnerships—Daimler and Strategic Cooperation Agreement*"). The Vantage is the first Aston Martin to feature an electronic rear differential, providing superior stability and cornering.

In the fourth quarter of 2019 we launched a limited edition Vantage AMR. Production is limited to 200 cars, and it is the first introduction of a manual gearbox into the Vantage. We unveiled in early 2020 the Vantage Roadster, the production of which started in the three months ended September 30, 2020, first deliveries of which are expected to take place in the fourth quarter of 2020.

Super GT – DBS Superleggera

The DBS Superleggera, a super grand tourer, is based on the same modular platform as DB11. DBS Superleggera is currently available as a two-door coupe or Volante and is 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 a 0-60mph in less than 3.2 seconds and a maximum speed of 211mph.

We also sell a DBS Superleggera Volante (convertible), first delivered in the third quarter of 2019.

Aston Martin Valkyrie

The Aston Martin Valkyrie is being developed in conjunction with Red Bull Advanced Technologies and is intended to transfer F1™ technology to the road. The Aston Martin Valkyrie is intended to be the first of a lineage of Aston Martin mid-engine cars. The Aston Martin Valkyrie has a 6.5-liter naturally aspirated V12 engine and Michelin Pilot Sport Cup two tires. The Aston Martin Valkyrie is our first hypercar, of which there will be a road car version and a track-only version. All 150 road car versions have been sold and significant customer deposits have been received. Deliveries of the Valkyrie are scheduled to start in 2021. The road version was four times oversubscribed. In addition to the road-car model of the Aston Martin Valkyrie, we will produce a limited number of Aston Martin Valkyrie AMR Pro derivatives, which will be track-only products.

DBZ Centenary Pair

The DBZ Centenary Pair comprises a DB4 GT Zagato Continuation, paired exclusively with a contemporary special edition DBS GT Zagato. Only 19 pairs were offered, and they are the most expensive special edition models ever sold by Aston Martin. Deliveries of the DB4 GT Zagato Continuation commenced ahead of time in the third quarter of 2019, and we started deliveries of the DBS GT Zagato in the third quarter of 2020.

DB5 Goldfinger Continuation

A series of 25 DB5 *Goldfinger* Continuation editions will be produced for customers by Aston Martin Works and EON Productions. The DB5 *Goldfinger* Continuation will be based on James Bond's legendary car from 1964 and built by Aston Martin Works at Newport Pagnell, which is the original home of the DB5. The cars will be authentic reproductions of the DB5 seen on screen, with some sympathetic modifications to ensure the highest levels of build quality and reliability. This authenticity will extend to include functioning gadgets such as revolving number plates and more, which were made famous in Goldfinger. The gadgets will be co-developed with Oscar – winner Chris Corbould, special effects supervisor from the James Bond films. We have the prototype gadget car built, and build of the first full prototype has commenced. A majority of the 25 cars have been sold, and first deliveries occurred in the first half of 2020.

Valhalla and Vanquish

The Aston Martin Valhalla, a mid-engine hypercar, is expected to compete with, for example, Ferrari La Ferrari and McLaren Senna. It is expected to be followed by our mid-engine core model, Vanquish. This mid-engine range will draw on the learnings and technology developed by the Aston Martin Valkyrie, deliveries of which are scheduled to start in 2021. Our aim is to increase our average selling price and attract a new group of customers to the brand. With Valhalla and Vanquish, we are targeting customers focused on sports and performance, who drive cars primarily for leisure and pleasure, and care about high tech specifications as well as unique range of customizations and personalizations.

Customization and optionality for cars

Customers enjoy a degree of customization within the base car, 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 Aston Martin cars sold included some customization) and also contributes positively to profit margins.

Production

We have made significant investments in our manufacturing facilities (including our new St. Athan facility), which enable us to expand our production capacity to meet our expected unit growth with limited additional investment. In addition, our core cars 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 capacity. Our manufacturing and quality team ensures that our production processes meet the highest standards of quality and engineering sophistication. In June 2020 we launched a consultation process with our employees and trade unions on proposals to reduce employee numbers reflecting lower than originally planned production. The consultation process is expected to be completed by the end of 2020. At the same time, however, new roles will be created at the St. Athan manufacturing facility.

We believe that Gaydon and St. Athan are two of Europe's most modern and advanced automotive manufacturing facilities in the HLS car market, where efficiency, versatility and quality control are central and which requires highly skilled employees, as well as suitable training and controls and procedures. Our Gaydon facility has an exceptional health and safety record and in 2019 achieved five stars in the British Safety Council Five Star Health and Safety Management Systems audit, as it did in 2015, 2016, 2017 and 2018. On this basis, we have achieved our eighth consecutive 'Sword of Honour' from the British Safety Council in 2019 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 primary 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. Opened in 2003, Gaydon is a modern and highly advanced manufacturing facility with a capacity of 7,000 units per year. If required, we can increase and decrease production at the Gaydon facility as needed by adjusting 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. For instance in August 2018, we quickly increased our headcount to address a production ramp up associated with orders for new models in the second half of the year, and in 2019 and 2020, as part of our cost reduction program, we have significantly reduced our headcount in order to align with demand.

Our engineers and technicians are skilled in a number of areas, which provides us with flexibility in production lines. This flexibility enables us to shift all of our employees across our product range and in different areas of production, enabling us to maximize our production rate and capacity as dictated by demand. We also maintain flexibility from our employees around shifts, to maximize our production capacity. We operate a well-established production system. Through a mixture of challenging targets and employee engagement, our operations team has delivered year-on-year improvements in productivity and quality.

St. Athan

The development of our manufacturing facility in St. Athan, Wales as our second major manufacturing location was completed in 2019, within the planned timeline and within budget. Our manufacturing facility in St. Athan is dedicated to the production of DBX, our first SUV. Full production of DBX commenced in June 2020 and first deliveries occurred in July 2020.

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 car. 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. The Director of Manufacturing at St. Athan was previously a Director of Manufacturing at the Gaydon plant. As with the Gaydon facility, optimized capacity at St. Athan is expected to be approximately 7,000 units per year, although actual production is expected to be significantly lower in the near term.

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. The Old Revolving Credit Facility Agreement and the CLBILS Loan contain, and the New Revolving Credit Facility Agreement will contain, a cross-default provision with respect to our payment obligations under the Guarantee Fee Agreement.

Special Vehicle Operations, Gaydon and Wellesbourne

We have dedicated facilities at Gaydon and Wellesbourne for the production of special editions, including the Aston Martin Valkyrie. These are flexible, low volume facilities tailored to build special editions in an efficient manner. Special editions, which are based on the platform of core cars, utilize the efficiency of our main production line to build the tub and chassis and have bespoke parts fitted in one of our special projects facilities.

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 still remains the home of the heritage and restoration business, Aston Martin Works, and continues to be a manufacturing site for heritage special edition models, such as the DB4 GT Continuation.

Aston Martin Works provides a full car servicing 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 cars shipped back to Newport Pagnell for repair. Experienced mechanics are also sent to conduct works at facilities local to car owners.

Ford

The V12 engines for our advanced modular architecture-based cars are built by Ford at a dedicated Aston Martin Engine Plant in Germany under a long-term supply agreement with Ford. This agreement expires on December 31, 2021. All pre-existing intellectual property rights associated with the engines and their production are licensed to us under a separate agreement with Ford that extends beyond 2021. Any new intellectual property rights generated under the agreement belong to the party responsible for their creation.

In December 2018, we gave 36 months' notice to Ford that we do not intend to extend the contract, and we subsequently entered into a contract with a new supplier. Under this agreement, V12 engines will be assembled and supplied for us from June 2021. This agreement, similar to the Ford contract, is subject to a three-year notice of termination. We are also negotiating with this supplier in relation to the supply of V6 and/or V8 engines. 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.*"

Daimler and Strategic Cooperation Agreement

We have a technical partnership with Daimler for the provision of electrical architecture and entertainment systems. Daimler, which in 2019 was our largest supplier by spend, also provides us with the modified M177 engine, a bespoke V8 powertrain engine for the DB11 V8 variants and the new Vantage. In addition, the DBX SUV electrical architecture is built around Daimler components and networks, delivering infotainment, body electronics, safety systems and powertrain controls.

Our technical and commercial partnership with Daimler began in 2013, when Daimler became one of AM Holdings' shareholders. In 2017, we started production of the first model incorporating the Daimler 4.0 liter V8 engine for the V8 variant of DB11. The primary supply agreements for this technical partnership and engine supply arrangements are long-term agreements, under which Daimler has agreed to provide bespoke V8 engines and all electrical architecture for our vehicles until 2026 (in the case of GTs and sports cars).

On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for details regarding the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

Motorsports

In 2016, we became a sponsor of Red Bull's F1™ team and, since the start of 2018, the F1™ team has competed as 'Aston Martin Red Bull Racing.' This sponsorship has allowed us to promote the Aston Martin brand and access a very wide audience of car enthusiasts across the world.

In early 2020 we entered into an agreement, under which the Racing Point F1™ team will become the Aston Martin F1™ team with effect from the 2021 season. This agreement is for a 10-year initial term, and we will receive an economic interest in the team. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing 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 car owners globally. As of December 31, 2019, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. Our own Aston Martin F1™ team will provide us with a significant global marketing platform, with 22 races per year in different locations across the world (certain of which have been cancelled in 2020 due to the COVID-19 pandemic) and with Aston Martin dealers in 20 of these locations, providing the opportunity to engage with a high proportion of our customers and partners on a yearly basis.

Manufacturing process

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 cars are based on the modular architecture that is the backbone of our product portfolio. This architecture was significantly updated for DB11 and forms the basis of the Vantage and next generation DBS Superleggera. The architecture is a highly flexible integrated modular structure that employs a 'Carry Over-Carry Across' principle for key systems and components that allows for a high degree of product differentiation and includes the car body structure as well as common systems and components. The application of this flexible architecture enables us to produce low volumes of cars 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 cars comprises a number of common structures, which provide flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market.

Chassis construction

The body structure of our cars 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 rivets to create a rigid and light-weight chassis, known as the "bonded monocoque." The Gaydon 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 first 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 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 roof, 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 DB11 and future core products. Further down the assembly line, closures are fitted before final inspection and hand finishing. The bodies then proceed to the paint preparation area.

There is one further body assembly line, where the same process is carried out but this is optimized for a low volume of cars. The main differences on this line are a longer cycle time and manual application of the adhesive.

Painting

Car bodies 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 the application of conductive primer and some localized areas, are carried out by hand. For special colors, the application of the basecoat, clearcoat and any graphics is carried out by hand. The whole car 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 taken away by an automated guided vehicle for storage in a painted body store. We believe that our comprehensive painting process gives our cars a superior finish compared with our competitors' cars.

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 including the finest detail, such as perforating, quilting, broguing, embroidery and embossing. The detailed quilting options are very substantial; some of our cars 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

The Gaydon facility has two assembly lines, each divided into three sections, each with an indexing conveyor, which are then further divided into a number of stations. The assembly lines are equipped with manipulators to load the engine, instrument panel, seats, doors, fuel tank, roadster hoods, batteries, wheels and tires. Our employees are able to work on multiple models and, as such, have a high level of process expertise.

Quality processes

Following assembly, the cars proceed to an area equipped with a laser to set car geometry on both front and rear wheels and to align the headlights. Following this, the cars proceed to a mechanical rolling road test, which checks the ABS braking system and powertrain operation. Cars are then 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 cars go through a final thorough inspection, which involves an inspector making rigorous multi-point checks on each car 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 car.

In addition to all the rigorous inspections and testing that forms part of our manufacturing process, we also undertake regular consumer product audits to help maintain our high standards. Our focus on quality and our inspection, checking and testing processes have helped minimize the amount we have been required to spend on warranty claims, as well as increased customer satisfaction.

In addition to the quality controls in place at the production level, we are also focused on delivering a high-quality service as part of our post-sale customer offering. The facility in Gaydon has a control room dedicated to managing field issues by providing advice in connection with technical requests, coordinating vehicle recoveries and physical support deployments. This team 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 launched a new symptom-based diagnostic tool in the beginning of 2019, which assists dealers with guided diagnosis and self-learning, and which enables 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 cars entering workshops, monitors the location of the car and time spent in repair, and ultimately assists with earlier problem detection. The system also triggers notifications if no diagnosis is identified within a set timescale.

Procurement

Our production purchasing function strategically controls and has commercial responsibility to manage the whole of our supplier base for the sourcing of raw materials such as aluminum, leather components and facilities. We place purchase orders to ensure ownership of all unique tools and fixtures used by our suppliers for the manufacture of our components.

We select suppliers for our core models based on a partner strategy and seek to ensure a high level of continuity of suppliers across our models. For example, of the 164 suppliers engaged in respect of the new Vantage, only 20 are new and the remaining 144 have been carried over from DB11. 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 2019, our largest supplier was Daimler, and the Aston Martin Engine Plant (owned and operated by Ford for the production of V12 engines) also represented (and has historically represented) a significant portion of our supplies. Further Tier 1 supplier partnerships with Pirelli, Bosch, Graziano and Multimatic ensure superior quality and substitute expensive in-house development. See also "*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*." On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for details regarding the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

From 2017, our formerly separate purchasing and logistics departments began to operate as one overall function under the heading of "Supply chain management" 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, 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. Inbound transportation logistics are handled by a third-party supplier who is contracted to handle transportation from the suppliers' plants to our production location. Suppliers experiencing difficulties with quality or delivery performance are able to obtain on-site support from our current vehicle engineering and supplier development teams. Supply Chain Management also provides assistance during the launch of new products and carries out approval activities.

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 judge 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. 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 car goes into production. The success of this methodology has been demonstrated through the launch of DB11 and Vantage.

During the global lockdown as a result of the COVID-19 pandemic, we have worked closely with our suppliers to secure the necessary supply of materials and components in order to align our supplies with scheduled production of DBX in the second half of 2020.

Customer sales and marketing

We maintain a franchised dealer network, which is the primary means through which we sell our cars to customers. Since 2015, this dealership network has been 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 Lagonda 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 cars and make certain other contractual commitments and in return are permitted to sell our cars and merchandise. Our policy is to sell to dealers who provide an in-store experience and who promote the cars in a manner consistent with the Aston Martin Lagonda brand. Non-authorized dealers are not able to sell new or certified pre-owned Aston Martin Lagonda cars. 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 Lagonda 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 a high luxury experience at every touch-point with us and the Aston Martin Lagonda brand.

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 independent, brand-dedicated outlets for sales and service, to shared sites (with complementary brands), to a separate department within a larger collection of brands. All dealers provide aftermarket and repair services for the cars and within the United Kingdom there are a further two authorized service centers.

Over the past 19 years, the dealer network has undergone significant expansion, growing from 61 dealerships in 19 countries in 2000, to 162 dealerships in 51 countries as of September 30, 2020. In particular, over the last few years we have developed our Asia Pacific dealer network, most notably, our Chinese dealer network, to build on recent success and the further growth opportunities associated with the increasing number of HNWIs in these regions. 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 good 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. We acquired a 50% stake in Aston Martin Works, our historic home and the site where our continuation models are made, in April 2010.

The worldwide distribution of dealerships as of September 30, 2020 was as follows:

Number of dealerships	**As of September 30, 2020**
United Kingdom and South Africa	22
EMEA (excluding United Kingdom)	50
Americas	44
Asia Pacific	46
Total	**162**

We plan to grow the number of Aston Martin dealerships in the medium term to support the launch of the DBX and increasing demand for our sports cars. This will enable us to sell to HNWIs in territories where there are currently no Aston Martin dealers. When assessing where to locate new dealerships, we use a multi-dimensional analysis of region and individual markets across all postal areas and data sets. Extensive data analysis is conducted to assess competitor networks, drive times, geographic locations, wealth distribution, purchasing power and current dealer coverage against HLS registration activity. This enables us to identify the most advantageous locations for new dealerships.

The proportion of revenues represented by our top five dealer groups (which refers to one or more sites operated by the same group of companies under common ownership) has stayed relatively constant over the last five years (with the exception of a reduction in dealers and volume from one such dealer group) and in 2019, our top five dealer groups represented approximately 20% of our total sales volume.

The following table sets out the geographical distribution of our total car sales to dealers for the years ended December 31, 2017, 2018 and 2019 and for the nine months ended September 30, 2020.

	For the years ended December 31,			For the nine months ended September 30,	For the nine months ended September 30,
Location	**2017**	**2018**	**2019**	**2019**	**2020**
United Kingdom and South Africa	1,538	1,798	1,429	949	470
EMEA (excluding United Kingdom)	1,316	1,489	1,074	738	440
Americas	1,277	1,761	2,050	1,301	342
Asia Pacific	967	1,393	1,309	951	303
Total	**5,098**	**6,441**	**5,862**	**3,939**	**1,555**

Dealer pricing and marketing support

Although we provide a manufacturer's suggested retail price for all our cars, 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 cars 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 September 30, 2020, we operated this financial services business with six partners in 20 markets around the world and they are particularly popular in the U.K., Germany and the U.S. 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 cars 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. In 2019, we started the year with elevated levels of company and dealer stocks and utilized marketing support to incentivize retail sales to start to de-stock the network. Whilst dealer stocks as of September 30, 2020 were more than 1,400 units lower than they were at December 31, 2019, they remain elevated, and we are focused on rebalancing supply and demand, to allow us to regain our price positioning. During the three months ended September 30, 2020, we have continued to make good progress in connection with de-stocking our dealer network, and we could further reduce our global dealer stock by more than 550 vehicles and ahead of plan.

We also have the Wholesale Finance Facility and the Receivables Finance Facility in place, which may be utilized in connection with sales of our cars and which are backed by credit insurance in the event of dealer default. Where any of these facilities is used, we receive the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility agreement and the Receivables Finance Facility agreement, as applicable) 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 car to a dealer, the dealer is required to pay for the car before delivery, other than in North America where dealers typically have 10 days to pay us.

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 1,555 units for the nine months ended September 30, 2020 (comprised of eleven special editions, 345 DBX cars, 369 Vantage cars, 351 DBS Superleggera cars, 458 DB11 cars and 21 prior generation cars), compared to 3,939 for the nine months ended September 30, 2019 (comprised of 47 special editions, 1,450 Vantage cars, 786 DBS Superleggera cars, 1,532 DB11 cars and 124 prior generation cars).

Our wholesale volumes for the nine months ended September 30, 2020 decreased primarily due to the impact of the COVID-19 pandemic and, to a lesser extent, the strategic de-stocking of our dealers and lifecycle decay of our models by 68% in Asia Pacific (by 72% in China), by 74% in the Americas, by 40% in EMEA (excluding U.K.) and by 50% in the United Kingdom compared to the nine months ended September 30, 2019, generally with a greater impact in the second quarter than in the first quarter and third quarter of 2020.

Secondary market

In 2016, we launched the Aston Martin global certified pre-owned sports car program "Timeless." This program, 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, including special edition models such as the V12 Vantage Zagato and the One-77.

"Timeless" is the Aston Martin-approved used car program that currently assures the quality of used cars sold via approved dealers in the United Kingdom, EMEA, United States and Asia Pacific (with a roll-out in China planned in the medium term). 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 cars sold under the scheme. These efforts, together with the general desirability of the cars, have contributed to supporting the secondary market prices of our cars, generate limited revenue for the Group and ensure Aston Martin cars are being bought and driven around. In addition, buyers of used Aston Martin cars are more likely to buy a new car in the future.

Marketing

Our marketing expenditure is mainly attributable to F1™ sponsorship, new product launches, key HNWI motoring events, such as Goodwood Festival of Speed and Goodwood

Revival, Pebble Beach 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 next James Bond film, will feature four Aston Martin cars, including DB5, DBS Superleggera and Valhalla.

Away from core automotive activities, we have also attracted HNWI 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 Lagonda brand and our partners. In addition, investments in digital marketing and tools has led to internal efficiencies and increased online leads, along with a social media audience that as of September 30, 2020 exceeded 17 million people.

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 the Aston Martin Valkyrie to have its global debut in front of a home crowd at the British Grand Prix in July 2019. This 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.

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 car owners globally. As of December 31, 2019, approximately 80% of premium and luxury car buyers in the United Kingdom, United States, Germany and Japan had an interest in F1™. Our involvement in F1™ provides us with a significant global marketing platform, with 22 races per year in different locations across the world (certain of which have been cancelled in 2020 due to the COVID-19 pandemic) and with Aston Martin dealers in 20 of these locations, providing the opportunity to engage with a high proportion of our customers and partners on a yearly basis.

In 2016, we became a sponsor of Red Bull's F1™ team and, since the start of 2018, the F1™ team has competed as 'Aston Martin Red Bull Racing.' In early 2020 we entered into an agreement, under which the Racing Point F1™ team will become the Aston Martin F1™ team with effect from the 2021 season. This agreement is for a 10-year initial term, and we will receive an economic interest in the team. The agreement includes a sponsorship arrangement effective from 2021 to 2025 with expenses commensurate with our current annual F1™ expenditure and is renewable for additional five years, subject to certain conditions. We expect that this agreement will strengthen our brand presence without being associated with the direct costs of owning an F1™ team. For the remainder of the 2020 F1™ season, we will continue our proud sponsorship of the Red Bull Racing F1™ Team. See "*Certain relationships and related party transactions—F1™ Sponsorship Agreement*."

We also market indirectly through the Aston Martin Racing Program, which promotes the Aston Martin brand through participating in endurance GT racing events such as Le Mans and Nürburgring 24 hour races. The Aston Martin Racing Program brings in sponsorship, which contributes to the program's funding. In 2016, the Aston Martin Racing team won two world championship titles, in 2017, the team took victory in the GTE Pro Class at the Le Mans 24 hour race and in 2018, the Vantage GTE took its first win in Shanghai on our debut race. As a result, Aston Martin Racing has enabled the credible establishment of the AMR sub-brand.

Design and product development

Our product development and design team comprises of designers, engineers and technicians, covering almost all aspects of new car planning, design and development. The modular architecture, which employs a 'Carry Over-Carry Across' 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. Following our investment in our aluminum architecture, engines and shared systems for DB11, Vantage and DBS Superleggera required less product development expenditure than DB11.

Most of our design activities are carried out by our design team at our design facility in Gaydon and a new facility in Milton Keynes, which opened at the end of 2018. 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 are also responsible for trim and attention to detail in design, for which we have become recognized. We have received numerous awards. For example, the DB11 V8 Coupe was named the What Car 'Car of the year (Coupe more than £50,000)' in 2018, 2019 and 2020, the DBS Superleggera 'Sunday Times Sports Car of the Year' in 2019 and the DBX 'Best Luxury SUV' by GQ Car Awards and 'SUV of the Year' by Off Road in 2020.

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 car sale volumes having increased from the low hundreds during the 1980s and 1990s to 5,862 in 2019, this division is expected to benefit from the increasing number of customer cars 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 £63.0 million in the year ended December 31, 2019 (compared to £61.1 million in the year ended December 31, 2018) and £40.5 million in the nine months ended September 30, 2020.

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 car components.

Our Heritage Operations, a division of Aston Martin Works, offer service and repairs to owners. It is recognized as the leader in restoration of our cars, of which around five are completed per year.

The Aston Martin Works business is further enhanced by its ability to build small-volume continuation cars. These vehicles are built in sub-30 unit production numbers and usually take 18 months to complete a full product cycle. They are the most profitable vehicles to be produced at Newport Pagnell and some of the highest margin vehicles produced by us.

In addition to generating revenue, these activities help protect our heritage, which we believe underpins much of the Aston Martin's brand's appeal and our continued development. Our revenue from the servicing business was £9.3 million in the year ended December 31, 2019 (compared to £14.6 million in the year ended December 31, 2018) and £5.3 million in the nine months ended September 30, 2020.

Servicing and repair services are also available from authorized service centers in franchised Aston Martin Lagonda 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*."

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 Lagonda 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. As part of the sale of Aston Martin by Ford in 2007, Ford granted us a non-exclusive, worldwide, fully paid license to use, sell and import products falling under certain patent applications and granted patents as well as non-patented IP owned by Ford that was, at the time of the sale, used or planned for use by the business. More recently, and pursuant to the arrangements with Daimler, we benefit from various licenses to use certain technology and confidential know-how arising in respect of agreed applications of Daimler technologies in our products. On October 27, 2020, AML Global Holdings announced that it intends to enter into the Strategic Cooperation Agreement with MBAG, an affiliate of Daimler. See "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for details regarding the Strategic Cooperation and "*Risk factors—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation. 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 copyrights

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," "Vantage" and "Vanquish" model names. Our front grill design and the configuration of the side vent on our cars 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 Lagonda brand for use in connection with a franchise network of dealerships spanning many countries across the world.

Information technology

We rely on a number of IT systems to support our business. Information technology is managed by in-house teams of IT personnel and through our key support partners who together are responsible for the development and support of IT services. To ensure business continuity, the IT function is spread across various sites. All factory systems are on premises, while customer, dealer and email systems are typically hosted in the cloud. We are compliant with ISO27001 certification and have a dedicated cyber security team in place to support development of IT systems and autonomous technology development within the automotive sector.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property coverage, product liability (although this 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 Receivables Finance Facility that we have entered into. 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 cars 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 cars, 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 internal-combustion engine cars entirely. In addition, consumers who elect to buy high emission HLS cars may be subject to taxes based on cars' CO_2 emissions. For example, a bill significantly increasing such taxes based on cars' CO_2 emissions is currently in the process of being implemented in France.

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 only to light-duty vehicle manufacturers that sell fewer than 10,000 new vehicle registrations within the EU per year, wherein we have agreed bespoke CO_2 targets with the EU.

The European Commission has recently 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 cars 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 will initially replicate the EU's CO_2 targets and "small-volume" manufacturers provisions for the short term. The United Kingdom's government has indicated that it will set its own CO_2 targets in the medium term.

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. For model years up to and including 2016, the EPA allows manufacturers that sell fewer than 5,000 cars in the United States per model year to make use of an offset to the applicable GHG standards for model years 2012-2016. Our fleet-wide GHG emissions exceeded the level permitted by the EPA's GHG standard for model years 2012 to 2016. The EPA has deemed us to be conditionally exempt from the requirement for 2012 and we have negotiated to purchase GHG credits to cover our exceedances for model years 2013 and 2014. 2015 and 2016 became part of an alternative standard application process for the model years 2017 and subsequent.

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.

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 2012 to 2022. 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 car 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, as the first state in the United States, has recently announced a plan to phase out sales of new, gasoline-powered cars by 2035.

China

China's fuel consumption regulation came into effect in 2005 with a phased approach and the latest phase (phase 5) will come into force in 2021. The China Fuel consumption standard, issued by the Ministry of Industry and Information Technology, is closely 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. We anticipate the need to purchase CO_2 credit for calendar years 2020 to 2023.

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, which became mandatory within the EU in September 2016. Real-world Driving Emissions ("*RDE*") tests, intended to complement laboratory testing to measure compliance in a real-world setting, have applied since September 2017 for all new car types and apply to all vehicle types (whether new or existing) since September 2019. In addition to RDE, the European Commission has introduced changes to the Evaporative Emissions test methods. As a further development of the 2016 standard, 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. We are eligible for a small-volume manufacturer provision within the emissions standard and fully comply with all aspects of the revised standard for all vehicles.

Following the end of the Brexit transition period, the United Kingdom will initially remain aligned with the EU's vehicle exhaust emissions legislation and limits.

United States

In the United States, the EPA has responsibility for establishing and enforcing emission control standards regulating passenger cars and light trucks. The EPA has 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 will further reduce the allowed levels of exhaust and evaporative emissions and petrol sulphur 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.

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 US 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 Read 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.

Car safety

All our products are compliant in all 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 car 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 upon 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 cars and associated equipment.

China

In China, car 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 manufactures 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 will be 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*."

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 Aston Martin, Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

Name	Date of birth	Position
Lawrence Stroll	July 11, 1959	Executive Chairman
Tobias Moers	May 18, 1966	Chief Executive Officer
Kenneth Gregor	April 5, 1967	Chief Financial Officer
Peter Espenhahn	March 14, 1944	Independent Non-Executive Director
Lord Matthew Carrington	October 19, 1947	Independent Non-Executive Director
Amr Ali Abdallah AbouelSeoud	November 6, 1968	Non-Executive Director
Mahmoud Samy Mohamed Ali El Sayed	September 20, 1971	Non-Executive Director
Michael de Picciotto	May 9, 1962	Non-Executive Director
William (Bill) Tame(1)	July 4, 1954	Independent Non-Executive Director

(1) William Tame was appointed to the Board on June 3, 2020 as a non-independent Non-Executive Director pursuant to a relationship with one of our prior significant shareholder groups. Following the termination of such relationship agreement, the Board determined and announced on September 16, 2020 that William Tame is independent and that he would continue on the Board as an independent Non-Executive Director.

Mr. 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., a major men's clothing retailer and a subsidiary of Pepe, 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 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.

Mr. Tobias Moers

Mr. Moers is a highly successful and experienced automotive professional having spent more than 25 years in senior roles at Daimler AG, the German-based global automotive OEM. Prior to joining Aston Martin, he was Chairman of the Management Board and Chief Executive Officer of Mercedes-AMG GmbH, a position he held since October 2013, and acting Chief Technical Officer. He has established a successful track record of implementing business transformation in a competitive environment. Mr. Moers' focus on operating and manufacturing efficiency delivered significant margin expansion and this strong financial performance was supported by the introduction of a clear brand management strategy, which delivered an increase in brand value and awareness. Mr. Moers is an Industrial Engineer and earned his degree from the University of Applied Science, Offenburg.

Mr. Kenneth Gregor

Mr. Gregor has over 20 years of automotive experience, most recently as Chief Financial Officer of Jaguar Land Rover for 11 years from 2008. Under his leadership, the finance group developed as a strong business partner to support the delivery of shareholder value and the company's growth ambitions. Prior to his appointment as CFO of JLR, Mr. Gregor held a number of roles within JLR from 1997 including Group Financial Controller and financial control roles within Marketing, Sales and Service and Product Development. Mr. Gregor holds a BSc (Hons) in Applied Mathematics from the University of St. Andrews and an MBA from Cranfield University.

Mr. Peter Espenhahn

Mr. Espenhahn has a wealth of financial experience, having worked on audit, tax and investigations with Deloitte, Plender, Griffiths & Co and, from 1972 to 1998, in corporate finance with Morgan Grenfell & Co. Ltd and Deutsche Bank. He was subsequently a non-executive director and later chair of Telspec plc, a telecoms manufacturer, and chair of Bibendum Wine (Holdings) Ltd and Old Broad Street Research Ltd. Mr. Espenhahn has an MA in Economics and Law from the University of Cambridge.

Lord Matthew Carrington

Lord Carrington is a member of the House of Lords and non-executive director of the Arab British Chamber of Commerce and Carrington Crisp Ltd. He has been a non-executive board member of various businesses and associations, including Gatehouse Bank plc, where he was also chairman of the board from 2015 to 2017. He has served as Chief Executive of the Retail Motor Industry Federation and executive Chairman of the Outdoor Advertising Association. From 1993 to 1996, Lord Carrington was a member of the Treasury Select Committee, becoming Chairman in 1996, and also served as Government Whip. Lord Carrington was a manager at the Saudi International Bank in London, where he set up and ran the bank's Islamic financing department. Lord Carrington holds a BSc in Physics from Imperial College London and a MSc in Economics from the London Business School.

Mr. Michael de Picciotto

Mr. de Picciotto is Vice-Chairman of the Supervisory Board of Engel & Völkers AG, a Hamburg-based real estate group founded in 1977, a position he has held since March 2016, having been an important shareholder in the firm since 2014. Since 2015, he has been deploying his capital, in many case taking stakes in small/medium size family owned companies and joining their Boards. Michael started his career at RBC Dominion Securities, a global 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. Mr. de Picciotto then joined Union Bancaire Privée (UBP), a family owned Swiss private bank in London and Geneva where he worked for 27 years until 2015. During that time, he held several senior leadership positions including being responsible for UBP's global financial activities as well as treasury and trading and its London operations from 1990. Michael also served as a long-standing member of the Executive Board of Union Bancaire Privée and remains a shareholder in the bank. Michael studied at the Ecole des Hautes Etudes Commerciales at the University of Lausanne.

Mr. Amr Ali Abdallah AbouelSeoud

Mr. AbouelSeoud has been a director within the Group since March 2007. With over 20 years of experience in the investment industry, Mr. AbouelSeoud also currently holds board positions at Tejara Capital Limited, Tejara Capital Investment Bank, Manazel Real Estate Developments Company, Credit Rating & Collection Company and Grosvenor House Apartments Limited (UK). Mr. AbouelSeoud has worked at Coopers & Lybrand and Ernst & Young and has a Bachelor of Commerce and Accounting from Cairo University. He is a Certified Public Accountant.

Mr. Mahmoud Samy Mohamed Ali El Sayed

Mr. Ali El Sayed has been a director within the Group since March 2007. He is the current Chief Executive Officer and Vice Chair of Adeem Investment and Wealth Management Company and serves as the Chair of the board at Manazel Development Company (K.S.C.C—Kuwait) and Grosvenor House Apartments Limited (UK) and a director of Wethaq Takaful Insurance Egypt (S.A.E). Prior to holding these positions, Mr. Ali El Sayed was an executive Vice-President of Investment and Risk Management at EFAD Holding (K.S.C.C) and had also worked in assurance services for PricewaterhouseCoopers in Kuwait and KPMG in Egypt. He holds a BS (Commerce) in Accountancy from Cairo University and is a Certified Risk Analyst and a Certified Public Accountant.

Mr. William Tame

Mr. Tame has held a number of non-executive directorships including most recently as Independent Non-Executive Director and subsequently as Chairman of Southern Water Services Ltd (2015-2019) and as Senior Independent Director and Audit Committee Chair of Carclo plc (2006-2015). He has also acted as an advisor for various private equity firms since 2019. He was Group Finance Director of Scapa Group plc in 1999 and then Group Finance Director and CEO of the International Division of Babcock International Group plc from 2001 to 2018. Mr. Tame has also held a number of financial roles in business, including at The Boots Company plc and Courtaulds plc. Mr. Tame is a qualified Chartered Accountant.

Executive Committee

The current members of the executive committee with responsibility for day-to-day management of Aston Martin Lagonda are set out below. The business address of each of the members of the executive committee (in such capacity) is Aston Martin, Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

Name	Date of birth	Position
Tobias Moers	May 18, 1966	Chief Executive Officer
Kenneth Gregor	April 5, 1967	Chief Financial Officer
Marek Reichman	March 27, 1966	Chief Creative Officer
Keith Stanton	July 30, 1960	Chief Operating Officer
Jonathan Pollock	May 17, 1965	Chief Sales Officer
Michael Marecki	April 15, 1960	General Counsel
Prudence Helen Medford	March 11, 1978	Director of Human Resources

See "*—Board and Directors*" for the biographies of Tobias Moers and Kenneth Gregor.

Mr. Marek Reichman—Chief Creative Officer

Mr. Reichman joined Aston Martin Lagonda in 2005 and is the Chief Creative Officer responsible for design developments. During his professional career, he has held design roles at Ford, BMW, Land Rover, Rover Cars and Nissan. Prior to joining Aston Martin Lagonda, he was Design Director at Ford North America. Mr. Reichman holds a B.A. in Industrial Design from Teesside University and an Mdes in Vehicle Design from the Royal College of Art, London. In 2011, Mr. Reichman received an Honorary Doctorate from Teesside University.

Mr. Keith Stanton—Chief Operating Officer

Mr. Stanton joined Aston Martin Lagonda in 2007 and currently works as the Chief Operating Officer. Mr. Stanton has over 35 years' experience in the automotive sector and previously held positions as Global Purchasing and Business Improvement Director for LDV and Plant Operations Director for Ford Motor Company. Mr. Stanton studied at London City University Business School, where he earned an M.B.A.

Mr. Jonathan Pollock—Chief Sales Officer

Mr. Pollock joined Aston Martin Lagonda in August 2020 and is currently the Chief Sales Officer. During his professional career, he was product manager for Nissan Motor GB Ltd., general manager in various positions for Toyota GB Plc, sales director for Nissan Motor GB Ltd., consultant for Macintyre Hudson Advisory Services LLP, managing director for the Europe region and global sales director of McLaren Automotive Ltd. In addition, he is the director and founder of AutoKaizen Limited. Mr. Pollock holds a BA (Hons) from the University of Warwick.

Mr. Michael Marecki—General Counsel

Mr. Marecki joined Aston Martin Lagonda in July 2007 and is 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.

Mrs. Prudence Helen Medford—Director of Human Resources

Mrs. Medford joined Aston Martin Lagonda in January 2020 and is Director of Human Resources. Between 2004 and 2019, Mrs. Medford worked for Jaguar Land Rover in a variety of human resources related roles. From 2015 to 2018, Mrs. Medford led a human resource team in North America as Vice President of Human Resources at Jaguar Land Rover North America. Since 2005, Mrs. Medford has been a member of the Chartered Institute of Personnel and Development. Mrs. Medford holds a BSc in Psychology from the University of Birmingham and a graduate certificate in Organisational Development from the University of Sussex.

The Board and Corporate Governance

AML Global Holdings is firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of Aston Martin Lagonda. 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 nine members: the Executive Chairman, two Executive Directors and six Non-Executive Directors. The Board's role is to establish Aston Martin Lagonda's 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 U.K. 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, three of AML Global Holdings' eight Directors (excluding for these purposes the Executive Chairman) are considered independent non-executive directors for the purposes of the U.K. Corporate Governance Code. The Board regards Peter Espenhahn, Lord Matthew Carrington and William (Bill) Tame to be independent for the purposes of the U.K. Corporate Governance Code. Amr Ali Abdallah AbouelSeoud, Mahmoud Samy Mohamed Ali El Sayed and Michael de Picciotto, as representative Directors nominated by major shareholders, and Tobias Moers and Kenneth Gregor as executive directors, are not regarded as independent for the purposes of the U.K. Corporate Governance Code. Executive Chairman Lawrence Stroll was not independent on appointment. We are therefore currently non-compliant with the U.K. 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.

In addition, in connection with the Strategic Cooperation Agreement, AML Global Holdings and MBAG have entered into the MBAG Relationship Agreement. The MBAG Relationship Agreement provides that (i) MBAG shall be able to 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) the right to nominate one director will continue for so long as MBAG's shareholding in AML Global Holdings is equal to or exceeds 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 will be able 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. As a result, AML Global Holdings is expected to (i) become non-compliant with the U.K. Corporate Governance Code in relation to the proportion of independent Non-Executive Directors on the nomination committee of the Board and (ii) require a larger number of independent Non-Executive Directors in order to become compliant in respect of the Board composition.

We are currently undergoing a search for suitable independent Non-Executive Director candidates to appoint to the Board and have identified a number of qualified potential candidates who we are in the process of vetting. At this stage no offer has been made or accepted. If we are unable to appoint suitable candidates, we may continue to be non-compliant with the U.K. Corporate Governance Code. See "*Risk factors—Risks relating to our business and industry—We are currently non-compliant with the U.K. Corporate Governance Code in relation to the proportion of non-independent directors on the Board and could be required to explain the reason for non-compliance to our shareholders.*"

Remuneration

The compensation for the Executive Directors of AML Global Holdings includes base salaries, performance based bonus payments, benefits (car 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.

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, 2020. 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.

The aggregate compensation paid by Aston Martin Lagonda to its Executive Directors and key management personnel for the year ended December 31, 2019 was £4.8 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), for the purposes of issuing certain of the Old Notes. The Issuer is a special purpose finance subsidiary with no significant assets other than the existing notes proceeds loans in relation to the Old Notes and the shares it holds in its direct subsidiary, AM Capital.

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 U.K.

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
Kenneth Gregor	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 Kenneth Gregor and "*Management—Executive Committee*" for the biography of Marek Reichman.

The secretary of the Issuer is:

Name	Business Address
MCS 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 are the issue of the Old Notes, the Second Lien Notes and the New Notes, utilization of the proceeds of the Old Notes, the Second Lien Notes and the New 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 Old Revolving Credit Facility Agreement and the New 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 at 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 the Old Notes, the expected issue of the Second Lien Notes, the issue of the New Notes offered hereby and the provision of guarantees under the Old Revolving Credit Facility Agreement and the New 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 Financial Conduct Authority and to trading on the Main Market for listed securities of the London Stock Exchange.

In March and April 2020, AML Global Holdings completed the Capital Raise in an amount of £535.7 million (less total fees of £25.1 million), consisting of a private placing of shares in AML Global Holdings to the Yew Tree Consortium Significant Shareholder Group led by Lawrence Stroll and a fully underwritten rights issue of shares of AML Global Holdings.

In June 2020, AML Global Holdings raised an additional £152.1 million of gross proceeds in the June Equity Placing, consisting of a non-pre-emptive placing of new ordinary shares of AML Global Holdings and a concurrent offer for retail investors to subscribe for shares of AML Global Holdings.

As of the date of this Offering Memorandum, AML Global Holdings has two groups of significant shareholders, namely, the Yew Tree Significant Shareholder Group and the Adeem/Primewagon Significant Shareholder Group. The relationship between AML Global Holdings and each of these Significant Shareholder Groups is governed by the Relationship Agreements. The purpose of these Relationship Agreements is to document the director nomination rights and certain other governance arrangements between AML Global Holdings and each of the Significant Shareholder Groups. For details on the Relationship Agreements see "*Certain relationships and related party transactions—Relationship Agreements*."

As of October 23, 2020, 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 Significant Shareholder Group	456.0 million	24.99%
Adeem/Primewagon Significant Shareholder Group	191.1 million	10.48%
Invesco Limited	102.5 million	5.62%
Legal & General	49.0 million	2.69%
MBAG	47.6 million	2.61%

As part of the Transactions, including the New Equity Offering and the First Strategic Cooperation Equity Issuance, the major interests in AML Global Holdings' ordinary share capital are expected to change, in particular in connection with the Strategic Cooperation. See "*Summary—Summary corporate and financing structure*," "*Summary—The Transactions*" and "*Certain relationships and related party transactions—Strategic Cooperation Agreement*" for additional information.

Certain relationships and related party transactions

Relationship Agreements

As of the date of this Offering Memorandum, AML Global Holdings has two groups of significant shareholders, namely the Yew Tree Significant Shareholder Group and the Adeem/Primewagon Significant Shareholder Group. See "*Principal shareholders*." The relationship between AML Global Holdings and each of these Significant Shareholder Groups is governed by the Relationship Agreements. The purpose of each Relationship Agreement is to document the director nomination rights and certain other governance arrangements between AML Global Holdings and each of the Significant Shareholder Groups and to ensure that AML Global Holdings can carry on its business independently and for the benefit of shareholders as a whole.

Each of the Relationship Agreements provides that each Significant Shareholder Group is entitled (i) to nominate two Non-Executive Directors to the Board so long as the Significant Shareholder Group's direct or indirect interest in the voting rights of AML Global Holdings is at least 10% and (ii) to 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 relevant Significant Shareholder Group 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 of AML Global Holdings.

The Relationship Agreements also provide 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, the appointment or dismissal of executive directors and the grant of certain equity incentive awards.

In addition, the board cannot propose an amendment to the articles of AML Global Holdings which would be in conflict with the provisions of the Relationship Agreements without the prior written consent of the relevant Significant Shareholder Groups.

The Relationship Agreements will terminate upon the relevant Significant Shareholder Group 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 Financial Conduct Authority.

MBAG Relationship Agreement

In connection with the Strategic Cooperation Agreement (see "*—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 agreements that AML Global Holdings has in place with the Yew Tree Significant Shareholder Group and the Adeem/Primewagon Significant Shareholder Group.

The MBAG Relationship Agreement provides that (i) MBAG shall be able to 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) the right to nominate one director will continue for so long as MBAG's shareholding in AML Global Holdings is equal to or exceeds 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 will be able 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 Strategic Cooperation 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, the appointment or dismissal of executive directors and the grant of certain equity incentive awards.

In addition, the Board cannot propose an amendment to the articles of AML Global Holdings which would be in conflict with the provisions of the Relationship Agreements without the prior written consent of MBAG.

The MBAG Relationship Agreements 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 Financial Conduct Authority.

Strategic Cooperation Agreement

On October 27, 2020, AML Global Holdings announced that it intends to enter into an enhanced strategic co-operation arrangement (the "*Strategic Cooperation Agreement*") with one of its existing shareholders, Mercedes-Benz AG ("*MBAG*"), pursuant to which AML will issue up to a total of 458,942,744 new ordinary shares to MBAG (the "*Consideration Shares*") in exchange for access to certain technology to be provided to AML Global Holdings by MBAG (the "*Strategic Cooperation*").

The Strategic Cooperation will provide us with access to a wide range of MBAG's technology and intellectual property for the next generation of our luxury vehicles, in consideration for which AML Global Holdings intends to issue up to a total of 458,942,744 Consideration Shares to MBAG in at least two tranches following receipt of the necessary shareholder and regulatory approvals and by no later than the first quarter of 2023. If issued in full, the Consideration Shares would increase the size of MBAG's shareholding in AML Global Holdings to 20% (on an enlarged fully diluted basis and taking into account the issue of the New Equity Offering and the Consideration Shares, and MBAG's current shareholding in AML Global Holdings).

In connection with the Strategic Cooperation, AML Global Holdings has also agreed to grant to MBAG certain appointment rights to the Board. See "*—MBAG Relationship Agreement*."

Due to the size of the consideration that is proposed to be provided to MBAG pursuant to the Strategic Cooperation Agreement, the Strategic Cooperation requires and remains subject to the approval of AML Global Holdings' shareholders. In addition, the terms of the Strategic Cooperation also remain subject to customary regulatory approvals, including approval by the German Federal Cartel Office ("*FCO*") in Germany and confirmation from the Competition and Markets Authority ("*CMA*") in the U.K. that it does not intend to investigate the Strategic Cooperation or, alternatively, approval by the CMA following any such investigation.

Issue of the Consideration Shares and access to MBAG Technology

Pursuant to the terms of the Strategic Cooperation Agreement, AML Global Holdings intends to issue to MBAG up to a total of 458,942,744 Consideration Shares, the aggregate value of which (if issued in full) has been agreed between AML Global Holdings and MBAG to be equal to approximately £286 million (the "*Aggregate MBAG Consideration Amount*"), by reference to a fixed price of 62.317 pence per Consideration Share (the "*MBAG Entry Price*"). In consideration for the issue to it of the Consideration Shares, MBAG shall provide us with access to certain of its technology and intellectual property of an equivalent value (the "*MBAG Technology*").

The Strategic Cooperation Agreement envisages the Consideration Shares being issued to MBAG in several tranches, with access to MBAG Technology to be provided to us over several corresponding stages. AML Global Holdings and MBAG have agreed that:

- subject to and as soon as practicable following shareholder and all necessary regulatory approvals being obtained, which is expected to take place in the fourth quarter of 2020, AML Global Holdings shall issue to MBAG Consideration Shares (the "*Tranche 1 Consideration Shares*") with an aggregate value (by reference to the MBAG Entry Price) of £140 million (the "*Tranche 1 Valuation Amount*");

- in consideration for the issue to it of the Tranche 1 Consideration Shares, MBAG shall provide us with access to certain MBAG Technology, the scope and pricing of which has been agreed in the Strategic Cooperation Agreement (and shall, unless AML Global Holdings and MBAG agree otherwise, include engine and powertrain technology and state-of-the-art E/E architecture) and the aggregate value of which shall be equal to the Tranche 1 Valuation Amount (the "*Phase 1 Technology*").

- full terms of the provision to the Group of access to and use by us of any MBAG Technology (including the Phase 1 Technology) are to be agreed between AML Global Holdings and MBAG (or their respective subsidiaries) in standalone ordinary course operational agreements (the "*Operational Agreements*");

- during the AML Global Holdings' financial year ending December 31, 2021, AML Global Holdings and MBAG expect to agree the scope and value of further MBAG Technology that the Group may be provided access to over the course of that year (the "*Phase 2 Technology*"), which shall, subject to commercial terms being agreed, be documented between them (or their respective subsidiaries) in further Operational Agreements;

- by no later than the first quarter of 2022, AML Global Holdings shall issue to MBAG additional Consideration Shares (the "*Tranche 2 Consideration Shares*"), the aggregate value of which (by reference to the MBAG Entry Price) shall be equivalent to the aggregate value of all Phase 2 Technology that has been agreed in the Operational Agreements relating to such technology (the "*Tranche 2 Valuation Amount*");

- if, following the issue to MBAG of the Tranche 2 Consideration Shares, the Tranche 1 Valuation Amount and the Tranche 2 Valuation Amount are, in aggregate, less than the Aggregate MBAG Consideration Amount agreed in the Strategic Cooperation Agreement, AML Global Holdings and MBAG expect, during AML Global Holdings' financial year ending December 31, 2022, to continue to agree the scope and value of further MBAG Technology that the Group may be provided access to over the course of that year (the "*Phase 3 Technology*"), which shall, subject to commercial terms being agreed, be documented between them (or their respective subsidiaries) in further Operational Agreements;

- once the value of any Phase 3 Technology agreed in the relevant Operational Agreements, when taken in aggregate with the Tranche 1 Valuation Amount and the Tranche 2 Valuation Amount, is equal to or exceeds the Aggregate MBAG Consideration Amount, AML Global Holdings shall issue the final tranche of Consideration Shares to MBAG (the "*Tranche 3 Consideration Shares*"); and

- all Consideration Shares that are capable of being issued to MBAG in connection with the Strategic Cooperation shall be issued to it by no later than the first quarter of 2023.

If, following the issue of the Tranche 2 Consideration Shares or the Tranche 3 Consideration Shares (as relevant), the aggregate value of all MBAG Technology that AML Global Holdings has been provided access to at such time is greater than the Aggregate MBAG Consideration Amount, AML Global Holdings shall make MBAG whole for this shortfall by making an additional cash payment of an equivalent amount to MBAG (a "*Cash Top-up*"). The ability of AML Global Holdings to make any Cash Top-up payments to MBAG, either after the issue of the Tranche 2 Consideration Shares or after the issue of the Tranche 3 Consideration Shares, is subject to a maximum cap of £28.6 million.

If, at the time of issue of the Tranche 2 Consideration Shares or the Tranche 3 Consideration Shares, the volume weighted average price of the ordinary shares for the 30 consecutive trading days that are two business days prior to the date of issue of the Tranche 2 Consideration Shares or the Tranche 3 Consideration Shares (as applicable) (the "*Reference Price*") is lower than the MBAG Entry Price, AML Global Holdings will make an additional cash payment to MBAG in an amount equal to the difference between the MBAG Entry Price and the

Reference Price multiplied by the number of the Tranche 2 Consideration Shares or the Tranche 3 Consideration Shares (as applicable) that has been issued to MBAG.

Under the terms of the Operational Agreements, in addition to making MBAG Technology available to us, MBAG (or its relevant subsidiary) is also expected to supply both hardware and software components to us. Where relevant, AML Global Holdings (or its relevant subsidiaries) will pay arm's length supply prices under the Operational Agreements.

MBAG Lock-up

Pursuant to the Strategic Cooperation Agreement, MBAG has agreed not to sell, transfer or otherwise dispose of any Consideration Shares until the earlier of: (a) 365 days after the date of admission of all Consideration Shares; (b) the termination of the Strategic Cooperation Agreement; and (c) December 31, 2023, subject to the exceptions set out in the following two paragraphs (the "*MBAG Lock-up*").

In addition to customary exceptions for transfers within the MBAG group or in the event of a public offer being made to shareholders of AML Global Holdings for their shares, MBAG shall, in each of calendar years 2022 and 2023, be free to dispose of Consideration Shares that, in aggregate for that year, represent less than 2.5% of AML Global Holdings' issued share capital at the start of such year.

In the event that: (a) in either of calendar years 2022 or 2023, Lawrence Stroll disposes of interests in ordinary shares of AML Global Holdings representing, in aggregate for that year, more than 2.5% of the AML Global Holdings' issued share capital; (b) AML Global Holdings' ordinary shares trade below 30 pence per share for more than three consecutive trading days; or (c) an investor with material reputational issues acquires more than 10% of ordinary shares of AML Global Holdings' or obtains the ability to appoint a Director, the MBAG Lock-up shall cease to apply. The MBAG Lock-up will also cease to apply if, following the issue to it of additional Consideration Shares, MBAG is required to dispose of interests in ordinary shares of AML Global Holdings to ensure that its shareholding remains 0.1% below the shareholding of the Yew Tree Consortium.

Key commercial terms in relation to intellectual property

MBAG has granted AML Global Holdings and the rest of the Group a non-exclusive license to use relevant MBAG intellectual property for certain purposes relating to the Strategic Cooperation (including the use of relevant parts and components supplied to the Group and, after the shares in the course of the First Strategic Cooperation Equity Issuance have been issued to MBAG, the modification of relevant parts and components for use in our vehicles). MBAG will also make available certain third party intellectual property to us to the extent that MBAG has a right to sub-license that intellectual property to us. We will license to MBAG any of our intellectual property that MBAG needs to use in relation to the Strategic Cooperation. AML Global Holdings and MBAG will jointly own any intellectual property they create jointly in connection with the Strategic Cooperation, and each of them will be free to use and exploit any jointly owned intellectual property in relation to its own vehicles. Under the Strategic Cooperation Agreement, AML Global Holdings and MBAG will each indemnify the other (and its affiliates) for losses relating to certain intellectual property infringement claims brought by third parties in relation to the use (in accordance with the intellectual property licenses granted under the 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 Strategic Cooperation Agreement.

Termination rights

MBAG shall have the right to terminate the Strategic Cooperation Agreement with immediate effect if:

- AML Global Holdings is in material breach of the terms of the 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;

- AML Global Holdings fails to issue any Consideration Shares to MBAG in accordance with the terms of the Strategic Cooperation Agreement;

- AML Global Holdings issues securities to a third party at a price lower than the MBAG Entry Price without agreeing anti-dilution provisions with MBAG (other than pursuant to the New Equity Offering);

- prior to the First Strategic Cooperation Equity Issuance, a strategic competitor of MBAG: (a) acquires more than 30% of the ordinary shares of AML Global Holdings; (b) 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 to the Board; or (c) enters into a strategic business arrangement with AML Global Holdings (i) that is comparable to the Strategic Cooperation with respect to technological collaboration or (ii) under which AML Global Holdings agrees to issue equity securities to the relevant strategic competitor or to form a joint venture company with such strategic competitor (the "*Strategic Competitor Termination Right*"); or

- AML Global Holdings suffers or is subject to an insolvency event.

The Strategic Cooperation Agreement also provides that the terms of all Operational Agreements shall include a Strategic Competitor Termination Right for MBAG, capable of being exercised at any point (i.e. whether or not the relevant trigger giving rise to the Strategic Competitor Termination Right occurs before or after the First Strategic Cooperation Equity Issuance). Any Strategic 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 Strategic Cooperation Agreement if:

- MBAG is in material breach of the terms of the 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 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 claims for breach of the warranties given under the Strategic Cooperation Agreement is capped at £5 million. Each party's aggregate liability in respect of all loss under or in connection with the 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 Strategic Cooperation Agreement, 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.

The terms of the Strategic Cooperation Agreement provide that, in the event that AML Global Holdings carries out a subdivision, consolidation or reclassification of ordinary shares of AML Global Holdings prior to the allotment and issue to MBAG of all Consideration Shares that are capable of being issued to it pursuant to the Strategic Cooperation Agreement, AML Global Holdings and MBAG shall enter into good faith negotiations regarding the necessary mathematical adjustments to the number of Consideration Shares that at such point remains capable of being issued to MBAG in order to reflect the effect of such subdivision, consolidation or reclassification.

The terms of the Strategic Cooperation Agreement further provide that, in the event that AML Global Holdings proposes to undertake a non-pre-emptive offering of ordinary shares of AML Global Holdings representing more than 5% of its overall issued share capital prior to the allotment and issue to MBAG of all Consideration Shares that are capable of being issued to it pursuant to the Strategic Cooperation Agreement, AML Global Holdings shall consult with MBAG prior to proceeding with such offering.

F1™ Sponsorship Agreement

On February 27, 2020, AML and Racing Point UK Limited ("*RPUK*") entered into a sponsorship agreement (the "*F1™ Sponsorship Agreement*"), pursuant to which AML has granted RPUK the worldwide, royalty-free right to use the "*Aston Martin*" name, logo and branding (the "*AML Branding*") in relation to its participation in Formula 1™ for an initial 10-year term starting on January 1, 2021, with the possibility to extend for a further five years by mutual agreement between AML and RPUK (the "*Branding Arrangements*"). Under the Branding Arrangements, RPUK's Racing Point Formula 1™ team will become the Aston Martin Formula 1™ team with effect from the 2021 Formula 1™ season.

RPUK is majority-owned and controlled by Lawrence Stroll, who leads the Yew Tree Significant Shareholder Group and is the Executive Chairman of AML Global Holdings. One of our Non-Executive Directors, Michael de Picciotto, also holds an ownership position in RPUK and is part of the Yew Tree Significant Shareholder Group.

In addition to granting RPUK the right to use AML Branding under the Branding Arrangements, AML will sponsor RPUK's Formula 1™ team for an initial five year sponsorship term lasting from January 1, 2021 to December 31, 2025 (the "*Sponsorship Arrangements*"). The Sponsorship Arrangements are renewable for a further five year term, subject to satisfying certain conditions at the time. 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 Formula 1™ events, access to team drivers and public relations activities) in return for paying sponsorship fees to RPUK. If the Sponsorship Arrangements are not renewed or are otherwise terminated, RPUK would continue to use the AML Branding in respect of its Formula 1™ participation for the remaining term of the Branding Arrangements.

Moreover, under the F1™ Sponsorship Agreement, from January 1, 2021 to December 31, 2025, AML has the right to subscribe for 5% of the share capital of RPUK.

Our Chief Executive Officer shall have one seat on the RPUK board for so long as the Branding 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 be consulted (and RPUK shall give all due consideration to the reasonable requests of AML) in respect of the "look and feel" and strategy of any marketing, communications, hospitality and similar materials, as well as communication and marketing campaigns 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 Formula 1™ team.

Short-term working capital arrangements

On January 31, 2020, we entered into a deposit arrangement with the Yew Tree Consortium pursuant to which the Yew Tree Consortium deposited £55.5 million in early February 2020 for a future delivery of cars. This short-term working capital support was provided in order to immediately improve our liquidity position at that time. On February 26, 2020, the Yew Tree Consortium assigned its rights under the deposit arrangement to Falcon and Falcon purchased cars with a value of £55.5 million. Falcon placed all purchased cars on consignment with us. Upon the completion of the March Equity Placing on March 31, 2020, we repurchased the cars that were acquired by Falcon and held on consignment by us. Under the relevant contractual arrangements between the Yew Tree Consortium, Falcon and us, we offset £55.5 million of the subscription price payable pursuant to the March Equity Placing against the amounts owed to Falcon for the repurchase of cars on March 31, 2020.

In addition to the £55.5 million of short-term working capital support provided in February 2020, the Yew Tree Consortium provided an additional £20 million of short-term working capital support in March 2020. On March 31, 2020, we offset £20 million of the subscription price payable pursuant to the March Equity Placing against the amounts owed to the Yew Tree Consortium under this short-term working capital support arrangement.

As a consequence of the offset arrangements described above, as of the date of this Offering Memorandum, no amounts are outstanding under these short-term working capital arrangements.

Daimler agreement

We have a technical partnership with Daimler, an affiliate of one of our major shareholders, MBAG, for the provision of engines, electrical architecture and entertainment systems. Our technical and commercial partnership with Daimler began in 2013, when Daimler became one of our shareholders. The shareholding was later transferred from Daimler to MBAG. The agreements governing the technical partnership contain provisions that provide that where a strategic Daimler competitor or one of its affiliates acquires an interest in AML Global Holdings or its subsidiaries, Daimler 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 Daimler. See "*—Strategic Cooperation Agreement*" for details regarding the Strategic Cooperation and "*—Risks related to the Strategic Cooperation*" for a summary of the risks associated with the Strategic Cooperation.

Payment to a shareholder

In 2013, Prestige Motor Holdings S.A., an entity controlled by Investindustrial V L.P., acquired an equity interest in the group for a consideration of £150 million. The agreement provided for a potential partial refund of this consideration or the issue of additional ordinary shares, dependent upon the average deficit of the defined benefit pension scheme over the four year period to June 2017. In connection with this agreement, a refund of £15.1 million was made to Prestige Motor Holdings S.A. with £5.6 million paid in the year ended December 31, 2017 and £9.5 million paid in the year ended December 31, 2018. The AML Global Holdings' share premium account as of January 1, 2017 and January 1, 2018 has been restated by £15.1 million to reflect the total adjustment.

Transactions with directors

In the year ended December 31, 2019, no cars were sold to any Directors. In the nine months ended September 30, 2020, an agreement was signed with the previous CEO, a director at the time, for the purchase of a vehicle at an expected discount of approximately £0.3 million, in line with the employee purchases policy then in effect. This vehicle sale is not expected to complete in 2020. In addition, a former Director purchased a vehicle at a discount of less than £0.1 million in line with the employee purchase policy then in effect.

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 September 30, 2020 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.

Second Lien Notes

Overview

As part of the Transactions, on October 27, 2020, the Issuer entered into a purchase agreement with certain investors, pursuant to which the Issuer agreed to sell and the investors agreed to purchase $335 million aggregate principal amount of 15.00% Second Lien Split Coupon Notes due 2026 (the "*Second Lien Notes*") to be issued pursuant to a new indenture governing the terms thereof (the "*Second Lien Indenture*"). The Second Lien Notes will be issued at an issue price of 98.0% and will mature on November 30, 2026.

Interest rate

Interest on the Second Lien Notes will accrue at the rate of 15.00% per annum, comprised of 8.89% cash interest per annum plus 6.11% interest paid in kind per annum, to be paid semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2021.

Escrow

Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance as well as delivery of a certification of the Issuer on the Release Date that, on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, the proceeds from the Second Lien Notes will be deposited into an escrow account, pledged solely in favor of the trustee under the Second Lien Indenture and the holders of the Second Lien Notes. The release of the gross proceeds of the Second Lien Notes from the relevant escrow account will be subject to, amongst other conditions as specified in the relevant escrow agreement, the consummation of the New Equity Offering and the First Strategic Cooperation Equity Issuance and a certification of the Issuer that on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including accrued and unpaid interest and additional amounts, if any, upon the release from the relevant escrow account. Such release of the gross proceeds of the Second Lien Notes is expected to occur concurrently with the release of the gross proceeds of the Offering from the Escrow Account. If the release of the proceeds of the Second Lien Notes does not take place on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events as described above, the Second Lien Notes will be subject to a special mandatory redemption.

Prepayments and redemption

Prior to the third anniversary of their issuance, the Issuer may redeem, at its option, the Second Lien Notes in whole or in part, by paying a "make-whole" premium. From the third anniversary of their issuance, the Issuer may redeem, at its option, the Second Lien Notes, in whole or in part, at 108% of the principal amount of Second Lien Notes redeemed, which redemption price reduces to 104% on the fourth anniversary and further reduces to 100% on the fifth anniversary, in each case, plus accrued and unpaid interest and additional amounts, if any.

The Second Lien 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 Second Lien Notes at 101% of the outstanding principal amount thereof, plus accrued and unpaid interest.

Guarantees

The Second Lien Notes will be guaranteed by the Guarantors. The Guarantors will also guarantee the New Revolving Credit Facility and the New Notes. The Guarantors' guarantees of the Second Lien Notes will rank *pari passu* with the Guarantors' guarantees of the New Notes.

Security

Subject to the operation of the Agreed Security Principles, the Second Lien Notes will be secured by the same collateral as the New Notes, but pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the New Revolving Credit Facility Agreement, counterparties to certain hedging obligations, if any, and the New Notes) have been paid in full.

Certain covenants

The Second Lien Indenture contains a number of covenants which, among other things, restrict, subject to certain limited exceptions, 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;
- enter into unrelated businesses or engage in prohibited activities;

- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Second Lien Notes.

Each of those covenants is subject to significant exceptions and qualifications. The covenants of the Second Lien Indenture are more restrictive than the covenants of the New Notes Indenture, in particular with respect to debt incurrence and restricted payments.

New Revolving Credit Facility Agreement

Overview and structure

In connection with the Transactions, with effect from settlement of the New Notes and the satisfaction of customary closing conditions, including the issuance of the New Notes, the Company as parent, AML as borrower, JPMorgan Chase Bank, N.A., London Branch, Barclays Bank PLC, Deutsche Bank AG, London Branch, HSBC UK Bank plc as revolving facility lenders, 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 October 27, 2020 (the "*New Revolving Credit Facility Agreement*"). The New Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of £87 million on a committed basis.

The maturity date of the New Revolving Credit Facility Agreement will be approximately three months prior to the maturity of the New Notes. The New Revolving Credit Facility may be utilized by any current or future borrower (subject to certain exceptions) under the New 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 New 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 New 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 New 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*," 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 New Revolving Credit Facility. The lenders of any such additional facilities, if not already lenders under the New Revolving Credit Facility Agreement, shall be required to accede to the New Revolving Credit Facility Agreement and shall have the benefit of the guarantees and Transaction Security (as defined in the New 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 New Revolving Credit Facility unless the maturity date of the New Revolving Credit Facility is amended to match that of the additional facility.

Availability

The New 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 New 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 New Revolving Credit Facility on or before December 31, 2020 then all the commitments under the New Revolving Credit Facility will be immediately and automatically cancelled at 5.30 p.m. London time on December 31, 2020.

Maturity and repayment requirements

The New 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 New Revolving Credit Facility must be repaid in full on or prior to the maturity date for the New Revolving Credit Facility.

Amounts repaid by the borrowers on loans made under the New 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 New Revolving Credit Facility is the percentage rate per annum equal to the aggregate of the applicable margin and applicable LIBOR or EURIBOR (subject to a zero floor). The initial margin at the date of the New Revolving Credit Facility is 3.25%, 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 New Revolving Credit Facility until the last day of the availability period for the New Revolving Credit Facility at a rate of 35% of the then applicable margin for the New 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 New Revolving Credit Facility.

Guarantees

The Company, AML, AML Group Ltd., AM Capital and the Issuer are the guarantors under the New 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 New Revolving Credit Facility Agreement) by any of the Company's Restricted Subsidiaries which accedes to the New Revolving Credit Facility Agreement as an additional borrower or an additional guarantor.

The New Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles), on the date when the Annual Financial Statements (as defined in the New 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 New Revolving Credit Facility Agreement) and gross assets, respectively of the Group (as defined in the New 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 New Revolving Credit Facility (subject to the Agreed Security Principles set out in the New Revolving Credit Facility Agreement) is secured by security over certain assets as set out under "*—Old 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 Old Notes) are required to be applied to repay indebtedness outstanding under the New Revolving Credit Facility in priority to the Old Notes and the New Notes.

Representations and warranties

The New 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 New Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the New Notes. In addition, the New 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.

Negative covenants

The negative covenants in the New Revolving Credit Facility Agreement are substantially the same as the negative covenants in the New Notes Indenture.

Mandatory prepayment requirements upon a Change of Control

The Company is required to notify the Facility Agent under the New Revolving Credit Facility Agreement of a Change of Control (as defined in the New Revolving Credit Facility Agreement), following which each lender under the New 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 New Revolving Credit Facility Agreement.

Notes Purchase Condition

The New 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 New Senior Secured Notes (as defined in the Intercreditor Agreement) for cash (each a "*Notes Purchase*"). The Group will be able to purchase the New Senior Secured Notes if either (i) the aggregate principal amount of all New 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 New Senior Secured Notes as at the Closing Date; or (ii) to the extent the aggregate principal amount of all New 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, Commitments are cancelled and (if applicable) prepaid pro rata.

Gaydon Mortgage

The Company shall not release the mortgage over the Aston Martin Production Facility, Banbury Road, Gaydon and shall ensure that the production facility is at all times owned by an

Obligor except where prior Super Majority Lender consent (being Lenders whose Commitments amount to 80% or more of Total Commitments) has been obtained.

Financial covenants

Leverage covenant

The New Revolving Credit Facility Agreement includes a financial covenant requiring the Consolidated Net Leverage Ratio not to exceed a ratio of 5.00:1 on each quarter date from and including June 30, 2022 until and including December 31, 2022, 4.00:1 on each quarter date from and including March 31, 2023 until and including December 31, 2023, and 3.50:1 from and including March 31, 2024 and each quarter date thereafter (the "*Leverage Ratio*")). The Leverage Ratio is calculated in the same way as the Consolidated Net Leverage Ratio (as defined in "*Description of the New Notes*") but calculated excluding all Indebtedness secured on the Transaction Security but ranking behind the New Senior Secured Notes (in each case as defined in the "*New 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 New Revolving Credit Facility being (including any cash loan utilizations by way of ancillary facilities, but excluding any other ancillary facilities and any utilization by way of letter of credit) greater than 40% drawn on the relevant test date ("*Test Condition*"). The Leverage Ratio acts as a draw stop to new drawings under the New Revolving Credit Facility and, if breached, will also trigger an event of default under the New Revolving Credit Facility Agreement (subject to cure as described in the next paragraph). The Leverage Ratio is based on the definitions and adjustments in the New Revolving Credit Facility Agreement, which may differ from similar definitions in the New Notes Indenture and the equivalent definitions described in this Offering Memorandum.

The New 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 New Revolving Credit Facility Agreement, (ii) decrease Indebtedness as defined in the New Revolving Credit Facility Agreement, or (iii) prepay the New Revolving Credit Facility so that the Test Condition is no longer satisfied. The equity cure right may not be exercised on more than, when aggregated with any cures made pursuant to "*Liquidity covenant*" below, four occasions during the term of the New 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 New Revolving Credit Facility.

Liquidity covenant

The Revolving Credit Facility Agreement includes a financial covenant requiring Available Liquidity to be equal to or greater than £125,000,000 on and from December 31, 2020 until and including November 30, 2021, and equal to or greater than £100,000,000 from and including December 31, 2021 until and including May 31, 2022 (the "*Liquidity Covenant*")). "Available Liquidity" for the purposes of the Liquidity Covenant is defined as the aggregate of (a) the aggregate amount of cash and Cash Equivalents held by any member of the Group (other than any cash or Cash Equivalents identified as restricted for financial statement purposes), (b) the aggregate available commitments under the New Revolving Credit Facility Agreement (including the amount of any unutilized ancillary facility), and (c) the aggregate unutilized or undrawn available commitments of the Group for cash drawings under any working capital or revolving credit facility or any government funded or guaranteed credit facility with, in each case, a maturity of not less than 12 months. The Liquidity Covenant is tested monthly on a rolling basis. The Liquidity Covenant acts as a draw stop to new drawings under the New Revolving Credit Facility and, if breached, will also trigger an event of default under the New Revolving Credit Facility Agreement (subject to cure as described in the next paragraph). The Liquidity Covenant is based on the definitions and adjustments in the New Revolving Credit Facility Agreement, which may differ from similar definitions in the New Notes Indenture and the equivalent definitions described in this Offering Memorandum.

The New 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 enable calculation of the Liquidity Covenant including such shareholder injection such that the Liquidity Covenant would have been complied with.

The equity cure right may not be exercised on more than two occasions during the term of the New Revolving Credit Facility and may not be utilized in consecutive months.

Events of default

The New Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the New Senior Secured Notes. In addition, the New 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 and/or Liquidity Covenant) subject to the cure rights (each 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 April 18, 2017, the Company and, among others, U.S. Bank Trustees Limited, as trustee of the Old Notes and the security agent (the "*Security Agent*"), entered into an intercreditor agreement to, among other things, establish the relative rights of the parties thereto in respect of the Old Notes and the Old Revolving Credit Facility (the "*Old Intercreditor Agreement*").

On or around the Release Date, the Company and, among others, the Security Agent will enter into an amendment and restatement deed to amend the Old Intercreditor Agreement to, among other things, establish the relative rights of the parties thereto in respect of the New Notes, the Second Lien Notes, the New Revolving Credit Facility and any future loan, bond indebtedness or other indebtedness incurred by the parties thereto and permitted to be incurred (the Old Intercreditor Agreement as amended by the amendment and restatement deed, the "*Intercreditor Agreement*").

The New Notes will be issued under the New Notes Indenture and the trustee of the New Notes and any Additional Senior Secured Notes (as defined below) (the "*Senior Secured Notes Trustee*") will accede to the Intercreditor Agreement. By accepting a New 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 New 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 New Notes.

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the New Revolving Credit Facility Agreement, the New 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 second lien creditors (together the "*Second Lien Creditors*") include, among others, the Second Lien Notes Trustee for the holders of the Second Lien 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 interest rate or foreign exchange 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 interest rate hedging agreements or foreign exchange and certain other 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. The Second Lien Notes and any other 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*"), the Second Lien Debt (the "*Second Lien Liabilities*") and certain costs and expenses of the Second Lien Notes Trustee (the "*Second Lien Debt Trustee Amounts*") 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, certain costs and expenses of the Second Lien Notes Trustee 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 the 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 the 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):

- 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

- 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, Second Lien Notes Trustee 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 the Second Lien Notes Trustee on behalf of the holders of the Second Lien Notes and each other Second Lien Debt Representative on behalf of the other 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:

    (I) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

    (II) 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;

(c) if the Proposed Amendment is prohibited by the terms of the Second Lien Notes Indenture, the Second Lien Notes Trustee;

(d) if any other 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:

(i) in respect of the Second Lien Notes, in respect of any direction, approval, consent or waiver, the Second Lien Noteholders of the principal amount of Second Lien Notes required to vote in favor of such direction, consent or waiver under the terms of the Second Lien 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 Second Lien Notes, in accordance with the Second Lien Notes Indenture; or

(ii) in respect of any other Second Lien Debt 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

On May 31, 2007, Aston Martin Lagonda of North America, Inc. ("*AMLNA*"), AML and Standard Chartered Bank entered in a wholesale finance facility agreement (as amended from time to time, the "*Wholesale Finance Facility*"). Aston Martin Japan Limited ("*AMJ*") acceded to the Wholesale Finance Facility by way of an accession letter dated November 26, 2018. In August 2020, the term of the Wholesale Finance Facility was extended until August 31, 2021, whereby the available amount has been reduced from £200.0 million to £115.0 million.

The Wholesale Finance Facility is a facility, pursuant to which AML, AMLNA and AMJ offer to Standard Chartered Bank certain receivables owed to them by dealers who have acquired Aston Martin cars from them on credit terms not exceeding 270 days from the date of dispatch up to an aggregate amount of £75.0 million. Such amount was reduced recently from £115.0 million to £75.0 million and will reduce further to £50.0 million in January 2021. Where this facility is used (*i.e.* where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less an interest charge (calculated in accordance with the Wholesale Finance Facility agreement) following issuance of an invoice to the dealer (and subject to satisfaction of certain other requirements). The dealer is instructed to make payment of amounts due under that invoice to an account of Standard Chartered Bank and amounts paid to that account are recovered and retained by Standard Chartered Bank. We are required to pay Standard Chartered Bank a flat fee for providing the Wholesale Finance Facility on a quarterly basis payable in the first year of the two year facility. We re-charge all interest applied by Standard Chartered Bank and other fees associated with the Wholesale Finance Facility to our dealers from time to time.

The Wholesale Finance Facility is backed by a credit insurance contract between AML and its insurer, Atradius Credit Insurance N.V., in the event that a dealer fails to make payment to Standard Chartered Bank of the receivables purchased by it under this scheme. Our liability in respect of dealer default under the Wholesale Finance Facility (in the event that the credit insurance does not cover the default) where AML or AMLNA is required to repurchase the relevant receivable is limited to an aggregate of £200,000 over the two year period ending on August 31, 2020. Additionally, in certain circumstances, such as a continuing event of default or if a receivable is no longer enforceable against the relevant dealer, AML, AMJ and/or AMLNA may be required by Standard Chartered Bank to repurchase the relevant unpaid receivable. As of September 30, 2020, we had drawn £33.3 million of the £75.0 million available under our Wholesale Finance Facility. The Wholesale Finance Facility is treated as an off-balance sheet arrangement and is not included in AML Global Holdings' consolidated financial statements.

Receivables Finance Facility

On July 28, 2020, among others, (i) Velocitas Funding Designated Activity Company (then: Dolya Holdco 21 Designated Activity Company) ("*Velocitas Funding DAC*"), J.P. Morgan Europe Limited ("*JPM Europe*"), Wilmington Trust SP Services (Dublin) Limited ("*Wilmington*"), AML, AML Global Holdings, JPMorgan Chase Bank, N.A., London Branch ("*JPM Chase*") and Barclays Bank plc ("*Barclays*") entered into a master framework agreement (as amended from time to time, the "*Master Framework Agreement*"), (ii) Velocitas Funding DAC, JPM Europe, Wilmington, AML and AML Global Holdings entered into a receivables sale and servicing agreement (as amended from time to time, the "*Receivables Sale Agreement*"), (iii) Velocitas Funding DAC (as borrower), JPM Europe, Wilmington, JPM Chase, Barclays and AML (as lenders) entered into a revolving senior facility agreement providing for a senior facility of £132 million (as amended from time to time, the "*Receivables Revolving Senior Facility Agreement*") and (iv) Velocitas Funding DAC (as borrower), J.P. Morgan Securities plc, AML (as lenders), JPM Europe and Wilmington entered into a subordinated loan agreement providing for a subordinated loan of £18 million (as amended from time to time, the "*Subordinated Loan Agreement*") and (v) Velocitas Funding DAC and Wilmington entered into a charge and assignment (as amended from time to time, the "*Charge and Assignment*").

Under the Receivables Sale Agreement, AML may offer to sell certain receivables owing to it by dealers (except for dealers in the United States, Canada and China) subject to certain customary representations and warranties to Velocitas Funding DAC. The purchase fee payable by Velocitas Funding DAC for any such receivables is subject to a discount rate based on the applicable base rate plus a credit spread. If Velocitas Funding DAC purchases the receivables offered to it, it finances the acquisition of these receivables by drawing funds from the senior lenders under the Receivables Revolving Senior Facility Agreement and the subordinated lenders under the Subordinated Loan Agreement. The maximum amount available to us under this program is £150 million (such arrangements, as amended from time to time, the "*Receivables Finance Facility*"). As the originator of the receivables, AML must retain an economic interest in the receivables of 5% of their value in accordance with the European securitization rules adopted by the U.K. This is achieved by AML being a lender under the Receivables Revolving Senior Facility Agreement and the Subordinated Loan Agreement. AML Global Holdings has guaranteed the obligations of AML under the Receivables Sale Agreement.

Subject to certain customary events of default, the Receivables Finance Facility is available for the duration of a revolving period which expires 364 days after the initial purchase of receivables under the Receivables Finance Facility Agreements. Prior to its expiration, Velocitas Funding DAC may request an extension from the senior lenders for the same period again.

Velocitas Funding DAC is an Irish designated activity company constituted for the Receivables Finance Facility Agreements. Pursuant to the Charge and Assignment, it has granted security in favor of Wilmington over certain of its assets, including the purchased receivables held by it from time to time, to secure the obligations of certain secured creditors, including the secured lenders under the Receivables Revolving Senior Facility Agreement.

The payment terms of the Receivables Finance Facility require payment by the dealers at the earlier of 180 days from the invoice date or the sale of the car by the dealer to a retail customer. AML acts as the servicer in terms of originating and collecting funds from dealers into the bank accounts of Velocitas Funding DAC. The Receivables Finance Facility is backed by a credit insurance contract between Velocitas Funding DAC and its insurer, Atradius Credit Insurance N.V., in the event that a dealer fails to make payment to Velocitas Funding DAC of the receivables purchased by it under this scheme. If a dealer defaults, we have 14 days to initiate a payment plan agreed between the dealer, Atradius Credit Insurance N.V., and the administrative agent under the Receivables Finance Facility Agreements on behalf of Velocitas Funding DAC, and subsequently AML may, at its option, repurchase the relevant receivable. Additionally, in certain circumstances, such as the breach of certain representations and warranties, we may be required by Velocitas Funding DAC to repurchase the relevant unpaid receivable.

The Receivables Finance Facility is treated as an off-balance sheet arrangement and is not included in AML Global Holdings' consolidated financial statements. As of September 30, 2020, the Receivables Finance Facility was not utilized, but we are planning to replace the Wholesale Finance Facility in the coming months with the Receivables Finance Facility.

Falcon Inventory Repurchase Arrangements

On November 28, 2019, AML and KWM Commodities Trading (UK) Limited ("*KWM*"), an affiliate of the Falcon group, entered into a master purchase agreement (the "*MPA*") and a Master Sales Agreement (the "*MSA*"). 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 KWM 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 KWM but we retain control over the relevant goods. The payment obligations to KWM are secured by certain surety bonds issued by Aviva Insurance Limited and Everest Insurance (Ireland) DAC. The Company and its subsidiaries provide counter indemnities to Aviva 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, amongst 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 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. As of September 30, 2020, we fully utilized this facility and we intend to continue utilizing the full amount available thereunder. 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 90 days.

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 cars from AML. The relevant vehicles financed under the inventory funding arrangements are required to be delivered to the relevant dealers within 45 days from funding. The Chinese Inventory Funding Arrangements are treated as off-balance sheet arrangements. These agreements are non-recourse to AML.

Other financial arrangements of the Group

AM Works, 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 AM Works in our consolidated statement of financial position. On October 16, 2012, AM Works entered into a facility agreement with BMW Financial Services (GB) Limited pursuant to which BMW Financial Services (GB) Limited provides AM Works a facility of up to £4.5 million for the purchase of new, demonstrator and used motor vehicles. As of September 30, 2020, this facility was undrawn by AM Works. The facility has no maturity date and has a variable interest rate equal to the Bank of England Base rate plus 2% per annum.

On November 9, 2018, AML entered into a fixed rate loan agreement with AIB Group (UK) P.L.C. pursuant to which AIB Group (UK) P.L.C. provided a £15.8 million loan facility to finance the construction of the paint shop at our manufacturing facility in St. Athan. The loan matures on March 31, 2022 and has an interest rate of 4.38% per annum. Pursuant to the loan agreement, we make quarterly payments which include repayment of principal and payment of interest. As of September 30, 2020, £10.0 million was outstanding under the facility.

On August 9, 2019, AML entered into a stage payment and hire purchase agreement with AIB Group (UK) P.L.C. Under this "body-in-white" facility, AIB Group (UK) P.L.C. has agreed to partially fund the purchase of equipment relating to our "body-in-white" plant and has hired the equipment to us until January 31, 2022. We are required to make quarterly hire payments and once all hire payments have been made and the facility expires, we have an option to purchase the equipment. The interest rate is LIBOR plus 3.19% per annum. Due to the structure of the body-in-white facility, outstanding amounts are recorded as lease liabilities in our financial statements and as of September 30, 2020 we had £6.4 million of borrowings under the facility.

AML has entered into a series of back-to-back loan agreements with HSBC UK Bank plc, whereby renminbi is deposited in an escrow account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC Bank in the U.K. The overdraft facility has an aggregate amount of up to £50.0 million and, as of September 30, 2020, was drawn down for an aggregate amount of £33.9 million whereby an equivalent of £36.2 million of renminbi had been deposited with HSBC in China. The facility is drawn down in four tranches, each of which matures on a different date and has an interest rate equal to the Bank of England Base rate plus 1% per annum. At maturity, at the discretion of HSBC UK Bank plc, each tranche can be renewed for a further year. A tranche of £5.5 million matures on November 23, 2020, a tranche of £6.3 million matures on March 12, 2021, a tranche of £11.4 million matures on March 29, 2021 and a tranche of £13.5 million matures on May 20, 2021.

Description of the New Notes

The following is a description of $1,085,500,000 aggregate principal amount of 10.50% senior secured notes due 2025 (the "*New Senior Secured Notes*"). The New Senior Secured Notes will be issued by Aston Martin Capital Holdings Limited (the "*Issuer*") under a New Senior Secured Indenture (the "*New Senior Secured 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*."

Pending the consummation of the New Equity Offering and the First Strategic Cooperation Equity Offering and the redemption in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, of the Old Notes, on the Release Date upon the release of the Senior Secured Escrowed Property, the initial purchasers will deposit the gross proceeds from this offering into a segregated escrow account with the Escrow Agent. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the proceeds from escrow will be satisfied promptly following the release of the escrowed funds, the escrowed funds will be released to the Issuer to effect the Transactions. See "*—Escrow of Proceeds; Special Mandatory Redemption.*"

The terms of the New Senior Secured Notes include those stated in the New Senior Secured Indenture and will not incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. Holders of the New Senior Secured Notes are referred to the New Senior Secured Indenture for the complete terms of the New Senior Secured Notes.

The following description is a summary of the material provisions of the New Senior Secured Indenture, the New Senior Secured Notes, the Intercreditor Agreement and the Senior Secured Notes Escrow Agreement. This summary does not restate those agreements in their entirety. We urge you to read the New Senior Secured Indenture, the New Senior Secured Notes and the Intercreditor Agreement because they, and not this description, define your rights as Holders of the New Senior Secured Notes. Copies of the New Senior Secured Indenture, the form of New Senior Secured Note and the Intercreditor Agreement will be available as set forth below 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 New Senior Secured 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 registered Holder of a New Senior Secured Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the New Senior Secured Indenture.

Brief Description of the New Senior Secured Notes and the Guarantees

The New Senior Secured Notes

The New Senior Secured Notes will be:

- senior obligations of the Issuer;
- from the Issue Date to the Release Date (as defined below), secured by liens over the Senior Secured Notes Escrow Account on a first ranking basis;
- on the Release Date, secured by liens over the Collateral (as defined below), with the Collateral also securing the liabilities under the Revolving Credit Facility, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis and the Second Lien Notes, 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, but in priority to the Second Lien Notes, 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 New Senior Secured Notes (including the Second Lien Notes and 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 New Senior Secured Notes;
- effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the New Senior Secured 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 New Senior Secured 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;
- from the Issue Date to the Release Date, secured by liens over the Senior Secured Notes Escrow Account on a first ranking basis;

- on the Release Date, 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 the guarantees of the Second Lien Notes, 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, but in priority to the Second Lien Notes, 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 New Senior Secured 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 New Senior Secured Notes; and

- will be subject to limitations described herein.

Principal and Maturity

The Issuer will issue $1,085,500,000 in aggregate principal amount of New Senior Secured Notes on the Issue Date. The New Senior Secured Notes will mature on November 30, 2025.

The New Senior Secured Notes will initially be issued in denominations of $200,000 and in integral multiples of $1,000 in excess thereof.

The rights of holders of beneficial interests in the New Senior Secured Notes to receive the payments on such New Senior Secured Notes will be subject to applicable procedures of DTC. If the due date for any payment in respect of any New Senior Secured 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 New Senior Secured Notes

Interest on the New Senior Secured Notes will accrue at the rate of 10.50% per annum in cash. Interest on the New Senior Secured Notes will be payable semi-annually in arrears on November 1 and May 1 of each year, commencing on May 1, 2021, to holders of record on the close of business of the Business Day immediately preceding the applicable interest payment date.

Interest on the New Senior Secured 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 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 New Senior Secured 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

The Issuer may issue an unlimited principal amount of additional notes having terms specified from time to time by the Issuer (the "*Additional Notes*") so long as such issuance is in compliance with the covenants contained in the New Senior Secured Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*").

The New Senior Secured Notes to be issued in this offering pursuant to the New Senior Secured Indenture and, if issued, any Additional Notes issued under the New Senior Secured Indenture will be treated as a single class for all purposes under the New Senior Secured Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the New Senior Secured Indenture. If Additional Notes are not fungible with the New Senior Secured Notes under the New Senior Secured Indenture for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP, ISIN or common code, as applicable.

Unless the context otherwise requires, in this "*Description of the New Notes*," references to the "New Senior Secured Notes" include the New Senior Secured Notes and any Additional Notes that are actually issued. Additional Notes may also be designated as "Additional New Senior Secured Notes," but only if having terms substantially identical in all material respects to the initial New Senior Secured Notes. The initial New Senior Secured Notes and the Additional New Senior Secured Notes shall be deemed to form one series and references to "New Senior Secured Notes" shall be deemed to refer to the New Senior Secured Notes initially issued on the Issue Date as well as any Additional New Senior Secured Notes.

Methods of Receiving Payments on the New Senior Secured Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to New Senior Secured Notes represented by one or more Global Note registered in the name of or held by a nominee of DTC 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 (if paid in cash) 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, if paid in cash, may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the New Senior Secured Notes*."

Paying Agent and Registrar for the New Senior Secured Notes

The Issuer will maintain one or more paying agents for the New Senior Secured Notes (each a "*Paying Agent*"). The initial Paying Agent for the New Senior Secured Notes will be U.S. Bank National Association.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and one or more transfer agents (each, a "*Transfer Agent*"). The initial Registrars and Transfer Agents for the New Senior Secured Notes will be U.S. Bank National Association. The Registrars and the Transfer Agents, as applicable, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer, as applicable. The Transfer Agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the New Senior Secured Notes without prior notice to the Holders of the New Senior Secured Notes. The Issuer, the Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the New Senior Secured Notes. For so long as the New Senior Secured 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 New Senior Secured Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The New Senior Secured 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 New Senior Secured Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

- The New Senior Secured Notes sold or issued 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 New Senior Secured Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with DTC 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 will be effected by DTC pursuant to customary procedures and subject to the applicable rules and procedures established by DTC and its 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 New Senior Secured 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 New Senior Secured Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with DTC 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 New Senior Secured 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 upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the New Senior Secured Indenture. It is expected that such instructions will be based upon directions received by DTC 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 New Senior Secured 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, New Senior Secured 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 connection with any such transfer or exchange, the New Senior Secured 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 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 New Senior Secured Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such New Senior Secured Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of the New Senior Secured 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 New Senior Secured Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer (as defined below).

The Issuer, the Trustee, the Registrar and the Paying Agent will be entitled to treat the Holder of a New Senior Secured Note as the owner of it for all purposes.

Restricted Subsidiaries

On the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries and the Company will not be permitted to designate any Restricted Subsidiary as not a Restricted Subsidiary.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the offering of the New Senior Secured Notes on the Issue Date, the Issuer will enter into the Senior Secured Notes Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the initial purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of this offering of the New Senior Secured Notes. The initial funds deposited in the Senior Secured Notes Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Senior Secured Notes Escrow Account (less any property and/or funds paid in accordance with the Senior Secured Notes Escrow Agreement) are referred to, collectively, as the "*Senior Secured Notes Escrowed Property*."

In order to cause the Escrow Agent to release the Senior Secured Notes Escrowed Property to the Issuer or as directed in writing by the Issuer (the "*Release*"), the Escrow Agent and the

Trustee shall have received from the Issuer, on or before February 10, 2021 (the "*Escrow Longstop Date*"), an Officer's Certificate to the effect that:

(1) each of the New Equity Offering and the First Strategic Cooperation Equity Offering has been (or will be on the Release Date) consummated upon the release of the Senior Secured Escrowed Property;

(2) on the Release Date, the outstanding aggregate principal amount of the Old Notes will be redeemed in full, including applicable redemption premiums, accrued and unpaid interest and additional amounts, if any, upon the release of the Senior Secured Escrowed Property; and

(3) as of the Release Date, there are no events of bankruptcy, insolvency or court protection with respect to the Company or the Issuer.

The Release will occur as soon as reasonably practicable following receipt by the Escrow Agent of the Officer's Certificate described above (the date of such satisfaction, the "*Release Date*"). Upon the Release, the Senior Secured Notes Escrowed Property will be paid out in accordance with the Senior Secured Notes Escrow Agreement and the Senior Secured Notes Escrow Account will be reduced to zero.

In the event that (a) the Release Date does not take place on or prior to the Escrow Longstop Date, (b) in the reasonable judgment of the Issuer, either the New Equity Offering or the First Strategic Cooperation Equity Offering will not be consummated on or prior to the Escrow Longstop Date, (c) either the New Equity Offering or the First Strategic Cooperation Equity Offering is terminated at any time on or prior to the Escrow Longstop Date or (d) there is an event of bankruptcy, insolvency or court protection with respect to the Company or the Issuer on or prior to the Escrow Longstop Date (the date of any such event being the "*Special Termination Date*"), the Issuer will redeem all of the New Senior Secured Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to 100% of the aggregate issue price of the New Senior Secured Notes, plus accrued but unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, within three Business Days following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the New Senior Secured Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Senior Secured Notes Escrow Agreement (the "*Special Mandatory Redemption Date*"). Not later than the Business Day immediately prior to the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's New Senior Secured Notes and, concurrently with the payment of the Special Mandatory Redemption Price to the Paying Agent, deliver any excess Senior Secured Notes Escrowed Property (if any) to the Issuer (or as directed in writing by the Issuer).

In the event that the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Senior Secured Notes Escrowed Property, the Issuer will be required to fund (or procure that there is funded) the amount by which the Senior Secured Notes Escrowed Property is less than the Special Mandatory Redemption Price, pursuant to a commitment provided by the Company.

If at the time of such Special Mandatory Redemption, the New Senior Secured Notes are listed on the Official List of the Exchange and the rules of the Authority so require, the Issuer will notify the Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such Special Mandatory Redemption.

Guarantees

The obligations of the Issuer pursuant to the New Senior Secured Notes under the New Senior Secured Indenture, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed, jointly and severally on a senior basis, by the Guarantors.

On the Release Date, the initial Guarantors will be the Company, Aston Martin Lagonda Group Limited Aston Martin Lagonda Limited ("*AM Limited*") and Aston Martin Capital Limited ("*AM Capital*").

As of and for the twelve months ended September 30, 2020, the Guarantors represented (on an unconsolidated basis without giving effect to intercompany eliminations) 79% and 113% of the Group's revenue and assets, respectively. As of September 30, 2020, on a consolidated basis, excluding items such as trade payables, our subsidiaries that will not guarantee the New Senior Secured Notes (excluding the Issuer), had no third-party borrowings.

In addition, as described below under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary that guarantees the Revolving Credit Facility Agreement, Public Debt or certain other indebtedness shall also enter into a supplemental indenture under the New Senior Secured Indenture as a Guarantor of the New Senior Secured Notes, and shall accede to the Intercreditor Agreement.

The Guarantees will also benefit the Second Lien Notes and the Revolving Credit Facility. 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 the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required 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 New Senior Secured Notes or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk factors—Risks related to our indebtedness, the New 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 New Notes from recovering payments due on the New Notes*."

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 New Senior Secured 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 New Senior Secured 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 New Senior Secured Indenture as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";

- upon the full and final payment of the New Senior Secured Notes and performance of all Obligations of the Issuer and the Guarantors under the New Senior Secured Indenture and the New Senior Secured Notes;

- as described under the caption "*—Amendments and Waivers*"; or

- with respect to a Subsidiary Guarantor that is not a Significant Subsidiary, so long as no Event of Default 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.

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 stockholders (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 of the New Senior Secured Notes. The New Senior Secured Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred and minority stockholders of Subsidiaries of the Company (other than the Guarantors).

Although the New Senior Secured Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the New Senior Secured Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the New Senior Secured Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Security

The Collateral

From the Issue Date to the Release Date, the Senior Secured Notes Escrow Account will be subject to security on a first ranking basis in favor of the Trustee and the Holders of the New Senior Secured Notes.

On the Release Date, subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the New Senior Secured 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 AM Capital;

- 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 security interest under New York law granted by Aston Martin Lagonda Group Limited over the issued Capital Stock of Aston Martin Lagonda of North America, Inc.;

- first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan Agreements (including the Notes Proceeds Loans thereunder);

- a mortgage over the factory at Banbury Road, Gaydon, Warwick, United Kingdom;

- a first-priority assignment governed by English law by AM Capital of its rights under the 2011 Notes Proceeds Loan; and

- 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, Aston Martin Lagonda Group Limited and Aston Martin Lagonda Limited.

The Agreed Security Principles will apply to the granting of security in favor of obligations under the New Senior Secured 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*."

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 New Senior Secured 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 Collateral is intended to also secure the liabilities under the Revolving Credit Facility Agreement, the New Senior Secured Notes, certain Hedging Obligations, if any, and any Additional Notes on a first ranking basis and the liabilities under the Second Lien Notes. Pursuant to the Intercreditor Agreement, (i) 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 Indebtedness*" will be permitted to be secured on the Collateral on a super priority basis, and will receive priority over the Holders of the New Senior Secured Notes with respect to any proceeds received upon any enforcement action over any Collateral, and (ii) any liabilities in respect of obligations under the New Senior Secured Notes will receive priority over the holders of the Second Lien 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 New Senior Secured 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 New Senior Secured Indenture and any other Indebtedness of the Company or its Restricted Subsidiaries ranking *pari passu* in right of enforcement with the New Senior Secured Notes permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the New Senior Secured Indenture and the Intercreditor Agreement, after which all remaining proceeds will be applied in payment of obligations under the Second Lien Notes and any other Indebtedness of the Company or its Restricted Subsidiaries ranking *pari passu* in right of enforcement with the Second Lien Notes, and then in payment of obligations under any other Indebtedness of the Company or its Restricted Subsidiaries that is subordinated to the New Senior Secured 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 the Intercreditor Agreement, see "*Description of other financial arrangements—Intercreditor Agreement.*"

The ability of Holders of the New Senior Secured 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 New 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 New Notes from recovering payments due on the New Notes*." In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles 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 New Senior Secured Notes and a Guarantor's obligation under its Guarantee could be significantly less than the total amounts payable with respect to the New Senior Secured Notes, or a Guarantor may have effectively no obligation under its Guarantee.

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 New Senior Secured 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 New Senior Secured 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 New Senior Secured Notes has, and by accepting a New Senior Secured 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 (as defined below) 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 Collateral as between (a) the lenders under the Revolving Credit Facility Agreement, (b) the counterparties under certain hedging agreements, (c) the Trustee and the Holders under the New Senior Secured Indenture and (d) the trustees and the holders of the Second Lien Notes under the Second Lien Indenture is established by the terms of the Intercreditor Agreement and the Security Documents, which will provide that the obligations under the New Senior Secured 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 and that the New Senior Secured Notes will receive proceeds or enforcement of security over the Collateral in priority to the Second Lien Notes. 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 New Senior Secured Notes, Liens over the property and other assets constituting Collateral securing the New Senior Secured 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 and Consolidation—The Company*" or "*—Certain Covenants—Merger and Consolidation—The Issuer*") that is permitted by the New Senior Secured 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 New Senior Secured Indenture;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the New Senior Secured Indenture as provided below under the captions "—*Defeasance*" and "—*Satisfaction and Discharge*";

(4) upon the full and final payment of the New Senior Secured Notes and performance of all Obligations of the Issuer and the Guarantors under the New Senior Secured Indenture and the New Senior Secured Notes;

(5) as described under the caption "—*Amendments and Waivers*";

(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) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(9) in connection with a Permitted Reorganization.

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders. The New Senior Secured 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 or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents and the 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 the Collateral, the Trustee and the Security Agent shall, at the request of the Company, 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 New Senior Secured Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company shall furnish to the Trustee such documentation in relation thereto as it 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 New Senior Secured Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*."

The New Senior Secured Indenture will also provide that, at the written direction of 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 New Senior Secured Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the New Senior Secured Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure the New Senior Secured 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 New Senior Secured Notes in any material respect. 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 New Senior Secured Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement, and 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 or immunities under the New Senior Secured Indenture or any Intercreditor Agreement.

The New Senior Secured Indenture will also provide that each Holder of New Senior Secured Notes issued pursuant to the New Senior Secured Indenture, by accepting a New Senior Secured Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee to accede to 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 New Senior Secured Notes are listed on the Official List of the Exchange and the rules of the Authority so require, at the offices of the Registrar.

Optional Redemption

Optional Redemption of the New Senior Secured Notes

Except as set forth herein and under "—*Redemption for Taxation Reasons*" and "—*Escrow of Proceeds; Special Mandatory Redemption*," the New Senior Secured Notes are not redeemable at the option of the Issuer.

At any time prior to November 1, 2024, the Issuer may redeem, at its option, the New Senior Secured Notes in whole or in part upon not less than 10 nor more than 60 days' prior notice to the Holders of the New Senior Secured Notes at a redemption price equal to 100% of the principal amount of such New Senior Secured Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date.

At any time and from time to time on or after November 1, 2024, the Issuer may redeem, at its option the New Senior Secured Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice to the Holders of the New Senior Secured Notes at par plus accrued and unpaid interest and Additional Amounts to, but not including, the redemption date.

At any time and from time to time prior to November 1, 2024, the Issuer may, at its option, upon notice to the Holders of the New Senior Secured Notes as described under the heading "—*Selection and Notice*," redeem up to 40% of the aggregate principal amount of the New Senior Secured Notes (including Additional New Senior Secured Notes) at a redemption price (as calculated by the Company) equal to (i) 110.50% 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 thereon and Additional Amounts, if any, to but excluding the applicable redemption date; *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 New Senior Secured Notes originally issued on the Issue Date (excluding the principal amount of any Additional New Senior Secured Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

Until (and including) the 120th day after the Issue Date, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of the New Senior Secured Notes up to an amount equal to the Net Cash Proceeds of any amount received pursuant to any Regulatory Debt Facility at a redemption price (expressed as a percentage of the principal amount thereof) of 110.50%, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the 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 falling prior to or on the redemption date; provided, however, that at least 60% of the original aggregate principal amount of the New Senior Secured Notes originally issued under the New Senior Secured Indenture on the Issue Date remains outstanding immediately after the occurrence of each such redemption (unless all such New Senior Secured Notes are redeemed substantially concurrently); provided, further, that such redemption shall occur upon not less than 10 nor more than 60 days' notice mailed to each Holder of New Senior Secured Notes being redeemed and otherwise in accordance with the procedures set forth in the New Senior Secured Indenture.

General

Notwithstanding the foregoing, in connection with any tender offer for New Senior Secured Notes, if Holders of not less than 90% in aggregate principal amount of outstanding New Senior Secured Notes validly tender and do not withdraw such New Senior Secured Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the New Senior Secured Notes validly tendered and not withdrawn by such Holders, all Holders of the New Senior Secured Notes shall be deemed to have consented to such tender 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 New Senior Secured Notes, given not more than 30 days following such purchase date, to redeem all New Senior Secured Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of then outstanding New Senior Secured Notes have validly tendered and not withdrawn New Senior Secured Notes in a tender offer or other offer to purchase for all of the New Senior Secured Notes, New Senior Secured 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.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If the Issuer effects an optional redemption of the New Senior Secured Notes, it will, for so long as such New Senior Secured 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 New Senior Secured 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 New Senior Secured Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose New Senior Secured 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 Initial Investors, any of the Company's Subsidiaries and members of our management may acquire the New Senior Secured Notes through open market purchases, tender offers, negotiated transactions or otherwise.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the New Senior Secured Notes.

Selection and Notice

If less than all of the New Senior Secured Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select the relevant New Senior Secured Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which such New Senior Secured Notes are listed, as certified to the Paying Agent or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of DTC, or if the applicable New Senior Secured Notes are not so listed or DTC prescribes no method of selection and the New Senior Secured Notes are not held through DTC, on a *pro rata* basis or by use of a pool factor; *provided, however*, that no New Senior Secured Note of $200,000 in principal amount or less shall be redeemed in part and only New Senior Secured Notes in integral multiples of $1,000 will be redeemed. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as any New Senior Secured Notes are listed on the Official List of the Exchange and the rules of the Authority so require, any such notice to the Holders of the New Senior Secured Notes shall, to the extent and in the manner permitted by such rules, be posted on the official website of the Exchange and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar; *provided* that, for so long as any New Senior Secured Notes are represented by Global Notes, notices of redemption to Holders will be delivered to DTC (and such delivery will be deemed to satisfy the requirements of this paragraph), each of which shall give notices to the holders of the Book-Entry Interests.

If any New Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that New Senior Secured Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original New Senior Secured Note will be issued in the name of the Holder thereof upon cancellation of the original New Senior Secured Note (or in accordance with the procedures of DTC). In the case of a Global Note, an appropriate notation will be made on such New Senior Secured Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

Subject to the terms of the applicable redemption notice (including any conditions contained therein), New Senior Secured Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on New Senior Secured Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the New Senior Secured Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the New Senior Secured Notes (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) 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 Issuer or 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 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 Issuer, Successor Issuer or Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer, Successor Issuer or another Guarantor without the obligation to pay Additional Amounts) are, or on the next interest payment date in respect of the New Senior Secured Notes would be, required to pay any Additional Amounts, and the Issuer or Successor Issuer determines in good faith that such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or Guarantor (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 New Senior Secured Notes). In the case of redemption 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 become effective on or after the date

of this Offering Memorandum. In the case of redemption 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 become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. 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 the Payor (as defined below) would be obliged to make such payment of Additional Amounts if a payment in respect of the New Senior Secured Notes were then due 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 New Senior Secured Notes pursuant to the foregoing, the Issuer or Successor Issuer 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 and reasonably acceptable to the Trustee to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept 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 jurisdiction in which any successor to the Issuer is incorporated or resident for tax purposes or organized 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 Issuer or Guarantor (a "*Payor*") on or with respect to the New Senior Secured Notes or the Guarantees 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 Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such New Senior Secured Note or Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, or resident for tax purposes, or any political subdivision or Governmental Authority thereof or

therein having the power to tax (each of clauses (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made by or on behalf of a Payor on or with respect to any New Senior Secured Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") in cash as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on or with respect to any such New Senior Secured 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:

(1) 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 New Senior Secured 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 but not limited to 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 or holding of such New Senior Secured Note or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed, deducted or withheld by reason of the failure by the Holder or the beneficial owner of the New Senior Secured Note to comply with any reasonable request of the Payor made in writing at least 60 days before any such 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 applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes and which the Holder or the beneficial owner is legally entitled to provide;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the New Senior Secured Notes or any Guarantee;

(4) any estate, inheritance, gift, value, use, sales, excise, transfer, personal property or similar Taxes;

(5) any Taxes imposed in connection with a New Senior Secured Note presented for payment (where presentation is permitted or required for payment) by or on behalf of

a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant New Senior Secured Note to, or otherwise accepting payment from, another paying agent;

(6) any Taxes which would not have been imposed if the Holder had presented the New Senior Secured Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the New Senior Secured Note for payment within such 30-day period);

(7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership (including an entity that is treated as a partnership for applicable tax purposes) or any Person other than the sole beneficial owner of such payment or New Senior Secured Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or entity treated as a partnership for applicable tax purposes or the beneficial owner of such payment or New Senior Secured Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such New Senior Secured Note;

(8) any Taxes imposed on or with respect to a New Senior Secured Note pursuant to Sections 1471 to 1474 of the Code, any successor law or regulation implementing or complying with, or introduced in order to conform to, such Sections that is substantively comparable and not materially more onerous to comply with, or any intergovernmental agreement or any agreement entered into pursuant to Section 1471(b)(1) of the Code or any law, regulation, rule or other official guidance or practice implementing any such intergovernmental agreement; or

(9) any combination of items (1) through (8) above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction to the extent required by applicable law. The Payor will use 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 (or, if such certified copies are not available, other evidence of such payment reasonably acceptable to the Trustee) and will provide such certified copies or other evidence to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Registrar if the New Senior Secured Notes are then listed on the Official List of the Exchange, and the rules of the Authority so require.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on or with respect to any New Senior Secured Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee 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 will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the New Senior Secured Indenture, any New Senior Secured Notes or this "*Description of the New Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of New Senior Secured Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the New Senior Secured 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, registration, transfer, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or additional amounts with respect thereto) that arise in any jurisdiction from the execution, delivery, registration or enforcement of any New Senior Secured Notes, any Guarantee, the New Senior Secured Indenture or any other document or instrument in relation thereto (other than a secondary transfer or exchange of the New Senior Secured Notes) excluding, other than in the case of enforcement following an Event of Default, any such taxes, charges or levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders.

The foregoing obligations of this "*—Withholding Taxes*" will survive any termination, defeasance or discharge of the New Senior Secured Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Payor is incorporated or organized or resident for tax purposes, and any jurisdiction from or through which any payment on or with respect to the New Senior Secured Notes or any Guarantee is made by or behalf of the Payor or, in each case, any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to $200,000 principal amount and integral multiples of $1,000 in excess thereof) of such Holder's New Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of the New Senior Secured Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase New Senior Secured Notes as described under this

"*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the New Senior Secured Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the New Senior Secured Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such New Senior Secured Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or part (equal to $200,000 principal amount and integral multiples of $1,000 in excess thereof) of such Holder's New Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of such New Senior Secured Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the New Senior Secured Indenture, that a Holder must follow in order to have its New Senior Secured Notes repurchased; and

(5) if such notice is mailed 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.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all New Senior Secured Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all New Senior Secured Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of New Senior Secured Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such New Senior Secured 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 Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such New Senior Secured 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 New Senior Secured Note equal in aggregate principal amount to the unpurchased portion of the New Senior Secured Notes surrendered, if any; *provided* that each such new New Senior Secured Note will be in a principal amount that is at least $200,000 or an integral multiple of $1,000 in excess thereof.

If and for so long as the New Senior Secured 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.

The Change of Control provisions described above will be applicable whether or not any other provisions of the New Senior Secured Indenture are applicable. Except as described above with respect to a Change of Control, the New Senior Secured Indenture will not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the New Senior Secured Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's New Senior Secured Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon 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 New Senior Secured Indenture applicable to a Change of Control Offer made by the Issuer and purchases all New Senior Secured Notes validly tendered and not withdrawn under such Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of New Senior Secured Notes validly tender and do not withdraw such New Senior Secured 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 New Senior Secured 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 New Senior Secured Notes, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all New Senior Secured Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such New Senior Secured Notes, plus accrued and unpaid interest on the New Senior Secured Notes that remain outstanding to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the New Senior Secured Notes have validly tendered and not withdrawn New Senior Secured Notes in a tender offer or other offer to purchase for all of the New Senior Secured Notes, New Senior Secured 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 Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the New Senior Secured Notes are then listed) in connection with the repurchase of New Senior Secured Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the New Senior Secured Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the New Senior Secured Notes, under the Change of Control provisions of the New Senior Secured Indenture by virtue of the conflict.

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 prohibit the Issuer from purchasing New Senior Secured Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the New Senior Secured Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the New Senior Secured Notes or the repayment of the Revolving Credit Facility. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—We may not be able to finance a change of control offer required to repurchase the New Notes upon a change of control*."

The definition of "*Change of Control*" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "*substantially all*," 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 a disposition of "*all or substantially all*" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the New Senior Secured Notes as described above.

The provisions of the New Senior Secured Indenture relating to the Issuer's obligation to make an offer to repurchase the New Senior Secured Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the New Senior Secured Notes under the New Senior Secured Indenture.

The Trustee shall not be responsible for determining whether a Change of Control Offer or any component thereof is required to be commenced.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, the Company and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility and any Refinancing Indebtedness in respect thereof in a maximum aggregate principal amount at any time outstanding not to exceed £100 million, plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent such Guaranteed Indebtedness 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 of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the New Senior Secured Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however*, that:

    (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in connection with cash management positions of the Company and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and the

Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) subordinated to the prior payment in full in cash of all obligations then due with respect to the New Senior Secured Notes, in the case of the Issuer, or the Guarantee, in the case of a Guarantor, in the case of both (i) and (ii), to the extent required by the Intercreditor Agreement; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the New Senior Secured Notes (other than any Additional Notes), (b) the Second Lien Notes (in each case, other than any additional Second Lien Notes (which shall not include any additional Second Lien Notes issued as pay-in-kind ("*PIK*") interest on such Second Lien Notes)), (c) the Notes Proceeds Loans, (d) any Indebtedness (other than the Second Lien Notes and Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date, (e) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (f) Management Advances;

(5) [*Reserved*];

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding £10 million;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or

obligations Incurred in the ordinary course of business; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 Business Days following such drawing, (c) the financing of insurance premiums in the ordinary course of business, (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business and (e) any lease, concession or license of property (or Guarantee thereof) which would have been considered an operating lease under IAS 17 (Leases);

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(10) (a) Indebtedness 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; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) (i) Indebtedness owed on a short-term basis of no longer than 90 Business Days to banks and other financial institutions Incurred in the ordinary course of business 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, and (ii) any Indebtedness under any Inventory Funding Facilities in a maximum aggregate amount at any time outstanding not to exceed £60 million; and

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm’s length commercial terms on a recourse basis;

(11) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed £50 million;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal

amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date and other than the New Equity Offering and the First Strategic Cooperation Equity Offering; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred under any Qualified Receivables Financing in a maximum aggregate amount at any time outstanding not to exceed the greater of £150 million and 20% of Consolidated Revenue;

(14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within five Business Days of the date on which such Indebtedness is Incurred; and

(15) Indebtedness of the Company or any Restricted Subsidiary consisting of local lines of credit, working capital or local facilities in an aggregate amount at any time outstanding not exceeding £20 million.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of the covenant and clause (15) of the second paragraph of this covenant at any time outstanding shall not exceed the greater of £80 million and 50.0% of Consolidated EBITDA (as measured on the date such Indebtedness was Incurred).

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item (or any portion of such item) of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(d) of the second paragraph of the description of this covenant, and may not be reclassified pursuant to clause (1) of this paragraph;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (12) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) 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;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness (including PIK Interest), the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock 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 for purposes of the covenant described under this "*—Limitation on Indebtedness*" (and in the case of Indebtedness that constitutes the payment of interest in the form of additional Indebtedness shall be permitted to be secured by a Lien to the same extent as the Indebtedness to which the payment of interest relates). The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "*Indebtedness*."

Subject to the second paragraph of the covenant described below under "*—Limited Condition Acquisition and Irrevocable Repayment*," for purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, at the option of the Company, first committed; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount 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 Sterling Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, subject to the second paragraph of the covenant described below under "*—Limited Condition Acquisition and Irrevocable Repayment*," shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) (i) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(ii) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

(iii) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*").

The foregoing paragraph will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made in exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or an Excluded Contribution) of the Company, in each case other than the New Equity Offering and the First Strategic Cooperation Equity Offering;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

   (a) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "*change of control*"), but only (i) if the Company shall have first complied with the covenant described under "*—Change of Control*" and purchased all New Senior Secured Notes validly tendered pursuant to the offer to repurchase all the New Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

   (b) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) £2.5 million plus (2) £1.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (3) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt

of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions plus (4) the Net Cash Proceeds of key man life insurance policies received by the Company or its Restricted Subsidiaries (or any Parent to the extent contributed to the Company) after the Issue Date, less (5) the amount of any Restricted Payments previously made with the Net Cash Proceeds described in (3) and (4) of this clause (6);

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) in connection with the Transactions and fees and expenses disclosed in the Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "*—Limitation on Affiliate Transactions*;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company, in each case other than the New Equity Offering and the First Strategic Cooperation Equity Offering;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed £30 million;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);

(13) Investments in an aggregate amount outstanding at any time not to exceed the fair market value of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate of such Parent issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares issued by a Parent or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares; and

(15) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the New Senior Secured Notes (or a Guarantee in the case of Liens of a Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured (*provided* that a Lien to secure Indebtedness pursuant to clauses (1) and (6) of the second paragraph of the "*Limitation on Indebtedness*" covenant may have priority not materially less favorable to the Holders than that accorded to the Revolving Credit Facility Agreement pursuant to the Intercreditor Agreement), and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Lien.

Any such Lien created in favor of the New Senior Secured Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*."

Notwithstanding any other provision of this covenant, prior to the Release Date, the Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien securing any Indebtedness over the Senior Secured Notes Escrow Account or the Senior Secured Notes Escrowed Property, in each case other than Liens granted to secure the Obligations of the Issuer and the Guarantors under the New Senior Secured Notes, the Guarantees and the New Senior Secured Indenture.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or the Company or any Restricted Subsidiary;

(2) make any loans or advances to the Issuer or the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Issuer or the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Finance Documents) or (b) any other agreement or instrument, in each case,

in effect at or entered into on the Issue Date, including the New Senior Secured Indenture, the New Senior Secured Notes, the Second Lien Indenture and the Second Lien Notes;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, pledges, charges or other security agreements permitted under the New Senior Secured Indenture or the Second Lien Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the New Senior Secured Indenture or the Second Lien Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the New Senior Secured Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Company) or where the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the New Senior Secured Notes;

(12) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "*Affiliate Transaction*") involving aggregate value in excess of £5 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction or series of related Affiliate Transactions involves an aggregate value in excess of £10 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company; and

(3) in the event such Affiliate Transaction or series of related Affiliate Transactions involves an aggregate consideration in excess of £25 million, the Issuer has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if 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 stating that the terms are not materially less favorable 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.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the second paragraph of the covenant described under

"*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as described in paragraphs (1)(b), (2) and (11) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the good faith judgment of the Company and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, lenders, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to

the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or (in the case of lenders, and) are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the New Senior Secured Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (11) are approved by a majority of the Board of Directors of the Company in good faith;

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing; and

(14) payments pursuant to the F1 Sponsorship Agreement not to exceed £30 million per annum.

Limitation on Issuer Activities

The Issuer may not carry on any business or own any material assets other than: (1) the offering, sale, issuance and servicing, listing, purchase, redemption, exchange, refinancing or retirement of the New Senior Secured Notes and the Second Lien Notes (including any additional Second Lien Notes issued under the Second Lien Indenture in the form of PIK interest) or the incurrence of other Indebtedness (and guarantees thereof) permitted by the terms of the New Senior Secured Indenture or the Second Lien Indenture or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the New Senior

Secured Indenture or the Second Lien Indenture and the granting of Liens permitted pursuant to the covenant described above under the caption "—*Limitation on Liens*"; (2) rights and obligations arising under the New Senior Secured Indenture, the Second Lien Indenture, any Credit Facility, the Intercreditor Agreement (including any additional Intercreditor Agreement) and the security documents relating to the New Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility or any other agreement existing on the Issue Date to which it is a party; (3) undertaken with the purpose of, or directly related to, the fulfilling of any other obligations under any Indebtedness of the Issuer permitted by the New Senior Secured Indenture or the Second Lien Indenture; (4) the ownership of cash and Cash Equivalents; (5) making Investments in the New Senior Secured Notes and the Second Lien Notes (including any additional Second Lien Notes issued under the Second Lien Indenture in the form of PIK interest) or any other Indebtedness permitted by the terms of the New Senior Secured Indenture; (6) directly related or reasonably incidental to the establishment and/or maintenance of its corporate existence; (7) relating to the lending of proceeds of Indebtedness to the Company or any Restricted Subsidiary; (8) pursuant to or in connection with the Transactions; (9) holding the Capital Stock of its Subsidiaries; (10) customary liabilities to directors, employees, managers and/or other officers; (11) liabilities for Taxes and under any tax grouping or fiscal unity or other governmental or regulatory payments and liabilities for and payments in respect of insurance; (12) preparing for, and under any customary mandate, engagement or underwriting letters or similar agreements entered into on arm's length terms; (13) any litigation, arbitration or similar proceedings or investigation; (14) arising by operation of law; and (15) anything reasonably related to the foregoing clauses (1) through (15) hereof; and (16) other activities not specifically enumerated above that are *de minimis* in nature. In no event will the Issuer carry on any business or own any material assets that would require it to be registered as an "*investment company*" under the Investment Company Act of 1940, as amended.

Reports

For so long as any New Senior Secured Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 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 or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of AML Global or its predecessor 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, 2021, a trading statement containing (i) revenue, total wholesales volumes, core retail sales, core wholesales, adjusted operating 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 be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *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 IFRS, 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 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 New Senior Secured 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 New Senior Secured 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.

So long as any New Senior Secured Notes are outstanding, the Company shall use commercially reasonable efforts to hold a live quarterly conference call to present the results of operations for the relevant reporting period for the benefit of Holders or prospective Holders; *provided* that no more than one conference call will be required in relation to any quarterly period.

In addition, so long as the New Senior Secured Notes are not freely transferrable under the Exchange Act by persons who are not "*affiliates*" under the Securities Act, the Company shall furnish to the Holders and, upon their request, prospective purchasers of the New Senior Secured Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained herein including the Company's compliance with any of its covenants under the New Senior Secured Indenture.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of the United Kingdom, any member state of

the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway, Switzerland or Japan and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the New Senior Secured Notes and the New Senior Secured Indenture and (b) if applicable, all obligations of the Issuer under 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);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the New Senior Secured Indenture and that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in form reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate without independent verification as to any matters of fact, including as to satisfaction of clauses (1) and (2) above. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel without independent investigation or verification.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the New Senior Secured Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the New Senior Secured Indenture or the New Senior Secured Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

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.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

The Issuer shall remain a Wholly Owned Subsidiary of the Company.

The Company

The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of the United Kingdom, any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway, Switzerland or Japan and the Successor Company (if not the Company) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under its Guarantee and (b) if applicable, all obligations of the Company under 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);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—*Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the New Senior Secured Indenture and that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in form reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate without independent verification as to any matters of fact, including as to satisfaction of clauses (1), (2) and (3) above. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel without independent investigation or verification.

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 Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the New Senior Secured Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the New Senior Secured Indenture or the New Senior Secured Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described above under "*—The Issuer*" and below under "*—Subsidiary Guarantors*" (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph and clause (4) of the provisions described above under "*—The Company,*" (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which does not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

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.

The foregoing provisions (other than the requirements of clause (2) of the provisions described above under "*—The Company,*") will not apply to the creation of a new subsidiary as a Restricted Subsidiary.

Notwithstanding anything to the contrary in this covenant, a Permitted Reorganization shall be permitted at any time.

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, the New Senior Secured Indenture 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) otherwise permitted by the New Senior Secured Indenture.

Notwithstanding the preceding clause (3)(b)(ii) and the provisions described above under "*—The Issuer*" and "*—The Company*" (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.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the New Senior Secured Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until the Reversion Date, the provisions of the New Senior Secured Indenture summarized under the following captions will not apply to such New Senior Secured Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*,""*—Limitation on Sales of Assets and Subsidiary Stock*,""*—Limitation on Affiliate Transactions*," "*—Lines of Business*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation— The Company*," and, in each case, any related default provision of the New Senior Secured Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the New Senior Secured Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(d) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." The Issuer will give written notice to the Trustee of the occurrence of a Suspension Event as well as if such Suspension Event is no longer in effect.

Limited Condition Acquisition and Irrevocable Repayment

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment, for purposes of determining compliance with any provision of the New Senior Secured Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into after giving pro forma effect to the applicable Limited Condition Acquisition or Irrevocable Repayment. For the avoidance of doubt, if the Company has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date the definitive agreements for the applicable Limited Condition Acquisition or Irrevocable Repayment were entered into and prior to the consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Irrevocable Repayment is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment for purposes of:

(1) determining compliance with any provision of the New Senior Secured Indenture which requires the calculation of the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Secured Net Leverage Ratio; or

(2) testing baskets set forth in the New Senior Secured Indenture;

in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Acquisition or Irrevocable Repayment, an "*LCA Election*"), the date of determination of whether any such action is permitted hereunder (including the determination of any currency exchange rate for the purposes of calculating the Sterling Equivalent of any sterling-denominated basket), may be deemed to be the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into (the "*LCA Test Date*"). If, after giving pro forma effect to the Limited Condition Acquisition or Irrevocable Repayment and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCA Test Date for which consolidated financial statements of the Company are available, the Company could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

If the Company has made an LCA Election, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, mergers or the conveyance, lease or other transfer of all or substantially all of the assets of the Company on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition or Irrevocable Repayment is consummated or the definitive agreement for such Limited Condition Acquisition or Irrevocable Repayment is terminated or expires without consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition or Irrevocable Repayment and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated. If the Company has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA or Consolidated Revenue of the Company or the Person subject to such Limited Condition Acquisition or Irrevocable Repayment, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations.

Additional Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors or the Issuer, directly or indirectly, to Guarantee any Indebtedness under the Revolving Credit Facility Agreement (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or Public Debt and any refinancing thereof, in whole or in part unless, in each case, such Restricted Subsidiary becomes a Guarantor on 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 New Senior Secured Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, 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 Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the New Senior Secured Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Following the provision of any additional Guarantees under the New Senior Secured Indenture as described above, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), and subject to the Agreed Security Principles, 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 of New Senior Secured Notes issued under the New Senior Secured Indenture on a basis consistent with the Collateral.

Each additional Guarantee 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, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the New Senior Secured Notes to the extent and for so long as the Incurrence of such Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement.

Impairment of Security Interest

Pursuant to the New Senior Secured 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 New Senior Secured Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the applicable Security Document.

Notwithstanding the above, nothing in this covenant under the New Senior Secured Indenture shall restrict the discharge and release of any Liens in accordance with the New Senior Secured 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; (iv) effect a Permitted Reorganization and the Collateral may be discharged and released and retaken, if applicable, in accordance with the New Senior Secured Indenture, the applicable Security Documents or the Intercreditor Agreement (or any Additional Intercreditor Agreement) or (v) 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 New Senior Secured 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, either (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 Directors 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 New Senior Secured 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.

Further Assurances

Pursuant to the New Senior Secured Indenture, the Company will, and will procure that each of its Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Pursuant to the New Senior Secured Indenture, the Company will, and will procure that each of its Restricted Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Lines of Business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the New Senior Secured Notes on the Official List of the Exchange for so long as such New Senior Secured Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the New Senior Secured Notes from the Official List of the Exchange, and thereafter use its reasonable best efforts to maintain, a listing of such New Senior Secured Notes on another "*recognized stock exchange*" as defined in section 1005 of the Income Tax Act 2007 of the United Kingdom.

Payments for Consent

The Company will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of New Senior Secured Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the New Senior Secured Indenture or the New Senior Secured Notes unless such consideration is offered to be paid and is paid to all Holders of the New Senior Secured Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Events of Default

Each of the following is an Event of Default:

(1) default in any payment of interest or Additional Amounts, if any, on any New Senior Secured Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any New Senior Secured Note issued under the New Senior Secured Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer, the Company or the relevant Guarantor to comply with the obligations under the covenant described under "*—Certain Covenants—Merger and Consolidation*" above;

(4) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding New Senior Secured Notes with any of the Company's obligations under the covenant described under "*—Change of Control*" above;

(5) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding New Senior Secured Notes with its other agreements contained in the New Senior Secured Indenture (in each case, other than a default in performance, or breach of, a covenant or agreement specifically addressed in clauses (1) through (4) above);

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be 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 date hereof, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*");

    and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £25 million or more;

(7) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(8) failure by the Company, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of £25 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and due (the "*judgment default provision*");

(9) any security interest under the Security Documents on any Collateral having a fair market value in excess of £20 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the New Senior Secured Indenture) for any reason other than the satisfaction in full of all obligations under the New Senior Secured Indenture or the release or amendment of any such security interest in accordance with the terms of the New Senior Secured Indenture, the Intercreditor Agreement, any additional Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "*security default provisions*"); and

(10) any Guarantee of the New Senior Secured Notes by the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the New Senior Secured Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days (the "*guarantee provisions*").

However, a default under clauses (3), (4), (5), (6) 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 outstanding New Senior Secured Notes notify the Issuer or the Company of the default and, with respect to clauses (3), (4), (5), (6) and (8), the Company does not cure such default within the time specified in clauses (3), (4), (5), (6) or (8), as applicable, of the first paragraph of this section after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by written notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding New Senior Secured Notes by written notice to the Company and the Trustee, may declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the New Senior Secured Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the New Senior Secured Notes because an Event of Default described in clause (6) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the New Senior Secured Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the New Senior Secured Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the New Senior Secured Notes that became due solely because of the acceleration of the New Senior Secured Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the New Senior Secured Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding New Senior Secured Notes under the New Senior Secured Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such New Senior Secured Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the New Senior Secured Indenture relating to the duties of the Trustee, if 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 New Senior Secured Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability, cost and/or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the New Senior Secured Indenture or the New Senior Secured Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the then outstanding New Senior Secured Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee security and/or indemnity (including by way of pre-funding) satisfactory to the Trustee against any loss, liability, cost and/or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity and/or pre-funding satisfactory to the Trustee; and

(5) the Holders of a majority in aggregate principal amount of the outstanding New Senior Secured Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding New Senior Secured Notes may 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 New Senior Secured Indenture will provide that, if an Event of Default has occurred and is continuing of which the Trustee has knowledge in accordance with the provisions of the New Senior Secured Indenture, the Trustee will be required to exercise such rights and powers vested in it pursuant to the New Senior Secured Indenture and use the same degree of care and skill in their exercise as a prudent person would use or exercise under the circumstances in conducting his or her own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, its fiduciary duties or the New Senior Secured Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the New Senior Secured Indenture, the Trustee will be entitled to indemnification and/or security (including by way of pre-funding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The New Senior Secured Indenture will provide that if a Default occurs and is continuing and a Responsible Officer of the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 90 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any New Senior Secured Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The New Senior Secured Notes will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the New Senior Secured Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity or security to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the New Senior Secured Note Documents (as applicable) may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the relevant series of New Senior Secured Notes then outstanding (to the extent applicable) issued under the New Senior Secured Indenture (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such New Senior Secured Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the relevant series of New Senior Secured Notes then outstanding (to the extent applicable) issued under the New Senior Secured Indenture (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such New Senior Secured Notes); *provided* that, if any amendment, waiver or other modification will only amend one series of the New Senior Secured Notes of the New Senior Secured Indenture, only the consent of a majority in principal amount of the then outstanding New Senior Secured Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of New Senior Secured Notes under the New Senior Secured Indenture, or if any amendment, waiver or other modification will only amend, waive or modify one series of the New Senior Secured Notes under the New Senior Secured Indenture, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of New Senior Secured Notes of such series under the New Senior Secured Indenture amended, waived or modified, an amendment or waiver may not, with respect to any such series of the New Senior Secured Notes held by a non-consenting Holder:

(1) reduce the principal amount of such New Senior Secured Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such New Senior Secured Note;

(3) reduce the principal of or extend the Stated Maturity of any such New Senior Secured Note;

(4) reduce the premium payable upon the redemption of any such New Senior Secured Note or change the time at which any such New Senior Secured Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any such New Senior Secured Note payable in money other than that stated in such New Senior Secured Note;

(6) amend the contractual right of any Holder to bring suit for the payment of principal, premium, if any, and interest on its New Senior Secured Note, on or after the respective due dates expressed or provided for in such New Senior Secured Note;

(7) make any change in the provision of the New Senior Secured Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such New Senior Secured Notes in any material respect or amends the terms of such New Senior Secured Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release (i) the security interest granted for the benefit of the Holders over all or substantially all of the Collateral, other than pursuant to the terms of the New Senior Secured Indenture or the Security Documents, or (ii) any Guarantor from its Obligations under its Guarantee, other than pursuant to the terms of the New Senior Secured Indenture;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest (except pursuant to a rescission of acceleration of the New Senior Secured Notes by the Holders of at least a majority in aggregate principal amount of such New Senior Secured Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any New Senior Secured Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the New Notes*," or reduce the minimum denomination of the New Senior Secured Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company, the Issuer or any Guarantor under any New Senior Secured Note Document;

(3) provide for uncertificated New Senior Secured Notes in addition to or in place of certificated New Senior Secured Notes (*provided* that the uncertificated New Senior Secured Notes are issued in registered form for purposes of Section 163(f) of the Code) or change the minimum denomination for the New Senior Secured Notes;

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect or that would provide additional rights or benefits to the Holders or the Trustee;

(6) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the New Senior Secured Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;

(8) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Additional Guarantees,*" to add Guarantees with respect to the New Senior Secured Notes, to add security to or for the benefit of the New Senior Secured Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents, if applicable) with respect to or securing the New Senior Secured Notes when such release, termination, discharge or retaking is provided for under the New

Senior Secured Indenture, Intercreditor Agreement, any Additional Intercreditor Agreement or Security Documents;

(9) conform the text of the New Senior Secured Indenture, the Guarantees, the Security Documents or the New Senior Secured Notes to any provision of this "*Description of the New Notes*" to the extent that such provision in this "*Description of the New Notes*" was intended to be a verbatim recitation of a provision of the New Senior Secured Indenture, a Guarantee, the Security Documents or the New Senior Secured Notes;

(10) evidence and provide for the acceptance and appointment under the New Senior Secured Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any New Senior Secured Note Document; or

(11) 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 New Senior Secured 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 New Senior Secured Indenture to approve the particular form of any proposed amendment or supplement of any New Senior Secured Note Document. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment or supplement or waiver under the New Senior Secured Indenture by any Holder of New Senior Secured Notes given in connection with a tender of such Holder's New Senior Secured Notes will not be rendered invalid by such tender.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants contained in the New Senior Secured Indenture shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or premium, if any, or interest, on the New Senior Secured Notes.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the New Senior Secured Notes have concurred in any direction, waiver or consent, any New Senior Secured 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.

Defeasance

The Issuer at any time may terminate all its and each Guarantor's obligations under the New Senior Secured Notes and the New Senior Secured Indenture ("*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 New Senior Secured Notes, registrations of New Senior Secured Notes, mutilated, destroyed, lost or stolen New Senior Secured Notes 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 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 each of the covenants described under "—*Certain Covenants—Merger and Consolidation—The Issuer*" and "—*Certain Covenants—Merger and Consolidation—The Company*" and the covenant described under "*—Certain Covenants—Merger and Consolidation—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*" 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, payment of the New Senior Secured Notes may not be accelerated because of an Event of Default with respect to the New Senior Secured Notes. If the Issuer exercises its covenant defeasance option with respect to the New Senior Secured Notes, payment of the New Senior Secured Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of each of the covenants described under "—*Certain Covenants—Merger and Consolidation—The Issuer,*" "—*Certain Covenants—Merger and Consolidation—The Company*" and the covenant described under "—*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*"), (4), (5), (6), (7), (8), (9) or (10) under "—*Events of Default*" 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 Government Obligations or 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 New Senior Secured Notes 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 New Senior Secured Notes 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 New Senior Secured 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 and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each 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;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) 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 New Senior Secured Indenture, and the rights of the Trustee and the Holders under the New Senior Secured Notes and any Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the New Senior Secured Notes, as expressly provided for in the New Senior Secured Indenture) as to all outstanding New Senior Secured Notes when (1) either (a) all the New Senior Secured Notes previously authenticated and delivered (other than certain lost, stolen or destroyed New Senior Secured Notes and certain New Senior Secured Notes 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 New Senior Secured Notes 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 Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the New Senior Secured Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of New Senior Secured Notes 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 New Senior Secured Indenture; (4) the Issuer has delivered irrevocable instructions under the New Senior Secured Indenture to apply the deposited money towards payment of the New Senior Secured Notes 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 New Senior Secured Indenture relating to the satisfaction and discharge of the New Senior Secured Indenture 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) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company under the New Senior Secured Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a New Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the New Senior Secured 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.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited will be appointed as Trustee under the New Senior Secured Indenture. The New Senior Secured Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the New Senior Secured Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the New Senior Secured Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the New Senior Secured Indenture will not be construed as an obligation or duty.

The New Senior Secured Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, 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 with the Company and its Affiliates and Subsidiaries.

The New Senior Secured 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 New Senior Secured Notes, or may resign at any time by giving written notice to the Company and the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a *bona 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 appointment by the successor Trustee.

The New Senior Secured 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 or administration of the New Senior Secured Indenture.

Notices

All notices to Holders of New Senior Secured Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the New Senior Secured Notes, if any, maintained by the Registrar. In addition, for so long as the New Senior Secured 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 New Senior Secured Notes on the official website of the Exchange. In addition, for so long as any New Senior Secured Notes are represented by Global Notes, all notices to Holders of the New Senior Secured Notes will be delivered, in English, to DTC, which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail 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 mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the New Senior Secured 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 New Senior Secured 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 New Senior Secured Notes and the relevant Guarantees, as the case may be, including damages (the "*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 New Senior Secured 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 New Senior Secured 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 New Senior Secured 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 New Senior Secured Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth in the New Senior Secured 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 New Senior Secured 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 New Senior Secured Indenture and the New Senior Secured Notes and the Guarantees, the Issuer and each Guarantor will in the New Senior Secured 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 New Senior Secured Indenture and the New Senior Secured Notes, including any Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

"*2011 Notes Proceeds Loan*" means the subordinated intercompany loan from AM Capital to Aston Martin Holdings (UK) Limited.

"*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 New Senior Secured 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.

"*Additional Notes Proceeds Loan Agreement*" means any loan agreement between the Issuer and Aston Martin Lagonda Limited pursuant to which the Issuer lends, on terms substantially identical to those contained in the Notes Proceeds Loan Agreements, the proceeds from the issuance of Additional Notes or additional Second Lien Notes to Aston Martin Lagonda Limited. The loan pursuant to such agreement, the "*Additional Notes Proceeds Loan.*"

"*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*" and "*controlled*" 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 New Senior Secured Notes in the good faith judgment of the Company.

"*Applicable Premium*" means, with respect to any New Senior Secured Note, the greater of:

(1) 1% of the principal amount of such New Senior Secured Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of the redemption price of the New Senior Secured Note at November 1, 2024 (such redemption price being par and excluding accrued but unpaid interest), plus all required interest payments due on such New Senior Secured Note to and including November 1, 2024 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the applicable Treasury Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such New Senior Secured Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, the calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business, including pursuant to an Inventory Funding Facility;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The* Company" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than £10 million or, if greater, 6.0% of Consolidated EBITDA;

(8) 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 Permitted Investment;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) [*Reserved*];

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) 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; *provided, however*, that the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole);

(18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the New Senior Secured Indenture; and

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

"*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.

"*Board of Directors*" 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 of Directors, 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 of Directors (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 New Senior Secured Indenture, such day means any day on which the clearing system for which the Global Notes are being held is open for business.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that would have been required to be classified and accounted for as a finance lease or a capitalized lease for financial reporting purposes on the basis of IAS 17 (Leases), or as the case may be and subject to (as applicable) the Election Option, is required to be classified as lease liabilities on the balance sheet in accordance with IFRS 16 (Leases). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IAS 17 (Leases), or, subject to the Election Option, IFRS 16 (Leases), and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland, Norway or Japan or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits and eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "*A-1*" or the equivalent thereof by S&P or at least "*P-1*" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £250 million (or the foreign currency equivalent thereof);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "*A-2*" or the equivalent thereof by S&P or "*P-2*" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two 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 one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland, Norway or Japan or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or Preferred Stock issued by Persons with a rating of "*BBB–*" or higher from S&P or "*Baa3*" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*," any marketable securities owned by the Company and its Subsidiaries on the Issue Date.

"*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 as in effect on the Issue Date), 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 as in effect on the Issue Date), 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 or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement and (ii) if any group 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 any other member of such group for purposes of determining whether a Change of Control has occurred.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Company*" means Aston Martin Investments Limited.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any

Indebtedness permitted by the New Senior Secured Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (in each case whether or not successful) (including any such fees or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Company;

(6) any non-controlling or minority interest expense (whether paid or not) consisting of income attributable to non-controlling or minority equity interests of third parties in such period;

(7) the amount of expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions;*"

(8) the amount of any restructuring charges or reserves, 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, retention charges (including charges or expenses in respect of incentive plans), start-up or initial costs for any project or new production line, division or new line of business or other business optimization expenses or reserves including, without limitation, costs or reserves associated with improvements to IT and accounting functions, integration and facilities opening costs or any one-time costs incurred in connection with acquisitions and Investments and costs related to the closure and/or consolidation of facilities;

(9) (i) Orders in Production and (ii) the amount of "*run rate*" cost savings, operating expense reductions and synergies related to mergers and other business combinations, acquisitions, divestitures, restructurings, cost savings initiatives and other similar initiatives consummated after the Issue Date 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 or are expected to be taken (in the good faith determination of the Company) within 24 months after a merger or other business combination, acquisition, divestiture, restructuring, cost savings initiative or other initiative is consummated, net the amount of actual benefits realized during such period from such actions;

(10) any net gain (or loss) realized from disposed, abandoned or discontinued operations; and

(11) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

For the purposes of calculating Consolidated EBITDA in connection with determining baskets, such Consolidated EBITDA will be calculated for the most recently ended four fiscal quarters for which internal financial statements are available. In addition, such calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of this definition)), (i) with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Fixed Charge Coverage Ratio as if they occurred at the beginning of the applicable period and (ii) as though the full effect of cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of this definition) were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company consistent with clause (9)(ii) of this definition) of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period.

"*Consolidated Financial Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the sum of:

(1) consolidated net interest income/expense of the Company and its Restricted Subsidiaries related to Indebtedness (including (a) amortization of debt discount, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) the interest component of Capitalized Lease Obligations, and (d) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, debt issuance cost and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (d));

(2) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company; and

(3) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes), trade taxes and franchise taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Company;

(2) [*Reserved*]

(3) any net after-tax effect of gains (or losses) realized upon the sale or other disposition (including abandonment or discontinuance) of any asset or operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto), charges or expenses (including relating to any multi-year strategic initiatives), restructuring and duplicative running costs, relocation costs, integration costs, facility consolidation and closing costs, severance costs and expenses, one-time compensation charges, costs relating to pre-opening and opening costs for facilities, signing, retention and completion bonuses, costs incurred in connection with any strategic initiatives, transition costs, costs incurred in connection with acquisitions and non-recurring product and intellectual property development, other business optimization expenses (including costs and expenses relating to business optimization programs and new systems design, retention charges, 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;

(5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period;

(6) any after-tax effect of income (loss) from the early extinguishment or conversion of (i) Indebtedness, (ii) Hedging Obligations or (iii) other derivative instruments;

(7) any impairment charge or asset write-off or write-down, including impairment charges or asset writeoffs 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, and the amortization of intangibles arising pursuant to IFRS;

(8) any equity-based or non-cash compensation charge or expense (including any such charge or expense arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights or equity incentive programs, or resulting from the application of accounting principles relating to the expensing of stock-related compensation) and any cash charges associated with the rollover, acceleration, or payout of Capital Stock by management, other employees or business partners of the Company or any Parent;

(9) any fees, expenses or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, recapitalization, Investment, disposition, incurrence or repayment of Indebtedness (including such fees, expenses or charges related to the offerings and issuances of the New Senior Secured Notes, the Second Lien Notes and the syndication and incurrence of any Credit Facility), issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the New Senior Secured Notes, the Second Lien Notes and other securities, any Credit Facility and any intercreditor agreement) 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 non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful or consummated;

(10) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(11) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(12) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(13) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(14) 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); and

(15) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum, without duplication, of (i) the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") on a consolidated basis less (ii) cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA 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; *provided, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business or site (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "*discontinued operations*" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business or site (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase (including all reasonably anticipated cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*") occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including Orders in Production and all reasonably anticipated cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*"), as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*") as though the full effect of cost savings, operating expense reductions and synergies were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company consistent with the calculation set forth in clause (9)(ii) of the definition of "*Consolidated EBITDA*") of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. In calculating the Consolidated Net Leverage Ratio and the Consolidated Secured Net Leverage Ratio, pro forma effect will not be given to (i) any Indebtedness incurred on the date of determination pursuant to the second paragraph of the covenant set forth in "*—Certain Covenants—Limitation on Indebtedness*" and (ii) any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to second paragraph of the covenant set forth in "*—Certain Covenants—Limitation on Indebtedness.*"

"*Consolidated Revenue*" means the revenue of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS, calculated for the most recently ended four fiscal quarters for which internal financial statements are available immediately preceding any date of determination; *provided,* that for the purposes of calculating Consolidated Revenue, such calculation will be as determined in good faith by a responsible financial or accounting officer of the Company, with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Fixed Charge Coverage Ratio as if they occurred at the beginning of the applicable period.

"*Consolidated Secured Net Leverage Ratio*" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including 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.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including 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, 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 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 Facility*" 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.

"*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.

"*Default*" means any event which is, or after notice or passage of time or both would be, an "*Event of Default*."

"*Designated Preference Shares*" means, with respect to the Company or any Parent or Affiliate of any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "*Designated Preference Shares*" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof.

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors 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 Directors 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 Parent 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 pursuant to a sinking fund obligation or otherwise;

(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 of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the New Senior Secured Notes or (b) the date on which there are no New Senior Secured 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 and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination thereof by the Company, the amount of U.S. dollars obtained by converting such currency other than U.S. dollars involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable currency other than U.S. dollars 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.

"*DTC*" means The Depository Trust Company or any successor securities clearing agency.

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any of its Restricted Subsidiaries.

"*Escrow Agent*" means JPMorgan Chase Bank, N.A., as Escrow Agent under the Senior Secured Notes Escrow Agreement.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*European Union*" means all members of the European Union as of the Issue Date.

"*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.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock, Designated Preference Shares, the New Equity Offering or the First Strategic Cooperation Equity Offering) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*fair market value*" shall be determined in good faith by the Company and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*First Strategic Cooperation Equity Offering*" means the issuance of the first tranche of shares in AML Global to Mercedes-Benz AG, pursuant to the strategic cooperation agreement, dated October 27, 2020 between AML Global and Mercedes-Benz AG.

"*Fixed Charge Coverage Ratio*" means, for any period, the ratio of:

(a) Consolidated EBITDA to

(b) Consolidated Financial Interest Expense; *provided* that in calculating the Fixed Charge Coverage Ratio or any element thereof for any period, pro forma calculations will be made in good faith by a responsible financial or accounting officer of the Company (including any pro forma expenses, Orders in Production, cost savings, operating expense reductions and synergies that have occurred or are reasonably expected to occur within the next 24 months following the date of such calculation, including, without limitation, as a result of, or that would result from any actions taken by the Company or any of its Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or program or in connection with any Orders in Production, transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise, in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Company (regardless of whether these Orders in Production, cost savings, operating expense reductions and synergies could then be reflected in *pro forma* financial statements to the extent prepared));

provided, further, without limiting the application of the previous proviso, that for the purposes of calculating Consolidated EBITDA or Consolidated Financial Interest Expense for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business or site (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "*discontinued operations*" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period; and (b) the Consolidated Financial Interest Expense for such period shall be reduced by an amount equal to the Consolidated Financial Interest Expense directly attributable to any Indebtedness of the Company or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and the continuing Restricted Subsidiaries in connection with such disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Financial Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale);

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business or site (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving *pro forma* effect thereto (including all Orders in Production and reasonably anticipated cost savings, operating expense reductions and synergies, in each case, as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*"), as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary

since the beginning of such period, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving *pro forma* effect thereto (including Orders in Production and all reasonably anticipated cost savings, operating expense reductions and synergies, in each case, as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*"), as if such Sale or Purchase occurred on the first day of such period.

If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness for a period equal to the remaining term of such Indebtedness).

For the purposes of this definition, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*")) as though the full effect of cost savings, operating expense reductions and synergies were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*") of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. In calculating the Fixed Charge Coverage Ratio, pro forma effect will not be given to (i) any Indebtedness Incurred on the date of determination pursuant to the second paragraph of the covenant set forth in "*Limitation on Indebtedness*" or (ii) the repayment, repurchase, redemption, defeasance or other discharge of any Indebtedness on such date of determination, to the extent that such repayment, repurchase, redemption, defeasance or other discharge is made with the proceeds of Indebtedness Incurred pursuant to the second paragraph of the covenant "*Limitation on Indebtedness*").

"*F1 Sponsorship Agreement*" means the Sponsorship and Branding Rights Agreement, dated February 27, 2020, between AM Limited and Racing Point UK Limited, as 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.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Government Obligations*" mean direct obligations of, or obligations guaranteed by, a Permissible Agency, Instrumentality or Government, for the payment of which the full faith and credit of such agency, instrumentality or government is pledged.

"*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.

"*Guarantor*" means the Company (or the Successor Company) and any Restricted Subsidiary that Guarantees the New Senior Secured Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*Holder*" means each Person in whose name the New Senior Secured Notes are registered on the Registrar's books, which shall initially be Cede & Co. as nominee of DTC.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) which are in effect on the Issue Date; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that "*IFRS*" shall mean IFRS as endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply. The Company shall give written notice of any such election to the Trustee. Notwithstanding the foregoing or any other provision of the Indenture, (a) 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 hereunder which is based upon the calculation of more than one component, including any determination in respect of the Fixed Charge Coverage Ratio, Consolidated Secured Net Leverage Ratio and Consolidated Net Leverage Ratio, all such components shall be calculated on a consistent basis, applying the same accounting standard). For the avoidance of doubt, none of the financial statements delivered pursuant to the covenant, "*—Certain Covenants—Reports*" will be required to include any of the adjustments described in the previous sentence.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "*Incurred*" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of 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 other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the New Senior Secured Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) 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 within 180 days thereafter;

(3) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement;

(4) Subordinated Shareholder Funding;

(5) prepayments of deposits received from clients or customers in the ordinary course of business;

(6) 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;

(7) deferred or prepaid revenues;

(8) Indebtedness in respect of the Incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Company or any Restricted Subsidiary in the ordinary

course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond;

(9) 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. For the avoidance of doubt, if any Indebtedness is excluded pursuant to this clause (9), any associated cash deposited in connection therewith shall not offset the Fixed Charge Coverage Ratio or the Consolidated Net Leverage Ratio;

(10) any lease, concession or license of property (or Guarantee thereof) which would, in accordance with the Election Option if the Issuer elects to apply IAS 17 (Leases), be considered an operating lease under IAS 17 (Leases);

(11) any asset retirement obligations; or

(12) any liability for Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means (i) Yew Tree Overseas Limited and any Affiliates of Yew Tree Overseas Limited and (ii) Daimler AG and any Affiliates of Daimler AG.

"*Initial Public Offering*" means the Equity Offering of common stock of AML Global (the "*IPO Entity*"), as a result of which, the shares of common stock of the IPO Entity in such offering were listed on the Official List of the Financial Conduct Authority and are traded on the London Stock Exchange.

"*Intercreditor Agreement*" means the Intercreditor Agreement originally dated April 18, 2017, as amended and restated on or around the Release Date between, among others, the Issuer, the Company and U.S. Bank Trustees Limited as Security Agent, and to which the trustee for the Second Lien Notes will accede on the Release Date as the trustee for the Second Lien Notes.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*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 180 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*" 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 or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution 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 acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *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 "*—Certain Covenants—Limitation on Restricted Payments*," 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 (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade*" means (i) BBB– or higher by S&P, (ii) Baa3 or higher by Moody's, or (iii) the equivalent of such ratings by S&P or Moody's, or of another Nationally Recognized Statistical Ratings Organization.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or Japan or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "*A–*" or higher from S&P or "*A3*" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the New Senior Secured Notes receive at least two of the following:

(1) a rating of "*BBB–*" or higher from S&P; and

(2) a rating of "*Baa3*" or higher from Moody's; or

(3) the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Irrevocable Repayment*" means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

"*Issue Date*" means the date of the issuance of the first series of New Senior Secured Notes under the New Senior Secured Indenture, which is expected to be on or about November 16, 2020.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

"*Management Advances*" means loans, advances or distributions made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary, or any management equity plan or management vehicle:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock of the Company, its Subsidiaries or any Parent, or the entitlement of any such person under such plan or in such vehicle in connection with such plan upon meeting specified exit targets with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding £3 million in the aggregate outstanding at any time.

“*Management Investors*” means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

“*Moody’s*” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Nationally Recognized Statistical Rating Organization*” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

“*Net Cash Proceeds*,” with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Funding or Regulatory Debt Facility, means the cash proceeds of such issuance or sale 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 issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“*New Equity Offering*” means the issue for subscription of ordinary shares of AML Global in the amount of £125 million to certain institutional investors.

“*New Senior Secured Note Documents*” means the New Senior Secured Notes (including Additional Notes), the New Senior Secured Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents.

“*Notes Proceeds Loans*” means one or more loans incurred by Aston Martin Lagonda Limited under the Notes Proceeds Loan Agreements.

“*Notes Proceeds Loan Agreements*” 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 New Senior Secured Notes and the Second Lien Notes on the Release Date with respect to any Escrowed Proceeds in connection with the New Senior Secured Notes and the Second Lien Notes, as the case may be.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the offering memorandum in relation to the New Senior Secured Notes.

“*Officer*” means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Director, any Managing Director, or the 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 individual designated as an "*Officer*" for the purposes of the New Senior Secured Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person and delivered to the Trustee.

"*Old Indenture*" means the indenture dated April 18, 2017 governing the terms of the Old Notes, as supplemented on October 8, 2019 by the first supplemental indenture, as further amended and/or supplemented from time to time.

"*Old Notes*" means, collectively, $400,000,000 6.50% Senior Secured Notes due 2022, £285,000,000 5.75% Senior Secured Notes due 2022, $190,000,000 6.5% Senior Secured Mirror Notes due 2022, $150,000,000 12.0% Senior Secured Split Coupon Notes due 2022 and $68,000,000 12.0% Delayed Draw Senior Secured Split Coupon Notes due 2022 issued by Aston Martin Capital Holdings Limited pursuant to the Old Indenture, including any additional notes issued pursuant to the Old Indenture in the form of PIK interest from time to time.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Orders in Production*" means, as of the applicable measurement date, the expected Consolidated EBITDA from fully committed orders of cars from customers of the Company or its Restricted Subsidiaries which have been loaded onto the Company or its Restricted Subsidiaries' internal scheduling system and which dealers cannot unilaterally cancel, less expected associated costs based on the relevant production schedule.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent 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 New Senior Secured Indenture, the Second Lien 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 Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent 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;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted 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 Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent 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 £1 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

(x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

(y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any New Senior Secured Note on behalf of the Issuer.

"*Permissible Agency, Instrumentality or Government*" means any agency, instrumentality or government of any Permissible Jurisdiction.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece, Portugal and Italy), the United Kingdom and Jersey.

"*Permitted Collateral Liens*" means (w) Liens on the Collateral that are Permitted Liens (other than Liens described in clauses (1), (7), (10), (14), (15) (to the extent such Liens secure Indebtedness owing to a Restricted Subsidiary that is not the Issuer or a Guarantor), (16), (17), (25), (26) and (30) of the definition of "*Permitted Liens*")); (x) 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), (4)(a), (4)(c), (4)(e) (if the original Indebtedness was so secured), (6), (11), (12) and (15) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided, however*, 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, but super priority ranking may be given to any liabilities in respect of Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and Hedging Obligations permitted by clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (but only to the extent such Hedging Obligations relate to Indebtedness Incurred under the first paragraph or 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), (4)(a), (4)(b), (4)(c), (11), (12) and (15) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"); (y) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of this clause (y), after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio shall be equal to or less than 3.5 to 1.0; and *provided further* that each of the parties to Indebtedness secured by Liens pursuant to clauses (x) or (y) hereof or their agent, representative or trustee will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; and (z) Liens on the Collateral that secure Indebtedness on a basis junior to the New Senior Secured Notes (including, for the avoidance of doubt, Indebtedness that is permitted to be Incurred under clause (4)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"); *provided* that, in the case of this clause (z), the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any Affiliate thereof, (2) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity and (3) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group, no Person or other group (other than a Permitted Holder) has beneficial ownership of more than 50% of the Voting Stock of the Company or any of its direct or indirect parent companies. 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 in accordance with the requirements of the New Senior Secured Indenture, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) [*Reserved*];

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*;"

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed £5 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens;*"

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the New Senior Secured Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" and

(17) Investments in the New Senior Secured Notes, the Second Lien Notes (including any additional Second Lien Notes issued under the Second Lien Indenture), the Notes Proceeds Loans and any Additional Notes Proceeds Loans.

"*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 IFRS 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 New Senior Secured 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 Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, 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 New Senior Secured 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 to the extent funded as Management Advances;

(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 New Senior Secured Indenture (other than pursuant to clauses (25) and (30) 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 Capitalized 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 clause (10) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" with local financial institutions;

(22) Liens on 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 £5 million at any one time outstanding;

(26) Permitted Collateral Liens;

(27) [*Reserved*];

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(29) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(30) Liens on Indebtedness permitted to be Incurred pursuant to clauses (14) or (15) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*"; and

(31) Liens on property or assets securing any Inventory Funding Facility.

"*Permitted Reorganization*" means a reorganization transaction comprising the incorporation of a new direct Parent of the Company ("*New Holdco*") and the transfer of the Capital Stock of the Company to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing under the laws of (i) the United States of America or Canada, (ii) any Permissible Jurisdiction or (iii) Switzerland, Norway or Japan; (2) New Holdco will acquire the

Capital Stock of the Company held by Aston Martin Holdings (UK) Limited and shall have entered into a confirmation deed or similar instrument (x) confirming the first-priority pledge of the Capital Stock of the Company which formed part of the Collateral at the time of such Permitted Reorganization in favor of the Holders of the New Senior Secured Notes and (y) assuming all relevant obligations of the Aston Martin Holdings (UK) Limited under any Security Document and the Intercreditor Agreement, (3) the Company will provide to the Trustee and, if applicable, the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Reorganization and (4) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Reorganization. Upon such Permitted Reorganization, the Aston Martin Holdings (UK) Limited shall be released from its obligations under the New Senior Secured Indenture, any Security Documents, the Intercreditor Agreement (and any additional Intercreditor Agreement).

"*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.

"*Pricing Date*" means October 30, 2020, or, with respect to any Additional Notes, the date of the final offering memorandum or pricing supplement or pricing term sheet relating to the offering of such Additional Notes.

"*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.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*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 the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means the Wholesale Finance Facility or the Receivables Finance Facility.

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 New Senior Secured Notes shall not be deemed a Qualified Receivables Financing.

"*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 Finance Facility*" means the trade finance facility available to the Company and its Restricted Subsidiaries pursuant to certain agreements between, among others, Velocitas Funding Designated Activity Company, J.P. Morgan Europe Limited, Wilmington Trust SP Services (Dublin) Limited, Aston Martin Lagonda Limited, AML Global, JPMorgan Chase Bank, N.A., London Branch and Barclays Bank plc, dated July 28, 2020, as amended from time to time, and any Receivables Financing that refinances such facility.

"*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 Directors 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 Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the New Senior Secured Indenture shall have a correlative meaning.

"*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 existing on the date of the New Senior Secured Indenture or Incurred in compliance with the New Senior Secured Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another 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, the New Senior Secured 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 being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness, tender premiums and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the New Senior Secured Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the New Senior Secured Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced.

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.

"*Regulatory Debt Facility*" means, with respect to the Company or any of its Subsidiaries, one or more Credit Facilities entered into pursuant to the laws, rules or regulations of any government (including, for the avoidance of doubt, any agency or instrumentality thereof and including, without limitation, the Federal Reserve, the European Central Bank, the Bank of England and other federal or central banks or regulatory agencies) or any other legislation, regulation, act or similar law in response to, or related to the effect of, COVID-19, in each case, as amended from time to time.

"*Related Taxes*" means:

(1) any Taxes (other than (x) Taxes measured by net or gross income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "—*Certain Covenants—Limitation on Restricted Payments*;" or

(2) without duplication of clause (1) above, if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Responsible Officer*," when used with respect to the Trustee or the Security Agent, as applicable, means any officer within the Corporate Trust Administration of the Trustee or the Security Agent (or any successor group of the Trustee or the Security Agent), located at the Corporate Trust Office of the Trustee or the Security Agent, including any vice president, assistant vice president, assistant treasurer, or any other officer of the Trustee or the Security Agent, as applicable, customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company.

"*Reversion Date*" means, after the New Senior Secured Notes have achieved Investment Grade Status, the date, if any, that such New Senior Secured Notes shall cease to have such Investment Grade Status.

"*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 dated October 27, 2020, among, *inter alios*, Aston Martin Lagonda Limited as original borrower, J.P. Morgan Securities plc, Barclays Bank PLC, 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 Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Second Lien Indenture*" means the indenture expected to be dated on or about November 10, 2020, by and among, *inter alios*, the Issuer, the Company, the Guarantors, U.S. Bank Trustees Limited, as trustee and as security agent, which will govern the terms of the Second Lien Notes.

"*Second Lien Notes*" means the $335.0 million aggregate principal amount of 15.00% second lien split coupon notes due 2026 that the Issuer has sold to certain investors pursuant to a purchase agreement dated October 27, 2020 and that are expected to be issued by the Issuer under the Second Lien Indenture on November 10, 2020.

"*Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that (a) is secured on the Collateral or (b) is Incurred by a Restricted Subsidiary that is not a Guarantor and that, in the case of each of (a) and (b), is Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4), (11), (12) or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the New Senior Secured Notes and/or the Second Lien Notes (in each case, excluding Additional Notes (other than any additional Second Lien Notes issued under the Second Lien Indenture in the form of PIK interest))) and any Refinancing Indebtedness in respect thereof.

"*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 Finance Documents*" means the Revolving Credit Facility Agreement and such other documents that are defined and/or designated as "*Senior Finance Documents*" pursuant to the Revolving Credit Facility Agreement.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

"*Senior Secured Notes Escrow Account*" means the escrow account into which the proceeds from the offering of the New Senior Secured Notes will be deposited on the Issue Date pending consummation of each of the New Equity Offering and the First Strategic Cooperation Equity Offering, and the redemption in full of the outstanding aggregate principal amount of the Old Notes on the Release Date.

"*Senior Secured Notes Escrow Agreement*" means the agreement to be dated the Issue Date, among the Issuer, the Trustee and the Escrow Agent relating to the Senior Secured Notes Escrow Account.

"*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 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 any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the New Senior Secured Notes or its Guarantee pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent 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 first anniversary of the Stated Maturity of the New Senior Secured 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 first anniversary of the Stated Maturity of the New Senior Secured 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 first anniversary of the Stated Maturity of the New Senior Secured 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 New Senior Secured 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 New Senior Secured Notes than those contained in the Intercreditor Agreement as in effect on the Release Date with respect to the "*Shareholder Liabilities*" (as defined therein).

"*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 (as in effect on the Issue Date).

"*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.

"*Tax Sharing Agreement*" means any group relief, tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the New Senior Secured Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland, Norway or Japan, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "*A*" by S&P or "*A-1*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

    (a) any lender under the Revolving Credit Facility Agreement;

    (b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

    (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

    in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "*A*" by S&P or "*A-2*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "*P-2*" (or higher) according to Moody's or "*A-2*" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway, Japan or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "*BBB*" by S&P or "*Baa3*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250

million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "*A*" by S&P or "*A2*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"*Transactions*" means (i) the issuance of any New Senior Secured Notes, (ii) the issuance of the Second Lien Notes, (iii) the entrance into the Security Documents, (iv) the entrance into the Notes Proceeds Loan Agreements, (v) the entrance into the Revolving Credit Facility Agreement, (vi) the amendment or restatement of the Intercreditor Agreement, (vii) the New Equity Offering, (viii) the First Strategic Cooperation Equity Offering, (ix) the refinancing, repayment, redemption or repurchase of the full principal amount of the outstanding Old Notes, other than the Second Lien Notes, (x) the payment or incurrence of any fees, expenses or charges associated with any of the foregoing and (xi) any transactions related to the foregoing.

"*Treasury Rate*" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to November 1, 2024; *provided, however*, that if the period from the redemption date to November 1, 2024 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the 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 such redemption date to November 1, 2024 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; and *provided further*, that in no case shall the Treasury Rate be less than zero.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholesale Finance Facility*" means the trade finance facility agreement between AML, Aston Martin Lagonda of North America, Inc. and Standard Chartered Bank dated May 31, 2007, as amended from time to time, and any Receivables Financing that refinances such facility.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

Book-entry; delivery and form

General

The New 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 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 New 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 will be deposited upon issuance with the custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with DTC 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 and their participants. Clearstream Banking S.A. ("*Clearstream*") and Euroclear Bank SA/NV ("*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 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 will not be held in definitive form. Instead, DTC 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 New Notes are in global form, holders of Book-Entry Interests will not have the New Notes registered in their names, will not receive physical delivery of the New Notes in certificated form and will not be considered the registered owners or "holders" of New Notes for any purpose.

So long as the New Notes are held in global form, DTC (or its nominee) will be considered the sole holders of the Global Notes for all purposes under the New Notes Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC 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 New Notes Indenture.

None of the Initial Purchasers, the Issuer, the Trustee, the Paying Agent, the Transfer Agent or the registrar under the New Notes 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 New Notes Indenture, owners of Book-Entry Interests will receive definitive New Notes in registered form (the "*Definitive Registered Notes*"):

- if DTC 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 following an event of default under the New Notes 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 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 New Notes 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 New Notes, (ii) any date fixed for redemption of the New Notes or (iii) the date fixed for selection of the New Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any New 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 New Notes Indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the New Notes Indenture and the New 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 New Notes 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 New Notes 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 New Notes

Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such New Notes. See "*Transfer restrictions.*"

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC 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 in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, if fewer than all of the New Notes are to be redeemed at any time, DTC will credit its 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 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 paying agent. The paying agent will, in turn, make such payments to DTC or its nominee, 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 New 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 New Notes—Withholding Taxes*," then, to the extent described under "*Description of the New Notes—Withholding Taxes*," the Issuer will pay additional amounts as may be necessary in order 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 New Notes Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., DTC or its nominee) 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 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 or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- DTC 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 Global Notes will be paid to holders of interests in such New Notes through DTC in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of DTC) applicable thereto. None of the Issuer, the trustees, 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 has advised the Issuer that they will take any action permitted to be taken by a holder of New 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 New Notes as to which such participant or participants has or have given such direction. DTC 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 New Notes, DTC 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. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the New 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 and in accordance with the provisions of the New Notes 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 New Notes 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 New Notes, ownership interests in Regulation S Global Notes will be limited to persons that have accounts with DTC or persons who hold interests through DTC 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 New Notes 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.

Transfers involving an exchange of a Book-Entry Interest in a Regulation S Global Note for a 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 New 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 New 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 New 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 New Notes Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such New Notes. See "*Transfer restrictions.*"

Information concerning DTC

All Book-Entry Interests will be subject to the operations and procedures of DTC. 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.

Because DTC 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 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 systems will receive distributions attributable to the 144A Global Notes only through DTC participants.

Global clearance and settlement under the book-entry system

Application will be made for the listing of and permission to deal in the New Notes on the Official List of the Exchange. The Issuer expects that the book-entry interests will trade through participants of DTC 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 New Notes will also be settled in immediately available funds.

Although DTC is expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, 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 trustees, the paying agent, the transfer agent or the registrar under the New Notes Indenture will have any responsibility for the performance by DTC or its participants or indirect participants, of its respective obligations under the rules and procedures governing its 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 New 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 New Notes, and in particular do not address the United Kingdom tax consequences of disposing of the New Notes. The comments below relate only to persons who are the absolute beneficial owners of their New Notes and who hold their New 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 New 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 New 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 New Notes

Payment of interest on the New Notes

Interest on the New Notes may be payable by the Issuer without withholding or deduction for or on account of UK income tax provided the New 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 New 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 New 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 New 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 935-937 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 New Notes are not or cease to be listed on the Exchange), holders of the New 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 New Notes will be issued at a price that is less than their nominal amount. Any discount element of amount payable on redemption of the New Notes should not be subject to withholding or deduction for or on account of UK income tax.

Any premium payable on redemption of the New 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 New Notes, including in relation to issues of and other transactions in the New Notes, interest, payments treated as interest and other payments derived from the New Notes. This may include the value of the New Notes, details of the beneficial owners of the New Notes, of the person for whom the New Notes are held and of the persons to whom payments derived from the New 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 New Notes, persons who make, receive or are entitled to receive payments derived from the New 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 New 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 New Notes (other than certain trustees) who is not resident for tax purposes in the UK unless (a) that holder of New 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 New 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 New Notes.

Payments by a Guarantor

Payments by a Guarantor under the Guarantees in respect of interest on the New Notes (or in respect of other amounts due under the New Notes other than the repayment of amounts subscribed for such New 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 New Notes, or on a transfer of the New Notes provided that (i) the interest payable on the New Notes does not exceed a reasonable commercial return on the nominal amount of the New Notes and (ii) the New Notes do not carry a right on repayment to an amount which exceeds the nominal amount of the New 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 New 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 New Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the New 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 New Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax. The holders of New 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 New Notes.

Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer of the New Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the New Notes on the death of a holder of such New Notes where such New

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 New Notes domiciled in Jersey, or situated in Jersey in respect of a holder of New 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 New Notes are in registered form and the register is not maintained in Jersey such New 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 New Notes. This summary deals only with New 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 New Notes for cash pursuant to this Offering at their "*issue price*" (the first price at which a substantial amount of the New 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 New 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 New 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 New 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 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 New 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 New 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 New 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 New Notes.

If you are considering the purchase of New 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 New 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

Payment of interest on the New 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.

Additional amounts and foreign tax credits

In addition to interest on the New 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 New 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 New Note where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisors regarding 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 New Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a New 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 New Note. Your adjusted tax basis in a New Note will generally be your cost for the New Note.

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 New 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.

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 New 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 New Notes, subject to certain exceptions (including an exception for New 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 New Notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the New 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 New Notes, and of certain insolvency law considerations in each of the jurisdictions in which the Issuer, the Guarantors and the providers of security (as at 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 New 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 New Notes, the Guarantees and any security securing the New Notes.

Also set out below is a brief description of certain aspects of insolvency laws in Jersey, the European Union 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 (including just and equitable winding up and creditors' winding up). The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey 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. With effect from the date of declaration, a secured party may, however, without the consent of the Viscount and without an order of the 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, 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.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "*Jersey Companies*

Law"). On a creditors' winding up, a liquidator is nominated by the shareholders. The creditors may approve such a liquidator or apply to appoint a different liquidator. 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 commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The shareholders must give creditors 14 days' notice of the meeting to commence the creditors' winding-up. After the commencement of the creditors' winding up, a secured party may, however, without the sanction of a liquidator and without an order of the 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, the secured party has no other remedy against the company without leave of the court. 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 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 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 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. 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 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 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, a procedure which is instigated by shareholders not creditors), 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 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 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 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 court's position may also not be in accordance with the Recast Insolvency Regulation (see "*—European Union*" below). 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.

European Union

Certain of the Guarantors and providers of Collateral are organized or incorporated under the laws of EU Member States.

The EC Regulation No. 2015/848 on Insolvency Proceedings (the "*Recast Insolvency Regulation*") applies to insolvencies which commence after June 26, 2017 (subject to certain exceptions). Pursuant to Article 3(1) of the Recast Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "centre of main interests" ("*COMI*"). Article 3(1) defines COMI as the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties. The ultimate determination of where any company has its COMI is a question of fact on which the courts of the different EU member states may have differing or conflicting views. COMI is determined at the time the request to open the relevant insolvency proceedings is made (where a court is involved).

In the case of a company or legal person, the COMI is presumed to be located in the country of its registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the COMI being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision of its interests is located in that other EU member state.

If the COMI of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open main insolvency proceedings in respect of that company under the Recast Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Recast Insolvency Regulation.

Pursuant to Article 3(2) of the Recast Insolvency Regulation, if the COMI of a company is in one EU member state (other than Denmark), the courts of another EU member state (other than Denmark) have jurisdiction to open secondary and territorial (sometimes referred to as "synthetic") insolvency proceedings against that company only if such company has an "establishment" in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings and which will usually convert to secondary proceedings on the opening of the main proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Recast Insolvency Regulation, where main proceedings in the EU member state in which the company has its COMI have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state (other than Denmark) where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's COMI is situated under that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of (i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the EU member state where the opening of territorial proceedings is requested, or (ii) a public authority which, under the law of the EU member state within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exemptions, be governed by the *lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings and give the same effect to the order in the other relevant EU member states so long as no secondary insolvency proceedings or territorial insolvency proceedings have been opened there. Pursuant to Article 21 of the Recast Insolvency Regulation, the insolvency officeholder appointed by the court in the EU member state which has jurisdiction to commence main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (other than Denmark) (such as to remove assets of the company from that other EU member state). These powers are subject to certain limitations (e.g. the powers are available provided that no insolvency proceedings have been opened in that other EU member state nor any preservation measure to the contrary has been taken there further to a request to open insolvency proceedings in that other EU member state where the company has assets). In order to avoid the opening of secondary proceedings, the insolvency practitioner in the main proceedings may also give a unilateral undertaking in respect of the assets located in the EU member state in which secondary proceedings could be opened that, when distributing assets or realization proceeds, it will comply with the distribution and priority rights under national law that creditors would have if secondary proceedings were opened in that EU member state. This, however, is subject to a "qualified majority" (as defined under national law) of known local creditors approving the undertaking. The law applicable to the distribution of proceeds and ranking of claims is also the law of the state where secondary proceedings are opened.

In addition, the concept of "group coordination proceedings" has been introduced in the Recast Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies. Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group coordination proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan, however, is voluntary.

It remains to be seen what impact the vote by the United Kingdom to leave the EU will have on the regulatory environment in the EU and the United Kingdom and on the applicability of EU law in the United Kingdom. In a 'no deal' Brexit scenario in particular, it will be harder for U.K. office holders and U.K. restructuring and insolvency proceedings to be recognized in EU member states and to effectively deal with assets located in EU member states. Much depends upon the private international rules in the particular EU member state and the need may well arise to open parallel proceedings, increasing the element of risk. In particular in cases where the appointment of a U.K. office holder has been made in reliance on a U.K. domestic approach rather than the COMI rules, it is much less certain that there will be recognition in the relevant EU member state.

England and Wales

United Kingdom's withdrawal from the European Union

Following a national referendum in June 2016, the United Kingdom exercised its right pursuant to Article 50 of the Treaty on the EU to initiate a process to withdraw from the EU and withdrew from the EU on January 31, 2020. As a result, a reference in this Offering Memorandum to the EU Insolvency Regulation as it applies to the United Kingdom is to be read, on or after exit day (as defined in the European Union (Withdrawal) Act 2018 (as amended) (the "*EUWA*")), as a reference to such EU regulation as it forms part of domestic law by virtue of section 3 of the EUWA and, as it may have been, or may from time to time be, amended, modified or re-enacted by domestic law and shall include any subordinate legislation made from time to time under that EU regulation, as it forms part of domestic law by virtue of section 3 of the EUWA.

During this transition period, expected to end on December 31, 2020 (but subject to the possibility of an extension of up to two years), the United Kingdom will continue to be treated as a member state of the EEA, including for the purpose of the EU Insolvency Regulation. Following the transition period, the United Kingdom will cease to be treated as a member state of EEA. The recognition of insolvency proceedings in the United Kingdom by member states, and conversely of insolvency proceedings in member states by the United Kingdom, following the transition period, will be subject to the outcome of negotiations between the EU and the U.K. during the transition period.

Insolvency

Certain of the Guarantors and certain of the providers of Collateral are companies incorporated under the laws of England and Wales (an "*English company*"). Any insolvency proceedings with respect to an English company would likely (subject to the location of the relevant company's COMI at the time of any filing) be based on English insolvency laws. Insolvency proceedings in respect of English companies could also be based in other jurisdictions under certain circumstances (see "*—European Union*" above).

In addition, the U.K. Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in Great Britain 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 may be recognized by the English courts as foreign main proceedings where any English company has its COMI in that foreign jurisdiction, or as foreign non main proceedings where it has an "establishment" in such foreign jurisdiction (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services). As such, should any English company have its COMI in a jurisdiction that is neither within the U.K. nor is a Member State of the EU, and insolvency proceedings are opened in that jurisdiction and afforded recognition by the English courts, any proceedings opened in England and Wales would be foreign non main proceedings and would be limited to the assets that the relevant company has in the U.K. 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 the U.K., 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 in relation to foreign non main proceedings (albeit such a stay may be requested from the English court). To the extent that the Cross Border Insolvency Regulations 2006 conflict with the Recast Insolvency Regulation, (subject to limited exceptions) the Recast Insolvency Regulation will prevail.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a "qualifying floating charge" (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). A company with its COMI in England and Wales may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes (as described below).

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. On the Issue Date, the obligations under the New Notes will be guaranteed by the Guarantees, and on the Release Date, the New Notes and the Guarantees will be secured by security interests over the Collateral. 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 New Notes and the Guarantees and therefore may limit the amounts that investors may receive in an insolvency of a Guarantor.

Administration

English insolvency statutes empower English courts to make an administration order in respect of an English company, a company with its COMI or an "establishment" (see above) in England or indeed any company incorporated in an EEA state in certain circumstances and provided rules of private international law (including as to the entity's connection to the jurisdiction) are complied with. Without limitation and subject to specific conditions, an administration order can be made if the court is satisfied that (a) the relevant company is or is likely to become "unable to pay its debts" and (b) 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). Such 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 purpose of an administration is comprised of three parts that must be looked at successively: 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, an English company, the directors of such company or the holder of a "qualifying floating charge" (as defined below) where the floating charge 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 and, subject to certain requirements under the United Kingdom Insolvency Act 1986 (as amended) (the "*Insolvency Act*"), dispose of the property of a company in administration (including property subject to a floating charge).

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. 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 leave in light of the hierarchy of statutory objectives of administration described above.

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 (as amended) (see further below). If an English company were to enter administration, it is possible that, to the extent such security is not a financial collateral arrangement, the security or guarantee granted by it would not be able to be enforced while the company is in administration without leave of the court or consent of the administrators (although a demand for payment could be made under a guarantee granted by it).

Accordingly, if any of the Issuer, or the Guarantors or the providers of Collateral were to enter into administration, the New Notes and the Guarantees and the Collateral, as applicable, could not be enforced while the relevant company was in administration without the permission of the court or consent of the administrator.

Administration 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 and different procedures apply according to the identity of the appointer.

In order to empower the security agent 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, which will apply if an English obligor creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument). 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 (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act 1986. The security agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate 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 charge is a "qualifying floating charge."

An administrator, receiver (including administrative receiver) or liquidator of the company will 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). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors. As noted above, 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 Arrangements (No 2) Regulations 2003 (SI 2003/3226), as set out below.

Fixed and floating charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which 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; (b) 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 fixed charge holder has no notice of any restrictions); (c) 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 floating charge claims; (d) 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; (e) floating charge security is subject to certain challenges under English insolvency law (see "—*Administration and floating charges—Grant of floating charge*"); and (f) where the floating charge is not a security financial collateral arrangement, floating charge security is (i) subject to the claims of certain preferential creditors (such as employee, salary claims (up to a cap per employee), employee holiday claims and certain unpaid pension contributions) and (ii) subject to the ring fencing of the Prescribed Part (as defined below) for unsecured creditors; and (g) 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 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 apply the net proceeds from the disposal of the property in question 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 to properly take effect as floating charges; as the description given to security interests by the parties is not determinative. Whether security interests purported 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 that are the subject of a purported fixed charge in its discretion and without the consent of the chargee prior to crystallization, 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: (a) 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; and (b) it is possible that any purported floating charge security may no longer relate to the whole or substantially the whole of the property of the relevant company and therefore may not constitute a "qualifying floating charge."

Scheme of arrangement

Although not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign Obligor which (a) is liable to be wound up under the Insolvency Act and (b) 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, amongst other things, the company's COMI is in England, the company's finance documents are English law governed or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are 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 rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under 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) 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 the fairness of the scheme and consider whether it is reasonable. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Company voluntary arrangement

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 reducing of the company's debts. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were 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.

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 in a company voluntary arrangement, however, a secured creditor may vote to the extent that it is undersecured. A secured creditor who proves in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security.

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 in the statutory order of priority prescribed by the Insolvency Act (see "*—Priority on insolvency*" below). There are two forms of winding-up: (a) compulsory liquidation, by order of the court; and (b) members' voluntary liquidation or creditors' voluntary liquidation, in each case by resolution of the company's members. The difference between the two latter proceedings is the solvency of the company in question; in a members' voluntary liquidation, the directors of the company swear a statutory declaration as to the company's solvency over the following 12 months. 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 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. 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 a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding 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, however, 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. As with a compulsory liquidation, this is important because it means secured creditors, for example, can go ahead and 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.

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 below), 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, 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.

Whereas the principle of *pari passu* distribution would dis-allow contractual setting-off arrangements entered into after a company enters liquidation or an administrator issues notice of his/her intention to make a distribution of assets to creditors, it does not prevent the effect of mandatory 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. This effectively affords the creditor with a potential super priority status, in that its loss (*i.e.* the amount owed to the insolvent company, if any) is automatically reduced.

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 the value of the secured assets covers that indebtedness);

- Second ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Third ranking: ordinary and secondary preferential creditors.

Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency; and (d) bank and building 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: (a) bank and building deposits eligible for compensation under the

FSCS to the extent that claims exceed the statutory limit; and (b) from 6 April 2020 claims by HMRC for taxes including VAT, PAYE income tax, employee NI contributions and Construction Industry Scheme deductions (but excluding corporation tax and employers' NI contributions) which are held by the company on behalf of employees and customers. As between one another, secondary preferential debts rank equally;

- Fourth 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 rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- Fifth 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;

    - secondly, interest on the company's 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 New Notes or the Guarantees, such interest due to the holders of the New 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; and

- Sixth 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.

An insolvency practitioner of the company (e.g. an administrator, administrative receiver or liquidator) will generally be required to ring-fence the Prescribed Part (a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations).

This ring-fence applies to (a) 50% of the first £10,000 of the company's net property and (b) 20% of the remainder of the company's net property over £10,000, with a maximum aggregate cap of £800,000 (such cap being effected by the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Avoidance of transactions

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such 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 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 such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. There will only be a transaction at an undervalue, if 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, as amended) and if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee.

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. However, 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 in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the Insolvency Act 1986, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time the transaction was entered into, the English company was unable to pay its debts (as defined in the Insolvency Act 1986) or the English company becomes unable to pay its debts (as defined in the Insolvency Act 1986 (as amended)) as a consequence of its entry into the transaction and if the English company enters into liquidation or administration proceedings within a 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) from the date the English company takes the decision to grant the security interest or the guarantee.

A transaction may 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. If the court determines that the transaction constituted such a preference, the court 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, in this case, include reducing payments under or setting aside the New Notes and the Guarantees. However, for the court to determine a preference, it must be 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 to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption of insolvency and that the company 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.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue 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 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 an administrator, a liquidator and, subject to certain conditions, the United Kingdom Financial Conduct Authority and the United Kingdom 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. There is no time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. 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. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he 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.

Grant of floating charge

Under English insolvency law, if an English obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge can be avoided 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 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. If the floating charge is granted to a connected person, and the floating charge was granted within the specified period referred to below, then the floating charge is 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), whether the relevant English obligor is solvent or insolvent at the time of grant.

The granting of the floating charge can be challenged only if the relevant English obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English obligor grants the floating charge. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended), the floating charge will not be subject to challenge as described in this paragraph.

Financial Collateral Arrangements (No 2) Regulations 2003

The Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226) (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 U.K. 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 remove restrictions on enforcing security, disapply provisions relating to the order of payment of creditors 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 proceedings and 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 interests 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 "*Act*") enacted fundamental reforms to the U.K.'s existing insolvency and companies legislation. Some of these measures had been proposed in August 2018 but were fast-tracked through the U.K. legislative process in response to COVID-19. The measures include (but are not limited to) the following:

(a) Moratorium

The Act introduced a new standalone moratorium to enable the company to seek rescue options and reach an agreement with its creditors to facilitate a restructuring.

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 insurance and securitization companies as well as parties to capital market arrangements). Directors of any eligible company may commence a moratorium by filing the requisite papers at court. From March 30, 2021 (which may be extended by the U.K. government), directors must apply to court to commence a moratorium for any company that has entered into a moratorium, administration or company voluntary arrangement in the preceding twelve months, whereupon the court will consider whether a moratorium will result in a better outcome for creditors as a whole than winding up without one.

Both in- and out-of-court processes involve 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 other things) 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. Failure to pay such liabilities, plus any debt incurred during the moratorium, which arise or become payable during the moratorium will compel the monitor 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 leave of the monitor or the court. The Act includes a carve-out for enforcement of security financial collateral (see "*—Administration*," "*—Administration and floating charges*," "*—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 the same way as 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 pre-moratorium debts for which the company did not have a payment holiday (save for financial debt accelerated during the moratorium), 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).

A moratorium will last for an initial period of 20 business days, 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 the qualifying conditions continue to be met. 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, if more than 50% (by value) of secured and more than 50% (by value) of unsecured creditors vote in favor of the extension, unless in both cases, more than 50% (by number) of unconnected secured and 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. 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.

(b) Ipso Facto Clauses Prohibited

The Act introduced a permanent prohibition on the enforcement of termination clauses and the imposition of 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 winding up and administration, as well as the new moratorium and restructuring plan. Other rights to terminate under the contract (*i.e.* other than on the counterparty's insolvency) are preserved, to the extent the termination event arises after commencement of the insolvency proceeding. To prevent undue hardship, a supplier may be allowed to terminate the contract if the company, the relevant insolvency practitioner or the court consents. Financial services contracts and entities involved in financial services are not affected by this new prohibition.

(c) Restructuring Plan

The Act also provides for a new restructuring process, similar to a scheme of arrangement under the Companies Act 2006, but with an ability for a cross-class cram-down to bind dissenting stakeholders to the restructuring. This new standalone restructuring plan is available to any company that is liable to be wound up under the Insolvency Act, excluding certain financial market participants and any other company excluded by the Secretary of State.

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. There is no financial eligibility criteria, thereby making it available to both solvent and insolvent companies (in the latter case, the plan would be proposed by the incumbent insolvency practitioner).

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 hearing. Creditors and members whose rights would be affected by the restructuring or compromise arrangement must be permitted to participate in a convening meeting ordered by the court. At the hearing, the court will examine the classes of stakeholders and may order "out-of-the-money" creditors and members (*i.e.* those shown not have a genuine economic interest in the company) not to attend future meetings. Thereafter, the court may convene further stakeholder meetings, details of which must be sent to every stakeholder in that class, accompanied by details of the plan and directors' material interests in the company.

The proposed restructuring plan will be voted on at the relevant creditors' or members' meeting, and approved if the required majority of 75% by value of the creditors or members, or class of creditors or members present, 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 creditors' or members' 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 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 creditor or member in the dissenting class(es) would be worse off than they would be in 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 the most likely alternative scenario referred to in (i) above.

A restructuring plan confirmed by the court will be binding on all affected parties, whether they initially voted in favor of it or not. Parties' rights following confirmation of a restructuring plan will be as provided for in the plan and any previous rights will be extinguished. If a company subsequently entered an insolvency procedure after the failure of a restructuring plan, the rights and claims of any creditors bound by the failed plan would be as set out in the plan. Any debt forgiveness would therefore be binding in the subsequent insolvency.

(d) No winding up petitions or orders

The Act has temporarily suspended the ability of creditors to present a winding up petition during the period between April 27, 2020 and December 31, 2020 (subject to extension) on the basis of a company's inability to pay its debts, unless the creditor has reasonable grounds to believe that COVID-19 did not have a financial effect on the company or that the company's inability to pay its debts would have existed even if COVID-19 had not had a financial effect on the company. With regards to petitions that have been presented during this period but before the Act came into force, the court can make such order as it thinks appropriate to restore the position to what it would have been if the petition had not been presented. This could lead to the voiding of winding up orders made in respect of such petitions.

Similarly, no winding up orders may be made by the courts during this period on the basis of an inability to pay debts if: (i) it appears to the court that COVID-19 had a financial effect on the company before the presentation of the petition, and (ii) the court is not satisfied that the inability to pay debts would have existed even if COVID-19 had not had a financial effect on the company. Any winding up orders made during this period but before the Act came into force will be void and the court can give directions to the insolvency official to restore the company to its "pre-petition" position.

(e) Statutory demands

Under the Act, as from April 27, 2020 the presentation of a winding up petition will not be permitted on the basis of a statutory demand served during the period between March 1, 2020 and December 31, 2020 (subject to extension). This applies whether or not COVID-19 had an impact on the company's failure to discharge the demand.

(f) So-called "Henry VIII" powers

The Act further confers on the U.K. government some extensive powers to make a range of further amendments to corporate insolvency and governance legislation under delegated regulations until April 30, 2021 (subject to extension). For example, regulations may be made to amend or modify the conditions that must be met before an insolvency procedure applies to certain entities, or the way in which the procedure applies, or to change or disapply a person's corporate duties and liabilities.

Extortionate credit transaction

An administrator or a liquidator 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.

It is presumed, unless otherwise proved by the person extending the credit, that a transaction with respect to which an administrator or liquidator makes an application to set aside an extortionate credit transaction is extortionate. The court can make an order in relation to extortionate credit transactions entered into by a company up to three years before the day on which a company entered into administration or went into liquidation. That order may 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 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).

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 pound sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. 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 New Notes may be subject to exchange rate risk between the date on which such English obligor goes into liquidation or administration and receipt of any amounts to which such holders of the New Notes may become entitled.

Security over shares

Security over shares granted by an English obligor or over shares of the English obligor are, 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.

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 the Companies Act 2006 provides that a director must act in the way that he 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 as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Certain ERISA considerations

The following is a summary of certain considerations associated with an investment in the New 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 such provisions of ERISA or the Code (collectively, "*Similar Laws*"), and (iv) entities whose underlying assets are considered to include the assets 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 New 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 New 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 New 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 New 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 New 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 New 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 New Notes.

Representation

Accordingly, by acceptance and holding of a New Note, each acquirer and subsequent transferee of a New 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 New Notes (or any interest therein) constitutes assets of, any Plan or (ii) the acquisition, holding and subsequent disposition of the New 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 New 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 New Notes.

Acquirers have exclusive responsibility for ensuring that their acquisition and holding of the New Notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. The sale of any New 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 New Notes should consult and rely on their own counsel and advisers as to whether an investment in the New Notes is suitable for the Plan.

Transfer restrictions

Each prospective purchaser of the New Notes is advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the New Notes offered hereby. The New 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 New 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 New Notes and the Issue Date, an offer or sale of the New Notes within the United States by a dealer (whether or not participating in the Offering of the New 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 New Notes is subject to restrictions on transfer as summarized below. By purchasing New Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(1) The purchaser understands and acknowledges that:

  (i) the New 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

  (ii) unless so registered, the New 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 (3) below.

(2) 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:

  (i) 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 New Notes for its own account or for the account of another qualified institutional buyer; or

(ii) the purchaser is not a U.S. person (as defined in Regulation S) nor is it acquiring the New Notes for the account or benefit of a U.S. person and is acquiring the New Notes in an offshore transaction outside the United States pursuant to Regulation S.

(3) The purchaser represents that it is purchasing New 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 New 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 New 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 New Notes, and each subsequent holder of the New Notes by its acceptance of the New Notes will agree, that until the end of the Resale Restriction Period (as defined below), the New Notes may be offered, sold or otherwise transferred only: (a) to the Issuer, the Guarantors or any subsidiary thereof; (b) under a registration statement that has been declared effective under the U.S. Securities Act; (c) for so long as the New 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; (d) pursuant to an offshore transaction to non-U.S. persons that occur outside the United States within the meaning of Regulation S; or (e) 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:

(i) the above restrictions on resale will apply until the date that is one year (in the case of Rule 144A New Notes) or 40 days (in the case of Regulation S New Notes) after the later of the Issue Date, the issue date of the issuance of any additional New Notes, and the last date on which we or any of our affiliates was the owner of the New Notes or any predecessor of the New Notes (the "*Resale Restriction Period*"), and will not apply after the applicable Resale Restriction Period ends;

(ii) we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of New Notes (x) under clause (d) or (e) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee and (y) under clauses (a) through (e) 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

(iii) 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) NO PORTION OF THE ASSETS USED BY SUCH ACQUIRER OR TRANSFEREE TO ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN CONSTITUTES ASSETS OF ANY (I) EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR PROVISIONS UNDER ANY U.S. OR NON-U.S. FEDERAL, STATE, LOCAL OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR (III) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN CLAUSE (I) AND (II) (EACH OF THE FOREGOING DESCRIBED IN CLAUSES (I), (II) AND (III) REFERRED TO AS A "PLAN") OR (B) THE ACQUISITION, HOLDING AND SUBSEQUENT DISPOSITION OF THIS SECURITY OR 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 ANY SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

(iv) The purchaser agrees that it will give to each person to whom it transfers the New Notes notice of any restrictions on transfer of such New Notes.

(v) The purchaser acknowledges that the Transfer Agent will not be required to accept for registration of transfer any New Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.

(vi) The purchaser has received a copy of the Offering Memorandum relating to the Offering of the New Notes and acknowledges that (a) 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 New Notes other than the information contained in this Offering Memorandum and (b) 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 New Notes.

(vii) 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 New Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the New 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.

(viii) The purchaser (a) is able to fend for itself in the transactions contemplated by this Offering Memorandum; (b) 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 New Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

(ix) Each purchaser and subsequent transferee of New Notes or any interest therein represents and agrees that either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the New Notes or any interest therein constitutes assets of any (i) employee benefit plan subject to Title I of U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), (ii) 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*"), or provisions under any U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to the provisions of ERISA or the Code (collectively, "*Similar Laws*"), or (iii) entity whose underlying assets are considered to include the assets of any such plan, account and arrangement described in clauses (i) and (ii) (each of the foregoing described in clauses (i), (ii) and (iii) referred to as a "*Plan*") or (b) the acquisition, holding and subsequent disposition of the New Notes or 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 similar violation under any applicable Similar Laws.

(4) 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:

(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.

(5) The purchaser understands and acknowledges that:

(i) the New 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 4 above) in the EEA or the United Kingdom; and

(ii) no key information document required by the PRIIPs Regulation for offering or selling the New Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the 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 New Notes to the Initial Purchasers, and the Initial Purchasers will agree, severally and not jointly, to purchase from the Issuer, the entire principal amount of the New Notes.

The Initial Purchasers initially propose to offer the New Notes for resale at the 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 the New Notes are offered and any other selling terms at any time without notice. Certain of the Initial Purchasers have fully underwritten the issue of the New Notes and therefore, depending on market conditions, may initially purchase all or a portion of the New Notes for their own account. Furthermore, certain of the Initial Purchasers have arranged commitments from certain investors to purchase, at the option of such Initial Purchasers, in excess of 50% of the New Notes under certain circumstances. In the event that a substantial portion of New 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 New 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 New 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 New 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 New 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 New 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 New 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 the J.P. Morgan Securities PLC 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 New Notes, the Guarantees, the Second Lien Notes and the guarantees thereof).

- 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 New 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 New 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 New Notes to, or for the account or benefit of, U.S. persons (1) as part of the initial distribution at any time or (2) otherwise until 40 days after the later of the commencement of the Offering or the date the New Notes were originally issued. The Initial Purchasers will send to each dealer to whom they sell such New Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the New 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 New Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering of the New Notes, an offer or sale of such New Notes within the United States by a dealer that is not participating in the Offering of the New 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.

Persons who purchase New 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 New 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 New Notes in, from or otherwise involving the United Kingdom.

This Offering Memorandum has been prepared on the basis that any offer of New Notes in any member state of the EEA and the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of New Notes. The expression "*Prospectus Regulation*" means Regulation (EU) 2017/1129.

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 New Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the New Notes in any jurisdiction where action for this purpose is required. Accordingly, the New 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 New 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 New Notes, the distribution of this Offering Memorandum and resale of the New 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 New Notes to any retail investor in the EEA or 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 (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.

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 New 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 New 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 New 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 New Notes on the Official List of the Exchange. There can be no assurance that the New Notes will be listed and admitted to trade on the Exchange. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—We do not expect there to be an active trading market for the New Notes, in which case your ability to sell the New Notes will be limited and future trading prices of the New Notes could be adversely impacted*" and "*Risk factors— Risks related to our indebtedness, the New Notes and the Guarantees—Transfer of the New Notes will be restricted, which may adversely affect the value of the New Notes.*"

The Initial Purchasers have advised the Issuer that they intend to make a market in the New Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the New 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 New Notes will develop, that it will be liquid if it does develop or that you will be able to sell any New 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 New 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 New 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, J.P. Morgan Securities plc (the "*Stabilizing Manager*"), or any person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the New Notes. Specifically, the Stabilizing Manager may bid for and purchase New Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the New Notes. The Stabilizing Manager may also over allot the Offering, creating a syndicate short position, and may bid for and purchase New Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase New Notes 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 New Notes above market levels that may otherwise prevail. The Stabilizing Manager is 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 New Notes. See "*Risk factors—Risks related to our indebtedness, the New Notes and the Guarantees—We do not expect there to be an active trading market for the New Notes, in which case your ability to sell the New Notes will be limited and future trading prices of the New Notes could be adversely impacted.*"

These stabilizing transactions, covering transactions and penalty bids may cause the prices of the New 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 New 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 New Notes and 60 days after the date of the allotment of the New Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Issuer expects that the delivery of the New 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 tenth business day following the date of pricing of the New Notes (such settlement cycle being herein referred to as "T+10" (U.S. Business Days)). 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 New Notes on the date of pricing or the next seven business days will be required, by virtue of the fact that the New Notes initially will settle T+10, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of New Notes who wish to trade New Notes on the date of pricing or the next seven 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 New 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 New 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 New Notes). Any such short positions could adversely affect future trading prices of New 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 New Notes will be used, together with the proceeds of certain other debt and equity financing transactions described herein (i) to redeem in full the outstanding amount of Old Notes, including the relevant redemption premiums and accrued and unpaid interest thereon, (ii) to repay in full and cancel the CLBILS Loan, including any accrued and unpaid interest thereon, (iii) for general corporate purposes, including working capital requirements, and (iv) to pay fees and expenses incurred in connection with the Transactions. See "*Use of proceeds*."

J.P. Morgan Securities plc and its affiliates acted as placement agents in connection with the issuance of the Second Lien Notes and as placement agents under the New Equity Offering, and are acting as lender under the Receivables Finance Facility and arranger and/or lender under the New Revolving Credit Facility, and receive or will receive customary fees and commissions for these roles. Barclays Bank plc acted as placement agent in connection with the issuance of the Second Lien Notes and as placement agent under the New Equity Offering, and is acting as a lender under the Receivables Finance Facility, arranger and/or lender under the New Revolving Credit Facility, and receives or will receive customary fees and commissions for these roles. Credit

Suisse International will act as lender under the New Revolving Credit Facility and will receive customary fees and commissions for this role. Deutsche Bank AG, London Branch is acting as placement agent under the New Equity Offering and as arranger and/or lender under the New Revolving Credit Facility and receives or will receive customary fees and commissions for these roles. HSBC UK Bank plc is acting as arranger and/or lender under the New Revolving Credit Facility and receives or will receive customary fees and commissions for this 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 Holdings (UK) Limited as of December 31, 2017 and for the year then ended, and the consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of December 31, 2018 and for the year then ended, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their reports appearing herein.

As of the year ending December 31, 2019, AML Global Holdings had appointed Ernst & Young LLP as its independent auditors. The consolidated financial statements of Aston Martin Lagonda Global Holdings plc as of December 31, 2019 and for the year then ended, included in this Offering Memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their report 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 New 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 New Notes offered hereby other than those contained herein, and, if given or made, such information or representation should not be relied upon as having been authorized by the Company or the Initial Purchasers.

So long as the New Notes are outstanding and are "restricted securities" within the meaning of Rule 144, we will agree in the New Notes Indenture governing the New Notes, that, if at any times we are neither subject to Section 13 of 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, we will, upon request, furnish to any holder or beneficial owner of the New 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 New Notes. Any such request should be directed to us at Aston Martin Lagonda, Banbury Road, Gaydon, Warwick CV35 0DB Attention: General Counsel.

Enforcement of civil liabilities

The Issuer of the New 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 New Notes (including the Guarantees related thereto) and the New Notes Indenture will be governed by New York law. The Intercreditor Agreement is 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 New 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 New Notes and the New Notes 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, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court and it would usually be possible to obtain summary judgment on such a claim if:

- the U.S. court had competent jurisdiction over the original proceedings according to English rules of private international law;
- the U.S. judgment is final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and is for a definite sum of money;

- the U.S. judgment is not 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;

- the U.S. judgment does not contravene English public policy;

- the U.S. judgment has not been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained or is not otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 (or is on a claim for contribution in respect of either such damages) or is based on measures designated by the Secretary of State under Section 1 of the Act;

- the U.S. judgment has not been obtained by fraud or in breach of English principles of natural justice or the principles of the European convention on Human Rights;

- the U.S. judgment is not inconsistent with an earlier judgment in proceedings between the same parties or their privies;

- the English enforcement proceedings were commenced within the relevant limitation period; and

- the U.S. judgment was not 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).

There is doubt as to the enforceability in England and Wales of U.S. judgments in respect of civil judgments predicated purely on U.S. securities laws.

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. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England.

No account has been taken in the provision of this summary of the future exercise of powers by the U.K. government pursuant to Section 5(4) of the Protection of Trading Interests Act 1980 nor any change in law resulting from the withdrawal of the U.K. from the EU.

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 New Notes on the Official List of the Exchange. There can be no assurance that the New Notes will be listed on the Official List of the Exchange.

Neither the admission of the New 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 New Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

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 New Notes on the Official List of the Exchange.

Application may be made to the Authority to have the New 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 New Notes to be issued pursuant to Regulation S under the U.S. Securities Act and the New 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 G05891AH2 and 04625HAG4, respectively. The international securities identification number for the New Notes to be issued pursuant to Regulation S under the U.S. Securities Act is USG05891AH20 and the international securities identification number for the New Notes to be issued pursuant to Rule 144A under the U.S. Securities Act is US04625HAG48.

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 New Notes have been authorized by resolutions of the Issuer dated October 26, 2020.

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our financial position since September 30, 2020, being the date of AML Global Holdings' consolidated financial information for the nine months ended September 30, 2020, our most recent 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 New 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.

Index to Financial Statements

Consolidated statement of comprehensive income

	Notes	9 months ended 30 September 2020 Adjusted	Adjusting items	Total	9 months ended 30 September 2019 *restated*[1] Adjusted	Adjusting items	Total	12 months ended 31 December 2019 *as previously restated*[2] Adjusted	Adjusting items	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	3	**270.0**	—	**270.0**	650.0	—	650.0	980.5	—	980.5
Cost of sales		**(255.9)**	—	**(255.9)**	(411.0)	—	(411.0)	(642.7)	—	(642.7)
Gross profit		**14.1**	—	**14.1**	239.0	—	239.0	337.8	—	337.8
Selling and distribution expenses		**(60.4)**	—	**(60.4)**	(71.6)	—	(71.6)	(95.0)	—	(95.0)
Administrative expenses	5	**(168.9)**	**(13.9)**	**(182.8)**	(172.7)	(5.4)	(178.1)	(233.7)	(42.1)	(275.8)
Other expense	4	—	—	—	(19.0)	—	(19.0)	(19.0)	—	(19.0)
Operating loss		**(215.2)**	**(13.9)**	**(229.1)**	(24.3)	(5.4)	(29.7)	(9.9)	(42.1)	(52.0)
Finance income	6	**1.9**	—	**1.9**	4.1	—	4.1	16.3	—	16.3
Finance expense	5, 7	**(80.7)**	—	**(80.7)**	(62.6)	(6.6)	(69.2)	(77.3)	(6.6)	(83.9)
Loss before tax		**(294.0)**	**(13.9)**	**(307.9)**	(82.8)	(12.0)	(94.8)	(70.9)	(48.7)	(119.6)
Income tax credit/(charge)	8	**36.2**	**3.8**	**40.0**	(3.3)	2.2	(1.1)	(6.8)	8.8	2.0
Loss for the period		**(257.8)**	**(10.1)**	**(267.9)**	(86.1)	(9.8)	(95.9)	(77.7)	(39.9)	(117.6)
(Loss)/profit for the period attributable to:										
Owners of the group				**(270.8)**			(101.0)			(126.4)
Non-controlling interests				**2.9**			5.1			8.8
				(267.9)			(95.9)			(117.6)
Other comprehensive income										
Items that will never be reclassified to the Income Statement										
Remeasurement of defined benefit liability				**6.6**			(0.8)			(1.4)
Taxation on items that will never be reclassified to the Income Statement				—			0.1			0.2
Items that are or may be reclassified to the Income Statement										
Foreign exchange translation differences				**2.6**			0.1			(2.7)
Fair value adjustment on cash flow hedges				**(7.0)**			(27.1)			9.0
Amounts recycled to the Income Statement in respect of cash flow hedges				**6.9**			7.5			15.6
Taxation on items that may be reclassified to the Income Statement				—			4.8			(3.4)
Other comprehensive income/(expense) for the period, net of income tax				**9.1**			(15.4)			17.3
Total comprehensive loss for the period				**(258.8)**			(111.3)			(100.3)
Total comprehensive (loss)/income for the period attributable to:										
Owners of the group				**(261.7)**			(116.4)			(109.1)
Non-controlling interests				**2.9**			5.1			8.8
				(258.8)			(111.3)			(100.3)
Earnings per ordinary share[3]										
Basic	9			**(19.2p)**			(11.6p)			(14.5p)
Diluted	9			**(19.2p)**			(11.6p)			(14.5p)

1. The comparative nine month period ended 30 September 2019 income statement has been restated for the correction of an error — see note 2 for further details.
2. The income statement presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further income statement adjustments presented in these interim financial statements.
3. The comparative basic and diluted earnings per ordinary share have been amended to reflect the bonus element of the rights issue completed on 1 April 2020.

Consolidated statement of changes in equity

	Share Capital	Share Premium	Merger Reserve	Capital Reserve	Translation Reserve	Hedge Reserve	Retained Earnings	Non-controlling Interest	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2020 *restated*[1]	**2.1**	**352.3**	**—**	**6.6**	**(0.4)**	**(2.3)**	**(42.8)**	**14.1**	**329.6**
Total comprehensive loss for the period									
(Loss)/profit for the period	—	—	—	—	—	—	(270.8)	2.9	**(267.9)**
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	2.6	—	—	—	**2.6**
Fair value movement — cash flow hedges	—	—	—	—	—	(7.0)	—	—	**(7.0)**
Amounts recycled to the Income Statement — cash flow hedges	—	—	—	—	—	6.9	—	—	**6.9**
Remeasurement of defined benefit liability	—	—	—	—	—	—	6.6	—	**6.6**
Taxation on other comprehensive income	—	—	—	—	—	—	—	—	**—**
Total other comprehensive income/(loss)	**—**	**—**	**—**	**—**	**2.6**	**(0.1)**	**6.6**	**—**	**9.1**
Total comprehensive income/ (loss) for the period	**—**	**—**	**—**	**—**	**2.6**	**(0.1)**	**(264.2)**	**2.9**	**(258.8)**
Transactions with owners, recorded directly in equity									
Issue of ordinary shares (note 16)	14.4	499.0	144.0	—	—	—	—	—	**657.4**
Credit for the period under equity settled share-based payments	—	—	—	—	—	—	3.2	—	**3.2**
Tax on items credited to equity	—	—	—	—	—	—	1.6	—	**1.6**
Total transactions with owners	**14.4**	**499.0**	**144.0**	**—**	**—**	**—**	**4.8**	**—**	**662.2**
At 30 September 2020	**16.5**	**851.3**	**144.0**	**6.6**	**2.2**	**(2.4)**	**(302.2)**	**17.0**	**733.0**

	Share Capital	Share Premium	Merger Reserve	Capital Reserve	Translation Reserve	Hedge Reserve	Retained Earnings	Non-controlling Interest	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019 *restated*[1]	**2.1**	**352.3**	**—**	**6.6**	**2.3**	**(23.5)**	**81.1**	**10.2**	**431.1**
Total comprehensive loss for the period									
(Loss)/profit for the period *restated*[1]	—	—	—	—	—	—	(101.0)	5.1	**(95.9)**
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	0.1	—	—	—	**0.1**
Fair value movement — cash flow hedges	—	—	—	—	—	(27.1)	—	—	**(27.1)**
Amounts recycled to the Income Statement — cash flow hedges	—	—	—	—	—	7.5	—	—	**7.5**
Remeasurement of defined benefit liability	—	—	—	—	—	—	(0.8)	—	**(0.8)**
Income tax on other comprehensive income	—	—	—	—	—	4.8	0.1	—	**4.9**
Total other comprehensive income/(loss)	**—**	**—**	**—**	**—**	**0.1**	**(14.8)**	**(0.7)**	**—**	**(15.4)**
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**—**	**0.1**	**(14.8)**	**(101.7)**	**5.1**	**(111.3)**
Transactions with owners, recorded directly in equity									
Credit for the year under equity settled share-based payments	—	—	—	—	—	—	3.0	—	**3.0**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**—**	**3.0**	**—**	**3.0**
At 30 September 2019 *restated*[1]	**2.1**	**352.3**	**—**	**6.6**	**2.4**	**(38.3)**	**(17.6)**	**15.3**	**322.8**

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

1. The amounts presented for the opening balance at 1 January 2019 and the nine month period ended 30 September 2019 have been restated for the correction of an error — see note 2 for further details.

Consolidated statement of financial position

	Notes	As at 30 September 2020	As at 30 September 2019 *restated*[1]	As at 31 December 2019 *restated*[2]
		£m	£m	£m
Non-current assets				
Intangible assets		**1,269.8**	1,198.6	1,183.6
Property, plant and equipment		**400.1**	352.2	350.5
Right-of-use assets		**75.6**	80.3	81.8
Trade and other receivables		**2.8**	1.9	1.8
Other financial assets		**—**	—	0.2
Deferred tax asset	8	**74.0**	28.3	45.7
		1,822.3	1,661.3	1,663.6
Current assets				
Inventories		**250.0**	260.2	200.7
Trade and other receivables		**192.5**	189.9	249.7
Income tax receivable		**4.3**	0.8	0.3
Other financial assets		**13.4**	9.0	8.9
Cash and cash equivalents	11	**307.3**	100.9	107.9
		767.5	560.8	567.5
Total assets		**2,589.8**	2,222.1	2,231.1
Current liabilities				
Borrowings	12	**106.8**	148.0	114.8
Trade and other payables		**630.3**	775.2	734.1
Income tax payable		**1.0**	2.3	8.9
Other financial liabilities	13	**8.0**	14.4	6.3
Lease liabilities		**9.9**	11.9	14.1
Provisions	14	**19.7**	9.6	12.0
		775.7	961.4	890.2
Non-current liabilities				
Borrowings	12	**934.4**	761.7	839.1
Trade and other payables		**8.0**	5.4	9.4
Other financial liabilities	13	**0.6**	11.5	2.6
Lease liabilities		**95.7**	103.7	97.3
Provisions	14	**14.1**	12.7	16.2
Employee benefits	15	**27.8**	36.9	36.8
Deferred tax liabilities	8	**0.5**	6.0	9.9
		1,081.1	937.9	1,011.3
Total liabilities		**1,856.8**	1,899.3	1,901.5
Net assets		**733.0**	322.8	329.6
Capital and reserves				
Share capital	16	**16.5**	2.1	2.1
Share premium	16	**851.3**	352.3	352.3
Merger reserve	16	**144.0**	—	—
Capital reserve		**6.6**	6.6	6.6
Translation reserve		**2.2**	2.4	(0.4)
Hedge reserve		**(2.4)**	(38.3)	(2.3)
Retained earnings		**(302.2)**	(17.6)	(42.8)
Equity attributable to owners of the group		**716.0**	307.5	315.5
Non-controlling interests		**17.0**	15.3	14.1
Total shareholders' equity		**733.0**	322.8	329.6

1. The consolidated statement of financial position at 30 September 2019 has been restated for the correction of an error and the reclassification of frozen cash from cash and cash equivalents to other financial assets — see note 2 and 11 respectively for further details.
2. The consolidated statement of financial position at 31 December 2019 has been restated for the correction of a brought forward error — see note 2.

Consolidated statement of cash flows

	Notes	9 months ended 30 September 2020	9 months ended 30 September 2019 *restated*[1]	12 months ended 31 December 2019 *as previously restated*[2]
		£m	**£m**	**£m**
Operating activities				
Loss for the period		**(267.9)**	(95.9)	(117.6)
Adjustments to reconcile loss for the period to net cash (outflow)/inflow from operating activities				
Tax (credit)/charge on continuing operations	8	**(40.0)**	1.1	(2.0)
Net finance costs		**78.8**	65.1	67.6
Other non-cash movements		**(3.9)**	7.9	(4.4)
Loss on sale of non-current assets		**—**	—	0.9
Depreciation and impairment of property, plant and equipment		**26.6**	25.9	38.8
Depreciation and impairment of right-of-use assets		**11.2**	8.9	13.3
Amortisation and impairment of intangible assets		**61.8**	53.2	112.4
Difference between pension contributions paid and amounts recognised in Income Statement		**(2.9)**	(3.4)	(4.4)
Increase in inventories		**(51.5)**	(91.4)	(33.3)
Decrease/(increase) in trade and other receivables		**49.9**	51.5	(31.8)
Decrease in trade and other payables		**(109.7)**	(18.5)	(51.8)
(Decrease)/increases in advances and customer deposits		**(21.8)**	74.3	48.4
Movement in provisions		**5.8**	(1.6)	4.5
Cash (outflow)/inflow from operations		**(263.6)**	77.1	40.6
Increase in cash held not available for short-term use		**(1.3)**	(9.0)	(8.7)
Income taxes paid		**(7.2)**	(8.2)	(12.5)
Net cash (outflow)/inflow from operating activities		**(272.1)**	59.9	19.4
Cash flows from investing activities				
Interest received		**1.9**	4.1	5.0
Payments to acquire property, plant and equipment		**(76.1)**	(65.0)	(82.2)
Payments to acquire intangible assets		**(128.0)**	(189.6)	(228.0)
Net cash used in investing activities		**(202.2)**	(250.5)	(305.2)
Cash flows from financing activities				
Interest paid		**(39.3)**	(25.5)	(52.0)
Proceeds from issuance of shares	16	**687.8**	—	—
Principal element of lease payments	12	**(9.2)**	(8.4)	(10.9)
Repayment of existing borrowings	12	**(83.0)**	—	(91.5)
Proceeds from existing borrowings	12	**—**	23.5	102.3
Proceeds from inventory repurchase arrangement	12	**39.0**	—	38.7
Repayment of inventory repurchase arrangement	12	**(38.7)**	—	—
New borrowings	12	**149.9**	158.6	260.8
Transaction fees on issuance of shares		**(27.9)**	—	—
Transaction fees on financing activities		**(0.3)**	(0.4)	(4.1)
Net cash inflow from financing activities		**678.3**	147.8	243.3
Net increase/(decrease) in cash and cash equivalents		**204.0**	(42.8)	(42.5)
Cash and cash equivalents at the beginning of the period	11	**107.9**	144.6	144.6
Effect of exchange rates on cash and cash equivalents		**(4.6)**	(0.9)	5.8
Cash and cash equivalents at the end of the period		**307.3**	100.9	107.9

1. The nine month period ended 30 September 2019 statement of cash flows has been restated for the correction of an error and the reclassification of frozen cash from cash and cash equivalents to other financial assets — see note 2 and 11 respectively for further details.
2. The statement of cash flows presented for the 12 months ended 31 December 2019 has been restated for the correction of an error with no impact on the Net cash (outflow)/inflow from operating activities, Net cash used in investing activities or Net cash inflow from financing activities — see note 2 for further details.

Notes to the interim financial statements

1. Basis of preparation

The results for the nine month period ended 30 September 2020 have been reviewed by Ernst & Young LLP, the Group's auditor. The financial information for the year ended 31 December 2019 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The auditor's report on the statutory accounts for the year ended 31 December 2019 was not qualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006. The report made reference to a material uncertainty around the ability of the Group to continue trading as a going concern pending completion of a strategic investment by a consortium led by Lawrence Stroll and subsequent rights issue. The strategic investment and rights issue were successfully completed during the nine month period ended 30 September 2020. A copy of the statutory accounts for the year ended 31 December 2019 prepared under International Financial Reporting Standards as adopted by the EU ("IFRS") have been delivered to the Registrar of Companies.

Aston Martin Lagonda Global Holdings plc (the "Company") is a company incorporated and domiciled in the UK. The Consolidated Interim Financial Statements of the Company as at the end of the nine month period ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group presently meets its day-to-day working capital requirements and medium-term funding requirements through a mixture of Senior Secured Notes ($400m and $190m at 6.5%, $225m at 12%, £230m and £55m at 5.75% which all mature in April 2022), a revolving credit facility (£80m) which matures in January 2022, facilities to finance inventory, back-to-back loans, a £20m Coronavirus Large Business Interruption Loan Scheme (CLBILS) loan which matures in January 2022 and a wholesale vehicle financing facility. At the balance sheet date the Group had cash and cash equivalents of £307m.

The Group has successfully arranged a new fully committed and comprehensive financing package (the "New Financing") which comprises £125m of new equity shares, c£259m (equivalent) of new bonds which mature in 2026, c£840m (equivalent) of new bonds which mature in 2025 and a refinanced revolving credit facility which will now increase to £87m and matures in 2025. Proceeds raised from the new equity shares and bonds will be used to redeem the Group's existing and outstanding Senior Secured Notes alongside repayment of the CLBILS loan. Upon shareholder approval of the Mercedes-Benz AG transaction and resolutions pertaining to the new equity shares, alongside satisfaction of anti-trust conditions in Germany and the UK and standard underwriting conditions, which are expected to occur before year end, the new equity and bond funds will be available to the Group alongside the refinanced RCF. This comprehensive New Financing builds further on the £688m new equity that the Yew Tree Consortium and other investors injected into the Group in the first half of 2020 and provides for an improved capital structure and strong funding profile to support the Group in achieving its strategic ambitions over the medium to long term.

In preparing this going concern statement, the Directors have developed trading and cash flow forecasts for the period from the date of approval of these Interim Financial Statements through 30 June 2022 as the existing revolving credit facility, CLBILS loan and Senior Secured Notes mature in this period.

The forecasts reflect our strategy of rebalancing supply and demand and the decisive actions taken to improve cost efficiency, in alignment with reduced sports car production levels. The forecasts make assumptions in respect of future market conditions and, in particular, wholesale volumes, average selling price, the launch of new models including Valkyrie and the potential impact of Covid-19 on sales. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models. In addition the availability of funds provided through the vehicle wholesale finance facility changes as the availability of credit insurance and sales volumes vary, in total and seasonally. Key Covid-19 assumptions within the forecasts include a reduction in production and wholesale volumes. 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 Interim Financial Statements.

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

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 continuation of the strict and immediate expense control would be taken to safeguard the Group's financial position.

Whilst the Group remains in a strong financial position, the Directors have determined that additional liquidity and moreover an evident extension in maturity of its bond funding and revolving credit facility will be required to support the Group in achieving its medium to long term ambitions and allow it to navigate a severe but plausible downside scenario that the directors have modelled. The New Financing serves to achieve these aims however it is contingent on the outcome of a shareholder vote in early December which is outside the control of the Directors. Accordingly, as the Directors are obliged to do pursuant to the requirements of IAS 1 Presentation of Financial Statements, they have concluded that there exists a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern.

However, provided shareholders approve the resolutions being put to them, which the Directors expect that they will, the New Financing ensures the Company will be well funded for the medium to long term and have adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis in preparing the financial statements. Therefore, these Interim Financial Statements do not include the adjustments that would result if the going concern basis of preparation was inappropriate.

Statement of compliance

These Interim Financial Statements, covering a nine month period, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union. They do not include all the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2019.

Significant accounting policies

These Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated Financial Statements for the year ended 31 December 2019.

The key source of estimation uncertainty for the Group, as disclosed in the Group Financial Statements, involve the following key areas:

- impairment of indefinite life intangible assets (including goodwill);
- impairment of finite life intangible assets; and
- the measurement of defined benefit pension assets and obligations.

These remain a key source of estimation uncertainty during the period, especially given the significant uncertainty arising from the COVID-19 pandemic.

The Group has recognised amounts due from government-sponsored COVID-related employee furlough schemes, of £12.5m, as a credit against the related staff costs and not as an item of Other income. These amounts are recognised on an accruals basis and in line with the Group's accounting policy on government grants.

2. Prior period restatement

The financial results for the period ended 30 September 2019 have been restated to reflect the prior period adjustment reported in the 30 June 2020 interim statement in respect of variable marketing expense ("VME"), an adjustment in respect of the recognition of taxation and the presentation of frozen cash. Details of the adjustment relating to frozen cash is detailed in note 11 with details of the other adjustments below.

The Group previously reported, within the IAS34 interim financial statements for the six month period ended 30 June 2020, that it had made a non-cash adjustment in respect of the timing of accounting recognition of customer and retail financing support (variable marketing expense ("VME")) associated with supporting lease and other incentive programs in the US. This had no impact on the timing of the Company's historic or forecast cash flows.

Pursuant to IFRS 15, future VME in the US should be estimated and accrued for on the balance sheet of the Group and deducted from revenue at the point revenue is recognised for the wholesale of the vehicle to the dealer rather than at the time of retail sale by the dealer to the end customer, as had previously been the approach. Outside of the US, VME continues to be accrued at the time of the retail sale by the dealer to the end customer, reflecting the contractual requirement that the dealer has to make additional wholesale purchases at that time in order to receive the VME.

The statement of financial position of the Group as at 30 September 2019, and the income statement for the nine months ended 30 September 2019, have been restated in these nine month IAS 34 interim financial statements to reflect the correction of these errors and the related adjustments to tax. The comparatives disclosed for the 12 month period ended and as at 31 December 2019 are restated as previously reported within the six month period ended 30 June 2020 IAS34 financial statements.

The adjustment results in an earlier accrual for VME in the United States than previously reported and impacts the statement of financial position and income statement as follows.

	30 September 2019	31 December 2019
	£m	£m
Additional accrual required for VME	(21.8)	(29.1)

	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	£m
Impact on EBITDA compared to previously reported result	(8.1)	(15.3)

The tax charge for the nine month period ended 30 September 2019, has been restated to derecognise deferred tax related to future finance costs for which tax relief is deferred to future periods and where the likelihood of recoverability is not considered to support recognition of the asset.

In addition to the above, having reviewed adjustments recorded in finalising the 31 December 2019 Annual Report, the Group has recorded three further adjustments which impact the nine month period ended 30 September 2019, with a net increase in profit before tax of £5.6m (profit after tax £4.6m). The Group's retained earnings have been restated to correct for a brought forward taxation error, with a corresponding £2.9m entry made to reduce trade and other receivables at 1 January 2019 and 30 September 2019 and increase trade and other payables at 31 December 2019.

Notes to the interim financial statements — (Continued)

These errors have been corrected by restating each of the affected Consolidated Interim Financial Statement line items for the prior periods as follows:

Consolidated Statement of Comprehensive Income (extract)

	9 months ended 30 September 2019			12 months ended 31 December 2019		
	As reported	Increase/ (decrease)	*As restated*	As reported	Increase/ (decrease)	*As restated*
	£m	£m	£m	£m	£m	£m
Revenue	657.2	(7.2)	**650.0**	997.3	(16.8)	**980.5**
Cost of sales	(413.4)	2.4	**(411.0)**	(642.7)	—	**(642.7)**
Gross profit	243.8	(4.8)	**239.0**	354.6	(16.8)	**337.8**
Selling and distribution expenses	(71.6)	—	**(71.6)**	(95.0)	—	**(95.0)**
Administrative expenses	(180.4)	2.3	**(178.1)**	(277.3)	1.5	**(275.8)**
Other expense	(19.0)	—	**(19.0)**	(19.0)	—	**(19.0)**
Operating (loss)/profit	(27.2)	(2.5)	**(29.7)**	(36.7)	(15.3)	**(52.0)**
Finance income	4.1	—	**4.1**	16.3	—	**16.3**
Finance expense	(69.2)	—	**(69.2)**	(83.9)	—	**(83.9)**
Loss before income tax	(92.3)	(2.5)	**(94.8)**	(104.3)	(15.3)	**(119.6)**
Income tax credit/(charge)	19.4	(20.5)	**(1.1)**	(0.1)	2.1	**2.0**
Loss for the period	(72.9)	(23.0)	**(95.9)**	(104.4)	(13.2)	**(117.6)**
(Loss)/profit for the period attributable to:						
Owners of the group	(77.0)	(24.0)	**(101.0)**	(113.2)	(13.2)	**(126.4)**
Non-controlling interests	4.1	1.0	**5.1**	8.8	—	**8.8**
	(72.9)	(23.0)	**(95.9)**	(104.4)	(13.2)	**(117.6)**
Other comprehensive (expense)/income for the period, net of income tax	(15.4)	—	**(15.4)**	17.3	—	**17.3**
Total comprehensive loss for the period	(88.3)	(23.0)	**(111.3)**	(87.1)	(13.2)	**(100.3)**
Total comprehensive (loss)/ income for the period attributable to:						
Owners of the group	(92.4)	(24.0)	**(116.4)**	(95.9)	(13.2)	**(109.1)**
Non-controlling interests	4.1	1.0	**5.1**	8.8	—	**8.8**
	(88.3)	(23.0)	**(111.3)**	(87.1)	(13.2)	**(100.3)**

The impact of the correction of the restatements above, together with the impact of the bonus element of the rights issue, on Earnings per ordinary share in the comparative periods are summarised as follows:

	9 months ended 30 September 2019				12 months ended 31 December 2019			
	As reported	Bonus issue[1]	Error Correction	*As restated*	As reported	Bonus issue[1]	Error Correction	*As restated*
Earnings per ordinary share								
Basic	(33.8p)	(11.6p)	(10.6p)	**(11.6p)**	(49.6p)	(29.3p)	(5.8p)	**(14.5p)**
Diluted	(33.8p)	(11.6p)	(10.6p)	**(11.6p)**	(49.6p)	(29.3p)	(5.8p)	**(14.5p)**

1. The comparative basic and diluted earnings per ordinary share values have been restated to reflect the bonus element of the rights issue completed on 1 April 2020.

Consolidated Statement of Financial Position (extract)

	30 September 2019			31 December 2019			1 January 2019		
	As reported	Increase/ (decrease)	*As restated*	As reported	Increase/ (decrease)	*As restated*	As reported	Increase/ (decrease)	*As restated*
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Deferred tax asset	41.9	(13.6)	**28.3**	45.7	—	**45.7**	32.1	0.6	**32.7**
Inventory	256.7	3.5	**260.2**	200.7	—	**200.7**	165.3	—	**165.3**
Trade and other receivables	193.1	(3.2)	**189.9**	249.7	—	**249.7**	243.0	(2.9)	**240.1**
Income tax receivable	4.0	(3.2)	**0.8**	0.3	—	**0.3**	0.8	—	**0.8**
Trade and other payables — current	755.7	19.5	**775.2**	702.1	32.0	**734.1**	641.4	13.8	**655.2**
Income tax liability	5.2	(2.9)	**2.3**	8.9	—	**8.9**	4.9	—	**4.9**
Deferred tax liability	—	6.0	**6.0**	12.6	(2.7)	**9.9**	20.0	—	**20.0**
Net Assets	361.9	(39.1)	**322.8**	358.9	(29.3)	**329.6**	447.2	(16.1)	**431.1**
Retained earnings	22.5	(40.1)	**(17.6)**	(13.5)	(29.3)	**(42.8)**	97.2	(16.1)	**81.1**
Equity attributable to owners of the group	347.6	(40.1)	**307.5**	344.8	(29.3)	**315.5**	437.0	(16.1)	**420.9**
Non-controlling interests	14.3	1.0	**15.3**	14.1	—	**14.1**	10.2	—	**10.2**
Total shareholders' equity	361.9	(39.1)	**322.8**	358.9	(29.3)	**329.6**	447.2	(16.1)	**431.1**

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

3. Segmental information

Revenue	9 months ended 30 September 2020	9 months ended 30 September 2019 *restated*[1]	12 months ended 31 December 2019 *as previously restated*[2]
	£m	£m	£m
Analysis by category			
Sale of vehicles	**213.9**	575.7	880.8
Sale of parts	**40.5**	46.9	63.0
Servicing of vehicles	**5.3**	7.2	9.3
Brands and motorsport	**10.3**	20.2	27.4
	270.0	650.0	980.5

Revenue	9 months ended 30 September 2020	9 months ended 30 September 2019 *restated*[1]	12 months ended 31 December 2019 *as previously restated*[2]
	£m	£m	£m
Analysis by geographic location			
United Kingdom	**50.5**	173.4	229.6
The Americas	**67.8**	179.8	278.5
Rest of Europe, Middle East & Africa	**88.2**	126.4	231.2
Asia Pacific	**63.5**	170.4	241.2
	270.0	650.0	980.5

1. The segmental comparative for the nine month period ended 20 September 2019 for Americas have been restated to reflect the correction of an error — see note 2 for further detail.

2. The income statement presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further income statement adjustments presented in these interim financial statements.

The Group's revenue, when assessed on an annual basis, is typically weighted one-third towards the final quarter of the year. This is exaggerated in the current year, in part, due to the impact of Covid-19.

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

As at 30 September 2020	Right-of-use Assets	Property, Plant and Equipment	Goodwill	Intangible Assets	Other Receivables	Total
	£m	£m	£m	£m	£m	£m
United Kingdom	**66.7**	**295.2**	**85.4**	**1,167.3**	**—**	**1,614.6**
The Americas	**0.1**	**1.7**	**—**	**—**	**—**	**1.8**
Rest of Europe, Middle East & Africa	**—**	**102.6**	**—**	**17.1**	**2.8**	**122.5**
Asia Pacific	**8.8**	**0.6**	**—**	**—**	**—**	**9.4**
	75.6	**400.1**	**85.4**	**1,184.4**	**2.8**	**1,748.3**

As at 30 September 2019	Right-of-use Assets	Property, Plant and Equipment	Goodwill	Intangible Assets	Other Receivables	Total
	£m	£m	£m	£m	£m	£m
United Kingdom	71.0	295.1	85.4	1,095.8	—	1,547.3
The Americas	0.3	0.6	—	—	—	0.9
Rest of Europe, Middle East & Africa	0.1	56.4	—	17.4	1.9	75.8
Asia Pacific	8.9	0.1	—	—	—	9.0
	80.3	352.2	85.4	1,113.2	1.9	1,633.0

As at 31 December 2019	Right-of-use Assets	Property, Plant and Equipment	Goodwill	Intangible Assets	Other Receivables	Total
	£m	£m	£m	£m	£m	£m
United Kingdom	71.5	277.1	85.4	1,081.3	—	1,515.3
The Americas	0.2	1.0	—	—	—	1.2
Rest of Europe, Middle East & Africa	0.1	72.3	—	16.9	1.8	91.1
Asia Pacific	10.0	0.1	—	—	—	10.1
	81.8	350.5	85.4	1,098.2	1.8	1,617.7

4. Other expense

	9 months ended 30 September 2020	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	£m	£m
Loss allowance — sale of intellectual property	**—**	(19.0)	(19.0)

In the nine months ended 30 September 2019 the recoverability of a receivable relating to the sale of certain legacy intellectual property was assessed as doubtful resulting in the recognition of a £19.0m loss allowance.

5. Adjusting items

	9 months ended 30 September 2020	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	£m	£m
Adjusting operating expenses:			
Impairment of assets[1]:			
Development costs	—	—	(27.7)
Plant, machinery, fixtures and fittings	—	—	(4.7)
Tooling	—	—	(3.7)
Inventory	—	—	(2.3)
Right-of-use lease assets	**(2.0)**	—	(1.0)
	(2.0)	—	(39.4)
Restructuring:			
Restructuring costs[2]	**(12.4)**	(1.9)	(2.8)
Settlement arrangements and incentive payments[3]	**(2.7)**	—	—
	(15.1)	(1.9)	(2.8)
Initial Public Offering costs:			
Staff incentives[4]	**3.2**	(3.0)	0.6
Professional fees[5]	—	(0.5)	(0.5)
	(13.9)	(5.4)	(42.1)
Adjusting finance expenses:			
Movement on derivatives not qualifying for hedge accounting[6]	—	(6.6)	(6.6)
Adjusting items before tax	**(13.9)**	(12.0)	(48.7)
Tax credit on adjusting items[7]	**3.8**	2.2	8.8
Adjusting items after tax	**(10.1)**	(9.8)	(39.9)

1. In the nine months ended 30 September 2020 the Group commenced a rationalisation exercise to reduce its geographical footprint. This resulted in an impairment charge of £2.0m writing the right-of-use asset to £nil, triggered by conclusion of activity at one of the Group's leased sites.
2. In the nine months ended 30 September 2020 costs associated with the first phase of the restructuring plan, announced in 2019, were £0.3m (30 September 2019: £1.9m, 31 December 2019: £2.8m). During this period, the Group commenced a second phase restructuring process to reduce employee numbers reflecting lower than originally planned production volumes. The restructuring costs associated with this second phase are expected to be £12.1m.
3. 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 at 30 September 2020, as a result of these changes, are £2.7m.
4. In the nine months ended 30 September 2020 a Legacy Long-term Incentive Plan ("LTIP") charge of £3.2m was recognised (30 September 2019: £3.0m, 31 December 2019 £3.6m).

   With the continuing reduced performance of the Group in 2020, the remaining Initial Public Offering ("IPO") bonus held for management is no longer expected to be paid. This decision resulted in £6.4m being credited back to the Consolidated Income Statement (30 September 2019: £nil, 31 December 2019: £4.2m credit).
5. Additional professional fees of £0.5m were charged in 2019 as a result of the Initial Public Offering during the year ended 31 December 2018.
6. In the year-ended 31 December 2019 a charge of £6.6m was recognised in relation to fair value movements of derivative financial instruments held to hedge future foreign currency cashflows, but where the necessary criteria for hedge accounting had not been met. Once the criteria for hedge accounting had been met, all movements in the fair value of these derivative financial instruments are recorded either in Other Comprehensive Income or in arriving at adjusted operating profit in the Consolidated Income Statement.
7. In the nine months ended 30 September 2020, a total tax credit of £3.8m has been recognised as an adjusting item. The tax credit on adjusting items in 2020 is higher than standard rate of income tax for the Group at 19% due to an additional credit of £1.2m which relates to the impact of a change in deferred tax rate from 17% to 19% on items treated as adjusting in previous years.

6. Finance income

	9 months ended 30 September 2020	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	**£m**	**£m**
Bank deposit and other interest income	**1.9**	4.1	5.0
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**—**	—	11.3
	1.9	4.1	16.3

7. Finance expense

	9 months ended 30 September 2020	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	**£m**	**£m**
Bank loans, overdrafts, senior secured notes and other interest	**66.3**	42.8	62.8
Foreign exchange loss on borrowings not designated as part of a hedging relationship	**3.5**	8.7	—
Hedge ineffectiveness on loan instruments designated as a cashflow hedge	**2.5**	—	—
Net interest expense on the net defined benefit liability	**0.5**	0.8	1.1
Interest on contract liabilities held	**4.9**	6.9	8.8
Interest on lease liabilities	**3.0**	3.4	4.6
Finance expense before adjusting items	**80.7**	62.6	77.3
Adjusting finance expenses (note 5)	**—**	6.6	6.6
Total finance expense	**80.7**	69.2	83.9

8. Taxation

The effective tax rate for the nine month period ended 30 September 2020 is 13.0% (30 September 2019: n.m, 31 December 2019: 1.7%). This compares to a UK statutory rate of tax 19% applicable to the group for the nine month period ended 30 September 2020 (30 September 2019: 19%, 31 December 2019: 19%). The deferred tax asset at 30 September 2020 has been calculated based on the rate of 19% substantively enacted at the period end date, except for deferred tax assets arising in overseas subsidiaries where the deferred tax asset has been recognised at the applicable rate for each subsidiary. Permanently disallowable expenditure and an unrecognised net deferred tax asset in respect of delayed interest deductions give rise to further adjustments to the total tax arising in the periods.

The Group believes that it is appropriate to recognise a Deferred Tax Asset in respect of historic tax losses due to the future forecast profitability of the Group as demonstrated by the current business plan.

9. Earnings per ordinary share

Continuing and total operations	9 months ended 30 September 2020	9 months ended 30 September 2019 *restated*[1,2]	12 months ended 31 December 2019 *as previously restated*[1,3]
Basic earnings per ordinary share			
Loss available for equity holders (£m)	**(270.8)**	(101.0)	(126.4)
Basic weighted average number of ordinary shares (million)	**1,409.2**	870.4	870.4
Basic earnings per ordinary share (pence)	**(19.2p)**	(11.6p)	(14.5p)
Diluted earnings per ordinary share			
Loss available for equity holders (£m)	**(270.8)**	(101.0)	(126.4)
Diluted weighted average number of ordinary shares (million)	**1,409.2**	870.4	870.4
Diluted earnings per ordinary share (pence)	**(19.2p)**	(11.6p)	(14.5p)

	30 September 2020 Number	30 September 2019 Number	31 December 2019 Number
Diluted weighted average number of ordinary shares is calculated as:			
Basic weighted average number of ordinary shares[1] (million)	**1,409.2**	870.4	870.4
Adjustments for calculation of diluted earnings per share:			
Long-term incentive plans[4]	**—**	—	—
Weighted average number of ordinary shares and potential ordinary shares (million)	**1,409.2**	870.4	870.4

1. The weighted average number of ordinary shares in both comparative periods have been restated to reflect the bonus element of the rights issue completed on 1 April 2020.
2. The nine month period ended 30 September 2019 loss available to equity holders has been restated — see note 2 for further details.
3. The loss available for equity holders presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further adjustments to the loss available for equity holders presented in these interim financial statements.
4. The impact of the Long-term incentive plan ("LTIP") shares has been excluded from the weighted average number of ordinary shares calculation on the basis of antidilution.

10. Research and Development expenditure

	9 months ended 30 September 2020	9 months ended 30 September 2019	12 months ended 31 December 2019
	£m	**£m**	**£m**
Total research and development expenditure	**150.0**	187.6	226.0
Capitalised research and development expenditure	**(147.4)**	(187.6)	(226.0)
Research and development expenditure recognised as an expense during the period	**2.6**	—	—

11. Net debt

	30 September 2020	30 September 2019 *restated*[1]	31 December 2019
	£m	**£m**	**£m**
Cash and cash equivalents	**307.3**	100.9	107.9
Cash held not available for short-term use[1]	**10.6**	9.0	8.7
Bank loans and overdrafts[2]	**(133.6)**	(158.0)	(124.0)
Inventory repurchase arrangements[3]	**(39.6)**	—	(38.9)
Senior Secured Notes[4]	**(907.6)**	(751.7)	(829.9)
Lease liabilities[5]	**(105.6)**	(115.6)	(111.4)
	(868.5)	(915.4)	(987.6)
Current	**161.6**	(50.0)	(51.2)
Non-current	**(1,030.1)**	(865.4)	(936.4)
	(868.5)	(915.4)	(987.6)

1. At 30 September 2020 the balance held in frozen bank accounts was £10.6m (30 September 2019: £9.0m, 31 December 2019: £8.7m). 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. The frozen cash as at 30 September 2019 has been reclassified from cash and cash equivalents to other financial assets, from that previously disclosed.
2. In July 2020 the Group entered into a £20.0m loan under the Coronavirus Large Business Interruption Loan Scheme ('CLBILS') maturing in January 2022. Transaction costs capitalised amounted to £0.3m. At 30 September 2020, £70.0m of the £80.0m revolving credit facility was drawn down (30 September 2019: £70.0m, 31 December 2019: £70.0m).

   The Group is party to a back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Yuan to the value of £36.2m were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC in the United Kingdom. The £36.2m of restricted cash is shown in the total of cash and cash equivalents above (30 September 2019: £37.2m, 31 December 2019: £36.7m). At 30 September 2020 the Group has drawn down £33.9m (30 September 2019: £36.7m, 31 December 2019: £36.3m) of the combined overdraft facility which is included in bank loans and overdrafts.

   In 2018 the Group entered into a fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility. The loan matures on 31 March 2022. The quarterly repayments on the loan include an element of capital repayment and interest charge. The final payment on 31 March 2022 includes an increased capital repayment of £6.3m. At 30 September 2020 the amount outstanding is £10.0m with £2.9m included in current borrowings and £7.1m included in non-current borrowings (30 September 2019: £3.6m current, £10.0m non-current, 31 December 2019: £2.9m current and £9.2m non-current).
3. At 30 September 2020 a repurchase liability including accrued interest of £39.6m was recognised in accruals and other payables, and Net Debt. During the nine month period ended 30 September 2020, £32.5m of parts for resale, service parts and production stock were sold for £39.0m (gross of indirect tax) and subsequently repurchased. Under these repurchase agreements, the Group will repay a total of £40m gross of indirect tax. As part of these arrangements legal title to the parts was surrendered however control remained with the Group. These repurchase arrangements are to be fully settled in 2020.

   At 31 December 2019 a repurchase liability of £38.9m including accrued interest of £0.2m, was recognised in accruals and other payables and Net Debt. In November 2019, £32.2m of parts for resale, service parts and production stock were sold for £38.7m (gross of indirect tax) and subsequently repurchased. This repurchase arrangement was fully settled in the nine month period ended 30 September 2020.
4. In January 2020 and July 2020, the Group issued \$2.4m and \$4.7m US Dollar Senior Secured Notes as payment in kind ("PIK") for the bi-annual interest payment due on the \$150m US Dollar 12.0% Senior Secured Notes. The notes issued represent 6.0% of the interest due and are on the same terms as other senior secured obligations of the Group.

   In July 2020 the Group issued \$68m US Dollar Delayed Draw 12% (6% PIK, 6% cash interest) Senior Secured Notes including a 6% premium on redemption with a maturity date of April 2022. This premium is accounted for as part of the effective interest rate and charged to finance expenses within the Consolidated Income Statement over the term of these notes. Transaction costs capitalised amounted to £0.8m.

   In April 2019 the Group issued \$190m 6.5% Senior secured Notes at a discount of 5% to the par redemption value. The discount is charged to finance expenses within the Consolidated Income Statement over the term of the notes based on the effective interest rate method. In October 2019 the Group issued \$150m 12% (6% PIK, 6% cash interest) Senior Secured Notes with a 6% premium on redemption. This premium is accounted for as part of the effective interest rate and charged to finance expenses within the Consolidated Income Statement over the term of these notes. These notes mature in April 2022 with transaction costs capitalised during the period 12 months ended 31 December 2019 of £5.4m.
5. The comparative Group Net Debt at 30 September 2019 has been re-presented to align with the updated definition of Net debt to include current and non-current lease liabilities following the Group's adoption of IFRS 16 on 1 January 2019. There is no impact on the Group's Consolidated Income Statement, earnings per share, retained earnings or net assets. Net Debt is a non-IFRS alternative performance measure used for evaluating the performance of the Group and for further details see note 20.

12. Movement in net debt

	30 September 2020	30 September 2019 *restated*[1]	31 December 2019
	£m	£m	£m
Cash and cash equivalents	**307.3**	100.9	107.9
Cash held not available for short-term use	**10.6**	9.0	8.7
Inventory repurchase arrangement	**(39.6)**	—	(38.9)
Lease liabilities	**(105.6)**	(115.6)	(111.4)
Loans and other borrowings — current	**(106.8)**	(148.0)	(114.8)
Loans and other borrowings — non-current	**(934.4)**	(761.7)	(839.1)
Net debt[2]	**(868.5)**	(915.4)	(987.6)
Movement in net debt			
Net increase/(decrease) in cash and cash equivalents	**199.4**	(43.7)	(36.7)
Add back cash flows in respect of other components of net debt:			
New borrowings	**(149.9)**	(158.6)	(260.8)
Proceeds from inventory repurchase arrangement	**(39.0)**	—	(38.7)
Proceeds from existing borrowings	**—**	(23.5)	(102.3)
Repayment of existing borrowings	**83.0**	—	91.5
Repayment of inventory repurchase arrangement	**38.7**	—	—
Lease liability payments	**9.2**	8.4	10.9
Movement in cash held not available for short-term use	**1.3**	9.0	8.7
Transaction fees	**0.3**	0.4	4.1
Increase/(decrease) in net debt arising from cash flows	**143.0**	(208.0)	(323.3)
Non-cash movements:			
Opening lease liability upon adoption of IFRS 16	**—**	(116.5)	(116.5)
Foreign exchange (loss)/gain on secured loan	**(10.3)**	(20.5)	23.7
Interest added to debt	**(8.4)**	—	(1.6)
Borrowing fee amortisation	**(5.3)**	(3.0)	(5.5)
Lease liability interest charge	**(3.0)**	(3.4)	(4.6)
Lease modifications	**2.4**	3.5	3.5
New leases	**—**	(9.8)	(9.8)
Unpaid transaction fees	**0.7**	0.7	2.0
Foreign exchange gain/(loss) and other	**—**	1.1	4.0
Decrease/(increase) in net debt	**119.1**	(355.9)	(428.1)
Net debt at beginning of the year	**(987.6)**	(559.5)	(559.5)
Net debt at the end of the period[2]	**(868.5)**	(915.4)	(987.6)

1. The balance in frozen bank accounts at 30 September 2019 of £9.0m has been re-presented as cash held not available for short-term use — see note 11 for further detail.
2. Net debt in the comparative periods has been re-presented to include lease liabilities — see note 11 for further detail.

13. Financial Instruments

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

	30 September 2020			30 September 2019			31 December 2019		
Included in assets	**Nominal Value**	**Book Value**	**Fair Value**	**Nominal Value**	**Book Value**	**Fair Value**	**Nominal Value**	**Book Value**	**Fair Value**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Level 2									
Forward foreign exchange contracts	—	—	—	—	—	—	—	0.4	0.4
Level 3									
Warrant equity options[1]	—	**2.8**	**2.8**	—	—	—	—	—	—
	—	**2.8**	**2.8**	—	—	—	—	0.4	0.4

	30 September 2020			30 September 2019			31 December 2019		
Included in liabilities	**Nominal Value**	**Book Value**	**Fair Value**	**Nominal Value**	**Book Value**	**Fair Value**	**Nominal Value**	**Book Value**	**Fair Value**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Level 1									
£285m 5.75% Sterling Senior Secured Notes	**285.0**	**280.9**	**255.4**	285.0	278.4	252.6	285.0	279.0	273.6
$400m 6.5% US Dollar Senior Secured Notes	**308.9**	**308.9**	**280.2**	325.8	325.8	289.1	301.6	301.6	288.0
$190m 6.5% US Dollar Senior Secured Notes	**146.7**	**142.4**	**131.6**	154.8	147.5	137.4	143.3	137.2	133.8
$157m 12.0% US Dollar Senior Secured Notes	**121.3**	**122.9**	**122.7**	—	—	—	113.1	112.1	122.1
Level 2									
$68m 12.0% US Dollar Senior Secured Notes[2]	**52.6**	**52.5**	**53.1**	—	—	—	—	—	—
Forward foreign exchange contracts	—	**5.8**	**5.8**	—	25.9	25.9	—	8.9	8.9
	914.5	**913.4**	**848.8**	765.6	777.6	705.0	843.0	838.8	826.4

1. On 31 March 2020 Aston Martin Lagonda Limited, an indirect subsidiary of the Company, entered into an agreement which included warrant options for subscription in equity shares in Racing Point UK Limited. The warrant options have been recorded as an embedded option derivative asset at £2.9m on initial recognition. The fair value movement in the options for the period to 30 September 2020 was £0.1m and is recognised within the Income Statement in administrative expenses.

   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 Racing Point UK 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 Racing Point UK 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 fair value embedded derivative in the agreement in respect of an additional economic interest in the equity of Racing Point UK Limited which has been assessed as having a carrying value of £nil at both inception and the period end. The movement in the value of this derivative has been estimated using the same method as the warrant equity option disclosed above.

2. At 30 September 2020 there were no inputs observable through quoted prices on The International Stock Exchange Authority. The fair value has been calculated with reference to the quoted price of the $157m 12.0% US Dollar Senior Secured Notes as they were issued on the same terms.

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. The Sterling Senior Secured Notes are all valued at amortised cost. The fair value of these Senior Secured Notes at the current and comparative period ends are determined by reference to the quoted price on The

International Stock Exchange Authority in St. Peter Port, Guernsey. For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest bearing loans and borrowings are considered to be level 1 liabilities. Forward foreign exchange contracts are considered to be level 2 assets and liabilities. Warrant equity options are considered to be level 3 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.

14. Provisions

	30 September 2020	30 September 2019	31 December 2019
	£m	£m	£m
Warranty provision	**25.3**	22.3	28.2
Restructuring costs	**8.5**	—	—
	33.8	22.3	28.2
Current	**19.7**	9.6	12.0
Non-current	**14.1**	12.7	16.2
	33.8	22.3	28.2

In the nine month period ended 30 September 2020, the Group launched a consultation process to reduce employee numbers reflecting lower than originally planned production volumes. A provision of £12.1m has been recognised, reflecting total estimated staff restructuring costs of £12.0m in addition to other directly attributable costs of £0.1m. These costs are expected to be fully utilised during the remainder of 2020 and into the first quarter of 2021. At 30 September 2020, £3.6m of the provision has been utilised to date.

15. Pension Scheme

The net liability for defined benefit obligations of £36.8m at 31 December 2019 has reduced to a net liability of £27.8m at 30 September 2020. The movement of £9.0m includes an IFRIC 14 adjustment of £6.6m driven principally by a movement in the discount rate, a charge to the Income Statement of £6.3m and contributions of £9.3m.

16. Share capital

	30 September 2020		30 September 2019		31 December 2019	
	Number	£m	Number	£m	Number	£m
Ordinary shares	**1,824,014,450**	**16.5**	228,002,890	2.1	228,002,890	2.1

Movement in Ordinary shares:

During the nine month period ended 30 September 2020 the Company issued ordinary shares to improve liquidity, provide flexibility in executing its strategy to operate as a true luxury company and help build the appropriate capital structure for the longer term.

	Number	Share Capital £m	Share Premium £m	Merger Reserve £m
Opening balance at 1 January 2020	**228,002,890**	**2.1**	**352.3**	—
Private placing[1]	76,000,000	0.7	170.3	—
Rights issue[2]	1,216,011,560	10.9	353.8	
Non-pre-emptive placing and retail offer[3]	304,000,000	2.8	—	149.3
	1,596,011,560	**14.4**	**524.1**	**149.3**
Transaction costs arising on the issuance of ordinary shares	—	—	(25.1)	(5.3)
Net movement during the period	**1,596,011,560**	**14.4**	**499.0**	**144.0**
Balance at 30 September 2020	**1,824,014,450**	**16.5**	**851.3**	**144.0**

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 £10.9m recognised as share capital and the remaining £353.8m recognised as share premium.
3. On 26 June 2020 the Company issued 304m ordinary shares through a non-pre-emptive placing and retail offer. The shares were issued at 50p raising gross proceeds of £152.1m, with £2.8m recognised as share capital and the remaining £149.3m 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.

17. Related party transactions

During the nine month period ended 30 September 2020, an agreement was signed with a former director of the Group for the purchase of a vehicle at an expected discount of £0.3m. This vehicle sale is not expected to complete in 2020 or materially affect the financial position and performance of the Group.

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.

There have been no other related party transactions in the nine month period to 30 September 2020, or comparative periods, that have materially affected the financial position or performance of the Group.

18. Leases

The impact of IFRS 16 on the Consolidated Income Statement, excluding tax, for the periods presented are:

	As Reported 30 September 2020	IFRS 16 interest charge	IFRS 16 depreciation charge	Amortisation of legal fees	Lease incentives	IAS 17 lease cost	Excluding impact of IFRS 16 30 September 2020
	£m	£m	£m	£m	£m	£m	£m
Revenue	**270.0**						270.0
Cost of sales	**(255.9)**						(255.9)
Gross profit	**14.1**	—	—	—	—	—	14.1
Selling and distribution expenses	**(60.4)**						(60.4)
Administrative and other operating expenses	**(182.8)**	—	11.2	(0.2)	0.9	(9.8)	(180.7)
Other expense	**—**						—
Operating loss	**(229.1)**	—	11.2	(0.2)	0.9	(9.8)	(227.0)
Finance income	**1.9**						1.9
Finance expense	**(80.7)**	3.0	—	—	—	—	(77.7)
Loss before tax	**(307.9)**	3.0	11.2	(0.2)	0.9	(9.8)	(302.8)
Adjusted EBITDA (note 20)	**(117.6)**	—	—	(0.2)	0.9	(9.8)	(126.7)

	As Reported 30 September 2019[1]	IFRS 16 interest charge	IFRS 16 depreciation charge	Amortisation of legal fees	Lease incentives	IAS 17 lease cost	Excluding impact of IFRS 16 30 September 2019
	£m	£m	£m	£m	£m	£m	£m
Revenue	**650.0**						650.0
Cost of sales	**(411.0)**						(411.0)
Gross profit	**239.0**	—	—	—	—	—	239.0
Selling and distribution expenses	**(71.6)**						(71.6)
Administrative and other operating expenses	**(178.1)**	—	8.9	(0.2)	0.9	(11.6)	(180.1)
Other expense	**(19.0)**						(19.0)
Operating loss	**(29.7)**	—	8.9	(0.2)	0.9	(11.6)	(31.7)
Finance income	**4.1**						4.1
Finance expense	**(69.2)**	3.4	—	—	—	—	(65.8)
Loss before tax	**(94.8)**	3.4	8.9	(0.2)	0.9	(11.6)	(93.4)
Adjusted EBITDA (note 20)	**63.7**	—	—	(0.2)	0.9	(11.6)	52.8

1. The nine month period ended 30 September 2019 has been restated for the correction of an error — see note 2 for further details.

	As Reported 31 December 2019[2]	IFRS 16 interest charge	IFRS 16 depreciation charge	Amortisation of legal fees	Lease incentives	IAS 17 lease cost	Excluding impact of IFRS 16 31 December 2019
	£m	£m	£m	£m	£m	£m	£m
Revenue	**980.5**						980.5
Cost of sales	**(642.7)**						(642.7)
Gross profit	**337.8**	—	—	—	—	—	337.8
Selling and distribution expenses	**(95.0)**						(95.0)
Administrative and other operating expenses	**(275.8)**	—	13.3	(0.2)	1.2	(15.5)	(277.0)
Other expense	**(19.0)**						(19.0)
Operating loss	**(52.0)**	—	13.3	(0.2)	1.2	(15.5)	(53.2)
Finance income	**16.3**						16.3
Finance expense	**(83.9)**	4.6	—	—	—	—	(79.3)
Loss before tax	**(119.6)**	4.6	13.3	(0.2)	1.2	(15.5)	(116.2)
Adjusted EBITDA (note 20)	**118.9**	—	—	(0.2)	1.2	(15.5)	104.4

2. The income statement presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further income statement adjustments presented in these interim financial statements.

The above disclosure has been included to facilitate the understanding of the impact of IFRS 16 on the results of the Group.

19. Post balance sheet events

On 27 October 2020 the Group successfully arranged a new fully committed and comprehensive financing package which comprises £125m of new ordinary shares, c£259m (equivalent) of new second lien notes which mature in 2026 with warrants incorporated representing 5.0% of the fully diluted issued share capital of Aston Martin following Mercedes-Benz AG share issuances, c£840m (equivalent) of first lien notes, which mature in 2025 and a refinanced revolving credit facility of £87m maturing in 2025.

On the same day the Group also entered into an expanded and enhanced agreement with long-term partner, supplier and shareholder Mercedes-Benz AG (the "Strategic Cooperation Agreement") which:

- Provides access to a range of world-class technologies, including powertrain architecture (for conventional, hybrid, and electric vehicles) and future oriented electric/electronic architecture, for all product launches through to 2027.
- Removes the costs and risks associated with developing these technologies, enabling Aston Martin to focus its investment in other areas and expand its product portfolio.
- The Company proposes to issue new Aston Martin ordinary shares to Mercedes-Benz AG, to increase its holding up to a maximum of 20.0% in several stages; Mercedes-Benz AG will receive the right to nominate one non-executive director for appointment to the Company's Board after its first shareholding increase.

Proceeds raised from the new equity and notes will be used to redeem the Group's outstanding Senior Secured Notes, to repay the term loan the Company incurred pursuant to the U.K. Coronavirus Large Business Interruption Loan Scheme (CLBILS), as well as general corporate purposes, including working capital and capital expenditures and to pay commissions, fees and expenses associated with the financing and other transactions described herein. Upon shareholder approval of the Strategic Cooperation Agreement and resolutions pertaining to the new equity, alongside satisfaction of anti-trust conditions in Germany and the UK (in relation to the Strategic Cooperation Agreement) and standard underwriting conditions, which are expected to occur in early December 2020, the proceeds from the new equity and notes will be available to the Group together with the refinanced RCF.

20. 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 (note 5) as shown in the Consolidated Income Statement.

ii) Adjusted EBIT is operating (loss)/profit before adjusting items.

iii) Adjusted EBITDA removes depreciation, (profit)/loss on sale of non-current assets and amortisation from adjusted EBIT.

iv) Adjusted Earnings Per Share is loss after income 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.

v) Net Debt is current and non-current borrowings in addition to inventory financing 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 (the definition of this APM has been updated since 31 December 2019 — see note 11).

vi) Adjusted leverage is represented by the ratio of Net Debt, to the last 12 months ("LTM") adjusted EBITDA.

vii) Free cashflow is represented by net cash (outflow)/inflow from operating activities plus the net cash used in investing activities plus interest paid in the period.

Income statement

	9 months ended 30 September 2020	**9 months ended 30 September 2019** ***restated***[1]	**12 months ended 31 December 2019** ***as previously restated***[2]
	£m	**£m**	**£m**
Loss before tax	**(307.9)**	(94.8)	(119.6)
Adjusting operating expenses	**13.9**	5.4	42.1
Adjusting finance expenses	**—**	6.6	6.6
Adjusted loss before tax (EBT)	**(294.0)**	(82.8)	(70.9)
Adjusted finance income	**(1.9)**	(4.1)	(16.3)
Adjusted finance expense	**80.7**	62.6	77.3
Adjusted operating loss (EBIT)	**(215.2)**	(24.3)	(9.9)
Reported depreciation	**35.8**	34.8	42.7
Reported amortisation	**61.8**	53.2	85.2
Loss on disposal of non-current assets	**—**	—	0.9
Adjusted EBITDA	**(117.6)**	63.7	118.9

1. The nine month period ended 30 September 2019 period has been restated to reflect a correction of an error — see note 2 for further detail.
2. The income statement presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further income statement adjustments presented in these interim financial statements.

Notes to the interim financial statements — (Continued)

Earnings per share

	9 months ended 30 September 2020	9 months ended 30 September 2019 *restated*[2]	12 months ended 31 December 2019 *as previously restated*[3]
	£m	**£m**	**£m**
Adjusted earnings per ordinary share			
Loss available for equity holders (£m)	**(270.8)**	(101.0)	(126.4)
Adjusting items			
Adjusting items before tax (£m)	**13.9**	12.0	48.7
Tax on adjusting items (£m)	**(3.8)**	(2.2)	(8.8)
Adjusted earnings (£m)	**(260.7)**	(91.2)	(86.5)
Basic weighted average number of ordinary shares (million)[1]	**1,409.2**	870.4	870.4
Adjusted earnings per ordinary share (pence)	**(18.5p)**	(10.5p)	(9.9p)
Adjusted diluted earnings per ordinary share			
Adjusted earnings (£m)	**(260.7)**	(91.2)	(86.5)
Diluted weighted average number of ordinary shares (million)[1]	**1,409.2**	870.4	870.4
Adjusted diluted earnings per ordinary share (pence)	**(18.5p)**	(10.5p)	(9.9p)

1. The weighted average number of ordinary shares in the comparative periods have been restated to reflect the bonus element of the rights issue completed on 1 April 2020.
2. The loss available to equity holders in the nine month period ended 30 September 2019 has been restated — see note 2 for further details.
3. The amounts presented in the income statement for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, were restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further adjustments to loss available to equity holders presented in these interim financial statements.

Net debt

	30 September 2020	30 September 2019 *restated*[1]	31 December 2019[2]
	£m	**£m**	**£m**
Opening cash and cash equivalents	**107.9**	144.6	144.6
Cash (outflow)/inflow from operating activities	**(272.1)**	59.9	19.4
Cash outflow from investing activities	**(202.2)**	(250.5)	(305.2)
Cash inflow from financing activities	**678.3**	147.8	243.3
Effect of exchange rates on cash and cash equivalents	**(4.6)**	(0.9)	5.8
Cash and cash equivalents at the end of the period	**307.3**	100.9	107.9
Cash held not available for short-term use	**10.6**	9.0	8.7
Inventory repurchase arrangement	**(39.6)**	—	(38.9)
Lease liabilities[3]	**(105.6)**	(115.6)	(111.4)
Borrowings	**(1,041.2)**	(909.7)	(953.9)
Net Debt[3]	**(868.5)**	(915.4)	(987.6)
Adjusted LTM EBITDA	**(62.4)**	146.7	118.9
Adjusted leverage	**—**	6.2x	8.3x

1. The comparative nine month period ended 30 September 2019 adjusted LTM EBITDA and adjusted leverage have been restated for the correction of an error in addition to the re-presentation of Net debt to include lease liabilities — see note 2 and 11 respectively for further details.

Notes to the interim financial statements — (Continued)

2. The income statement presented for the 12 months ended 31 December 2019, as reported in the 2019 Annual Report, was restated within the six months ended 30 June 2020 interim financial statements. Details of this restatement are shown in note 2 with no further income statement adjustments presented in these interim financial statements.
3. The comparative Group Net Debt at 30 September 2019, and 31 December 2019 as previously disclosed, has been re-presented to align with the updated definition of Net debt to include current and non-current lease liabilities following the Group's adoption of IFRS 16 on 1 January 2019. There is no impact on the Group's Consolidated Income Statement, earnings per share, retained earnings or net assets.

Free Cashflow

	30 September 2020	30 September 2019 *restated*[1]	31 December 2019
	£m	£m	£m
Net cash (outflow)/inflow from operating activities	**(272.1)**	59.9	19.4
Net cash used in investing activities	**(202.2)**	(250.5)	(305.2)
Interest paid	**(39.3)**	(25.5)	(52.0)
Free cashflow	**(513.6)**	(216.1)	(337.8)

1. The comparative nine month period ended 30 September 2019 has been restated to reflect the reclassification of frozen cash from cash and cash equivalent to a movement in cash held not available for short-term use, presented within net cash (outflow)/inflow from operating activities – see note 2 for further detail.

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 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Aston Martin Lagonda Global Holdings plc which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2019	Statement of financial position as at 31 December 2019
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 34 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the ability of the Group and Company to continue as a going concern is subject to material uncertainty. On

31 January 2020, the Company announced its intention to raise £500 million by way of a strategic investment of £182.4 million by a consortium led by Lawrence Stroll and a rights issue of £317.6 million ('The Capital Raise'). The Capital Raise is required for the Group to continue operating as a going concern, to facilitate the successful execution of the reset of the business plan and to provide a platform for the future success of the Group. The completion of the Capital Raise is dependent on approval from the shareholders of the Company, which at the time of issuing these financial statements has not yet been obtained. As a result, a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to the viability statement in the Annual Report at page 69, which indicates that an assumption to the statement of viability is that the Capital Raise completes. The Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the group and company should the Capital Raise not complete. Our opinion is not modified in respect of this matter.

Conclusions relating to principal risks, going concern and viability statement

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, we have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 54 to 66 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on pages 92 and 93 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- whether the directors' statements in relation to going concern and their assessment of the prospects of the company required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 69 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

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
Audit scope	• We performed an audit of the complete financial information of three 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.
Materiality	• Overall Group materiality of £2.6m which represents 1.9% of Adjusted EBITDA.

Key audit matters

In addition to the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 (£997.3m, 2018: £1,096.5m) *Refer to the Audit Committee Report (page 90); Accounting policies (page 2); and Note 3 of the Consolidated Financial Statements (page 139)* 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 customers 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. • We considered the terms per the contract and delivery 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 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.	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 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 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 full and specific scope audit procedures over this risk area in 5 locations, which covered 100% of the risk amount.	
Capitalisation and amortisation of development costs (£769.5m, 2018: £653.2m) Refer to the Audit Committee Report (page 90); Accounting policies (page 133); and Note 13 of the Consolidated Financial Statements (page 147) 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.	Our audit procedures did not identify evidence of material misstatement in the amounts of development costs capitalised in the period or through inappropriate manual journal entries.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We challenged 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 unusual and/or material journals related to capitalised development costs. • We performed full and specific scope audit procedures over this risk area in two locations, which covered 100% of the risk amount.	
Impairment of capitalised development costs (£769.5m, 2018: £653.2m). Refer to the Audit Committee Report (page 90); Accounting policies (page 133); and Note 14 of the Consolidated Financial Statements (page 148) 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 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. • 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.	Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of capitalised development costs or the impairment charge recognised in the year.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We have analysed the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience. • We calculated the degree to which the key assumptions would need to fluctuate before an impairment was triggered 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 confirmed their consistency with the audited impairment models. • We performed full and specific scope audit procedures over this risk area in two locations, which covered 100% of the risk amount.	

Impairment of goodwill and other intangible assets was considered a significant risk, but has not been included in the table above as a key audit matter as it was not an area of greatest audit effort.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity 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 when assessing the level of work to be performed at each entity.

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 components within the UK, America, Japan and China, which represent the principal business units within the Group.

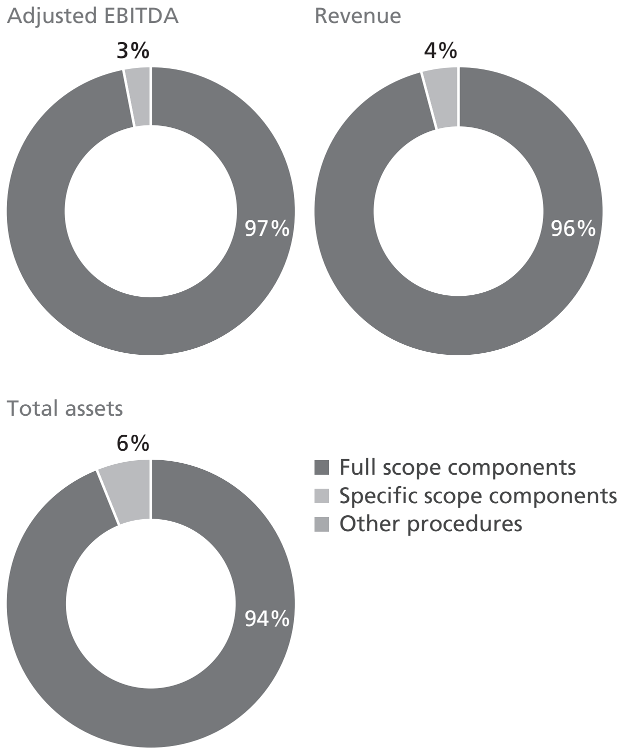
Of the 6 components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining two components ("specific scope components"), we performed audit procedures on specific 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% of the Group's Adjusted EBITDA, 100% of the Group's Revenue and 100% of the Group's Total Assets. For the current year, the full scope components contributed 97% of the Group's Adjusted

EBITDA, 96% of the Group's Revenue and 94% of the Group's Total Assets. The specific scope component contributed 3% of the Group's Adjusted EBITDA, 4% of the Group's Revenue and 6% 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 tested for the Group.

The remaining one component represents 0% of the Group's Adjusted EBITDA, Revenue and Total Assets. For this component, 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 three full scope components, audit procedures were performed on two 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 audit 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 planned visits that were designed to ensure that the Senior Statutory Auditor or his designate visits all full and specific scope components. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in the UK. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending closing meetings and reviewing key audit working papers on risk areas. For the component team in China, as result of the recent outbreak of the 2019 Novel Coronavirus, significant travel restrictions have been put in place meaning it was not possible for the primary audit team to visit China. In response, the primary audit team performed alternate procedures to obtain the required information from the component team on the procedures performed over significant balances. In addition, the primary team held extensive discussions with the component team discussing the audit approach and any issues arising from their work.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key 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.

Our application of materiality

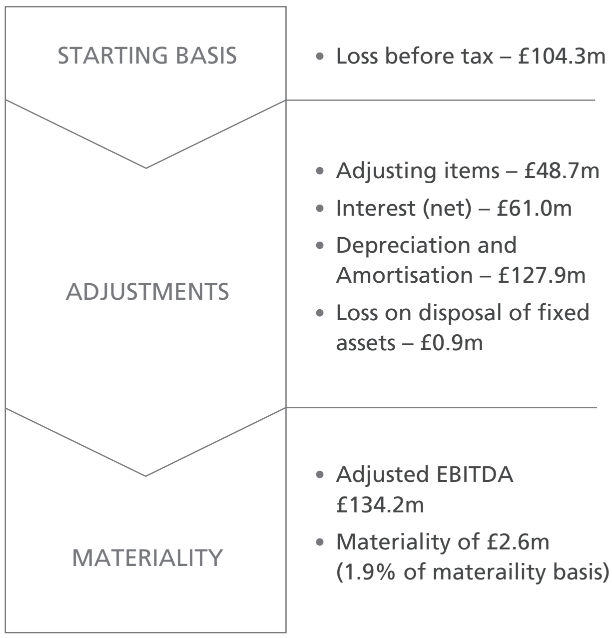
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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 £2.6 million, which is 1.9% of Adjusted EBITDA. We believe that Adjusted EBITDA provides us with an appropriate basis for materiality. Adjusted EBITDA is a key metric used by management and investors.

We determined materiality for the Parent Company to be £5.5 million, which is 1% of Equity. The materiality is higher than the Group due to the fact the entity is a holding company and does not trade. For balances relevant to the Group financial statements we have reduced our materiality to be in-line with the Group.



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% of our planning materiality, namely £1.3m. We have set performance materiality at this percentage due to the fact we are performing a first year audit as well as the level of adjustments identified in the prior period.

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 £0.26m to £1.30m.

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 £0.13m, 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 180 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 85** — the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out from page 88** — the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 77** — the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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 a re not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 115, 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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- 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 (IFRS, 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 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 their influence on efforts made by management 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 fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, Group management, internal audit, and full and specific scope management; and focused testing, as referred to in the key audit matters section above.
- Component teams reported any non-compliance with laws and regulations 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

- 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 one year, covering the year ending 2019.
- 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.
- 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

26 FEBRUARY 2020

Notes:

1. The maintenance and integrity of the Aston Martin Lagonda Global Holdings plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated statement of comprehensive income for the year ended 31 december 2019

	Notes	2019 Adjusted	2019 Adjusting items*	2019 Total	2018 Adjusted	2018 Adjusting items*	2018 Total
		£m	£m	£m	£m	£m	£m
Revenue	3	**997.3**	**—**	**997.3**	1,096.5	—	1,096.5
Cost of sales		**(642.7)**	**—**	**(642.7)**	(660.7)	—	(660.7)
Gross profit		**354.6**	**—**	**354.6**	435.8	—	435.8
Selling and distribution expenses		**(95.0)**	**—**	**(95.0)**	(89.8)	—	(89.8)
Administrative and other operating expenses		**(235.2)**	**(42.1)**	**(277.3)**	(219.1)	(74.1)	(293.2)
Other (expense)/income	5	**(19.0)**	**—**	**(19.0)**	20.0	—	20.0
Operating profit/(loss)	4	**5.4**	**(42.1)**	**(36.7)**	146.9	(74.1)	72.8
Finance income	8	**16.3**	**—**	**16.3**	4.2	—	4.2
Finance expense	9	**(77.3)**	**(6.6)**	**(83.9)**	(83.3)	(61.9)	(145.2)
(Loss)/profit before tax		**(55.6)**	**(48.7)**	**(104.3)**	67.8	(136.0)	(68.2)
Income tax (charge)/credit	10	**(8.9)**	**8.8**	**(0.1)**	0.6	10.5	11.1
(Loss)/profit for the year		**(64.5)**	**(39.9)**	**(104.4)**	68.4	(125.5)	(57.1)
(Loss)/profit attributable to:							
Owners of the Group				**(113.2)**			(62.7)
Non-controlling interests				**8.8**			5.6
				(104.4)			(57.1)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	26			**(1.4)**			5.4
Taxation on items that will never be reclassified to the Income Statement	10			**0.2**			(0.9)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				**(2.7)**			0.7
Fair value adjustment — cash flow hedges	23			**9.0**			(30.5)
Amounts reclassified to the Income Statement — cash flow hedges	23			**15.6**			3.5
Taxation on items that may be reclassified to the Income Statement	10			**(3.4)**			3.5
Other comprehensive income/(loss) for the year, net of income tax				**17.3**			(18.3)
Total comprehensive loss for the year				**(87.1)**			(75.4)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				**(95.9)**			(81.0)
Non-controlling interests				**8.8**			5.6
				(87.1)			(75.4)
Earnings per ordinary share							
Basic loss per share	12			**(49.6p)**			(31.0p)
Diluted loss per share	12			**(49.6p)**			(31.0p)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 6.

The notes on pages 131 to 174 form an integral part of the financial statements.

Consolidated statement of changes in equity

Group	Share Capital	Share Premium	Capital Reserve	Translation Reserve	Hedge Reserves	Retained Earnings	Non-controlling Interest	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019	**2.1**	**352.3**	**6.6**	**2.3**	**(23.5)**	**99.4**	**10.2**	**449.4**
Adjustment on adoption of IFRS 16 (note 16)	**—**	**—**	**—**	**—**	**—**	**(2.2)**	**—**	**(2.2)**
At 1 January 2019 *adjusted*	**2.1**	**352.3**	**6.6**	**2.3**	**(23.5)**	**97.2**	**10.2**	**447.2**
Total comprehensive loss for the year								
(Loss)/profit for the year	**—**	**—**	**—**	**—**	**—**	**(113.2)**	**8.8**	**(104.4)**
Other comprehensive income								
Foreign currency translation differences	**—**	**—**	**—**	**(2.7)**	**—**	**—**	**—**	**(2.7)**
Fair value movement — cash flow hedges (note 23)	**—**	**—**	**—**	**—**	**9.0**	**—**	**—**	**9.0**
Amounts reclassified to the Income Statement — cash flow hedges (note 23)	**—**	**—**	**—**	**—**	**15.6**	**—**	**—**	**15.6**
Remeasurement of defined benefit liability (note 26)	**—**	**—**	**—**	**—**	**—**	**(1.4)**	**—**	**(1.4)**
Tax on other comprehensive income (note 10)	**—**	**—**	**—**	**—**	**(3.4)**	**0.2**	**—**	**(3.2)**
Total other comprehensive (loss)/ income	**—**	**—**	**—**	**(2.7)**	**21.2**	**(1.2)**	**—**	**17.3**
Total comprehensive (loss)/income for the year	**—**	**—**	**—**	**(2.7)**	**21.2**	**(114.4)**	**8.8**	**(87.1)**
Transactions with owners, recorded directly in equity								
Credit for the year under equity settled share-based payments (note 29)	**—**	**—**	**—**	**—**	**—**	**3.7**	**—**	**3.7**
Dividend paid to non-controlling interest (note 11)	**—**	**—**	**—**	**—**	**—**	**—**	**(4.9)**	**(4.9)**
Tax on items credited to equity (note 10)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**3.7**	**(4.9)**	**(1.2)**
At 31 December 2019	**2.1**	**352.3**	**6.6**	**(0.4)**	**(2.3)**	**(13.5)**	**14.1**	**358.9**

Group	Share Capital	Share Premium	Share Warrants	Capital Reserve	Translation Reserve	Hedge Reserves	Retained Earnings	Non-controlling Interest	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2018	—	353.7	18.5	94.1	1.6	—	(339.4)	7.6	136.1
Total comprehensive loss for the year									
(Loss)/profit for the year	—	—	—	—	—	—	(62.7)	5.6	(57.1)
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	0.7	—	—	—	0.7
Fair value adjustment on cash flow hedges (note 23)	—	—	—	—	—	(30.5)	—	—	(30.5)
Amounts reclassified to the Income Statement — cash flow hedges (note 23)	—	—	—	—	—	3.5	—	—	3.5
Remeasurement of defined benefit liability (note 26)	—	—	—	—	—	—	5.4	—	5.4
Tax on other comprehensive income (note 10)	—	—	—	—	—	3.5	(0.9)	—	2.6
Total other comprehensive income/(loss)	—	—	—	—	0.7	(23.5)	4.5	—	(18.3)
Total comprehensive income/ (loss) for the year	—	—	—	—	0.7	(23.5)	(58.2)	5.6	(75.4)
Transactions with owners, recorded directly in equity									
Shares issued during the year	2.1	—	—	—	—	—	—	—	2.1
Share premium on shares issued	—	352.2	—	—	—	—	—	—	352.2
Capital reduction	—	(353.6)	—	(87.5)	—	—	441.1	—	—
Exercise of share warrants	—	—	(18.5)	—	—	—	18.5	—	—
Credit for the year under equity settled share-based payments (note 29)	—	—	—	—	—	—	24.1	—	24.1
Dividend paid to non-controlling interest (note 11) *	—	—	—	—	—	—	—	(3.0)	(3.0)
Tax on items credited to equity (note 10)	—	—	—	—	—	—	13.3	—	13.3
Total transactions with owners	2.1	(1.4)	(18.5)	(87.5)	—	—	497.0	(3.0)	388.7
At 31 December 2018	2.1	352.3	—	6.6	2.3	(23.5)	99.4	10.2	449.4

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

Consolidated statement of financial position at 31 december 2019

	Notes	2019	2018 *restated* *
		£m	£m
Non-current assets			
Intangible assets	13	**1,183.6**	1,071.7
Property, plant and equipment	15	**350.5**	313.0
Right-of-use lease assets	16	**81.8**	—
Trade and other receivables	18	**1.8**	1.8
Other financial assets	20	**0.2**	—
Deferred tax asset	10	**45.7**	32.1
		1,663.6	1,418.6
Current assets			
Inventories	17	**200.7**	165.3
Trade and other receivables	18	**249.7**	240.8
Income tax receivable		**0.3**	0.8
Other financial assets	20	**8.9**	0.1
Cash and cash equivalents	19	**107.9**	144.6
		567.5	551.6
Total assets		**2,231.1**	1,970.2
Current liabilities			
Borrowings	23	**114.8**	99.4
Trade and other payables	21	**702.1**	671.0
Income tax payable		**8.9**	4.9
Other financial liabilities	22	**6.3**	4.2
Lease liabilities	16	**14.1**	—
Provisions	25	**12.0**	10.8
		858.2	790.3
Non-current liabilities			
Borrowings	23	**839.1**	604.7
Trade and other payables	21	**9.4**	49.8
Other financial liabilities	22	**2.6**	4.4
Lease liabilities	16	**97.3**	—
Provisions	25	**16.2**	12.9
Employee benefits	26	**36.8**	38.7
Deferred tax liabilities	10	**12.6**	20.0
		1,014.0	730.5
Total liabilities		**1,872.2**	1,520.8
Net assets		**358.9**	449.4
Capital and reserves			
Share capital	27	**2.1**	2.1
Share premium		**352.3**	352.3
Capital reserve		**6.6**	6.6
Translation reserve		**(0.4)**	2.3
Hedge reserves	23	**(2.3)**	(23.5)
Retained earnings		**(13.5)**	99.4
Equity attributable to owners of the group		**344.8**	439.2
Non-controlling interests		**14.1**	10.2
Total shareholders' equity		**358.9**	449.4

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

The financial statements were approved by the board of directors on February 26 2020 and were signed on its behalf by:

DR ANDREW PALMER
PRESIDENT AND CHIEF EXECUTIVE OFFICER

MARK WILSON
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Company Number: 11488166

Consolidated statement of cash flows for the year ended 31 december 2019

	Notes	2019	2018 restated *
		£m	£m
Operating activities			
Loss for the year		**(104.4)**	(57.1)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax charge/(credit) on continuing operations	10	**0.1**	(11.1)
Net finance costs		**67.6**	141.0
Other non-cash movements		**(4.4)**	13.3
Loss on sale of property, plant and equipment	4	**0.9**	0.4
Depreciation and impairment of property, plant and equipment	4	**38.8**	32.4
Depreciation and impairment of right-of-use lease assets	4	**13.3**	—
Amortisation and impairment of intangible assets	4	**112.4**	67.6
Difference between pension contributions paid and amounts recognised in Income Statement		**(4.4)**	(3.8)
Increase in inventories		**(33.3)**	(37.5)
Increase in trade and other receivables		**(28.9)**	(122.4)
(Decrease)/increase in trade and other payables		**(70.0)**	136.1
Increase in advances and customer deposits	21	**48.4**	68.8
Movement in provisions		**4.5**	2.8
Cash generated from operations		**40.6**	230.5
Increase in cash held not available for short-term use	20	**(8.7)**	—
Income taxes paid	10	**(12.5)**	(7.9)
Net cash inflow from operating activities		**19.4**	222.6
Cash flows from investing activities			
Interest received	8	**5.0**	4.2
Payments to acquire property, plant and equipment	15	**(82.2)**	(101.9)
Payments to acquire intangible assets	13	**(228.0)**	(208.6)
Net cash used in investing activities		**(305.2)**	(306.3)
Cash flows from financing activities			
Interest paid	28	**(52.0)**	(42.2)
Proceeds from equity share issue		—	4.6
Dividend paid to non-controlling interest in subsidiaries	11	—	(3.0)
Principal element of lease payments	28	**(10.9)**	—
Repayment of existing borrowings	28	**(91.5)**	—
Proceeds from existing borrowings	28	**102.3**	0.3
Proceeds from inventory repurchase arrangement	21	**38.7**	—
New borrowings	28	**260.8**	98.1
Transaction fees paid on new borrowings	28	**(4.1)**	—
Net cash inflow from financing activities		**243.3**	57.8
Net decrease in cash and cash equivalents	24	**(42.5)**	(25.9)
Cash and cash equivalents at the beginning of the year		**144.6**	167.8
Effect of exchange rates on cash and cash equivalents		**5.8**	2.7
Cash and cash equivalents at the end of the year		**107.9**	144.6

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

Notes to the financial statements for the year ended 31 December 2019

1 Basis of accounting

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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.

An overview of the business activities of Aston Martin Lagonda, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 4 to 69. The debt facilities available to the Group and the maturity profile of this debt is shown in note 23 of these Consolidated Financial Statements.

Going concern

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes ($400m and $190m 6.5%, $150m 12%, £230m and £55m at 5.75% which all mature in April 2022), a revolving credit facility (£80m) which matures January 2022, facilities to finance inventory, a number of back-to-back loans and a vehicle wholesale financing facility (as described in note 18). The amounts outstanding on all the borrowings are shown in note 23 to the financial statements.

As explained in the letter from the Chair and in the CEO Q&A, 2019 was a challenging year for the Group and, following an operational and financial review, on 31 January 2020 the Group announced its intention to raise £500m by way of a placing of shares totalling £182m to a consortium led by Lawrence Stroll, and a rights issue of £318m. Receipt of the £500m is dependent upon sufficient shareholders voting in favour of the placing and rights issue at a General Meeting of the Company scheduled for 16 March 2020. At the date of approving these financial statements, the Company had irrevocable support from the major shareholders for the placing and rights issue but this was below the 75% needed for the proposals to be approved. Assuming the relevant resolutions are passed, and other formalities are consequently met, the rights issue is fully underwritten and committed.

Based on the reset business plan described on pages 14 and 15 the Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements. These forecasts assume that the £500m placing and rights issue funding is received in March and April 2020 and show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements.

The forecasts make assumptions in respect of future market conditions and, wholesale volumes, average selling price, the launch of new models including DBX and Valkyrie and the potential impact of Coronavirus on sales in China and the supply of components needed for production. The nature of the Group's business is that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility. The forecasts take into account these factors to an extent which the directors consider 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 also prepared a downside forecast which incorporates certain adverse sensitivities representing those key risks disclosed in the Strategic Report which the directors consider most likely to impact cash flows over the period of the forecast, including lower wholesale volumes as a result of trading or supply chain disruption, product launch delays and the non-renewal of financing facilities that mature in the period. In the event that these downsides materialise the Directors have considered the mitigating actions that could be taken including renewals of current financing, access to other financing and deferral of capital expenditure. If the Placing and Rights Issue were not to happen this downside could not be mitigated by other actions. As the Placing and Rights Issue is not guaranteed as it is subject to shareholder approval and is critical to the funding requirements of the Group, the directors consider this matter represents a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Despite the material uncertainty noted, the Directors are of the view that there is a reasonable expectation that the Rights Issue and Placing will proceed and that they can therefore conclude that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they can continue to adopt the going concern basis in preparing the financial statements. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

2 Accounting policies

Basis of consolidation

On 3 September 2018 the Company obtained control of the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with one share in the Company being exchanged for one share in Aston Martin Holdings (UK) Limited. Consequently, the Group incorporated the assets and liabilities of Aston Martin Holdings (UK) Limited at their pre-combination carrying amounts without fair value uplift. The equity balance as of 1 January 2018 reflects the equity of Aston Martin Holdings (UK) Limited. The share capital of £2.1m as of 31 December 2018 and 31 December 2019 reflects the share capital of the Company. Although the share for share exchange in 2018 resulted in a change in legal ownership, the comparative results presented reflect the continuation of the pre-existing group headed by Aston Martin Holdings (UK) Limited. The transaction was accounted for as a reverse acquisition in line with IFRS 3. The Consolidated Statement of Changes in Equity for the year ended 31 December 2018 explains the impact of these transactions in more detail.

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. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

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 though 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. Dealer incentives relating to the sale of the vehicles are provided for at the time of the sale.

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 advanced 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 deposit, 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.

Other income

Other income relates to transactions undertaken as part of recurring business operations, but where the quantum or nature is concluded material enough to be presented separately on the face of the Income Statement. Credit losses or related costs associated with transactions originally recorded in Other Income are classified on a consistent basis.

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 expenses.

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 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 has been met:

- the project's technical feasibility and commercial viability, based on an estimate of future cashflows, 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 life cycle 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, machinery, fixtures and fittings	3 to 30
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.

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

Right-of-use assets and lease liabilities – IFRS 16 (Post 1 January 2019)

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Transition disclosures and elections are disclosed in note 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 assets 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 less 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 accounting policies applicable to the Group as a lessor in the comparative period were not different under IFRS 16.

The Group has no sub-leases that qualify as finance leases.

Operating lease payments — IAS 17 (Pre 1 January 2019)

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of 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 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 on 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.

Other than derivative financial instruments held at fair value all financial liabilities 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 cashflows is either attributable to a particular risk associated with a recognised asset or liability, or a highly probably 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.

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 cashflow 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 cost 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.

Warranty provision

The Group provides product warranties on all new vehicle sales. Provisions are recognised when vehicles are sold or when new warranty programs 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.

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.

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 as 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 6 in the Financial Statements.

Critical accounting assumptions and key sources of estimation uncertainty

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 in respect of the measurement of defined benefit pension assets and obligations, 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 consider it appropriate to identify the nature of the estimates used in preparing the financial statements and the main sources of estimation uncertainty are:

- impairment of indefinite life intangible assets (including goodwill);
- impairment of finite life intangible assets;
- the measurement of defined benefit pension assets and obligations;

Impairment of indefinite and finite life intangible assets

The Group determines whether indefinite life intangible assets are impaired on an annual basis, or more frequently when there is an indication that the asset is impaired. This requires an estimation of the value-in-use derived from the estimation of future cash flows utilising a suitable discount rate (see note 14).

The Group has determined that for goodwill and other intangibles with indefinite lives, there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty which generate specific cash flows that are independent of the inflows generated by other assets or groups of 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 is very sensitive to these. Note 26 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 (see note 26).

New accounting standards

In 2019 the following standards were endorsed by the EU, became effective and adopted by the Group:

- *IFRS 16 Leases*

See note 16 for further detail including transition disclosures and elections taken.

- *Interpretation 23 Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when the tax treatment involves uncertainty that affects the application of IAS 12 *Income Taxes.*

The Group assessed any uncertainties over income tax treatments. Since the Group operates in a multinational environment, it evaluated whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The subsidiaries' filings in different tax jurisdictions may lead to challenges from the local tax authorities related to transfer pricing.

This interpretation has not had a material impact on the Group's reported financial performance or position.

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

- Definition of material — amendments to IAS 1 and IAS 8 (effective 1 January 2020).
- Interest rate benchmark reform — amendments to IFRS 9, IAS 39 and IFRS 7.

None of these amendments above are expected to have a material impact on the Group.

Prior year restatement

The following reclassifications have been made in the Statement of Financial Position regarding the 2018 comparative values:

i) Following a review of the nature of the service plan liability, it has been reclassified from non-current provisions into current and non-current trade and other payables and additional disclosures as a contract liability have been presented within note 21. The provision balance presented within these financial statements relates solely to expected future warranty costs provided for at the point of revenue recognised on a new vehicle sale.

ii) The nature of certain trade and other payables have been revisited resulting in the reclassification of lease incentives from current trade and other payables to non-current trade and other payables, as a large portion of the balance relates to periods greater than 12 months in the future. From 1 January 2019 lease incentives have been accounted for under IFRS 16 and offset against the right-of-use assets.

iii) Deferred tax assets and deferred tax liabilities, where a right of offset exists in certain jurisdictions, have been offset in the Statement of Financial Position as at 31 December 2018.

The impact on the Consolidated Statement of Financial Position for the year ended 31 December 2018 is:

As at 31 December 2018	As disclosed 2018 Annual Report	Reclassifications (i)	(ii)	(iii)	As restated 2019 Annual Report
	£m	£m	£m	£m	£m
Non-current assets					
Deferred tax assets	123.1	—	—	(91.0)	**32.1**
Current liabilities					
Trade and other payables	(696.1)	(5.2)	30.3	—	**(671.0)**
Non-current liabilities					
Trade and other payables	(12.2)	(7.3)	(30.3)	—	**(49.8)**
Provisions	(25.4)	12.5	—	—	**(12.9)**
Deferred tax liabilities	(111.0)	—	—	91.0	**(20.0)**

Point i) has resulted in a reclassification of a £7.2m cash inflow from *Movement in provisions* to *Decrease in trade and other payables* with no impact on the cash generated from operations.

There is no impact on the Group's Consolidated Income Statement, earnings per share, retained earnings or net assets for the year ended 31 December 2018 as a result of these restatements. The transactions which gave rise to points ii) and iii) occurred in 2018 and therefore a restated opening Statement of Financial Position has not been presented for the comparative period as the impact at that date was not material.

The Statement of Changes in Equity for the year-ended 31 December 2018 has been restated to reclassify the £3.0m dividend paid to non-controlling interest from *Total Comprehensive income/(loss) for the year* to *Transactions with owners, recorded directly in equity.*

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

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	2019	2018
	£m	£m
Analysis by category		
Sale of vehicles	**897.6**	1,010.7
Sale of parts	**63.0**	61.1
Servicing of vehicles	**9.3**	14.6
Brands and motorsport	**27.4**	10.1
	997.3	1,096.5

Revenue	2019	2018
	£m	£m
Analysis by geographic location		
United Kingdom	**229.6**	255.4
The Americas	**295.3**	305.7
Rest of Europe, Middle East & Africa	**231.2**	247.1
Asia Pacific	**241.2**	288.3
	997.3	1,096.5

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

As at 31 December 2019	Right-of-use lease assets	Property, plant and equipment	Goodwill	Intangible assets	Trade and other receivables	Total
	£m	£m	£m	£m	£m	£m
United Kingdom	**69.1**	**285.0**	**85.4**	**1,081.3**	**—**	**1,520.8**
The Americas	**0.2**	**0.5**	**—**	**—**	**—**	**0.7**
Rest of Europe	**2.5**	**65.0**	**—**	**16.9**	**1.8**	**86.2**
Asia Pacific	**10.0**	**—**	**—**	**—**	**—**	**10.0**
	81.8	**350.5**	**85.4**	**1,098.2**	**1.8**	**1,617.7**

As at 31 December 2018	Property, plant and equipment	Goodwill	Intangible assets	Trade and other receivables	Total
	£m	£m	£m	£m	£m
United Kingdom	258.1	84.8	967.9	—	1,310.8
The Americas	0.5	—	—	—	0.5
Rest of Europe	54.3	—	19.0	1.8	75.1
Asia Pacific	0.1	—	—	—	0.1
	313.0	84.8	986.9	1.8	1,386.5

4 Operating profit/(loss)

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

		2019	2018
		£m	£m
Depreciation and impairment of property, plant and equipment (note 15)		**41.8**	32.4
Depreciation absorbed into inventory under standard costing		**(3.0)**	—
Depreciation and impairment of right-of-use assets (note 16)		**13.3**	—
Amortisation and impairment of intangible assets (note 13)		**116.1**	67.6
Amortisation absorbed into inventory under standard costing		**(3.2)**	—
Loss on sale of property, plant and equipment		**0.9**	0.4
Depreciation, amortisation and impairment charges — Administrative and other operating expenses		**165.9**	100.4
Increase in trade receivable loss allowance — Other expense (notes 5 and 23)		**19.0**	—
Increase in trade receivable loss allowance — Administrative and other operating expenses (note 23)		**1.0**	0.1
Net foreign currency differences		**8.6**	1.7
Cost of inventories recognised as an expense		**538.2**	552.9
Impairment of inventories held (note 14)		**2.3**	—
Write-down of inventories to net realisable value		**2.5**	1.1
Expenditure related grant income*		**(0.2)**	(0.3)
Operating lease payments (gross of sub-lease receipts)			
	• Land and buildings	**—**	7.5
	• Plant, machinery and IT equipment**	**1.2**	2.2
Sub-lease receipts	• Land and buildings	**(0.3)**	(0.3)
Auditor's remuneration***:			
	• Audit of these financial statements	**0.2**	0.2
	• Audit of financial statements of subsidiaries pursuant to legislation	**0.3**	0.3
	• Taxation compliance	**—**	0.3
	• Taxation advisory services	**—**	0.6
	• Other corporate finance services	**—**	1.0
	• All other services	**0.1**	0.2
Research and development expenditure recognised as an expense		**—**	11.5
Total research and development expenditure		**226.0**	213.8
Capitalised research and development expenditure (note 13)		**(226.0)**	(202.3)
Research and development expenditure recognised as an expense		**—**	11.5

* Government grant income has been offset against the qualifying employee expenditure within the Consolidated Income Statement.

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

*** The auditors remuneration for year ended 31 December 2018 relates to services provided by the Group's former incumbent auditors.

5 Other (expense)/income

	2019	2018
	£m	£m
Sale of intellectual property	**—**	20.0
Loss allowance recognised in relation to the sale of intellectual property	**(19.0)**	—
	(19.0)	20.0

Other income from the ordinary course of business of £20.0m was recognised from the sale of certain legacy intellectual property during the year ended 31 December 2018. During the year ended 31 December 2019 the recoverability of the outstanding receivable was assessed as doubtful resulting in a loss allowance of £19.0m recognised as a charge to the Consolidated Income Statement.

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

6 Adjusting items

	2019	2018
	£m	£m
Adjusting operating expenses:		
Impairment of assets (note 14):		
Development costs (note 13)	**(27.7)**	—
Plant, machinery, fixtures and fittings (note 15)	**(4.7)**	—
Tooling (note 15)	**(3.7)**	—
Inventory	**(2.3)**	—
Right-of-use lease assets (note 16)	**(1.0)**	—
	(39.4)	—
Restructuring costs	**(2.8)**	—
Initial Public Offering costs:		
Staff incentives	**0.6**	(61.2)
Professional fees	**(0.5)**	(12.9)
	(42.1)	(74.1)
Adjusting finance expenses:		
Movement on derivatives not qualifying for hedge accounting (note 9)	**(6.6)**	—
Premium paid on the redemption of preference shares	**—**	(46.8)
Preference share fee write-off	**—**	(15.1)
	(6.6)	(61.9)
Total adjusting items before tax	**(48.7)**	(136.0)
Tax credit on adjusting items	**8.8**	10.5
Adjusting items after tax	**(39.9)**	(125.5)

The Lagonda brand is expected to be relaunched no earlier than 2025 (previously 2022) and while development of Rapide E is substantially complete, the programme has been paused pending further review. An assessment of the carrying value of Rapide E assets, and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle, has resulted in an impairment charge of £39.4m — see note 14 for further details.

In 2019 the Group incurred employee redundancy costs of £2.8m (2018: £nil) as part of the first phase of a restructuring plan that is expected to conclude in 2020.

During the year ended 31 December 2018 staff incentive and other costs were incurred as part of the Initial Public Offering ("IPO"). These costs included accrued staff incentives due for payment in 2019. In the context of the continuing challenging trading conditions during 2019, the executive team no longer believed that it was appropriate to receive their 2018 IPO related bonus payments and, following further discussion with the Remuneration Committee, agreed to waive their unpaid bonus in full. This resulted in £4.2m being credited back to the Consolidated Income Statement in 2019 as an adjusting item to remain consistent with the treatment of the initial accrual in 2018.

The Legacy LTIP share option charge for the year ended 31 December 2019 related to the IPO was £3.6m and is included in Staff incentives (2018: £24.1m).

In the year-ended 31 December 2019 a charge of £6.6m was recognised in relation to fair value movements of derivative financial instruments held to hedge future foreign currency cashflows, but where the necessary criteria for hedge accounting had not been met. Once the criteria for hedge accounting had been met, all movements in the fair value of these derivative financial instruments are recorded either in Other Comprehensive Income or in arriving at adjusted operating profit/(loss) in the Consolidated Income Statement.

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

7 Staff costs and directors' emoluments

	2019	2018
	£m	£m
(a) Staff costs (including directors)		
Wages and salaries[1]	**126.9**	164.6
Social security costs[1]	**13.6**	32.3
Expenses related to post-employment defined benefit plan	**6.9**	8.2
Contributions to defined contribution plans	**9.3**	6.3
	156.7	211.4

1. The value presented for the year ended 31 December 2019 includes the release of accrued staff incentives totalling £4.2m offset by the legacy LTIP charge of £3.6m, both of which are presented as adjusting items – see note 6 for further detail. The comparative disclosed includes £61.2m of Initial Public Offering related staff incentive costs incurred during the year ended 31 December 2018 presented as an adjusting item.

The average monthly number of employees during the year were:

By activity	2019 Number	2018 Number
Production	**1,118**	1,024
Selling and distribution	**348**	265
Administration	**1,099**	974
	2,565	2,263

	2019	2018
	£m	£m
(b) Directors' emoluments and transactions		
Directors' emoluments	**2.9**	3.5
Company contributions to pension schemes	**0.2**	0.1
Gains on the exercise of share options (Legacy LTIP)	**—**	40.8

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 96 to 107.

	2019	2018
	£m	£m
(c) Compensation of key management personnel (including executive directors)		
Short-term employee benefits	**4.3**	8.0
Share related awards	**—**	28.6
Post-employment benefits	**0.5**	0.3
	4.8	36.9

No compensation for loss of office payments were paid in either the current or prior year to key management personnel.

8 Finance income

	2019	2018
	£m	£m
Bank deposit and other interest income	**5.0**	4.2
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**11.3**	—
Total finance income	**16.3**	4.2

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

9 Finance expense

	2019	2018
	£m	£m
Bank loans, overdrafts and secured notes	**55.3**	44.3
Other interest	**7.5**	0.3
Interest on lease liabilities (note 16)	**4.6**	—
Net interest expense on the net defined benefit liability (note 26)	**1.1**	1.1
Interest on preference shares classified as financial liabilities	**—**	32.0
Interest on contract liabilities held (note 21)	**8.8**	5.6
Finance expense before adjusting items	**77.3**	83.3
Adjusting finance expense items:		
Premium paid on the redemption of preference shares	**—**	46.8
Preference share fee write-off	**—**	15.1
Movements on derivatives not qualifying for hedge accounting	**6.6**	—
Total Adjusting finance expense	**6.6**	61.9
Total finance expense	**83.9**	145.2

During the year ended 31 December 2019 no directly attributable borrowing costs relating to the construction of an asset, that has taken a substantial length of time to get ready for its intended use, have been capitalised (2018: £nil).

10 Taxation

Current tax charge/(credit)	2019	2018
	£m	£m
UK corporation tax on losses	**(1.3)**	1.3
Overseas tax	**13.2**	6.4
Prior period movement	**2.0**	0.9
Total current income tax charge	**13.9**	8.6
Deferred tax credit		
Origination and reversal of temporary differences	**(13.0)**	(13.5)
Prior period movement	**(0.8)**	(6.2)
Total deferred tax credit	**(13.8)**	(19.7)
Total income tax charge/(credit) in the Income Statement	**0.1**	(11.1)
Tax relating to items charged/(credited) to other comprehensive income		
Deferred tax		
Actuarial movement on defined benefit pension plan	**(0.2)**	0.9
Fair value adjustment on cash flow hedges	**0.1**	(3.5)
Current tax		
Fair value adjustment on cash flow hedges	**3.3**	—
	3.2	(2.6)
Tax relating to items charged in equity — deferred tax		
Share based payments	**—**	(13.3)

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

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

The tax charge/(credit) in the Consolidated Income Statement for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are reconciled below:

	2019	2018
	£m	£m
Loss on operations before taxation	**(104.3)**	(68.2)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	**(19.8)**	(13.0)
Difference to total income tax charge/(credit) due to effects of:		
Expenses not deductible for tax purposes	**0.2**	21.3
Recognition of previously unrecognised deferred tax asset	**(6.3)**	(18.9)
Movement in unprovided deferred tax	**10.5**	—
Derecognition of deferred tax asset of interest deductible in future periods	**8.0**	—
Irrecoverable overseas withholding taxes	**1.2**	—
Adjustments in respect of prior periods	**1.2**	(5.3)
Effect of lower rates applied to deferred tax	**2.2**	(0.1)
Difference in overseas tax rates	**1.5**	1.5
Other	**1.4**	3.4
Total income tax charge/(credit)	**0.1**	(11.1)

(b) Tax paid

Total net tax paid during the year of £12.5m (2018: £7.9m).

(c) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

(d) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019	Assets 2018 restated	Liabilities 2019	Liabilities 2018 restated
	£m	£m	£m	£m
Property, plant and equipment	**(54.2)**	(49.3)	—	—
Intangible assets	—	—	**117.3**	111.0
Employee benefits	**(6.3)**	(6.6)	—	—
Provisions	**(13.7)**	(0.6)	—	—
Interest deductible in future periods	—	(7.6)	—	—
RDEC credit	**(7.0)**	—	—	—
Losses	**(56.6)**	(45.7)	—	—
Share based payments	**(13.3)**	(13.3)	—	—
Other	—	—	**0.7**	—
Deferred tax (assets)/liabilities	**(151.1)**	(123.1)	**118.0**	111.0
Set off of tax liabilities/(assets)	**105.4**	91.0	**(105.4)**	(91.0)
Total deferred tax (assets)/liabilities	**(45.7)**	(32.1)	**12.6**	20.0

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

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

Movement in deferred tax – 2019

	1 January 2019	Recognised in Income and OCI	Recognised in Equity	Other movement	31 December 2019
	£m	**£m**	**£m**	**£m**	**£m**
Property, plant and equipment	**(49.3)**	**(4.9)**	**—**	**—**	**(54.2)**
Intangible assets	**111.0**	**6.3**	**—**	**—**	**117.3**
Employee benefits	**(6.6)**	**0.3**	**—**	**—**	**(6.3)**
Provisions	**(0.6)**	**(13.0)**	**—**	**(0.1)**	**(13.7)**
Interest deductible in future periods	**(7.6)**	**7.6**	**—**	**—**	**—**
RDEC credit	**—**	**—**	**—**	**(7.0)**	**(7.0)**
Losses	**(45.7)**	**(10.9)**	**—**	**—**	**(56.6)**
Share based payments	**(13.3)**	**—**	**—**	**—**	**(13.3)**
Other	**—**	**0.7**	**—**	**—**	**0.7**
	(12.1)	**(13.9)**	**—**	**(7.1)**	**(33.1)**

Movement in deferred tax – 2018

	1 January 2018	Recognised in Income and OCI	Recognised in Equity	Other movement	31 December 2018
	£m	**£m**	**£m**	**£m**	**£m**
Property, plant and equipment	8.8	(58.1)	—	—	(49.3)
Intangible assets	51.8	59.2	—	—	111.0
Employee benefits	(8.0)	1.4	—	—	(6.6)
Provisions	(1.4)	0.8	—	—	(0.6)
Interest deductible in future periods	—	(7.6)	—	—	(7.6)
Losses	(27.7)	(18.0)	—	—	(45.7)
Share based payments	—	—	(13.3)	—	(13.3)
	23.5	(22.3)	(13.3)	—	(12.1)

Other movements reflect the reclassification of RDEC credits from Trade and other receivables to deferred tax and foreign exchange differences.

The Group believes that it is appropriate to recognise a Deferred Tax Asset in respect of historic tax losses due to the future forecast profitability of the Group as demonstrated by the reset business plan.

In addition to the deferred tax recognised above, the Group has a £18.5m (2018: £nil) unrecognised net deferred tax asset in respect of interest deductions deductible in future periods where the likelihood of recoverability is not considered to support recognition of the asset.

The aggregate amount of temporary differences associated with investment in subsidiaries and branches, for which deferred tax liabilities have not been recognised is £32.5m for the year ended 31 December 2019 (2018: £34.5m).

11 Dividends

No dividends were declared or paid by the Company in the year-ended 31 December 2019 (2018: £nil).

During the year ended 31 December 2019 a dividend of £9.8m was declared by Aston Martin Works Limited (2018: £6.0m), of which the Group holds 50% of the voting rights and share capital. The terms of the 2019 dividend required the element due to the non-controlling interest to be fully offset with balances owed to subsidiaries of the Group.

12 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.

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. 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	2019	2018
Basic earnings per ordinary share		
Loss available for equity holders (£ m)	**(113.2)**	(62.7)
Basic weighted average number of ordinary shares (million)	**228.0**	202.1
Basic loss per ordinary share (pence)	**(49.6p)**	(31.0p)
Diluted earnings per ordinary share		
Loss available for equity holders (£ m)	**(113.2)**	(62.7)
Diluted weighted average number of ordinary shares (million)	**228.0**	202.1
Diluted loss per ordinary share (pence)	**(49.6p)**	(31.0p)

	2019 Number	2018 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjustments for calculation of diluted earnings per share[2]:		
Legacy long-term incentive plan	—	—
2019 long-term incentive plan	—	—
Weighted average number of diluted ordinary shares (million)	**228.0**	202.1

1. Additional ordinary shares issued as a result of the share split conducted in 2018, have been incorporated in the 2018 earnings per share calculation in full without any time apportionment.
2. The number of ordinary shares issued as part of the Legacy long-term incentive plan, and the potential number of ordinary shares issued as part of the 2019 Long-term incentive plan, 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 34 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

13 Intangible assets

	Goodwill	Brands	Technology	Capitalised Development Cost	Dealer Network	Software and other	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 1 January 2018	85.4	297.6	21.2	829.8	15.4	52.6	1,302.0
Additions	—	—	—	202.3	—	6.3	208.6
Balance at 31 December 2018	85.4	297.6	21.2	1,032.1	15.4	58.9	1,510.6
Balance at 1 January 2019	**85.4**	**297.6**	**21.2**	**1,032.1**	**15.4**	**58.9**	**1,510.6**
Additions	**—**	**—**	**—**	**226.0**	**—**	**2.0**	**228.0**
Balance at 31 December 2019	**85.4**	**297.6**	**21.2**	**1,258.1**	**15.4**	**60.9**	**1,738.6**
Amortisation							
Balance at 1 January 2018	0.6	—	2.4	318.3	7.7	42.3	371.3
Charge for the year	—	—	1.9	60.6	0.8	4.3	67.6
Balance at 31 December 2018	0.6	—	4.3	378.9	8.5	46.6	438.9
Balance at 1 January 2019	**0.6**	**—**	**4.3**	**378.9**	**8.5**	**46.6**	**438.9**
Charge for the year	**—**	**—**	**1.9**	**82.0**	**0.8**	**4.3**	**89.0**
Adjustment	**(0.6)**	**—**	**—**	**—**	**—**	**—**	**(0.6)**
Impairment (note 14)	**—**	**—**	**—**	**27.7**	**—**	**—**	**27.7**
Balance at 31 December 2019	**—**	**—**	**6.2**	**488.6**	**9.3**	**50.9**	**555.0**
Net book value							
At 1 January 2018	84.8	297.6	18.8	511.5	7.7	10.3	930.7
At 31 December 2018	84.8	297.6	16.9	653.2	6.9	12.3	1,071.7
At 1 January 2019	**84.8**	**297.6**	**16.9**	**653.2**	**6.9**	**12.3**	**1,071.7**
At 31 December 2019	**85.4**	**297.6**	**15.0**	**769.5**	**6.1**	**10.0**	**1,183.6**

Goodwill primarily arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited in 2007.

During the year-ended 31 December 2019 the Group received £3.3m of grants relating to qualifying development expenditure (2018: £8.2m). There are no unfulfilled conditions or other contingencies attached, with amounts received deducted from the carrying value of capitalised development costs.

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

Key assumptions used in value-in-use calculations

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

- Cash flows were projected based on actual operating results and the reset five-year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2.0% per annum. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and the reset business plan;
- Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Group operates. The pre-tax discount rate used was 9.0% (2018: 10.2%[1]); and
- An exchange rate of $1.33/£ has been used for 2020, with $1.40/£ used for 2021 into perpetuity.

Sensitivity analysis

- the pre-tax discount rate would need to increase to 16.2% for the assets to become impaired; or
- the growth rate of 2.0% per annum beyond the five-year plan would need to be -11.8% for the assets to become impaired; or
- the USD exchange rate would need to increase to $1.97/£ (with all other currencies moving against the £ in line with the $) for the assets to become impaired.

1. Restated – the post-tax discount rate was incorrectly disclosed in the 31 December 2018 Consolidated Financial Statements.

Finite useful life non-current assets

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

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

In assessing the value-in-use, the estimated future cash flows 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.

Impairment

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

On 31 January 2020, the Group announced its intention to strengthen its financial position in order to immediately improve liquidity and reduce leverage. A proposed placing of newly issued ordinary shares of the Company to a Consortium, and a subsequent underwritten rights issue, was proposed for completion following the publication of the 2019 Annual Report and Accounts. The Group and ventures affiliated to the Consortium agreed, as part of the reset business plan, to control medium-term investment requirements providing greater financial stability and flexibility. The Lagonda brand is now expected to be relaunched no earlier than 2025 (previously 2022) and while development of Rapide E is substantially complete, the programme has been paused pending further review.

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

	2019
	£m
Development costs (note 13)	27.7
Plant, machinery, fixtures and fittings (note 15)	4.7
Tooling (note 15)	3.7
Inventory	2.3
Right-of-use lease assets (note 16)	1.0
Total impairment charge recognised as adjusting in the Consolidated Income Statement (note 6)	**39.4**

15 Property, plant and equipment

	Freehold land and buildings	Tooling	Plant, machinery, fixtures and fittings	Motor Vehicles	Total
	£m	£m	£m	£m	£m
Cost					
Balance at 1 January 2018	68.6	368.4	120.4	0.7	558.1
Additions	0.1	49.4	52.3	0.1	101.9
Disposals	—	—	(0.6)	(0.1)	(0.7)
Effect of movements in exchange rates	—	—	0.1	—	0.1
Balance at 31 December 2018	68.7	417.8	172.2	0.7	659.4
Balance at 1 January 2019	**68.7**	**417.8**	**172.2**	**0.7**	**659.4**
Additions	**—**	**46.6**	**37.0**	**—**	**83.6**
Transfer to right-of-use lease assets (note 16)	**—**	**—**	**(3.3)**	**—**	**(3.3)**
Disposals	**—**	**(1.2)**	**—**	**—**	**(1.2)**
Effect of movements in exchange rates	**(0.2)**	**—**	**(0.1)**	**—**	**(0.3)**
Balance at 31 December 2019	**68.5**	**463.2**	**205.8**	**0.7**	**738.2**
Depreciation					
Balance at 1 January 2018	23.0	249.1	41.9	0.2	314.2
Charge for the year	2.3	21.4	8.7	—	32.4
Disposals	—	—	(0.3)	—	(0.3)
Effect of movements in exchange rates	—	—	0.1	—	0.1
Balance at 31 December 2018	25.3	270.5	50.4	0.2	346.4
Balance at 1 January 2019	**25.3**	**270.5**	**50.4**	**0.2**	**346.4**
Charge for the year	**2.3**	**21.2**	**9.9**	**—**	**33.4**
Disposals	**—**	**(0.3)**	**—**	**—**	**(0.3)**
Impairment (note 14)	**—**	**3.7**	**4.7**	**—**	**8.4**
Effect of movements in exchange rates	**(0.1)**	**—**	**(0.1)**	**—**	**(0.2)**
Balance at 31 December 2019	**27.5**	**295.1**	**64.9**	**0.2**	**387.7**
Net book value					
At 1 January 2018	45.6	119.3	78.5	0.5	243.9
At 31 December 2018	43.4	147.3	121.8	0.5	313.0
At 1 January 2019	**43.4**	**147.3**	**121.8**	**0.5**	**313.0**
At 31 December 2019	**41.0**	**168.1**	**140.9**	**0.5**	**350.5**

Property, plant and equipment provides security for a fixed and floating charge in favour of the holders of the Senior Secured Notes.

Assets in the course of construction at a cost of £126.1m (2018: £51.1m) 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 (2018: £6.1m) which is not depreciated. Capital commitments are disclosed in note 30. In 2s019 the Group received £2.3m of government grants relating to qualifying tooling expenditure (2018: £2.6m). There are no unfulfilled conditions or other contingencies attached, with amounts received deducted from the tooling carrying value.

The tables below and on the following page analyse the net book value of the Group's property, plant and equipment by geographic location.

	United Kingdom	Rest of Europe	The Americas	Asia Pacific	Total
At 31 December 2019	**£m**	**£m**	**£m**	**£m**	**£m**
Freehold land and buildings	**38.9**	**2.1**	—	—	**41.0**
Tooling	**105.3**	**62.6**	**0.2**	—	**168.1**
Plant, machinery, fixtures and fittings, and motor vehicles	**140.8**	**0.3**	**0.3**	—	**141.4**
	285.0	**65.0**	**0.5**	—	**350.5**

	United Kingdom	Rest of Europe	The Americas	Asia Pacific	Total
At 31 December 2018	**£m**	**£m**	**£m**	**£m**	**£m**
Freehold land and buildings	41.0	2.4	—	—	43.4
Tooling	95.3	51.6	0.4	—	147.3
Plant, machinery, fixtures and fittings, and motor vehicles	121.8	0.3	0.1	0.1	122.3
	258.1	54.3	0.5	0.1	313.0

16 Leases

The Group holds lease contracts for buildings, plant and machinery and IT equipment.

The application of IFRS 16 required the Group to make estimates that affect the valuation of lease liabilities and right-of-use lease assets. These predominantly include determining the contracts that fall under IFRS 16, the contract term and the interest rate used for the discounting of future cash flows.

The lease term determined by the Group comprises a non-cancellable period, periods covered by an option to extend if the Group is reasonably certain to exercise the option and periods covered by an option to terminate if the Group is reasonably certain not to exercise that option. The same period is applied to determine the useful economic life and therefore the depreciation rate of the right-of-use lease assets.

The modified retrospective transition approach was chosen under which, prior to reflecting the impact of lease incentives, deposits and dilapidation provisions, the Group evaluated its lease liability on transition using incremental borrowing rates assessed at the date of transition with a right-of-use assets of equal value.

The Group has elected, under IFRS 16, not to recognise right-of-use lease assets and lease liabilities for short-term and low value leases. It continues to recognise these lease costs on a straight-line basis over the lease term within Administrative and other operating expenses in the Consolidated Income Statement.

The equity reserves of the Group at 1 January 2019 have been reduced by £2.2m to reflect the derecognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right-of-use asset following adoption of IFRS 16, under the transition approach adopted this treatment is not followed.

	£m
Operating lease commitment disclosed at 31 December 2018	**124.3**
Exemption applied	(2.0)
Embedded leases	5.3
Lease incentives and other	43.2
Gross lease liabilities at 1 January 2019	**170.8**
Discounting	(54.3)
Lease liabilities upon adoption of IFRS 16 at 1 January 2019	**116.5**

Management have implemented new processes and procedures across the Group to ensure compliance with the new accounting standard.

a) Right-of-use lease assets

The Group is party to property leases with terms of 1 to 30 years, in addition to plant, machinery and IT equipment leases of between 1 to 5 years.

	Properties	Plant and machinery	IT equipment	Total
	£m	£m	£m	£m
Cost				
Introduced on adoption of IFRS 16 at 1 January 2019	72.7	4.6	5.2	82.5
Additions	3.3	5.3	1.2	9.8
Modifications	(0.3)	—	—	(0.3)
Transfer from tangible fixed assets (note 15)	—	3.3	—	3.3
Effect of movements in exchange rates	(0.4)	—	—	(0.4)
Balance at 31 December 2019	**75.3**	**13.2**	**6.4**	**94.9**
Depreciation				
Introduced on adoption of IFRS 16 at 1 January 2019	—	—	—	—
Charge for the year	7.7	2.1	2.5	12.3
Impairment (note 14)	1.0	—	—	1.0
Effect of movements in exchange rates	(0.2)	—	—	(0.2)
Balance at 31 December 2019	**8.5**	**2.1**	**2.5**	**13.1**
Carrying value				
Introduced on adoption of IFRS 16 at 1 January 2019	72.7	4.6	5.2	82.5
At 31 December 2019	**66.8**	**11.1**	**3.9**	**81.8**

Income from the sub-leasing of right-of-use assets in the year 31 December 2019 was £0.3m (2018: £0.3m). 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.

b) Obligations under leases

The future gross minimum rentals payable accounted for under IAS 17 as at 31 December 2018 were:

	2018
	£m
Not later than one year	0.2
After one year but not more than five years	12.6
More than five years	111.5
	124.3

The weighted average of the incremental borrowing rate applied to the lease liabilities recognised in the Statement of Financial Position at 1 January 2019 was 4.04%.

The maturity profile of undiscounted lease cash flows accounted for under IFRS 16 as at 31 December 2019 are:

	2019
	£m
Less than one year	**14.8**
One to five year	**30.4**
More than five years	**126.4**
	171.6

The maturity profile of discounted lease cash flows accounted for under IFRS 16 as at 31 December 2019 are:

	2019
	£m
Less than one year	**14.1**
One to five year	**26.3**
More than five years	**71.0**
	111.4
Analysed as:	
Current	**14.1**
Non-current	**97.3**
	111.4

A reconciliation of the lease liability from 1 January 2019 to 31 December 2019 is disclosed within note 28.

The total lease interest expense for the year ended 31 December 2019 was £4.6m. Total cash outflow for leases accounted for under IFRS 16 for the current year was £15.5m. Expenses charged to the Consolidated Income Statement for short-term and low-value leases for the year-ended 31 December 2019 were £1.0m and £0.2m respectively. The portfolio of short-term leases at 31 December 2019 is representative of the expected annual short-term lease expense in future years.

The impact of IFRS 16 on the Consolidated Income Statement, excluding tax, for the year-ended 31 December 2019 is:

	As Reported 31 December 2019	Add back IFRS 16 interest depreciation Amortisation charge	Add back IFRS 16 charge of Legal fees	Less	Less Lease incentives	Less IAS 17 lease cost	Excluding impact of IFRS 16 31 December 2019
	£m	£m	£m	£m	£m	£m	£m
Revenue	**997.3**						997.3
Cost of sales	**(642.7)**						(642.7)
Gross profit	**354.6**	—	—	—	—	—	354.6
Selling and distribution expenses	**(95.0)**						(95.0)
Administrative and other operating expenses	**(277.3)**	—	12.3	(0.2)	1.2	(15.5)	(279.5)
Other (expense)/ income	**(19.0)**						(19.0)
Operating profit/ (loss)	**(36.7)**	—	12.3	(0.2)	1.2	(15.5)	(38.9)
Finance income	**16.3**						16.3
Finance expense	**(83.9)**	4.6	—	—	—	—	(79.3)
(Loss)/profit before tax	**(104.3)**	4.6	12.3	(0.2)	1.2	(15.5)	(101.9)
Adjusted EBITDA (note 34)	**134.2**	—	—	(0.2)	1.2	(15.5)	119.7

The above disclosure has been included to facilitate the understanding of the impact of adopting IFRS 16 on the Group.

17 Inventories

	2019	2018
	£m	£m
Parts for resale, service parts and production stock	**68.8**	86.5
Work in progress	**32.1**	15.5
Finished vehicles	**99.8**	63.3
	200.7	165.3

Finished vehicles includes Group owned service cars at a net realisable value of £23.4m (2018: £30.3m).

During the year ended 31 December 2019 an inventory repurchase arrangement was entered for certain parts for resale, service parts and production stock. These inventories were sold and subsequently repurchased in November 2019 – see note 21 for further details.

18 Trade and other receivables

	2019	2018
	£m	£m
Amounts included in current assets		
Trade receivables	**173.3**	191.5
Other receivables	**52.0**	29.0
Prepayments	**24.4**	20.3
	249.7	240.8
Amounts included in non-current assets		
Trade receivables	**1.8**	1.8

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 23.

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):

	2019	2018
	£m	£m
Sterling	**111.3**	115.7
Chinese Renminbi	**18.4**	13.2
Euro	**20.5**	42.1
US Dollar	**75.1**	41.4
Other	**1.8**	9.9
	227.1	222.3

Wholesale finance facility

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers with a large proportion financed through a £150m wholesale finance facility (2018: £200m facility) with Standard Chartered Bank plc supported by a credit insurance policy. The utilisation of the facility at 31 December 2019 is £99.6m (2018: £159.1m) and, due to the off-balance sheet treatment, is not recorded in trade receivables in the Group's Statement of Financial Position.

Vehicles financed through this facility have a maximum term of 45 days from invoice date to be funded under the facility to allow for any timing delays in despatching a vehicle and processing. Under the trade finance facility, Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of certain documentation. Standard Chartered Bank plc have substantially all of the risks associated with the wholesale financing scheme and hence they bear substantially all of the credit risk associated with dealers purchasing vehicles through the wholesale finance scheme. Taking into consideration the Group's exposure to variability in cash flows both before and after the transfer, the financing arrangement is treated as off-balance sheet.

The Group incurs a finance charge on vehicles financed through the scheme based on each currency LIBOR at the commencement of each invoice funded.

19 Cash and cash equivalents

	2019	2018
	£m	£m
Cash at bank and in hand	**107.9**	144.6

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:

	2019	2018
	£m	£m
Sterling	**14.3**	28.0
Chinese Renminbi	**46.5**	59.6
Euro	**12.1**	18.0
US Dollar	**29.6**	36.5
Other	**5.4**	2.5
	107.9	144.6
Included within the above:		
Restricted cash	**36.3**	25.7

The Group has a series of one-year back-to-back loan arrangements with HSBC Bank plc ("HSBC"), whereby Chinese Renminbi to a value at the time of £36.7m (31 December 2018: £25.5m) has been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2019 to £36.3m (31 December 2018: £25.7m) and is shown in the cash and cash equivalents value above.

20 Other financial assets

	2019	2018
	£m	£m
Forward currency contracts held at fair values	**0.4**	0.1
Cash held not available for short-term use	**8.7**	—
	9.1	0.1
Analysed as:		
Current	**8.9**	0.1
Non-current	**0.2**	—
	9.1	0.1

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

In 2019 £8.7m held in certain local bank accounts had been frozen in relation to local arbitration proceedings (2018: nil). At 31 December 2019 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.

21 Trade and other payables

Current trade and other payables

	2019	2018 restated
	£m	£m
Trade payables	**138.5**	167.7
Customer deposits and advances	**319.3**	270.9
Accruals and other payables	**240.0**	226.1
Deferred income – service packages	**3.7**	5.2
Due to related parties (note 31)	**0.6**	1.1
	702.1	671.0

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

At 31 December 2019 a repurchase liability of £38.9m including accrued interest of £0.2m, has been recognised in accruals and other payables and Net Debt (see note 24). In November 2019, £32.2m of parts for resale, service parts and production stock were sold for £38.7m (gross of indirect tax) and subsequently repurchased. Under the repurchase agreement, the Group will repay for £40.0m 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 2020.

Changes in the Group's contract liabilities during the year are summarised as follows:

£m	At 1 January 2019	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 2019
Customer deposits and advances	**270.9**	**116.1**	**(55.3)**	**8.8**	**(21.2)**	**319.3**
Deferred income – service packages	**12.5**	**7.6**	**(7.0)**	**—**	**—**	**13.1**

£m	At 1 January 2018	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 2018
Customer deposits and advances	205.5	75.4	(9.0)	5.6	(6.6)	270.9
Deferred income – service packages	5.9	6.6	—	—	—	12.5

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 3 years with approximately £90.0m expected to be recognised in 2020.

In the year ended 31 December 2019, a finance expense of £8.8m (see note 9) was recognised as a significant financing component on contract liabilities held for greater than 12 months (2018: £5.6m). 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 2019 the Group held £78.5m of contractually refundable deposits (before the impact of significant financing components) (2018: £50.1m). 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 whom is required to make an equivalent advanced payment. 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

	2019	2018 restated
	£m	£m
Deferred income – service packages	**9.4**	7.3
Lease incentives and other	**—**	42.5
	9.4	49.8

Included within non-current trade and other payables for the year ended 31 December 2018 are long-term lease incentives as restated (see note 2). Upon transition to IFRS 16 on 1 January 2019 these lease incentives were reclassified as part of establishing the right-of-use lease assets, within non-current assets – see note 16.

22 Other financial liabilities

	2019	2018
	£m	£m
Forward currency contracts held at fair value	**8.9**	8.6
Analysed as:		
Current	**6.3**	4.2
Non-current	**2.6**	4.4
	8.9	8.6

23 Financial instruments

Group

The Group's principal financial instruments comprise Senior Secured Notes, a Revolving Credit Facility, a finished vehicle financing facility, a loan to finance the construction of the paint shop at St.Athan, back-to-back loans 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 have 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 oversee 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 dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme with Standard Chartered Bank plc (see note 18). 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. Service 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, amongst 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 5 years are calculated, including consideration given to factors that may affect the ability of customers to settle receivables, 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.

In presenting the loss allowance summary below, the specific loss allowance and original receivables balance of £19.0m disclosed in note 5 has been excluded so as to not distort the expected loss rate. The trade receivable loss allowance as at 31 December is as follows:

	As at 31 December 2019			As at 31 December 2018		
	Expected Loss Rate	**Gross Carrying Amount**	**Loss Allowance**	**Expected Loss Rate**	**Gross Carrying Amount**	**Loss Allowance**
	%	£m	£m	%	£m	£m
Current	*	**117.8**	—	*	177.4	—
1 – 30 days past due	*	**30.2**	—	*	4.4	—
31 – 60 days past due	*	**10.6**	—	*	4.0	—
61+ days past due	**6.8%**	**17.7**	**1.2**	2.6%	7.7	0.2
		176.3	**1.2**		193.5	0.2

* 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 allowances for trade receivables, including the specific loss allowance disclosed in note 5 of £19.0m, reconciles to the opening loss allowance as follows:

	2019	2018
	£m	£m
Opening loss allowance as at 1 January	**0.2**	**0.3**
Increase in loss allowance recognised in the Income Statement – Other expense (note 5)	**19.0**	—
Increase in loss allowance recognised in the Income Statement – Administrative and other operating expenses	**1.0**	0.1
Receivables written-off during the year as uncollectible	**—**	(0.2)
At 31 December	**20.2**	**0.2**

Borrowings

The following table analyses Group borrowings:

	2019 £m	2018 £m
Current		
Bank loans and overdrafts	**114.8**	99.4
Non-current		
Senior Secured Notes	**829.9**	590.9
Bank loans	**9.2**	12.4
Unsecured Loan	—	1.4
Total non-current borrowings	**839.1**	604.7
Total borrowings	**953.9**	704.1

Total borrowings are denominated in the following currencies, in sterling at the year-end exchange rates:

	2019 £m	2018 £m
Sterling	**403.0**	388.5
US Dollar	**550.9**	314.2
Japanese Yen	—	1.4
Total borrowings	**953.9**	704.1

Current Borrowings

At 31 December 2019 £70.0m of the £80.0m Revolving Credit Facility was drawn (2018: £70.0m).

The Group holds a series of one-year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi to a value at the time of £36.7m (2018: £25.5m) have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2019 to £36.3m (2018: £25.7m) and is shown in cash and cash equivalents. The overdraft of £36.7m (2018: £25.3m) 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 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 2019 the amount included in current borrowings was £2.9m (2018: £2.7m).

The Group has separate arrangements to finance in-transit finished vehicles and certain finished vehicle inventory. Total borrowings on these facilities at 31 December 2019 were £4.4m (2018: £nil) and £0.8m (2018: £1.4m) respectively.

Non-Current Borrowings

On 1 April 2019 the Group issued $190m 6.5% Senior secured Notes at a discount of 5% to the par redemption value. The discount is charged to finance expenses within the Consolidated Income Statement over the term of the notes based on the effective interest rate method.

In 8 October 2019 the Group issued $150m 12% (6% Payment in Kind ("PIK"), 6% cash interest) Senior Secured Notes with a 6% premium on redemption. This premium is accounted for as part of the effective interest rate and charged to finance expenses within the Consolidated Income Statement over the term of these notes.

The new Senior Secured Notes issued in 2019 mature in April 2022. Transaction costs capitalised during the year ended 31 December 2019 amounted to £5.4m (2018: £nil).

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

The Group has the option for an additional $100m of Delayed Draw Notes linked to those Senior Secured Notes issued on 8 October 2019. The Delayed Draw Notes ("DDNs") may be drawn, subject to certain conditions, on the same terms as other senior secured obligations of the Group at an interest rate of 12% per annum. If these conditions are not met, the DDNs may be drawn as unsecured obligations at an interest rate of 15% per annum. Interest will accrue at the rate of 6% per annum as cash interest plus either 6% per annum (if secured) or 9% per annum (if unsecured) paid in kind.

The Group has $400m 6.5% Senior Secured Notes and £285m 5.75% Senior Secured Notes both of which mature in April 2022.

The movement in carrying value of the Senior Secured Notes from 2018 to 2019 includes £2.4m (2018: £2.3m) amortisation of capitalised transaction costs.

The combined sterling equivalent carrying value of the Senior Secured Notes at 31 December 2019 is £829.9m (2018: £590.9m) and they are secured by fixed and floating charges over certain assets of the Group.

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 £9.2m at 31 December 2019 (2018: £12.4m).

Interest rate risk

The only interest rate risk that the Group is exposed to is on the back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The interest rate charged on the overdraft facility is based on 3-month LIBOR.

Profile

At 31 December the interest rate profile of the Group's interest-bearing financial instruments was:

	2019	2018
	£m	£m
Fixed rate instruments		
Financial liabilities	**917.2**	678.8
Variable rate instruments		
Financial liabilities	**36.7**	25.3

Borrowings, including the Senior Secured Notes and the loan to finance the paint shop in St Athan, are at fixed interest rates. The rate of interest on the Revolving Credit Facility, which is attached to the Senior Secured Notes, is based on LIBOR plus a percentage spread and is predetermined at the date of the drawdown of the Revolving Credit Facility so is considered to be fixed rate for the analysis above.

The interest rate charged on both the in-transit and certain finished vehicle facilities are based on the lender's cost of funds at the point of the borrowing.

In 2019 the Group has 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 180 days.

Surplus cash funds, when appropriate, are placed on deposit and attract interest at a variable rate derived from LIBOR.

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 back-to-back loan arrangement with HSBC Bank plc.

	(Increase)/ decrease in interest rate	Effect on profit after tax 2019	Effect on profit after tax 2018
		£m	£m
3-month LIBOR	**1.00%**	**0.3**	0.2

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 and Euro denominated purchases.

At 31 December 2019 the Group hedged 80%, 68% and 34% for 2020, 2021 and 2022 respectively, of its US dollar denominated highly probable inter-company sales, and 38%, 12% and 2% of its Euro denominated purchases for 2020, 2021 and 2022. These foreign currency risks are hedged by using foreign currency forward contracts and the $400m Senior Secured Notes.

The Group's sterling equivalents of financial assets and liabilities (excluding borrowings analysed by currency) denominated in foreign currencies at 31 December were:

At 31 December 2019

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£m	£m	£m	£m	£m
Financial assets					
Trade and other receivables	**20.5**	**75.1**	**18.4**	**1.8**	**115.8**
Foreign exchange contracts	**—**	**—**	**—**	**0.4**	**0.4**
Cash held not available for short-term use	**—**	**—**	**8.7**	**—**	**8.7**
Cash balances	**12.1**	**29.6**	**46.5**	**5.4**	**93.6**
	32.6	**104.7**	**73.6**	**7.6**	**218.5**
Financial liabilities					
Trade and other payables	**(116.5)**	**(45.1)**	**(11.4)**	**(6.4)**	**(179.4)**
Lease liabilities	**(2.2)**	**(0.2)**	**(0.5)**	**(8.1)**	**(11.0)**
Customer deposits and advances	**(0.2)**	**(15.8)**	**(7.9)**	**—**	**(23.9)**
Foreign exchange contracts	**—**	**(8.6)**	**—**	**(0.3)**	**(8.9)**
	(118.9)	**(69.7)**	**(19.8)**	**(14.8)**	**(223.2)**
Net balance sheet exposure	**(86.3)**	**35.0**	**53.8**	**(7.2)**	**(4.7)**

At 31 December 2018

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£m	£m	£m	£m	£m
Financial assets					
Trade and other receivables	42.1	41.4	13.2	9.9	106.6
Foreign exchange contracts	—	0.1	—	—	0.1
Cash balances	18.0	36.5	59.6	2.5	116.6
	60.1	78.0	72.8	12.4	223.3
Financial liabilities					
Trade and other payables	(149.3)	(43.3)	(17.2)	(4.7)	(214.5)
Customer deposits and advances	—	(12.2)	(11.9)	—	(24.1)
Foreign exchange contracts	—	(5.1)	—	(3.5)	(8.6)
	(149.3)	(60.6)	(29.1)	(8.2)	(247.2)
Net balance sheet exposure	(89.2)	17.4	43.7	4.2	(23.9)

The following significant exchange rates applied:

	Average Rate 2019	Average Rate 2018	Closing Rate 2019	Closing Rate 2018
Euro	**1.13**	1.13	**1.18**	1.10
Chinese Renminbi	**8.74**	8.83	**9.23**	8.76
US Dollar	**1.27**	1.34	**1.33**	1.27

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 2019	Effect on profit after tax 2018
		£m	£m
US Dollar	(5%)	**(7.7)**	(11.2)
US Dollar	5%	**8.6**	12.4
Euro	(5%)	**12.3**	8.8
Euro	5%	**(13.6)**	(9.7)
Chinese Renminbi	(5%)	**(2.3)**	(2.1)
Chinese Renminbi	5%	**2.5**	2.3

$190m and $150m Senior Secured Notes ("SSNs")

The Group took out additional US Dollar denominated SSNs in 2019 totalling $340m. The Group chose not to hedge these borrowings due to the relative weakness of Sterling and general economic uncertainty. 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/(expenses). A corresponding change in the translated Sterling value of these SSNs is reflected in the Consolidated Statement of Financial Position.

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 has also designated the foreign exchange movement on the $400m Senior Secured Notes ("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, 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 Senior Secured Notes as a hedging instrument in respect of $400m of highly probable forecast US Dollar sales that are not already hedged with forward contracts.

The Group currently has no 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 for the forward foreign exchange contracts are the spot elements of the entire forward foreign exchange contracts. The hedged items are highly probable forecast net sales or purchases. The value of hedging instrument matches the value of the hedge item in a 1:1 hedging ratio. Movements in the fair value attributable to the spot element are considered as an effective hedge and recognised through Other Comprehensive Income into the hedge reserve. The balance of the fair value movement related to these contracts is recorded in the cost of hedging reserve.

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 expenses as an adjusting item (see note 9) 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 not attributable to the spot element considered to be an effective hedge, is recorded within cost of sales in the Consolidated Income Statement.

$400m Senior Secured Notes

The $400m SSNs are recorded at amortised cost translated into sterling at the year-end closing rate with movements in the carrying value offset by movements in the value of the highly probable forecast sales from US Dollars to Sterling. The hedge ratio is 1:1 as the value of the hedging instrument matches the value of the hedged item. 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).

The amounts recorded within the Hedge Reserve, including the Cost of Hedging Reserve, are reclassified to the Consolidated Income Statement when the hedged item effects 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 (2018: all cost of sales).

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

The impact of hedging instruments on the Statement of Financial Position is as follows:

	31 December 2019			31 December 2018		
	Notional value	**Carrying value**	**Change in fair value used for measuring ineffectiveness**	**Notional value**	**Carrying value**	**Change in fair value used for measuring ineffectiveness**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Foreign exchange forward contracts — other financial assets	**34.9**	**0.4**	**0.4**	50.3	0.1	0.1
Foreign exchange forward contracts — other financial liabilities	**220.0**	**(8.9)**	**(10.3)**	407.8	(8.6)	(9.4)
$400m Senior Secured Notes — hedge instrument	**301.6**	**301.6**	**12.6**	314.2	314.2	(18.5)

The impact of hedged items on the Statement of Financial Position is as follows:

	31 December 2019		31 December 2018	
	Cash flow Hedge Reserve	**Cost of Hedging Reserve**	**Cash flow Hedge Reserve**	**Cost of Hedging Reserve**
	£m	**£m**	**£m**	**£m**
Foreign exchange forward contracts	**0.1**	**(2.0)**	(3.5)	(5.0)
$400m Senior Secured Notes — hedge instrument	**(0.8)**	**—**	(18.5)	—
Tax on fair value movements recognised in OCI	**0.1**	**0.3**	3.5	—

The effect of the cash flow hedge in the Consolidated Income Statement and Other Comprehensive Income is:

Year-ended 31 December 2019	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in the Income Statement	Income Statement line item	Fair value movement on cash flow hedges	Amount reclassified from OCI to the Income Statement	Income Statement line item
	£m	**£m**		**£m**	**£m**	
Foreign exchange forward contracts	**1.4**	**6.6**	**Finance Expense**	**—**	**1.4**	**Cost of Sales**
Foreign exchange forward contracts	**5.5**	**4.9**	**Cost of Sales**	**(3.7)**	**9.2**	**Cost of Sales**
$400m Senior Secured Notes — hedge instrument . .	**17.7**	**—**	**—**	**12.7**	**5.0**	**Cost of Sales**
Tax on fair value movements recognised in OCI	**(3.4)**	**—**	**—**	**(1.6)**	**(1.8)**	**Cost of Sales**

Hedge ineffectiveness recognised within the Consolidated Income Statement relates to those forward exchange contracts which were only designated as a hedge with effect from 1 July 2019 and relates to the element which is not attributable to the movement in the spot rate of those instruments since that date.

Year-ended 31 December 2018	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in the Income Statement	Income Statement line item	Cost of hedging recognised in OCI	Amount reclassified from OCI to the Income Statement	Income Statement line item
	£m	£m		£m	£m	
Foreign exchange forward contracts	**(8.5)**	**—**	**—**	**(12.0)**	**3.5**	**Cost of Sales**
$400m Senior Secured Notes — hedge instrument . .	**(18.5)**	**—**	**—**	**(18.5)**	**—**	**—**
Tax on fair value movements recognised in OCI	**3.5**	**—**	**—**	**3.5**	**—**	**—**

At 31 December 2019 there are no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required (2018: no balances).

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.

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.

The Group has a number of one-year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued to £36.3m at 31 December 2019 (2018: £25.7m) and is shown in the total of cash and cash equivalents. The overdraft of £36.7m (2018: £25.3m) is shown in Borrowings in Current Liabilities on the Statement of Financial Position.

At 31 December 2019 the Group had cash and cash equivalents of £107.9m (2018: £144.6m).

At 31 December 2019 the Group holds £829.9m (2018: £590.9m) of Senior Secured Notes (“SSNs”). The in-year increase is attributable to the Group issuing $190m of 6.5% SSNs in April 2019 and $150m of 12% (6% PIK and 6% cash interest) SSNs issued in October 2019, in addition to foreign currency movements on US Dollar denominated borrowings and the amortisation of transaction costs on borrowings through the effective interest rate. All of the SSNs mature in April 2022. Attached to the SSNs is an £80m Revolving Credit Facility of which £70.0m was drawn at 31 December 2019 (2018: £70.0m).

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 2019 the Group held refundable deposits of £78.5m (2018: £50.1m). 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 whom is required to make an equivalent advanced payment.

The maturity profile of the Group's financial liabilities at 31 December 2019 based on contractual undiscounted payments is as follows.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Bank loans and overdrafts	**—**	**94.6**	**24.4**	**6.7**	**—**	**125.7**
Senior Secured Notes	**—**	**1.8**	**45.4**	**937.1**	**—**	**984.3**
Trade and other payables	**—**	**333.0**	**57.3**	**9.6**	**—**	**399.9**
Refundable customer deposits and advances	**78.5**	**—**	**—**	**—**	**—**	**78.5**
Derivative financial liabilities						
Forward exchange contracts	**—**	**0.9**	**5.4**	**2.6**	**—**	**8.9**
	78.5	**430.3**	**132.5**	**956.0**	**—**	**1,597.3**

Included in the table above table are interest bearing loans and borrowings at a carrying value of £953.9m.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2018 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Bank loans and overdrafts	—	7.2	94.4	13.1	—	114.7
Senior Secured Notes	—	—	76.1	781.3	—	857.4
Unsecured Loan	—	—	0.1	1.4	—	1.5
Trade and other payables	—	392.0	—	12.2	—	404.2
Refundable customer deposits and advances	50.1	—	—	—	—	50.1
Derivative financial liabilities						
Forward exchange contracts	—	1.0	3.2	4.4	—	8.6
	50.1	400.2	173.8	812.4	—	1,436.5

Included in the table above are interest bearing loans and borrowings at a carrying value of £704.1m.

Estimation of fair values

Trade and other receivables, and trade and other payables are deemed to have the same fair value as their book value and, as such, the table presented only includes assets 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. The Sterling Senior Secured Notes are all valued at amortised cost. The fair value of these Senior Secured Notes at the current and comparative period ends are determined by reference to the quoted price on The International Stock Exchange Authority in St. Peter Port, Guernsey. For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

	As at 31 December 2019			As at 31 December 2018		
	Nominal value	Book value	Fair value	Nominal value	Book value	Fair value
	£m	£m	£m	£m	£m	£m
Included in assets						
Level 2						
Forward foreign exchange contracts	**—**	**0.4**	**0.4**	—	0.1	0.1
	—	**0.4**	**0.4**	—	0.1	0.1
Included in liabilities						
Level 1						
£285m 5.75% Sterling Senior secured Notes	**285.0**	**279.0**	**273.6**	285.0	276.6	278.1
$400m 6.5% US Dollar Senior secured Notes	**301.6**	**301.6**	**288.0**	314.2	314.3	300.7
$190m 6.5% US Dollar Senior secured Notes	**143.3**	**137.2**	**133.8**	—	—	—
$150m 12.0% US Dollar Senior secured Notes	**113.1**	**112.1**	**122.1**	—	—	—
Level 2						
Forward exchange contracts	**—**	**8.9**	**8.9**	—	8.6	8.6
	843.0	**838.8**	**826.4**	599.2	599.5	587.4

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.

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.

Subsequent to 31 December 2019 the Board approved the reset business plan aimed at rebalancing the debt to equity ratio of the Group and improving liquidity through the issuance of new ordinary shares totalling £500m. Further detail is discussed on page 4.

24 Net debt

The Group defines Net Debt as current and non-current borrowings in addition to inventory repurchase arrangements, less cash and cash equivalents including cash held not available for short-term use. Lease liabilities accounted for under IFRS 16 are excluded from Net Debt.

	2019	2018
	£m	£m
Cash and cash equivalents	**107.9**	144.6
Cash held not available for short-term use	**8.7**	—
Inventory repurchase arrangement	**(38.9)**	—
Loans and other borrowings — current	**(114.8)**	(99.4)
Loans and other borrowings — non-current	**(839.1)**	(604.7)
Net debt	**(876.2)**	(559.5)
Movement in net debt		
Net decrease in cash and cash equivalents	**(42.5)**	(25.9)
Add back cash flows in respect of other components of net debt:		
New borrowings	**(260.8)**	(98.1)
Proceeds from inventory repurchase arrangement	**(38.7)**	—
Proceeds from existing borrowings	**(102.3)**	(0.3)
Repayment of existing borrowings	**91.5**	—
Movement in cash held not available for short-term use	**8.7**	—
Transaction fees	**4.1**	—
Increase in net debt arising from cash flows	**(340.0)**	(124.3)
Non-cash movements:		
Conversion of preference shares to ordinary shares	**—**	302.9
Foreign exchange gain/(loss) on secured loan	**23.7**	(18.4)
Interest added to debt	**(1.1)**	(49.3)
Unpaid transaction fees	**(2.0)**	—
Foreign exchange gain and other	**2.7**	2.7
(Increase)/decrease in net debt	**(316.7)**	113.6
Net debt at beginning of the year	**(559.5)**	(673.1)
Net debt at the end of the year	**(876.2)**	(559.5)

25 Provisions

	2019	2018 restated*
	£m	£m
At the beginning of the year	**23.7**	**20.9**
Charge for the year	**27.9**	**19.6**
Utilisation	**(23.5)**	**(17.1)**
Effect of movements in exchange rates	**0.1**	**0.3**
At the end of the year	**28.2**	**23.7**
Analysed as:		
Current	**12.0**	**10.8**
Non-current	**16.2**	**12.9**
	28.2	**23.7**

The provision represents costs provided in respect of the Group's warranty scheme. The warranty provision is calculated based on the level of historic claims and is expected to be substantially utilised within the next three years.

* Further details of the restatement is disclosed in note 2.

26 Pension obligations

Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme was £8.6m (2018: £5.7m). Outstanding contributions at the year-end were £0.6m (2018: £0.5m).

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 has been appointed during the year.

The pension scheme exposes the Group to the following risks:

Asset volatility — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going 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 2019 or 31 December 2018. 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 2017. 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 pre-retirement investment return would be 3.4% per annum and the post retirement return 2.25% per annum and that salary increases would average 3.0% per annum for the period to 31 March 2021 and 3.55% thereafter.

At the 6 April 2017 actuarial valuation, the actuarial value of the scheme assets was £265.4m, sufficient to cover 85% of the benefits which had accrued to members, after allowing for the expected future increases in earnings. Following this latest actuarial valuation of the scheme contributions increased from 22.5% to 23.7% 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 the Group contribution is 30.2% or 34.7% depending on whether the member opted for benefits of 1/80 or 1/70 of pensionable salary.

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

The actuarial valuation on 6 April 2017 showed a deficit in the scheme of £48.6m. On 5 July 2018, the Group agreed to increase the recovery plan contributions from £2.8m per annum to £4.0m per annum through to 31 March 2020 and £7.1m thereafter through to 31 July 2025.

Estimated contributions for the year ending 31 December 2020 are £12.8m.

A full actuarial valuation was carried out at 6 April 2017 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2018 and 31 December 2019 in accordance with IAS 19R. The next triennial valuation as at 6 April 2020 is due to be completed by June 2021 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 2019	31 December 2018
Discount rate	**2.20%**	3.15%
Rate of increase in salaries	**2.90%**	3.20%
Rate of revaluation in deferment	**1.90%**	2.20%
Rate of increase in pensions in payment attracting LPI	**2.85%**	3.10%
Expected return on scheme assets	**2.20%**	3.15%
RPI Inflation assumption	**2.90%**	3.20%
CPI Inflation assumption	**1.90%**	2.20%

The Group's inflation assumption reflects its long-term expectations and has not been amended for short-term variability. The post 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 2039 (2019 assumptions) or 2038 (2018 assumptions).

Projected life expectancy from age 65

	Future	Current	Future	Current
	Currently aged 45 2019	Currently aged 65 2019	Currently aged 45 2018	Currently aged 65 2018
Male	**23.2**	**21.8**	23.1	21.7
Female	**25.5**	**23.9**	25.4	23.8

	Years
Duration of the liabilities in years as at 31 December 2019	**25**
Duration of the liabilities in years as at 31 December 2018	25

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

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

	31 December 2019 Quoted	31 December 2019 Unquoted	31 December 2019 Total	31 December 2018 Quoted	31 December 2018 Unquoted	31 December 2018 Total
	£m	£m	£m	£m	£m	£m
Asset Class						
UK Equities	**43.4**	—	**43.4**	37.9	—	37.9
Overseas Equities	**48.6**	—	**48.6**	43.3	—	43.3
Property	—	**28.5**	**28.5**	—	27.8	27.8
Private debt	—	**20.4**	**20.4**	—	—	—
Index linked gilts	—	—	—	56.9	—	56.9
Liability driven investment	**42.8**	**19.3**	**62.1**	—	—	—
Corporate bonds	—	—	—	—	53.7	53.7
Absolute return bonds	—	**73.9**	**73.9**	—	—	—
Diversified alternatives	—	**27.0**	**27.0**	—	26.0	26.0
High yield bonds	—	—	—	—	12.6	12.6
Cash	**2.5**	—	**2.5**	6.5	—	6.5
Insurance policies	—	**5.4**	**5.4**	—	4.1	4.1
Total	**137.3**	**174.5**	**311.8**	144.6	124.2	268.8

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

	2019	2018
	£m	£m
Total fair value of scheme assets	**311.8**	268.8
Present value of funded obligations	**(333.4)**	(275.2)
Funded status at the end of the year	**(21.6)**	(6.4)
Adjustment to reflect minimum funding requirements	**(15.2)**	(32.3)
Liability recognised in the Statement of Financial Position	**(36.8)**	(38.7)

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.

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

	2019	2018
	£m	£m
Amounts charged to operating profit/(loss):		
Current service cost	**(6.9)**	(8.1)
Past service cost	—	(0.1)
	(6.9)	(8.2)
Amounts charged to finance expense:		
Net interest expense on the net defined benefit liability	—	(1.0)
Interest expense on the adjustment to reflect minimum funding requirements	**(1.1)**	—
Total expense recognised in the Income Statement	**(8.0)**	(9.2)

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

Changes in present value of the defined benefit pensions obligations are analysed as follows:

	2019	2018
	£m	£m
At the beginning of the year	**(275.2)**	(318.4)
Current service cost	**(6.9)**	(8.1)
Past service cost	**—**	(0.1)
Interest cost	**(8.5)**	(7.8)
Experience losses	**(0.1)**	(1.6)
Actuarial (losses)/gains arising from changes in financial assumptions	**(52.3)**	48.7
Distributions	**9.9**	7.2
Actuarial (losses)/gains arising from changes in demographic assumptions	**(0.3)**	4.9
Obligation at the end of the year	**(333.4)**	(275.2)

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

	2019	2018
	£m	£m
At the beginning of the year	**268.8**	271.5
Interest on assets	**8.5**	6.8
Employer contributions	**11.3**	12.0
Return on scheme assets excluding interest income	**33.1**	(14.3)
Distributions	**(9.9)**	(7.2)
Fair value at the end of the year	**311.8**	268.8

	2019	2018
	£m	£m
Actual return on scheme assets	**41.6**	(7.5)

Analysis of amounts recognised in the Statement of Financial Position:

	2019	2018
	£m	£m
Liability at the beginning of the year	**(38.7)**	(46.9)
Net expense recognised in the Income Statement	**(8.0)**	(9.2)
Employer contributions	**11.3**	12.0
(Loss)/gain recognised in Other Comprehensive Income	**(1.4)**	5.4
Liability recognised in the Statement of Financial Position at the end of the year	**(36.8)**	(38.7)

Analysis of amount taken to Other Comprehensive Income:

	2019	2018
	£m	£m
Return on scheme assets excluding interest income	**33.1**	(14.3)
Experience losses arising on funded obligations	**(0.1)**	(1.5)
(Losses)/gains arising due to changes in financial assumptions underlying the present value of funded obligations	**(52.3)**	48.6
Gains/(losses) arising as a result of adjustment made to reflect minimum funding requirements	**18.2**	(32.3)
(Losses)/gains arising due to changes in demographic assumptions	**(0.3)**	4.9
Amount recognised in Other Comprehensive Income	**(1.4)**	5.4

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

At 31 December 2019 the present value of the benefit obligation is £333.4m (2018: £275.2m) and its sensitivity to changes in key assumptions are:

	Change in assumption	Present value of benefit obligations at 31 December 2019	Present value of benefit obligations at 31 December 2018
		£m	£m
Discount rate	Decrease by 0.25%	**355.1**	292.7
Rate of inflation*	Increase by 0.25%	**352.2**	290.0
Life expectancy increased by approximately 1 year	Increase by one year	**348.1**	284.6

* Applies to the Retail Prices Index and the Consumer Prices index inflation assumptions. The assumption is that the salary increase assumption would also increase by 0.2% per annum after (2020/21).

Funding levels are monitored on a regular basis by the Trustee and the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2020 is due to be completed by June 2021 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.

	2019	2018
Expected future benefit payments	**£m**	**£m**
Year 1 (2020 / 2019)	**2.6**	2.8
Year 2 (2021 / 2020)	**3.0**	2.6
Year 3 (2022 / 2021)	**3.6**	3.0
Year 4 (2023 / 2022)	**4.6**	3.6
Year 5 (2024 / 2023)	**4.9**	4.7
Years 6 to 10 (2024 to 2029)	**38.8**	34.9

History of scheme experience

	2019	2018
Present value of the scheme liabilities (£m)	**(333.4)**	(275.2)
Fair value of the scheme assets (£m)	**311.8**	268.8
Deficit in the scheme before adjusting to reflect minimum funding requirements (£m)	**(21.6)**	(6.4)
Experience gains/(losses) on scheme assets excluding interest income (£m)	**33.1**	(14.3)
Percentage of scheme assets	**10.6%**	(5.3%)
Experience losses on scheme liabilities (£m)	**(0.1)**	(1.5)
Percentage of the present value of the scheme liabilities	**0.0%**	(0.5%)
Total amount recognised in Other Comprehensive Income (£m)	**(1.4)**	5.4
Percentage of the present value of the scheme liabilities	**(0.4%)**	2.0%

27 Share capital and other reserves

	2019	2018
Allotted, called up and fully paid	**£m**	**£m**
228,002,890 ordinary shares of 0.00904p each (2018: 228,002,890)	**2.1**	2.1
Shares classified as shareholders' funds	**2.1**	2.1

In 2018 the Group, formally headed by Aston Martin Holdings (UK) Limited, undertook a capital restructuring exercise. As part of this exercise, Aston Martin Lagonda Global Holdings Limited was incorporated on 27 July 2018 and on 3 September 2018 acquired the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange. This transaction was accounted for as a reverse acquisition in line with IFRS 3.

On 7 September 2018, Aston Martin Global Holdings Limited re-registered as a public limited company under the name Aston Martin Lagonda Global Holdings plc and subsequently on 3 October 2018 the Company's shares were admitted to the London Stock Exchange.

Further details of the capital restructuring are disclosed in the Consolidated Statement of Changes in Equity for the year ended 31 December 2018 as shown on page 128. Included within Capital Reserve is £5.5m relating to a capital contribution made by existing shareholders as part of the acquisition of the Group in 2007 in addition to £1.1m relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Subject to shareholder approval, on 31 January 2020 the Group announced plans to raise £182m through the issuance of 45.6m new ordinary shares. Subsequent to this a rights issue is to be launched to raise a further £318m through the issuance of additional new ordinary shares with the quantity to be determined after the approval of these Consolidated Financial Statements.

28 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.

Liabilities	Borrowings and inventory arrangements	Lease liability	Unsecured Loans	$150m 12.0% SSN	$190m 6.5% SSN	£285m 5.75% SSN	$400m 6.5% SSN	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019	**111.8**	**116.5**	**1.4**	**—**	**—**	**276.5**	**314.4**	**820.6**
Changes from financing cash flows								
Interest paid	**(3.7)**	**(4.6)**	**(0.5)**	**—**	**(5.3)**	**(16.4)**	**(21.5)**	**(52.0)**
Principal lease payment	**—**	**(10.9)**	**—**	**—**	**—**	**—**	**—**	**(10.9)**
Repayment of existing borrowings	**(90.0)**	**—**	**(1.5)**	**—**	**—**	**—**	**—**	**(91.5)**
Proceeds from existing borrowings	**102.3**	**—**	**—**	**—**	**—**	**—**	**—**	**102.3**
Inventory repurchase arrangement	**38.7**	**—**	**—**	**—**	**—**	**—**	**—**	**38.7**
New borrowings	**—**	**—**	**—**	**122.2**	**138.6**	**—**	**—**	**260.8**
Transaction costs paid	**(0.7)**	**—**	**—**	**(2.8)**	**(0.6)**	**—**	**—**	**(4.1)**
Total changes from financing cash flows	**46.6**	**(15.5)**	**(2.0)**	**119.4**	**132.7**	**(16.4)**	**(21.5)**	**243.3**
Effect of changes in exchange rates	**—**	**(0.5)**	**0.1**	**(9.1)**	**(2.0)**	**—**	**(12.6)**	**(24.1)**
New leases under IFRS 16	**—**	**9.8**	**—**	**—**	**—**	**—**	**—**	**9.8**
Modifications to existing leases	**—**	**(3.5)**	**—**	**—**	**—**	**—**	**—**	**(3.5)**
Unpaid transaction costs	**—**	**—**	**—**	**(1.2)**	**(0.8)**	**—**	**—**	**(2.0)**
Interest expense	**4.3**	**4.6**	**0.5**	**2.9**	**7.3**	**18.9**	**21.4**	**59.9**
Balance at 31 December 2019	**162.7**	**111.4**	**—**	**112.0**	**137.2**	**279.0**	**301.7**	**1,104.0**

Liabilities	Loans and Borrowings	Unsecured Loans	£285m 5.75% SSN	$400m 6.5% SSN	Preference Shares	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2018	13.5	1.3	274.3	295.9	255.9	840.9
Changes from financing cash flows						
Interest paid	(6.6)	—	(16.4)	(19.2)	—	(42.2)
Movement in borrowings	0.3	—	—	—	—	0.3
New borrowings	98.1	—	—	—	—	98.1
Total changes from financing cash flows	91.8	—	(16.4)	(19.2)	—	56.2
Effect of changes in exchange rates	—	0.1	—	18.5	—	18.6
Conversion of preference shares	—	—	—	—	(349.8)	(349.8)
Interest expense	6.5	—	18.6	19.2	93.9	138.2
Balance at 31 December 2018	111.8	1.4	276.5	314.4	—	704.1

29 Share based payments

Long-term incentive scheme

On 27 June 2019 Executive Directors and certain other employees were granted conditional share awards under the Company's Long-Term Incentive Plan ("LTIP"). In respect of this arrangement total charges to the Consolidated Income Statement were £0.1m (2018: not present). The Directors consider this not material and hence further detailed disclosures have been omitted.

Legacy executive long-term incentive scheme

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 both the LTIP and Legacy LTIP in the period arising from equity-settled share-based payments is as follows:

	2019	2018
	£m	£m
LTIP share option charge	0.1	—
Legacy LTIP share option charge (note 6)	3.6	24.1
	3.7	24.1

30 Capital commitments

Capital expenditure contracts to the value of £74.4m (2018: £94.2m) have been committed but not provided for as at 31 December 2019.

31 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. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group are as follows:

		Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party
		£m	£m	£m	£m
Related party — Group					
Entities with significant influence over the Group	**31 December 2019**	**1.1**	**4.0**	**0.2**	**0.6**
Entities with significant influence over the Group	31 December 2018	1.4	2.4	—	1.1

During the year ended 31 December 2019 no payments (2018: £9.5m) were made to existing shareholders.

Transactions with directors

In the year ended 31 December 2019 no cars were sold to any directors (2018: one car sold to Dr Andrew Palmer for £0.1m excluding value added tax). No amounts were outstanding at either year end.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. 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.

32 Post balance sheet events

On 31 January 2020 the Group announced plans to raise £500m through the issuance of new ordinary shares to a consortium of investors in addition to a subsequent rights issue — see the Prospectus published on 27 February 2020 for further detail.

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

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 2019 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 — formerly the financing company that held the previous 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 and motorsport activities
AM Brands Limited** ◊	Ordinary	100%	Grants licences to third parties for the use of the Aston Martin brand for products worldwide
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** <	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, and manufacture of Continuation vehicles.

All subsidiaries are incorporated in England and Wales unless otherwise stated.
◊ incorporated in Jersey (tax resident in the United Kingdom)
^ incorporated in the United States of America
> 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 page 172.

On 18 December 2019 AML Italy S.r.l was liquidated and ceased to be a subsidiary of the Group as of this date.

	Aston Martin Works Limited 2019	AMWS Limited 2019	Aston Martin Works Limited 2018	AMWS Limited 2018
	£m	£m	£m	£m
Total assets	**41.0**	—	28.0	—
Total liabilities	**(12.8)**	—	(5.2)	—
Net assets	**28.2**	—	22.8	—
Revenue	**74.0**	—	74.3	—
Profit after tax	**17.6**	—	11.2	—
Group's share of profit	**8.8**	—	5.6	—

Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Holdings Limited	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Limited	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
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	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
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	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB

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 (loss)/profit before tax and adjusting items as shown in the Consolidated Income Statement.

ii) Adjusted EBIT is (loss)/profit from operating activities before adjusting items.

iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.

iv) 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.

v) Normalised Adjusted Earnings Per Share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the closing number of ordinary shares in issue at the end of the reporting period.

vi) Net Debt is current and non-current borrowings in addition to inventory repurchase arrangements, less cash and cash equivalents and cash held not available for short-term use but excluding lease liabilities recognised following the adoption of IFRS 16, as shown in the Consolidated Statement of Financial Position.

vii) Adjusted leverage is represented by the ratio of Net Debt to the last twelve months ('LTM') Adjusted EBITDA, excluding the impact of IFRS 16.

viii) Adjusted Return on Invested Capital represents adjusted operating profit after adjusted tax divided by the sum of gross debt, including inventory repurchase arrangements whilst excluding lease liabilities, and equity.

Income statement

	2019	2018
	£m	£m
Loss before tax	**(104.3)**	(68.2)
Adjusting operating expenses (note 6)	**42.1**	74.1
Adjusting finance expenses (note 9)	**6.6**	61.9
Adjusted (loss)/profit before tax (EBT)	**(55.6)**	67.8
Adjusted finance income	**(16.3)**	(4.2)
Adjusted finance expense	**77.3**	83.3
Adjusted operating profit (EBIT)	**5.4**	146.9
Reported depreciation	**42.7**	32.4
Reported amortisation	**85.2**	67.6
Loss on disposal of fixed assets	**0.9**	0.4
Adjusted EBITDA	**134.2**	247.3

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

Earnings per share

	2019	2018
	£m	£m
Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	**(113.2)**	(62.7)
Adjusting items (note 6)		
Adjusting items before tax (£m)	**48.7**	136.0
Tax on adjusting items (£m)	**(8.8)**	(10.5)
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Basic weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjusted (loss)/earnings per ordinary share (pence)	**(32.1p)**	31.1p
Adjusted diluted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Diluted weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjusted diluted earnings per ordinary share (pence)	**(32.1p)**	31.1p

	2019	2018
	£m	£m
Normalised adjusted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Basic number of ordinary shares as at 31 December[2] (million)	**228.0**	228.0
Normalised adjusted (loss)/earnings per ordinary share (pence)	**(32.1p)**	27.5p
Normalised adjusted diluted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Diluted number of ordinary shares as at 31 December[2] (million)	**228.0**	228.0
Normalised adjusted diluted (loss)/earnings per ordinary share (pence)	**(32.1p)**	27.5p

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.
2. The basic and diluted number of ordinary shares as at 31 December (see note 27) have been used as the basis for the current year normalised EPS calculation. This represents an indication of the future weighted average number of ordinary shares for evaluating performance of the Group. No adjustment is made for the potential number of ordinary shares issued as part of the 2019 Long-term incentive plan as including them is anti-dilutive.

Notes to the financial statements for the year ended 31 December 2019 — (Continued)

Net debt

	2019	2018
	£m	£m
Opening cash and cash equivalents	**144.6**	167.8
Cash inflow from operating activities	**19.4**	222.6
Cash outflow from investing activities	**(305.2)**	(306.3)
Cash inflow from financing activities	**243.3**	57.8
Effect of exchange rates on cash and cash equivalents	**5.8**	2.7
Cash and cash equivalents at 31 December	**107.9**	144.6
Cash held not available for short-term use	**8.7**	—
Borrowings	**(953.9)**	(704.1)
Inventory repurchase arrangement	**(38.9)**	—
Net Debt	**(876.2)**	(559.5)
Adjusted EBITDA	**134.2**	247.3
Impact of IFRS 16 on adjusted EBITDA	**(14.5)**	—
Adjusted EBITDA (excluding the impact IFRS 16 — note 16)	**119.7**	247.3
Adjusted leverage	**7.3x**	2.3x

Adjusted return on invested capital

	2019	2018
	£m	£m
Adjusted operating profit (EBIT)	**5.4**	146.9
Tax (charge)/credit	**(8.9)**	0.6
Adjusted operating (loss)/profit after tax	**(3.5)**	147.5
Senior Secured Notes	**829.9**	590.9
Unsecured loans	—	1.4
Inventory repurchase arrangement	**38.9**	—
Loans and borrowings	**124.0**	111.8
Gross Debt	**992.8**	704.1
Total Shareholders' equity	**358.9**	449.4
	1,351.7	1,153.5
Adjusted Return on Invested Capital	**(0.3%)**	12.8%

Company financial statements

Parent company financial statements

Parent company statement of financial position at 31 December 2019

	Note	2019	2018
		£m	**£m**
Non-current assets			
Investments	3	**815.1**	815.1
Creditors: amounts falling due within one year	4	**(256.5)**	(257.9)
Net current liabilities		**(256.5)**	(257.9)
Net assets		**558.6**	557.2
Capital and reserves			
Share capital	5	**2.1**	2.1
Share premium	5	**352.3**	352.3
Capital reserve	5	**2.0**	2.0
Retained earnings		**202.2**	200.8
Shareholder equity		**558.6**	557.2

The financial statements were approved by the board of directors on 26 February 2020 and were signed on its behalf by:

DR ANDREW PALMER
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Company Number: 11488166

The profit on ordinary activities after taxation amounts to £1.4m (2018: loss of £60.0m). During the year ended 31 December 2019, the executive team agreed, after consultation with the Remuneration Committee, to waive their unpaid IPO bonus in full. This resulted in £4.0m being released to the Income Statement of the Company.

Parent company statement of changes in equity

Company	Share Capital	Share Premium	Share Warrants	Capital Reserve	Merger Reserve	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019	**2.1**	**352.3**	**—**	**2.0**	**—**	**200.8**	**557.2**
Total comprehensive income for the year							
Profit for the year	—	—	—	—	—	**1.4**	**1.4**
Total comprehensive income for the year	—	—	—	—	—	**1.4**	**1.4**
At 31 December 2019	**2.1**	**352.3**	**—**	**2.0**	**—**	**202.2**	**558.6**

Company	Share Capital	Share Premium	Share Warrants	Capital Reserve	Merger Reserve	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
At 27 July 2018	—	—	—	—	—	—	—
Total comprehensive expense for the period							
Loss for the period	—	—	—	—	—	(60.0)	(60.0)
Total comprehensive expense for the period	—	—	—	—	—	(60.0)	(60.0)
Transactions with owners, recorded directly in equity							
Issue of shares	2.1	—	—	—	—	—	2.1
Premium on issue of shares	—	352.3	—	—	—	—	352.3
Reduction of capital	—	—	—	—	(242.4)	242.4	—
Arising on share for share exchange	—	—	18.4	2.0	242.4	—	262.8
Exercise of share warrants	—	—	(18.4)	—	—	18.4	—
Total transactions with owners	2.1	352.3	—	2.0	—	260.8	617.2
At 31 December 2018	2.1	352.3	—	2.0	—	200.8	557.2

Notes to the 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 26 February 2020 and the Statement of Financial Position was signed on the Board's behalf by Dr Andrew Palmer. 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.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes ($400m and $190m 6.5%, $150m 12%, £230m and £55m at 5.75% which all mature in April 2022), a revolving credit facility (£80m) which matures January 2022, facilities to finance inventory, a number of back-to-back loans and a vehicle wholesale financing facility.

As explained in the letter from the Chair and in the CEO Q&A, 2019 was a challenging year for the Group and, following an operational and financial review, on 31 January 2020 the Group announced its intention to raise £500m by way of a placing of shares totalling £182m to a consortium led by Lawrence Stroll, and a rights issue of £318m. Receipt of the £500m is dependent upon sufficient shareholders voting in favour of the placing and rights issue at a General Meeting of the Company scheduled for 16 March 2020. At the date of approving these financial statements, the Company had irrevocable support from the major shareholders for the placing and rights issue but this was below the 75% needed for the proposals to be approved. Assuming the relevant resolutions are passed, and other formalities are consequently met, the rights issue is fully underwritten and committed.

Based on the reset business plan described on pages 14 and 15 the Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements. These forecasts assume that the £500m placing and rights issue funding is received in March and April 2020 and show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements.

The forecasts make assumptions in respect of future market conditions and, wholesale volumes, average selling price, the launch of new models including DBX and Valkyrie and the potential impact of Coronavirus on sales in China and the supply of components needed for production. The nature of the Group's business is that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility. The forecasts take into account these factors to an extent which the directors consider 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 also prepared a downside forecast which incorporates certain adverse sensitivities representing those key risks disclosed in the Strategic Report which the directors consider most likely to impact cash flows over the period of the forecast, including lower wholesale volumes as a result of trading or supply chain disruption, product launch delays and the non-renewal of financing facilities that mature in the period. In the event that these downsides materialise the Directors have considered the mitigating actions that could be taken including renewals of current financing, access to other financing and deferral of capital expenditure. If the Placing and Rights Issue were not to happen this downside could not be mitigated by other actions. As the Placing and Rights Issue is not guaranteed as it is subject to shareholder approval and is critical to the funding requirements of the Group, the directors consider this matter represents a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Despite the material uncertainty noted, the Directors are of the view that there is a reasonable expectation that the Rights Issue and Placing will proceed and that they can therefore conclude that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they can continue to adopt the going concern basis in preparing the financial statements. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

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 period ended 31 December 2019 (2018: £nil) in Other Comprehensive Income. The fee relating to the audit of these financial statements of £0.2m (2018: £0.2m) was borne by a subsidiary undertaking in the year.

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 IRFS as adopted by the EU.

FRS 101 sets out amendments to IFRS as adopted by the EU 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.

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.

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 2019 and 31 December 2019	**815.1**

	£m
Cost and net book value	
At 27 July 2018	—
Additions	815.1
At 31 December 2018	815.1

On 3 September 2018 the Company acquired the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with the existing shareholders.

The Company directly owns 100% of the share capital of Aston Martin Holdings (UK) Limited, a dormant company registered in England and Wales.

A full list of subsidiary and other related undertakings is given in note 33 of the Group Financial Statements.

4 Creditors: amounts falling due within one year

	2019	2018
	£m	£m
Amounts due to Group undertakings	**256.5**	257.9

5 Capital and reserves

	2019	2018
	£m	£m
Allotted, called up and fully paid		
228,002,890 ordinary shares of 0.00904p each	**2.1**	2.1

Share Premium

In the year ended 31 December 2018, share premium totalling £352.3m arose from the conversion of the preference shares into ordinary shares, £347.8m, and the issue of shares to the former directors of Aston Martin Holdings (UK) Limited, £4.5m.

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.

6 Post balance sheet events

See note 32 of the Group Financial Statement for disclosure of notable events subsequent to 31 December 2019.

Independent auditor's report

To the members of Aston Martin Lagonda Global Holdings plc

1. Our opinion is unmodified

We have audited the financial statements of Aston Martin Lagonda Global Holdings plc ("*the Company*") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Parent Company Statement of Financial Position, Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2.

In our opinion:

- 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 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("*ISAs (UK)*") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors for the year ended 31 December 2007, prior to the company becoming a public interest entity. The period of total uninterrupted engagement is for the 1 financial year ended 31 December 2018 as a public-interest entity and 12 years in total. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including in respect of the period since the company became a public interest entity the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality:	
Group financial statements as a whole	£3m (2017: £3m) 4.4% (2017: 4.1%) of normalised group profit before tax
Coverage	99% (2017: 95%) of Group loss before tax

Key audit matters		vs 2017
Recurring risks	Recognition of capitalised development costs	◀▶
	Impairment of capitalised development costs	▲
	Revenue recognition around the year end and bill and hold sales	◀▶
	Recoverability of parent company investment in subsidiaries	◀▶
Brexit driven	Brexit	▲
	Going concern	▲

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to pages 92 and 95 (Risk and Viability Report)	**Unprecedented levels of uncertainty:** All audits assess and challenge the reasonableness of estimates, in particular as described in recognition of capitalised development costs, impairment of capitalised development costs and recoverability of parent company investment in subsidiaries below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • **Sensitivity analysis:** When addressing recognition of capitalised development costs and impairment of capitalised development costs and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably

	The risk	Our response
	the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on recognition of capitalised development costs, impairment of capitalised development costs and recoverability of parent company investment in subsidiaries, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results** • As reported under recognition of capitalised development costs, impairment of capitalised development costs and recoverability of parent company investment in subsidiaries, we found the resulting estimates and related disclosures of intangibles, investments and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.
Subjective assessment of timing for meeting capitalisation criteria (£653 million; 2017: £511 million) Refer to pages 93 and 95 (Risk and Viability Report), page 113 (Audit and Risk Committee Report), page 165	**Accounting treatment:** Accuracy of costs capitalised must be assessed through ensuring compliance with the criteria of relevant accounting standards.	Our procedures included: • **Accounting analysis:** Assessing the Group's policy for the capitalisation of development costs against criteria in relevant accounting standards to assess whether the timing of

	The risk	Our response
(accounting policy) and page 178 (financial disclosures).		capitalisation of costs is appropriate. • **Testing application:** We select a sample of capitalised costs and agree to supporting documentation such as time recording records and purchase invoices to obtain confirmation that the cost is properly recorded from the point at which capitalisation is allowable in the standard. **Our results** • We found the level of capitalised development costs to be acceptable.
Impairment of capitalised development costs due to unprofitable projects (£nil; 2017: £nil) Refer to page 93 (Risk and Viability Report), page 113 (Audit and Risk Committee Report), page 166 (accounting policy) and page 179 (financial disclosures).	**Forecast-based valuation:** The value of development costs is supported by the future profitability of the vehicles to which they are attributed. An impairment assessment is carried out annually and when there is an indicator of impairment. The valuation assessment uses a net present value of forecast cash flows for each vehicle to which the capitalised costs relate.	Our procedures included: • **Our sector experience:** Assessing through consideration of our business understanding and assessment of specific projects and the associated cash flows, whether any trigger events have arisen which would indicate a possible impairment. • **Benchmarking assumptions:** Challenging the Group's valuation assumptions by comparing to externally derived data in relation to key inputs such as projected economic growth, discount rates. In addition to this, we looked at the level of competition in the luxury car market to assess whether the assumptions used appeared reasonable. • **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation.

	The risk	Our response
		Our results • We found the resulting estimate of the recoverable amount of capitalised development costs to be acceptable.
Revenue recognition around the year end and bill and hold sales (£1,097 million; 2017: £876 million) Refer to page 164 (accounting policy) and page 172 (financial disclosures).	**2018 year end sales:** There may be pressure on management to increase revenue as this is a key performance indicator of the Group and could be subject to internal and external targets which increases the risk of fraudulently recording fictitious revenues. Vehicles may be sold on a 'bill and hold' basis whereby revenue is recognised before delivery to the customer, and therefore there is a risk that revenue is not recognised in line with the inco terms of the dealership agreement, thus resulting in a potential cut off misstatement (whether caused by fraud error).	Our procedures included: • **Controls testing:** Reviewing the process for identifying completeness of sales made on a bill and hold basis. • **Tests of detail:** Testing, on a sample basis, whether specific revenue transactions around the year end have been recognised in the appropriate period by assessing whether the significant risks and rewards of ownership and control have passed, with reference to the nature of the products, the terms of sale within the associated contracts and the status of acceptance of the product. • **Tests of detail:** Considering whether a sample of credit notes issued after the year end should reduce revenue in the period and challenging those that do not by obtaining evidence that they relate to 2019 revenue items. • **Tests of detail:** Where vehicles have been sold using a bill and hold agreement, inspecting the supporting documentation and agreeing that this is signed by the customer and appropriately sets out that the vehicle was ready for sale, that control had passed and that the vehicle was in a saleable condition. • **Tests of detail:** Agreeing manual journals impacting the revenue financial statement caption to supporting documentation, in order to understand whether the transaction is

	The risk	Our response
		genuine and appropriately recognised. **Our results** • We found the recognition of revenue to be acceptable.
Going concern Refer to pages 94 and 95 (Risk and Viability Report), page 163 (accounting policy). Refer to pages 94 and 95 (Risk and Viability Report), page 163 (accounting policy).	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to adversely affect the Group's and Company's available financial resources over this period was the impact of Brexit on the Group's supply chain. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: • **Historical comparisons:** We compared management's forecasts for the financial year against actuals to understand how well management had budgeted. • **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. This included stress testing the facilities in place to assess the level of headroom available in the Group and the mitigating actions management could take in the event of a reduction in the financial resources of the Group. We considered whether the mitigating actions were reasonable and within the control of management. • **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosures in the financial statements. **Our results** We found the application of the going concern basis and disclosures to be acceptable.
Recoverability of parent company investment in subsidiaries (£815 million) Refer to page 208 (accounting policy) and page 209 (financial disclosures).	**Forecast-based valuation:** The carrying amount of the parent company's investments in subsidiaries represents 100% of the company's total assets. Their recoverability is not at a high risk of significant	Our procedures included: • **Tests of detail:** Comparing the carrying amount of the investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets,

	The risk	Our response
	misstatement or subject to significant judgement due to the value of the Group and the headroom in the Group impairment calculations. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit- making. • **Tests of detail:** Reviewing the market capitalisation of the group against the value of the parent company investment in the group to understand if there are any indications of impairment. • **Tests of detail:** Reviewing the value in use calculation performed by management against the value of the parent company investment in the group to understand if there are any indications of impairment. **Our results** • We found the resulting estimate of the recoverable amount of the parent company's investment in subsidiaries to be acceptable.

We continue to perform procedures over the valuation of defined benefit scheme obligations. However, following our revised risk assessment, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £3m (2017: £3m), determined with reference to a benchmark of Group profit before tax (of which it represents 4.4% (2017: 4.1%) normalised to exclude significant non-recurring items being £61m in relation to management/staff incentive costs, £62m in relation to preferential share costs, and £13m of bank/advisor fees related to the IPO, as disclosed in note 6. Last years profit before tax figure was normalised to exclude significant non- recurring items being £24 million gain on transition of pension scheme to CARE basis, and £13 million of costs in relation to bond issue. The group team performed procedures on the items excluded from normalised Group profit before tax.

Materiality for the parent company financial statements as a whole was set at £2.4m, determined with reference to a benchmark of company total assets, of which it represents 0.5%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £150,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 12 (2017: 11) reporting components, we subjected 7 (2017: 6) to full scope audits for group purposes and 1 (2017: 0) to specified risk-focused audit procedures over revenue. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. We conducted reviews of financial information (including enquiry) at a further 4 non-significant components to obtain an understanding of the activity in the year.

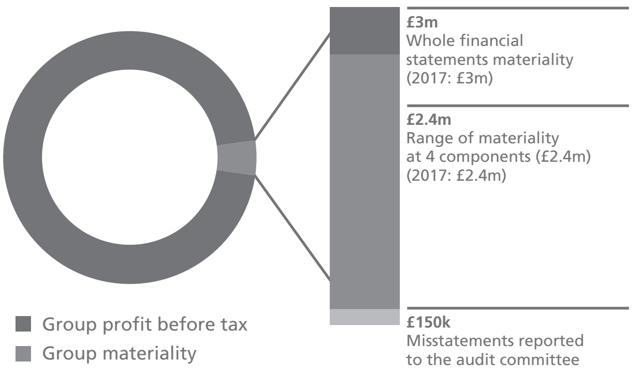
The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materiality, which was set at £2.4m for all components, having regard to the mix of size and risk profile of the Group across the components. The Group team visited 1 (2017: 1) component location in China (2017: China). Telephone conference meetings were also held with these component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The work on 1 of the 3 components (2017: 1 of the 3 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

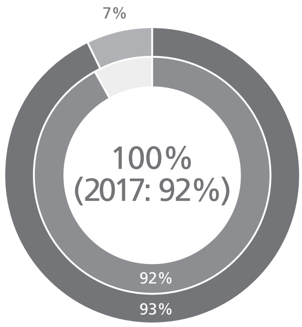
Normalised Group Profit before tax £68m (2017: £73m)

Group materiality £3m (2017: £3m)

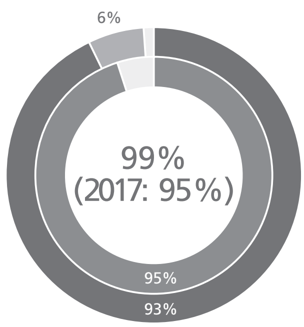


* Normalised as mentioned in narrative

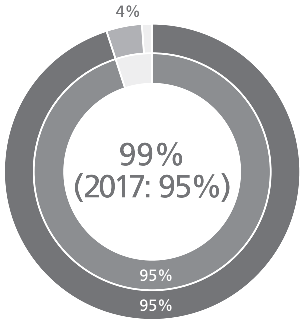
Group revenue



Group profit before tax based on absolute values



Group total assets



- Full scope for Group audit purposes 2018
- Specified risk-focused audit procedures 2018
- Full scope for Group audit purposes 2017
- Residual components

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("*the going concern period*").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

- if the same statement is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 95 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 148, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities — ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27 February 2019

Consolidated statement of comprehensive income for the year ended 31 December 2018

		2018			2017 *(restated **)*		
	Notes	Adjusted	Adjusting items*	Total	Adjusted	Adjusting items*	Total
		£m	£m	£m	£m	£m	£m
Revenue	3	**1,096.5**	—	**1,096.5**	876.0	—	876.0
Cost of sales		**(660.7)**	—	**(660.7)**	(496.2)	—	(496.2)
Gross profit		**435.8**	—	**435.8**	379.8	—	379.8
Selling and distribution expenses		**(89.8)**	—	**(89.8)**	(60.0)	—	(60.0)
Administrative and other expenses	6	**(219.1)**	**(74.1)**	**(293.2)**	(195.3)	24.3	(171.0)
Other income	5	**20.0**	—	**20.0**	—	—	—
Operating profit	4,6	**146.9**	**(74.1)**	**72.8**	124.5	24.3	148.8
Finance income	8	**4.2**	—	**4.2**	35.6	—	35.6
Finance expense	9	**(83.3)**	**(61.9)**	**(145.2)**	(87.0)	(12.9)	(99.9)
(Loss)/profit before tax		**67.8**	**(136.0)**	**(68.2)**	73.1	11.4	84.5
Income tax credit/(charge)	10	**0.6**	**10.5**	**11.1**	(3.6)	(4.1)	(7.7)
(Loss)/profit for the year		**68.4**	**(125.5)**	**(57.1)**	69.5	7.3	76.8
Earnings per ordinary share							
Basic	12			**(31.0p)**			38.3p
Diluted	12			**(31.0p)**			36.5p
(Loss)/profit attributable to:							
Owners of the group				**(62.7)**			74.2
Non-controlling interests				**5.6**			2.6
				(57.1)			76.8
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	27			**5.4**			2.9
Related income tax	10			**(0.9)**			(0.5)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				**0.7**			(0.7)
Fair value adjustment on cash flow hedges and secured loan, net of tax				**(23.5)**			—
Other comprehensive income for the period, net of income tax				**(18.3)**			1.7
Total comprehensive income for the period				**(75.4)**			78.5
Total comprehensive income for the period attributable to:							
Owners of the group				**(81.0)**			75.9
Non-controlling interests				**5.6**			2.6
				(75.4)			78.5

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in notes 6 and 9.

** The 2017 comparative period has been restated to reflect the adoption of IFRS 15 — see note 2.

The notes on pages 163 to 205 form an integral part of the financial statements.

Consolidated statement of changes in equity

Group	Share Capital	Share Premium	Share Warrants	Capital Reserve	Non-controlling Interest	Translation Reserve	Hedge Reserve	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2018 (restated — note 2)	—	353.7	18.5	94.1	7.6	1.6	—	(339.4)	136.1
Total comprehensive income for the period									
(Loss)/profit for the year	—	—	—	—	5.6	—	—	(62.7)	(57.1)
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	—	0.7	—	—	0.7
Fair value adjustment on cash flow hedges and secured loan	—	—	—	—	—	—	(27.0)	—	(27.0)
Income tax on fair value adjustment on cash flow hedges and secured loan	—	—	—	—	—	—	3.5	—	3.5
Remeasurement of defined benefit liability (note 27)	—	—	—	—	—	—	—	5.4	5.4
Dividend paid to non-controlling interest	—	—	—	—	(3.0)	—	—	—	(3.0)
Income tax on other comprehensive income (note 10)	—	—	—	—	—	—	—	(0.9)	(0.9)
Total other comprehensive income	—	—	—	—	(3.0)	0.7	(23.5)	4.5	(21.3)
Total comprehensive income for the period	—	—	—	—	2.6	0.7	(23.5)	(58.2)	(78.4)
Transactions with owners, recorded directly in equity									
Shares issued during the year	2.1	—	—	—	—	—	—	—	2.1
Share premium on shares issued	—	352.2	—	—	—	—	—	—	352.2
Capital reduction (note 28)	—	(353.6)	—	(87.5)	—	—	—	441.1	—
Exercise of share warrants (note 28)	—	—	(18.5)	—	—	—	—	18.5	—
Charge for the year under equity settled share based payments	—	—	—	—	—	—	—	24.1	24.1
Tax on items credited to equity	—	—	—	—	—	—	—	13.3	13.3
Total transactions with owners	2.1	(1.4)	(18.5)	(87.5)	—	—	—	497.0	391.7
At 31 December 2018	2.1	352.3	—	6.6	10.2	2.3	(23.5)	99.4	449.4

Group	Share Capital	Share Premium	Share Warrants	Capital Reserve	Non-controlling Interest	Translation Reserve	Hedge Reserve	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2017	—	368.8	18.5	94.1	5.0	2.3	—	(416.0)	72.7
Prior period adjustment (note 2)	—	(15.1)	—	—	—	—	—	—	(15.1)
At 1 January 2017 (restated)	—	353.7	18.5	94.1	5.0	2.3	—	(416.0)	57.6
Total comprehensive income for the period									
Profit for the year (restated)	—	—	—	—	2.6	—	—	74.2	76.8
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	—	(0.7)	—	—	(0.7)
Remeasurement of defined benefit liability (note 27)	—	—	—	—	—	—	—	2.9	2.9
Income tax on other comprehensive income (note 10)	—	—	—	—	—	—	—	(0.5)	(0.5)
Total other comprehensive income	—	—	—	—	—	(0.7)	—	2.4	1.7
Total comprehensive income for the period	—	—	—	—	2.6	(0.7)	—	76.6	78.5
Transactions with owners, recorded directly in equity (Prior period adjustment — note 2)	—	—	—	—	—	—	—	—	—
At 31 December 2017	—	353.7	18.5	94.1	7.6	1.6	—	(339.4)	136.1

Consolidated statement of financial position at 31 December 2018

	Notes	2018	2017 *restated*
		£m	**£m**
Non-current assets			
Intangible assets	13	**1,071.7**	930.7
Property, plant and equipment	15	**313.0**	243.9
Other receivables	19	**1.8**	2.1
Deferred tax asset	10	**123.1**	37.1
		1,509.6	1,213.8
Current assets			
Inventories	17	**165.3**	127.8
Trade and other receivables	19	**241.6**	115.7
Other financial assets	18	**0.1**	7.0
Cash and cash equivalents	20	**144.6**	167.8
		551.6	418.3
Total assets		**2,061.2**	1,632.1
Current liabilities			
Borrowings	23	**99.4**	13.5
Trade and other payables	21	**696.1**	483.1
Income tax payable		**4.9**	2.7
Other financial liabilities	22	**4.2**	18.2
Provisions	26	**10.8**	12.0
		815.4	529.5
Non-current liabilities			
Borrowings	23	**604.7**	827.4
Trade and other payables	21	**12.2**	17.7
Other financial liabilities	22	**4.4**	—
Employee benefits	27	**38.7**	46.9
Provisions	26	**25.4**	13.9
Deferred tax liabilities	10	**111.0**	60.6
		796.4	966.5
Total liabilities		**1,611.8**	1,496.0
Net assets		**449.4**	136.1
Capital and reserves			
Share capital	28	**2.1**	—
Share premium		**352.3**	353.7
Share warrants		**—**	18.5
Capital reserve		**6.6**	94.1
Translation reserve		**2.3**	1.6
Hedge reserve		**(23.5)**	—
Retained earnings		**99.4**	(339.4)
Equity attributable to owners of the group		**439.2**	128.5
Non-controlling interests		**10.2**	7.6
Total shareholders' equity		**449.4**	136.1

The financial statements were approved by the board of directors on 27 February 2019 and were signed on its behalf by:

Dr Andrew Palmer
President and Chief Executive Officer

Mark Wilson
Executive Vice President and Chief Financial Officer

Company Number: 11488166

Consolidated statement of cash flows for the year ended 31 December 2018

	Notes	2018	2017 *restated*
		£m	£m
Operating activities			
(Loss)/profit for the year		**(57.1)**	76.8
Adjustments to reconcile (loss)/profit for the year to net cash inflow from operating activities			
Tax on continuing operations	10	**(11.1)**	7.7
Net finance costs		**141.0**	64.3
Other non-cash movements		**13.3**	(25.1)
Loss/(profit) on sale of property, plant and equipment	4	**0.4**	(0.1)
Depreciation and impairment of property, plant and equipment	4,15	**32.4**	27.4
Amortisation and impairment of intangible assets	4,13	**67.6**	54.7
Difference between pension contributions paid and amounts recognised in Income Statement		**(3.8)**	(21.8)
Increase in inventories		**(37.5)**	(10.6)
Increase in trade and other receivables		**(122.4)**	(7.8)
Increase in trade and other payables		**197.7**	166.7
Movement in provisions	26	**10.0**	12.5
Cash generated from operations		**230.5**	344.7
Income taxes paid	10	**(7.9)**	(0.7)
Net cash inflow from operating activities		**222.6**	344.0
Cash flows from investing activities			
Interest received	8	**4.2**	3.1
Proceeds on the disposal of property, plant and equipment		**—**	0.2
Loan to shareholders		**—**	(5.6)
Payment to acquire subsidiary undertaking	16	**—**	(50.1)
Payments to acquire property, plant and equipment		**(101.9)**	(75.0)
Payments to acquire intangible assets		**(208.6)**	(219.2)
Net cash used in investing activities		**(306.3)**	(346.6)
Cash flows from financing activities			
Interest paid		**(42.2)**	(49.8)
Proceeds from equity share issue		**4.6**	—
Dividend paid to non-controlling interest		**(3.0)**	—
Movement in existing borrowings	23,24	**0.3**	(474.3)
New borrowings	23,24	**98.1**	606.1
Transaction fees on new borrowings	24	**—**	(12.1)
Net cash inflow from financing activities		**57.8**	69.9
Net (decrease)/increase in cash and cash equivalents	24	**(25.9)**	67.3
Cash and cash equivalents at the beginning of the year		**167.8**	101.7
Effect of exchange rates on cash and cash equivalents	24	**2.7**	(1.2)
Cash and cash equivalents at the end of the year		**144.6**	167.8

Notes to the financial statements for the year ended 31 December 2018

1 Basis of accounting

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("*Adopted IFRSs*"). In preparing the Parent Company Financial Statements the Company has applied the s408 of the Companies Act 2006 exemption allowing it to not present an individual Income Statement and related notes.

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 Sterling which is the Company's functional currency.

An overview of the business activities of Aston Martin Lagonda, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 26 to 57. The debt facilities available to the Group and the maturity profile of this debt is shown in note 23 of the financial statements.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes ($400m 6.5%, £230m and £55m at 5.75%) which mature in April 2022, a revolving credit facility (£80m) of which £10m was undrawn at 31 December 2018 which matures January 2022, facilities to finance inventory, back-to-back loans and a wholesale vehicle financing facility.

The amounts outstanding on all the borrowings are shown in note 23 to the financial statements.

The Directors have prepared trading and cash flow forecasts for the period to 2023 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date that these financial statements were approved.

The forecasts make assumptions in respect of future trading conditions and in particular, the launch of future models. 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 and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the Directors consider to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

The Group plans to make continued investment for growth in the next 12 months, 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, for instance, an extreme 'Brexit' scenario, actions such as constraining capital spending would be taken to safeguard its financial position.

The Directors have also prepared downside forecasts which incorporate certain adverse sensitivities which while not expected, still represent reasonably possible scenarios. In these forecasts the Group still has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date these financial statements are approved. The Directors have taken into account reasonably foreseeable 'Brexit' scenarios in concluding on the adequacy of the funds available to them in the forecast period.

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 therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

2 Accounting policies

Basis of consolidation

On 3 September 2018 the Company obtained control of the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with one share in the Company being exchanged for one share in Aston Martin Holdings (UK) Limited (see note 28).

Consequently, the Group incorporated the assets and liabilities of Aston Martin Holdings (UK) Limited at their pre-combination carrying amounts without fair value uplift from the first date presented in these financial statements. The opening equity balance as of 1 January 2017 reflects the equity of Aston Martin Holdings (UK) Limited. The share capital of £2.1m as of 31 December 2018 reflects the share capital of the Company.

Although the share for share exchange resulted in a change in legal ownership, in substance these Consolidated Financial Statements reflect the continuation of the pre-existing group headed by Aston Martin Holdings (UK) Limited. The transaction has been accounted for as a reverse acquisition in line with IFRS 3. The comparatives presented in these financial statements are the consolidated results of Aston Martin Holdings (UK) Limited. The prior year Consolidated Statement of Financial Position reflects the share capital structure of Aston Martin Holdings (UK) Limited. The current year Consolidated Statement of Financial Position presents the legal change in the ownership of the Group. The Consolidated Statement of changes in equity explains the impact of these transactions in more detail.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. 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. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

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 functional currency rate of exchange ruling at the reporting date. All differences are taken to the Income Statement, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in other comprehensive income.

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 directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income 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 wholesale and any anticipated retail discounts, rebates, 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 buyer, which is normally considered to be at the point of despatch to the dealer, distributor or any other party or when the vehicles are adopted by the dealer, distributor or other party. Control of a vehicle allows the buyer to direct the use of and obtain substantially all of the remaining benefits typically at the point of despatch. When despatch is deferred at the formal request of the buyer, revenue is recognised when the vehicle is ready for despatch and a written request to hold the vehicle until a specified delivery date has been received.

Where deposits have been taken for vehicles and the expected sale will take place in excess of one year from the deposit being taken, an imputed interest expense is calculated on the vehicle deposit to reflect the time value of money and held as a liability in the Statement of Financial Position. When the vehicles are sold, the liability is released and the revenue relating to these vehicle sales is credited to the Income Statement. Warranties are issued on new vehicles sold with no separate purchase option available to the customer. On this basis warranties are accounted for in accordance with IAS 37.

Sales of parts

Revenue from the sale of parts is generally recognised upon despatch to the dealer or any other party. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l, both indirect subsidiaries of the Company, revenue is recognised at the point of despatch to a buyer outside of the Group.

Servicing and restoration of vehicles and bodyshop sales

Income from servicing and restoration of vehicles and bodyshop sales is recognised as the services are completed.

Brands and motorsport

Income from brands and motorsport is recognised when the performance obligations under the contract have been fulfilled. Revenue in relation to these contracts is recognised either at a point in time or over a period of time in line with IFRS 15 according to the terms and performance obligations of the contract.

Other income

Other income consists of income not directly related to the main activities of the Group.

Finance income

Finance income comprises interest receivable on funds invested calculated using the effective interest rate method, net interest income on the net defined benefit liability or asset and gains on financial instruments that are recognised in the Income Statement.

Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit liability or asset, losses on financial instruments that are recognised in the Income Statement and net losses on financial liabilities measured at amortised cost.

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 in the Group's ordinary course of business. Current assets also include assets classified as held for sale. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled as part of the Group's normal course of business and those liabilities due within one year from the reporting date. 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 Limited as there are no smaller groups of assets that can be identified with certainty which generate specific cash flows that are 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 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

All business combinations are accounted for by applying the acquisition method. 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. It is 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.

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 all of the following criteria have been met:

- The project's technical feasibility and commercial viability, based on management judgement derived from estimated future cashflows, can be demonstrated when the project has reached a defined milestone according to the Group's established product development model;
- the availability of adequate technical and financial resources for the project;
- an intention to complete the project has been confirmed; and
- the correlation between development costs and future revenues has been established.

See note 13 for further detail.

Technology

Patented and unpatented technology acquired in business combinations is valued using the cost approach. The value is determined using the substitution principle by adjusting the actual costs incurred by the loss due to obsolescence at the date of acquisition of Aston Martin Lagonda Group Limited. The obsolete element is determined by reference to the proportion of the product life cycle 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 Q Commissions, 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 or Aston Martin Italy S.r.l. To the extent that the Group benefits from the network as its only means of distribution, 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 with charges included in the Income Statement as follows:

	Years
Purchased intellectual property	5
Brands	Indefinite life
Development costs	1 to 10
Technology	10
Dealer network	20

The useful lives and residual values of capitalised development costs are determined by management at the time of capitalisation and are reviewed annually for appropriateness and recoverability. The lives are based on historic similar assets as well as anticipated future events which may have an impact on their useful life.

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 and includes 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, machinery, fixtures, fittings and tooling	3 to 30
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.

No depreciation is provided on freehold land.

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 or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Income Statement in the period of derecognition.

Investments in subsidiaries

The Company recognises investments in subsidiaries at cost in its individual Financial Statements. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

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 in a category appropriate to the function.

For goodwill and brands that have an indefinite life, and capitalised development costs not yet available for use, recoverable amount is estimated annually or more frequently 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 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 in prior periods. A reversal of an impairment loss is recognised in the Income Statement as income immediately.

Impairment losses recognised on goodwill cannot be reversed.

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

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.

Leases

Operating lease payments

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

Cash and cash equivalent

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks, in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Where consignment and deposit monies have been received from customers or dealers, these are included in trade and other payables and released to the Income Statement on completion of the sale. The financial liability on deposits is derecognised when the entity does not have any obligation with respect to these deposits.

Derivative financial instruments

Derivative financial assets and liabilities are recognised on 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 and financing activities. Movements in the fair value of foreign exchange derivatives are recognised in finance income or expense and realised gains and losses in cost of sales in the Income Statement, with movements in the fair value of interest rate derivatives taken through finance income or finance expense, as appropriate. 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.

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.

Derivative financial assets

A derivative financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A derivative financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Trade and other payables

Trade and other payables are recognised and carried at their original invoiced value. Payables are not discounted to take into account the time value of money, as the effect is immaterial.

Hedge accounting

Cash flow hedge

Where a derivative is designated and qualifies as a hedge of a foreign transaction, any effective portion of the change in fair value is recognised in equity. Any ineffective portion is recognised in the Income Statement. Amounts accumulated in equity are recycled to the Income Statement in the period when the hedged item affects the Income Statement.

Financial Liability as a hedge

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

Preference shares

Preference shares are initially recognised at fair value at the date of issue and thereafter carried at amortised cost.

The classification of preference shares between debt and equity is based on an assessment of the substance of their contractual arrangements and the definition of a financial liability and an equity instrument.

Preference shares that exhibit characteristics of a liability are recognised as a liability in the Statement of Financial Position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the Income Statement.

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 cost and redemption value being recognised in the Income Statement 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. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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 (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined benefit asset or liability, taking into account 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 share-based awards granted to employees is recognised as an employee expense, 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 the actual number of shares awarded when the related service and non-market vesting conditions are met.

Warranty and service plan provision

The Group provides product warranties on all new vehicle sales and service plans on certain new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions are made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall campaigns. These assessments are based on experience of 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.

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, in which case it is recognised in Other Comprehensive Income.

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.

Deferred income 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 income 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, based on tax rates and laws enacted or substantively enacted at the reporting date.

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. The tax effect is also included.

Details in respect of adjusting items recognised in the current and prior year are set out in notes 6 and 9 to the Financial Statements.

Critical accounting assumptions and key sources of estimation uncertainty

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 the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the recognition of deferred tax assets.

Management apply judgement in determining the point in the vehicle development life cycle that the criteria under IAS 38 are satisfied.

Based on future profit forecasts management have exercised judgement and determined that all tax losses and other timing differences will reverse in the foreseeable future crystallising the benefit of the deferred tax assets.

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 as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill); and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value which includes the estimation of future cash flows and choosing a suitable discount rate (see note 14). The result of the calculation of the value in use is sensitive to the assumptions made and is a subjective estimate.

The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty which generate specific cash flows that are independent of the inflows generated by other assets or groups of assets.

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 27 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 (see note 27).

Prior year restatement

In 2013 Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., acquired an equity interest in the group for a consideration of £150.0m. The agreement provided for a potential partial refund of this consideration or the issue of additional ordinary shares, dependent upon the average deficit of the defined benefit pension scheme over the four year period to June 2017. In the event a refund of £15.1m was made to Prestige Motor Holdings S.A with £5.6m paid in 2017 and £9.5m paid in 2018. The Group's share premium account at 1 January 2017 and therefore 1 January 2018 has been restated by £15.1m to reflect the total adjustment.

The £5.6m is shown as a receivable from shareholder at 31 December 2017 as this liability could not be settled until completion of the capital reduction undertaken during 2018 as distributable reserves were required to allow such settlement.

The impact on the Group Consolidated Financial Statements is:

As at 31 December 2017	**£m**
Other financial assets before correction	1.4
Other financial assets as restated in the Consolidated Statement of Financial Position and note 18	7.0
	5.6
Other financial liabilities before correction	(3.1)
Other financial liabilities as restated in the Consolidated Statement of Financial Position and note 22	(18.2)
	(15.1)
Impact on Net assets	**(9.5)**
Share premium before correction	368.8
Share premium as restated in the Consolidated Statement of Financial Position	353.7
	(15.1)
Transactions with owners, recognised directly in equity before correction	(5.6)
Transactions with owners, recognised directly in equity as restated in the Consolidated Statement of Financial Position	—
	5.6
Impact on equity attributable to owners of the Group	**(9.5)**

There is no impact on the 2017 Income Statement, earnings per share or retained earnings as a result of this prior year adjustment.

New accounting standards

In 2018 the following standards and amendments were endorsed by the EU, became effective and hence have been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Share Based Payments (amendments to)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15 covering:

- incentives
- deposits
- servicing
- warranty
- bill and hold
- restoration work
- barter arrangements
- residual value guarantees
- separate performance obligations

The impact on the results of the Group for 2017 and 2018 is the recognition of an interest expense on customer deposits held for a period in excess of one year. IFRS 15 did not have a material impact on the Group's accounting policies with respect to the timing of revenue recognition.

The Group has imputed an interest expense on deposits held for greater than 12 months to reflect the time-value of the funds at the Group's cost of borrowing. This deposit is held as a liability in the Statement of Financial Position with the imputed interest charged to the Income Statement within finance expenses. When the vehicles are sold, the liability will be released and the revenue relating to these vehicle sales will be credited to the Income Statement. The Group has fully retrospectively adopted the standard for 2017.

The following tables summarise the impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2017, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected.

Consolidated statement of financial position

As at 31 December 2017 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As restated
Trade and other payables (note 21)	480.9	2.2	483.1

Consolidated income statement

For the year ended 31 December 2017 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As restated
Finance expense (note 9)	(97.7)	(2.2)	(99.9)
Profit before tax	86.7	(2.2)	84.5
Basic earnings per share	39.4p	(1.1p)	38.3p
Diluted earnings per share	37.6p	(1.1p)	36.5p

Consolidated statement of cash flows

For the year ended 31 December 2017 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As restated
Profit for the year	79.0	(2.2)	76.8
Other non-cash movements	(27.3)	2.2	(25.1)

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

The impact of adopting IFRS 15 on the Group's Consolidated Statement of Financial Position as at 31 December 2018, its Consolidated Income Statement and Consolidated Statement of Cash Flows for the year then ended for each of the line items affected is detailed below.

Consolidated statement of financial position

As at 31 December 2018 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As reported
Trade and other payables (note 21)	**690.5**	**5.6**	**696.1**

Consolidated income statement

For the year ended 31 December 2018 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As reported
Finance expense (note 9)	**(139.6)**	**(5.6)**	**(145.2)**
Loss before tax	**(62.6)**	**(5.6)**	**(68.2)**
Basic earnings per share	**(28.2p)**	**(2.8p)**	**(31.0p)**
Diluted earnings per share	**(28.2p)**	**(2.8p)**	**(31.0p)**

Consolidated statement of cash flows

For the year ended 31 December 2018 £m	Pre-adoption of IFRS 15	IFRS 15 Adjustment	As reported
Loss for the year	**(51.5)**	**(5.6)**	**(57.1)**
Other non-cash movements	**7.7**	**5.6**	**13.3**

No significant deposits were held for periods in excess of one year prior to 2017 and therefore there is no restatement to retained earnings at 1 January 2017.

There is no impact on the non-controlling interest for the periods ending 31 December 2018 and 31 December 2017.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments became effective on 1 January 2018 and the Group has adopted the standard from this date. The Group meets requirements for adopting hedge accounting in certain scenarios.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group had no hedging relationships designated under IAS 39 at 31 December 2017.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The need for designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through Profit or Loss.
- Changes to hedge accounting policies have been applied prospectively.
- There is no impact on the 2017 comparative Earnings per Share as a result of adopting IFRS 9.

From 1 January 2018, changes in the fair value of financial assets and liabilities are now included in the Other Comprehensive Income and the hedging reserve whereas previously they were included in finance interest or expense within the Income Statement.

Changes in the fair value of foreign currency contracts and the US Dollar denominated loan, to the extent determined to be an effective hedge, will be shown within Other Comprehensive Income and reserves as a hedge reserve, with the respective financial liability shown in the Consolidated Statement of Financial Position.

The Group has adopted the simplified approach to credit losses relating to trade receivables. Having used a lifetime expected loss allowance for all amounts not covered by the Group's trade receivable insurance policy there has been no material change to the Group Consolidated Financial Statements (see note 23).

IFRS 2 Share based payments (amendments to)

The adoption of IFRS 2 'Share Based Payments (amendments to)' has not had a material impact on the Group.

The following standards and interpretations, which were endorsed but not effective at 31 December 2018 and have not been early adopted by the Group, will be adopted in future accounting periods:

IFRS 16 Leases (effective 1 January 2019)

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will apply the exemptions for short-term leases and leases of low value items and has chosen to adopt the modified retrospective approach.

The Group has assessed the impact of IFRS 16 and expects to recognise a right-of-use asset of c.£86m in the Statement of Financial Position at 1 January 2019 with a reduction in accruals due to lease incentives received from the lessor, and a lease liability of c.£118m. It is estimated that a corresponding right-of-use depreciation charge of c.£11m and a lease liability interest charge of c.£5m will be recognised in the 2019 Consolidated Income Statement in place of a 2019 estimated IAS 17 operating lease charge of c.£12m (2018: £10m).

Significant lease incentive payments received will be deducted from the value of the right-of-use asset with a corresponding entry to deferred income.

Lease payments for short-term leases, low-value assets and variable lease payments have not been included in the measurement of the lease liability and will be classified in the Statement of Consolidated Cash Flows as cash flows from operating activities. The principal portion of the lease payments will be recognised within cash flows from financing activities and the interest portion within cash flows from operating activities.

Management have implemented new processes and procedures throughout the Group to ensure compliance with the new accounting standard.

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 operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles, as well as the servicing and sale of related parts from which the Group derives its revenues. The Group has only one operating segment, so no separate segment reporting is given.

Revenue	2018	2017
	£m	£m
Analysis by category		
Sale of vehicles	**1,010.7**	810.1
Sale of parts	**61.1**	56.0
Servicing of vehicles	**14.6**	9.9
Brands and motorsport	**10.1**	—
	1,096.5	876.0

Revenue	2018	2017
	£m	£m
Analysis by geographic location		
United Kingdom	**255.4**	227.9
The Americas	**305.7**	242.1
Rest of Europe, Middle East & Africa	**247.1**	201.2
Asia Pacific	**288.3**	204.8
	1,096.5	876.0

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

As at 31 December 2018	Property, Plant and equipment	Goodwill	Intangible Assets	Other Receivables	Total
	£m	£m	£m	£m	£m
United Kingdom	**310.1**	**84.8**	**967.9**	—	**1,362.8**
The Americas	**0.1**	—	—	—	**0.1**
Rest of Europe	**2.7**	—	**19.0**	**1.8**	**23.5**
Asia Pacific	**0.1**	—	—	—	**0.1**
	313.0	**84.8**	**986.9**	**1.8**	**1,386.5**

As at 31 December 2017	Property, Plant and equipment	Goodwill	Intangible Assets	Other Receivables	Total
	£m	£m	£m	£m	£m
United Kingdom	240.4	84.8	825.1	—	1,150.3
The Americas	0.1	—	—	—	0.1
Rest of Europe	2.8	—	20.8	2.1	25.7
Asia Pacific	0.6	—	—	—	0.6
	243.9	84.8	845.9	2.1	1,176.7

4 Operating profit

The Group operating profit is stated after charging/(crediting):

		2018	2017
		£m	£m
Depreciation and impairment of property, plant and equipment (note 15)		**32.4**	27.4
Amortisation and impairment of intangible assets (note 13)		**67.6**	54.7
Loss/(profit) on sale of property, plant and equipment		**0.4**	(0.1)
Provision for the impairment of trade receivables (note 23)		**0.1**	—
Net foreign currency differences		**1.7**	3.8
Cost of inventories recognised as an expense		**552.9**	435.9
Write-down of inventories to net realisable value		**1.1**	1.9
Operating lease payments (gross of sublease receipts)			
	• Land and buildings	**7.5**	5.3
	• Plant and machinery	**2.2**	1.6
Operating sublease receipts	• Land and buildings	**(0.3)**	(0.3)
Auditor's remuneration:			
	• Audit of these financial statements	**0.2**	—
	• Audit of financial statements of subsidiaries pursuant to legislation	**0.3**	0.2
	• Taxation compliance	**0.3**	0.4
	• Taxation advisory services	**0.6**	—
	• Other corporate finance services	**1.0**	—
	• All other services	**0.2**	0.6
Research and development expenditure recognised as an expense		**11.5**	11.1
Research and development expenditure is further analysed as follows:			
Total research and development expenditure		**213.8**	224.4
Capitalised research and development expenditure (note 13)		**(202.3)**	(213.3)
Research and development expenditure recognised as an expense		**11.5**	11.1

5 Other income

	2018	2017
	£m	£m
Sale of intellectual property	**20.0**	—

During the year ended 31 December 2018 other income of £20.0m was recognised from the sale of certain legacy intellectual property.

6 Adjusting items

	2018	2017 restated
	£m	£m
Adjusting operating expenses:		
Initial Public Offering costs:		
Staff incentives	**(61.2)**	—
Professional fees	**(12.9)**	—
	(74.1)	—
Past service pension benefit	**—**	24.3
Adjusted items before tax	**(74.1)**	24.3
Tax on adjusting items	**10.5**	(4.1)
Adjusted items after tax	**(63.6)**	20.2

On 8 October 2018 the Company listed on the London Stock Exchange for which costs of £74.1m were incurred.

In 2017 the benefits provided by the defined benefit pension scheme were agreed to change from being based on final salary to benefits based on career average revalued earnings (CARE) which resulted in a past service pension benefit.

7 Staff costs and directors' emoluments

	2018	2017
	£m	£m
(a) Staff costs (including directors)		
Wages and salaries[1]	**164.6**	93.8
Social security costs[1]	**32.3**	9.9
Expenses related to post-employment defined benefit plan	**8.2**	12.4
Contributions to defined contribution plans	**6.3**	3.7
	211.4	119.8

1. Includes £61.2m of Initial Public Offering related staff incentive costs incurred during the year ended 31 December 2018.

The average monthly number of employees during the years ended 31 December 2018 and 31 December 2017 were:

By activity	2018 Number	2017 Number
Production	**1,024**	827
Selling and distribution	**265**	227
Administration	**974**	699
	2,263	1,753

	2018	2017
	£m	£m
(b) Directors' emoluments and transactions		
Directors' emoluments	**3.5**	—
Company contributions to pension schemes	**0.1**	—
Gains on the exercise of share options (legacy LTIP)[2]	**40.8**	—

2. This amount comprises the figures disclosed in the Legacy LTIP section of the Directors' Remuneration Report on page 136 relating to those shares exercised in the period not the shares subject to lock up arrangements, as follows. Dr Palmer received 3,273,830 shares (1.4% of the issued share capital) of which 1,538,701 were sold immediately upon Admission (at £19 per share, £29,235,319 in aggregate) to settle tax and national insurance due. Of the remaining shares, Dr Palmer was permitted to sell 347,024 shares (20%) and retain the proceeds (being £6,593,456). The balance of 1,388,105 shares (having an aggregate value at the IPO share price of £19 per share, of £26,373,995) are subject to lock-up arrangements (see below). Mr Wilson received 458,336 shares (0.2% of the issued share capital) of which 215,418 were sold immediately upon Admission (at £19 per share, £4,092,942 in aggregate) to settle tax and national insurance due. Of the remaining shares, Mr Wilson was permitted to sell 48,583 shares (20%) and retain the proceeds (being £923,077). The balance of 194,335 shares (having an aggregate value at the IPO share price of £19 per share, of £3,692,365) are subject to lock-up arrangements.

As the company was incorporated on 27 July 2018 there are no comparative figures for 2017.

Further information relating to directors' remuneration is set out in the Directors' Remuneration Report on pages 118 to 143.

	2018	2017
	£m	£m
(c) Compensation of key management personnel (including directors)		
Short-term employee benefits	**8.0**	7.5
Share related awards	**28.6**	—
Post-employment benefits	**0.3**	0.4
	36.9	7.9

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Compensation for loss of office payments included above amounted to £nil (2017: £nil).

All of the directors benefited from qualifying third party indemnity provisions.

8 Finance income

	2018	2017
	£m	£m
Bank deposit and other interest income	**4.2**	3.1
Net gain on financial instruments recognised at fair value through the Income Statement	**—**	7.6
Net foreign exchange gain	**—**	24.9
Total finance income	**4.2**	35.6

9 Finance expense

	2018	2017 restated
	£m	£m
Bank loans and overdrafts	**44.6**	45.1
Net interest expense on the net defined benefit liability	**1.1**	1.8
Interest on preference shares classified as financial liabilities	**32.0**	37.9
Interest on long-term deposits held (note 2)	**5.6**	2.2
Finance expense before adjusting items	**83.3**	87.0
Adjusted finance expense items:		
Premium paid on the redemption of preference shares	**46.8**	—
Preference share fee write-off	**15.1**	—
Loan interest on the redemption of Senior Secured Loan notes and Senior Subordinated PIK notes	**—**	10.5
Write-off of capitalised arrangement fees on Senior Secured Loan notes and Senior Subordinated PIK notes	**—**	2.4
Total finance expense	**145.2**	99.9

10 Tax expense on continuing operations

Current tax (credit)/charge	2018	2017
	£m	£m
UK corporation tax on profits	**1.3**	3.1
Overseas tax	**6.4**	1.4
Prior period movement	**0.9**	—
Total current income tax charge	**8.6**	4.5
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	**(13.5)**	4.2
Prior period movement	**(6.2)**	(1.0)
Total deferred tax (credit)/charge	**(19.7)**	3.2
Total tax (credit)/charge in the Income Statement	**(11.1)**	7.7
Tax relating to items charged in other comprehensive income		
Deferred tax		
Actuarial gains on defined benefit pension plan	**0.9**	0.5
Fair value adjustment on cash flow hedges	**(3.5)**	—
	(2.6)	0.5
Tax relating to items charged in equity		
Deferred tax		
Share based payments	**(13.3)**	—

(b) Reconciliation of the total tax (credit)/charge

The tax (credit)/charge in the Consolidated Statement of Comprehensive Income for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

		2018		2017 restated
		£m		£m
(Loss)/profit from operations before taxation		**(68.2)**		84.5
(Loss)/profit on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**19.00%**	**(13.0)**	19.25%	16.3
Difference to current tax (credit)/charge due to effects of:				
Recognition of previously unrecognised tax losses		**(18.9)**		(13.0)
Expenses not deductible for tax purposes		**21.3**		8.6
Adjustments in respect of prior periods		**(5.3)**		(1.0)
Effect of change in tax laws		**(0.1)**		(2.3)
Difference in overseas tax rates		**1.5**		(0.9)
Other		**3.4**		—
Total tax (credit)/charge		**(11.1)**		7.7

The adjustments in respect of prior periods for 2018 primarily related to additional tax allowances claimed in the tax return for 2017 which were not assumed at the time of preparing the 31 December 2017 financial statements. The previously unrecognised tax losses relate to losses that became available for utilisation following the group reorganisation prior to the Initial Public Offering.

(c) Tax paid

Total net tax paid during the year of £7.9m (2017: £0.7m) comprises £7.7m (2017: £0.7m) paid in respect of operating activities and £0.2m (2017: £nil) paid in respect of investing activities. A reconciliation of tax paid to the current tax credit in the Income Statement follows:

	2018	2017
	£m	£m
Current tax credit in the Income Statement	**(8.6)**	(4.5)
Total current tax charge	**(8.6)**	(4.5)
Timing differences of cash tax paid and foreign exchange differences	**0.7**	5.2
Tax paid per cash flow	**7.9**	0.7
Cash tax rate on total profits	**n/a**	0.9%

(d) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2018 have been calculated based on this rate.

(e) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018	Assets 2017	Liabilities 2018	Liabilities 2017
	£m	£m	£m	£m
Property, plant and equipment	**(49.3)**	—	**—**	8.8
Intangible assets	**—**	—	**111.0**	51.8
Employee benefits	**(6.6)**	(8.0)	**—**	—
Provisions	**(0.6)**	(1.4)	**—**	—
Interest deductible in future periods	**(7.6)**	—	**—**	—
Losses	**(59.0)**	(27.7)	**—**	—
Tax (assets)/liabilities	**(123.1)**	(37.1)	**111.0**	60.6
Set off of tax liabilities/(assets)	**111.0**	37.1	**(111.0)**	(37.1)

Movement in deferred tax in 2018

	1 January 2018	Recognised in income and OCI	Recognised in equity	Acquisition of subsidiary	31 December 2018
	£m	£m	£m	£m	£m
Property, plant and equipment	**8.8**	**(58.1)**	**—**	**—**	**(49.3)**
Intangible assets	**51.8**	**59.2**	**—**	**—**	**111.0**
Employee benefits	**(8.0)**	**1.4**	**—**	**—**	**(6.6)**
Provisions	**(1.4)**	**0.8**	**—**	**—**	**(0.6)**
Interest deductible in future periods	**—**	**(7.6)**	**—**	**—**	**(7.6)**
Losses	**(27.7)**	**(18.0)**	**(13.3)**	**—**	**(59.0)**
	23.5	**(22.3)**	**(13.3)**	**—**	**(12.1)**

Movement in deferred tax in 2017

	1 January 2017	Recognised in income and OCI	Recognised in equity	Acquisition of subsidiary	31 December 2017
	£m	£m	£m	£m	£m
Property, plant and equipment	(0.3)	9.1	—	—	8.8
Intangible assets	42.6	(0.2)	—	9.4	51.8
Employee benefits	(11.9)	3.9	—	—	(8.0)
Provisions	(1.7)	0.3	—	—	(1.4)
Losses	(18.2)	(9.5)	—	—	(27.7)
	10.5	3.6	—	9.4	23.5

Deferred tax assets have not been recognised in respect of the following items:

	2018	2017
	£m	£m
Tax losses	—	18.9

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are probable.

11 Dividends

No dividends have been paid or proposed during either the year ended 31 December 2018 or the year ended 31 December 2017.

12 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the (loss)/profit for the year available for equity holders by the weighted average number of ordinary shares in issue in the year. See note 28 for detail on the ordinary share movements as part of the initial public offering process during the year ended 31 December 2018.

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.

Information concerning non-GAAP measures can be found in note 34.

Continuing and total operations	**2018**	**2017 restated**
Basic earnings per ordinary share		
(Loss)/profit available for equity holders (£ m)	**(62.7)**	74.2
Basic weighted average number of ordinary shares (million)	**202.1**	193.8
Basic earnings per ordinary share (pence)	**(31.0p)**	38.3p
Diluted earnings per ordinary share		
(Loss)/profit available for equity holders (£ m)	**(62.7)**	74.2
Diluted weighted average number of ordinary shares (million)	**202.1**	203.2
Diluted earnings per ordinary share (pence)	**(31.0p)**	36.5p

	2018 Number	2017 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares[1] (million)	**202.1**	193.8
Adjustments for calculation of diluted earnings per share[2]:		
Options[3]	—	1.3
Warrants	—	8.1
Weighted average number of ordinary shares and potential ordinary shares (million)	**202.1**	203.2

1. Additional ordinary shares issued as a result of the share split conducted in 2018 (see note 28), have been incorporated in the earnings per share calculation in full without any time apportionment.
2. The adjustments made in calculating the weighted average number of ordinary and potential ordinary shares have been increased to reflect the share split in full without any time apportionment in the comparative period.
3. The number of options disclosed in the year ended 31 December 2017 does not include the ordinary shares awarded under the executive legacy Long Term Incentive Plan in 2018. The vesting condition at the year ended 31 December 2017 was not considered probable in accordance with IFRS 2.

Adjusted earnings per share is disclosed in note 34 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

13 Intangible assets

	Brands	Technology	Dealer Network and Other	Deferred Development Cost	Goodwill	Total
	£m	£m	£m	£m	£m	£m
Cost						
Balance at 1 January 2017	242.6	21.2	59.2	616.5	85.4	1,024.9
Additions	—	—	5.9	213.3	—	219.2
Acquisitions (note 16)	55.0	—	4.4	—	—	59.4
Disposals	—	—	(1.5)	—	—	(1.5)
Balance at 31 December 2017	297.6	21.2	68.0	829.8	85.4	1,302.0
Balance at 1 January 2018	**297.6**	**21.2**	**68.0**	**829.8**	**85.4**	**1,302.0**
Additions	**—**	**—**	**6.3**	**202.3**	**—**	**208.6**
Balance at 31 December 2018	**297.6**	**21.2**	**74.3**	**1,032.1**	**85.4**	**1,510.6**
Amortisation						
Balance at 1 January 2017	—	0.5	47.9	269.2	0.5	318.1
Amortisation for the year	—	1.9	3.6	49.1	0.1	54.7
Disposals	—	—	(1.5)	—	—	(1.5)
Balance at 31 December 2017	—	2.4	50.0	318.3	0.6	371.3
Balance at 1 January 2018	**—**	**2.4**	**50.0**	**318.3**	**0.6**	**371.3**
Amortisation for the year	**—**	**1.9**	**5.1**	**60.6**	**—**	**67.6**
Balance at 31 December 2018	**—**	**4.3**	**55.1**	**378.9**	**0.6**	**438.9**
Net book value						
At 1 January 2017	242.6	20.7	11.3	347.3	84.9	706.8
At 31 December 2017	297.6	18.8	18.0	511.5	84.8	930.7
At 1 January 2018	**297.6**	**18.8**	**18.0**	**511.5**	**84.8**	**930.7**
At 31 December 2018	**297.6**	**16.9**	**19.2**	**653.2**	**84.8**	**1,071.7**

The automotive Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited at £242.6m has been identified as having an indefinite life due to the long history and wide recognition of the brand.

The fair value of the remaining rights to the brand acquired in December 2017 was £59.4m (see note 16).

Dealer Network and Other intangible assets of £19.2m (2017: £18.0m) include £6.7m (2017: £7.2m) relating to the dealer network, £6.6m relating to software development (2017: £4.3m), £4.0m relating to the right of use of a trade mark "*Aston Martin*" for automotive activities (2017: £4.3m) and £1.9m relating to other items (2017: £2.2m).

Goodwill of £85.4m (2017: £85.4m) relates to the following: £84.1m (2017: £84.1m) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. £0.4m (2017: £0.4m) results from the acquisition of AMWS Limited, the parent company of Aston Martin Works Limited in 2014. £0.9m (2017: £0.9m) results from a transfer-in when Aston Martin Works Limited became part of the Group in 2014.

14 Impairment testing of goodwill and other intangible fixed assets with indefinite useful lives

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash generating unit — the Aston Martin Lagonda Group Limited business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes. Furthermore, there are no smaller groups of assets that can be identified with certainty which generate specific cash flows that are independent of the inflows generated by other assets or groups of assets.

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

Key assumptions used in value-in-use calculations

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

Cash flows were projected based on actual operating results and the five-year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% per annum. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and current business strategy.

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 it operates. The post-tax discount rate used was 8.8% (2017: 12.3%)1. An exchange rate of $1.40/£ has been used in the forecast.

Sensitivity analysis

- the post-tax discount rate would need to increase to 16.7% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the five-year plan would need to be a decline of 13.0% in order for the assets to become impaired
- the exchange rate would need to increase to $1.88/£ (with all other currencies moving against the £ in line with the $) in order for the assets to become impaired.

1. The post-tax discount rate used for the period ended 31 December 2018 reflects the capital structure of the Group post initial public offering.

15 Property, plant and equipment

	Freehold land and Buildings	Plant, machinery, fixtures, fittings and tooling	Motor Vehicles	Total
	£m	£m	£m	£m
Cost				
Balance at 1 January 2017	68.5	413.8	0.7	483.0
Additions	—	74.9	0.1	75.0
Disposals	—	—	(0.1)	(0.1)
Effect of movements in exchange rates	0.1	0.1	—	0.2
Balance at 31 December 2017	68.6	488.8	0.7	558.1
Balance at 1 January 2018	**68.6**	**488.8**	**0.7**	**558.1**
Additions	**0.1**	**101.7**	**0.1**	**101.9**
Disposals	**—**	**(0.6)**	**(0.1)**	**(0.7)**
Effect of movements in exchange rates	**—**	**0.1**	**—**	**0.1**
Balance at 31 December 2018	**68.7**	**590.0**	**0.7**	**659.4**
Depreciation				
Balance at 1 January 2017	20.6	265.9	0.2	286.7
Charge for the year	2.3	25.1	—	27.4
Disposals	—	—	—	—
Effect of movements in exchange rates	0.1	—	—	0.1
Balance at 31 December 2017	23.0	291.0	0.2	314.2
Balance at 1 January 2018	**23.0**	**291.0**	**0.2**	**314.2**
Charge for the year	**2.3**	**30.1**	**—**	**32.4**
Disposals	**—**	**(0.3)**	**—**	**(0.3)**
Effect of movements in exchange rates	**—**	**0.1**	**—**	**0.1**
Balance at 31 December 2018	**25.3**	**320.9**	**0.2**	**346.4**
Net book value				
At 1 January 2017	47.9	147.9	0.5	196.3
At 31 December 2017	45.6	197.8	0.5	243.9
At 1 January 2018	**45.6**	**197.8**	**0.5**	**243.9**
At 31 December 2018	**43.4**	**269.1**	**0.5**	**313.0**

Property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the Senior Secured Notes.

Assets in the course of construction at a cost of £nil (2017: £nil) are included within land and buildings. Assets in the course of construction at a cost of £51.1m (2017: £52.9m) are included within plant and machinery.

Capital expenditure contracts to the value of £94.2m have been placed but not provided for as at 31 December 2018 (2017: £58.5m).

The carrying value of property, plant and equipment held under finance leases at 31 December 2018 was £nil (2017: £nil).

The table below analyses the net book value of the Group's property, plant and equipment by geographic location at 31 December 2018.

	United Kingdom	Rest of Europe	The Americas	Asia Pacific	Total
	£m	£m	£m	£m	£m
Land and buildings	**41.0**	**2.4**	**—**	**—**	**43.4**
Fixtures, fittings and equipment	**268.6**	**0.3**	**0.1**	**0.1**	**269.1**
	309.6	**2.7**	**0.1**	**0.1**	**312.5**

The table below analyses the net book value of the Group's property, plant and equipment by geographic location at 31 December 2017

	United Kingdom	Rest of Europe	The Americas	Asia Pacific	Total
	£m	£m	£m	£m	£m
Land and buildings	43.2	2.4	—	—	45.6
Fixtures, fittings and equipment	196.7	0.4	0.1	0.6	197.8
	239.9	2.8	0.1	0.6	243.4

16 Business combinations

In December 2017 the group acquired 100% of the voting shares of AM Brands Limited, a company incorporated in Jersey, for a consideration of £57.8m settled in cash.

The book values of the identifiable assets and liabilities and their fair value to the Group at the date of acquisition were as follows:

	Book value	Fair value adjustments	Fair value to group
	£m	£m	£m
Intangible assets	4.4	55.0	59.4
Trade and other receivables	0.8	—	0.8
Cash at bank	7.7	—	7.7
Trade and other payables	(0.7)	—	(0.7)
Deferred tax	—	(9.4)	(9.4)
Net assets	12.2	45.6	57.8
Cash consideration			57.8
Cash acquired			(7.7)
Net cash outflow from acquisition			50.1

17 Inventories

	2018	2017
	£m	£m
Service parts, spares and production stock	**86.5**	49.6
Work in progress	**15.5**	17.5
Finished cars and parts for resale	**63.3**	60.7
	165.3	127.8

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £30.3m (31 December 2017: £25.0m). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

18 Other financial assets

	2018	2017 restated
	£m	£m
Cash flow hedge contracts	**0.1**	1.4
Amount due from shareholder	**—**	5.6
	0.1	7.0
Analysed as:		
Current	**0.1**	7.0
Non-current	**—**	—
	0.1	7.0

The amount due from shareholder at 31 December 2017 represents initial payment under the pension deficit adjustment as discussed in note 2.

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

19 Trade and other receivables

	2018	2017
	£m	£m
Amounts included in current assets		
Trade receivables	**191.5**	72.0
Other receivables including taxation	**29.8**	22.7
Prepayments	**20.3**	21.0
	241.6	115.7
Amounts included in non-current assets		
Trade receivables	**1.8**	2.1

Trade receivables and other receivables are non-interest bearing and generally have terms between 10 and 30 days, with amounts financed through the trade finance facility with Standard Chartered Bank plc (see below) having terms between 30 and 60 days. Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

The majority of the Group's receivables are derived from sales to franchised dealers who are appointed by the Group. The receivables are supported by credit risk insurance up to a credit limit for each franchised dealer as set by the Insurance company in consultation with the Group. Credit risk is discussed further in note 23.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £200m trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy. Under the trade finance facility Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc and taking into consideration the Group's exposure to variability in cash flows both before and after the transfer, the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2018 is £159.1m (2017: £147.0m).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	2018	2017
	£m	**£m**
Sterling	**116.5**	59.5
Chinese Renminbi	**13.2**	4.6
Euro	**42.1**	7.5
US Dollar	**41.4**	22.0
Other	**9.9**	3.2
	223.1	96.8

20 Cash and cash equivalents

	2018	2017
	£m	**£m**
Cash at bank and in hand	**144.6**	167.8

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:

	2018	2017
	£m	**£m**
Sterling	**28.0**	65.0
Chinese Renminbi	**59.6**	52.1
Euro	**18.0**	4.9
US Dollar	**36.5**	38.4
Other	**2.5**	7.4
	144.6	167.8
Restricted cash	**25.7**	13.7

The Group has entered into a series of one year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi to the value of £25.5m have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2018 to £25.7m (31 December 2017: £13.7m) and is shown in the total of cash and cash equivalents above.

21 Trade and other payables

Current trade and other payables

	2018	2017 restated
	£m	**£m**
Trade payables	**167.7**	54.8
Due to related parties (note 32)	**1.1**	0.6
Accruals and other payables	**527.3**	427.7
	696.1	483.1

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.

Trade payables are expected to mature within 12 months of the year end.

Non-current trade and other payables

	2018	2017
	£m	£m
Accruals and other payables	**12.2**	17.7

22 Other financial liabilities

	2018	2017 restated
	£m	£m
Financial liabilities held for trading	**8.6**	3.1
Amount due to shareholder	**—**	15.1
	8.6	18.2
Analysed as:		
Current	**4.2**	18.2
Non-current	**4.4**	—
	8.6	18.2

The amount due to shareholder at 31 December 2017 represents a liability under the pension deficit adjustment as discussed in note 2.

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

23 Financial instruments

Group

The Group's principal financial instruments comprise Senior Secured Notes, Preference Shares, a Revolving Credit Facility, inventory financing facilities, a back-to-back loan and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. 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 as shown in this note. 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 to monitor risk and 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 the risks faced by the Group.

Credit risk

The Group sells vehicles through a dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme with Standard Chartered Bank plc (see Liquidity risk). Dealers within North America are allowed 10 day credit terms from the date of invoice or can use the wholesale financing scheme. Standard Chartered Bank plc has substantially all of the risk associated with the wholesale financing scheme and in addition all vehicle sales on the wholesale financing scheme are covered by credit risk insurance, which means that a third party bears substantially all the credit risk associated with dealers using the wholesale finance scheme. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles to the dealer 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. Service receivables are due for payment on collection of the vehicle.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 120 days past due.

To measure the expected credit losses, historical loss rates for the preceding 5 years have been reviewed and adjusted to reflect factors that may affect the ability of customers to settle receivables. The Group applies the IFRS 9 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.

The loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

	As at 31 December 2018			As at 31 December 2017		
	Expected Loss Rate	**Gross Carrying Amount**	**Loss Allowance**	**Expected Loss Rate**	**Gross Carrying Amount**	**Loss Allowance**
	%	**£m**	**£m**	**%**	**£m**	**£m**
Current	*	**177.4**	**—**	*	55.6	—
1 – 30 days past due	*	**4.4**	**—**	*	5.5	—
31 – 60 days past due	*	**4.0**	**—**	*	8.3	—
61+ days past due	**2.6%**	**7.7**	**0.2**	6.0%	5.0	0.3
		193.5	**0.2**		74.4	0.3

* 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 allowances for trade receivables as at 31 December 2018 reconcile to the opening loss allowance as follows:

	2018	**2017**
	£m	**£m**
At 31 December — calculated under IAS 39	**0.3**	0.1
Amounts restated through opening retained earnings	**—**	—
Opening loss allowance as at 1 January 2018 — calculated under IFRS 9	**0.3**	0.1
Increase in loss allowance recognised in the Income Statement in the year	**0.1**	—
Receivables written-off during the year as uncollectible	**(0.2)**	—
Transfer in on the acquisition of AM Brands Limited	**—**	0.2
At 31 December	**0.2**	0.3

Interest rate risk

Profile

At 31 December the interest rate profile of the Group's interest-bearing financial instruments was:

	2018	**2017**
	£m	**£m**
Fixed rate instruments		
Financial liabilities	**678.8**	827.4
Variable rate instruments		
Financial liabilities	**25.3**	13.5

Borrowings, including the Senior Secured Notes, the unsecured loan to finance the construction of a brand centre in Tokyo and a fixed rate loan to finance the construction of a paint shop at the new manufacturing facility in St Athan are at fixed interest rates. The rate of interest on the Revolving Credit Facility, which is attached to the Senior Secured Notes, is based on LIBOR plus a percentage spread and is predetermined at the date of the drawdown of the Revolving Credit Facility. The interest rate on the redeemable cumulative preference Shares which were converted to ordinary shares in 2018 was also fixed at 15%.

The Group uses a wholesale financing scheme to fund certain vehicle receivables. The Group also places surplus cash funds on deposit. Both of these arrangements attract interest at a rate that varies depending on LIBOR.

The Group has entered into a series of one year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi to the value of £25.5m have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2018 to £25.7m (31 December 2017: £13.7m) and is shown in cash and cash equivalents. The overdraft of £25.3m (31 December 2017: £13.5m), including accrued interest, is shown within Borrowings in Current Liabilities in the Statement of Financial Position.

The Group has entered into an arrangement to finance certain elements of Group inventory. The interest rate charged on this facility is determined when the borrowings are made. The borrowings are made for periods not in excess of six months. The interest rates charged on the inventory financing are based on the lender's cost of funds at the point of inception.

Borrowings

The following table analyses Group borrowings:

	2018	2017
	£m	£m
Current		
Bank loans and overdrafts	**99.4**	13.5
Non-current		
Senior Secured Notes	**590.9**	570.2
Bank loans and overdrafts	**12.4**	—
Unsecured Loan	**1.4**	1.3
Preference Shares	—	255.9
Total non-current borrowings	**604.7**	827.4
Total borrowings	**704.1**	840.9

The total borrowings in the table above are denominated in the following currencies:

	2018	2017
	£m	£m
Sterling	**388.5**	543.7
US Dollar	**314.2**	295.9
Japanese Yen	**1.4**	1.3
Total borrowings	**704.1**	840.9

Current Borrowings

Attached to the Senior Secured Notes (see Non-Current Borrowings) is an £80.0m Revolving Credit Facility. At 31 December 2018 £70.0m of the Revolving Credit Facility was drawn (31 December 2017: £nil).

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

The Group has entered into a series of one year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi to the value of £25.5m have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2018 to £25.7m (31 December 2017: £13.7m) and is shown in cash and cash equivalents. The overdraft of £25.3m (31 December 2017: £13.5m), including accrued interest, 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. The loan matures on 31 March 2022. The quarterly repayments on the loan include an element of capital repayment and interest charge. The final payment on 31 March 2022 includes an increased capital repayment of £6.3m. At 31 December 2018 the amount included in current borrowings is £2.7m.

The Group has entered into an arrangement to finance certain elements of Group inventory. Total borrowings on this facility at 31 December 2018 were £1.4m (2017: £nil).

Non-Current Borrowings

In June 2011, the Group issued £304m 9.25% Senior Secured Notes repayable in July 2018. These notes were repaid in April 2017 when the Group issued $400m 6.5% Senior Secured Notes and £230m 5.75% Senior Secured Noted, both of which mature in April 2022. In December 2017 the Group issued a further £55m of 5.75% Senior Secured Notes which also mature in April 2022.

The movement in carrying value of the Senior Secured Notes from 2017 to 2018 includes £2.3m (2017: £2.0m) amortisation of previously capitalised professional fees.

The combined sterling equivalent value of the Senior Secured Notes at 31 December 2018 is £590.9m (2017: £570.2m).

As described in accounting policies (see note 2), borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

In March 2014 the Group issued $165m of 10.25% Senior Subordinated PIK Notes which were repayable in July 2018. These notes were repaid in April 2017.

In 2018 the Group entered into a fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility. The loan matures on 31 March 2022. The quarterly repayments on the loan include an element of capital repayment and interest charge. The final payment on 31 March 2022 includes an increased capital repayment of £6.3m. At 31 December 2018 the amount included in non-current borrowings is £12.4m.

In February 2017 the Group obtained a 5% unsecured loan of Yen 200m which is repayable in January 2020 to finance the construction of a brand centre in Tokyo. At the closing exchange rate the loan is valued at £1.4m (31 December 2017: £1.3m).

In both April 2015 and April 2016, the Group issued £100.0m of Preference Shares which were redeemable in April 2025. As part of the listing of the Company's ordinary shares on the London Stock Exchange, on 3 October 2018, the preference shares, together with the share warrants attached to them, were converted into ordinary shares of 0.00904p each. See note 28 for details of the capital reorganisation completed in 2018.

No borrowing costs have been capitalised during the year ended 31 December 2018 (31 December 2017: £12.1m). The borrowing costs capitalised in 2017 relate to the $400m of 6.5% Senior Secured Notes and £285m of 5.75% Senior Secured Notes raised in 2017.

Interest rate risks — Sensitivity

The Group's overdraft and borrowing facilities are predominantly at fixed rates of interest. The Senior Secured Notes, the fixed rate loan to finance the construction of the paint shop at the new St Athan manufacturing facility, the unsecured loan to finance the construction of the brand centre in Tokyo and the redeemable cumulative Preference Shares (which were converted to ordinary shares in 2018) were all at fixed rates of interest.

The Senior Secured Notes and the Senior Subordinated PIK notes which were due to be repaid in July 2018 were repaid in April 2017. Both of these were subject to fixed interest rates.

The interest rates on the Revolving Credit Facility and inventory financing are also at fixed rates of interest which are determined at the date the borrowing commences. Amounts advanced by Standard Chartered Bank plc on the wholesale finance scheme are at rates based on each currency LIBOR at the commencement of the loan. Therefore, the only interest rate risk relates to the back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi have been deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The interest rate charged on the overdraft facility is based on 3 month LIBOR.

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.

	(Increase)/ decrease in interest rate	Effect on profit after tax 2018	Effect on profit after tax 2017
		£m	£m
3 month LIBOR	**1.00%**	**0.2**	0.1

Hedge accounting

The Group, as part of its risk management policy, uses derivative financial instruments (cash flow hedges) to manage significant cash flow risk resulting from exchange rate movements of foreign currencies.

The Group covers significant annual foreign currency exposures on a reducing basis with the highest coverage in the year immediately following the balance sheet date. 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. The Group currently has no cash flow hedges beyond 2021.

The forward contract cash flow hedges give the Group more certainty over cash flow as it can exchange foreign currency for Sterling or other foreign currencies at predetermined rates. The Group does not cover all of its foreign currency net exposure with forward contracts. The uncovered proportion is converted (as necessary) at the spot exchange rates prevailing on the date of the transaction.

The Group has designated the $400m Senior Secured Notes as a hedging instrument. The hedged item is $400m of highly confidently forecasted US Dollar sales that are not already hedged with forward contracts. The hedge has no impact on cash flow. Changes in the value of the $400m Senior Secured Notes on translation at the reporting date are included in the Hedge reserve.

Following adoption of IFRS 9 on 1 January 2018, changes in the fair value of Financial Assets and Liabilities are included in Other Comprehensive Income and the Hedge reserve whereas previously they were included in finance income or expense within the Income Statement.

For the forward foreign exchange contracts, the hedging instrument is the spot element of the entire forward foreign exchange contract. The hedged item is the forecast net sales. As the amounts in the hedging instrument match the amounts of the hedge item the hedge ratio is 1:1.

Movements in the value of the Senior Secured Notes on translation are offset by movements in the value of the highly confidently forecast sales from US Dollars to Sterling. The hedge ratio is 1:1 as the value of the hedging instrument matches the value of the hedged item.

Main sources of hedge ineffectiveness

- Differences in the value of hedged item and the hedging instrument should they occur.

The amounts at the reporting date including deferred taxation relating to items designated as hedged items were as follows.

	Cashflow hedge reserve	
Foreign currency risk	**2018 £m**	**2017 £m**
Sales, receivables and borrowings	**(8.6)**	—
$400m Senior Secured Notes designated as a hedge instrument	**(15.0)**	—
	(23.6)	—

There are no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer required.

	Sales, receivables and borrowings		Cost of hedging reserve	
	2018 £m	**2017 £m**	**2018 £m**	**2017 £m**
Carrying amount — asset	**0.1**	—	—	—
Carrying amount — liability	**(18.6)**	—	**(5.0)**	—
Changes in the value of the hedging instrument recognised in OCI	**23.5**	—	—	—
Amount reclassified from hedging reserve to Income Statement	—	—	—	—

The amounts relating to items designated as hedge instruments as shown in the table below.

All items relate to foreign currency risk and are either foreign exchange forward contracts or US Dollar Senior Secured Notes. There is no hedge ineffectiveness. The difference between the forward element and the spot element of forward exchange contacts are recognised in a separate cost of hedging reserve.

The forward exchange contracts are included in other financial assets and liabilities in the Statement of Financial Position. The $400m Senior Secured Notes are included in non-current borrowings.

The following table provides a reconciliation by risk category of the hedging reserve and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	2018	**2017**
	£m	**£m**
Balance at 1 January	—	—
Change in fair value:		
Foreign currency risk — cash flow hedges	**(8.6)**	—
$400m Senior Secured Noted designated as a hedge instrument	**(18.4)**	—
Amounts reclassified to the Income Statement	—	—
Amounts included in the cost of non-financial items	—	—
Tax on movements on reserves during the year	**3.5**	—
Balance at 31 December	**(23.5)**	—

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2018 and 31 December 2017 were:

At 31 December 2018

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£m	£m	£m	£m	£m
Financial assets					
Trade and other receivables	**42.1**	**41.4**	**13.2**	**9.9**	**106.6**
Foreign exchange contracts	**—**	**0.1**	**—**	**—**	**0.1**
Cash balances	**18.0**	**36.5**	**59.6**	**2.5**	**116.6**
	60.1	**78.0**	**72.8**	**12.4**	**223.3**
Financial liabilities					
Trade and other payables	**(149.3)**	**(55.5)**	**(29.1)**	**(4.7)**	**(238.6)**
Foreign exchange contracts	**—**	**(5.1)**	**—**	**(3.5)**	**(8.6)**
	(149.3)	**(60.6)**	**(29.1)**	**(8.2)**	**(247.2)**
Net balance sheet exposure	**(89.2)**	**17.4**	**43.7**	**4.2**	**(23.9)**

At 31 December 2017

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£m	£m	£m	£m	£m
Financial assets					
Trade and other receivables	7.5	21.9	4.6	3.3	37.3
Foreign exchange contracts	—	0.6	—	0.8	1.4
Cash balances	4.9	38.4	52.1	7.4	102.8
	12.4	60.9	56.7	11.5	141.5
Financial liabilities					
Trade and other payables	(67.9)	(22.3)	(21.5)	(3.3)	(115.0)
Foreign exchange contracts	—	(3.0)	—	(0.1)	(3.1)
	(67.9)	(25.3)	(21.5)	(3.4)	(118.1)
Net balance sheet exposure	(55.5)	35.6	35.2	8.1	23.4

The following significant exchange rates applied:

	Average Rate 2018	Average Rate 2017	Closing Rate 2018	Closing Rate 2017
Euro	**1.13**	1.15	**1.10**	1.12
Chinese Renminbi	**8.83**	8.73	**8.76**	8.78
US Dollar	**1.34**	1.28	**1.27**	1.35

Currency risk — Sensitivity

The following table demonstrates the sensitivity to a change in the US Dollar and Euro 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 hedged.

	(Increase)/ decrease in rate	Effect on profit after tax 2018	Effect on profit after tax 2017
		£m	**£m**
US Dollar	(5%)	**(11.2)**	(7.4)
US Dollar	5%	**12.4**	8.1
Euro	(5%)	**8.8**	7.3
Euro	5%	**(9.7)**	(8.1)

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet foreseeable needs and to allow investment of cash assets safely and profitably.

The Group uses a wholesale financing scheme to finance certain vehicle sales on despatch of the vehicle. The utilisation of this £200m facility (2017: £150m facility) at 31 December 2018 is £159.1m (2017: £147.0m); received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility have been renegotiated and run to August 2020.

The Group entered into a series of one year back-to-back loan arrangements with HSBC Bank plc, whereby Chinese Renminbi were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued to £25.1m at 31 December 2018 (31 December 2017: £13.7m) and is shown in the total of cash and cash equivalents. The overdraft of £25.3m (31 December 2017: £13.5m) is shown in Borrowings in Current Liabilities on the Statement of Financial Position. At 31 December 2018 the Group had cash and cash equivalents of £144.6m (2017: £167.8m).

On 18 April 2017 the Group issued $400m 6.5% Senior secured Notes and £230m 5.75% Senior secured Notes both of which mature in April 2022. In December 2017 the Group issued a further £55m of 5.75% Senior Secured Notes which also mature in April 2022. Attached to the Senior Secured Notes is an £80m Revolving Credit Facility which was £70m drawn at 31 December 2018 (31 December 2017: undrawn). In both April 2015 and April 2016, the Group issued £100.0m of Preference Shares which were redeemable in April 2025. As part of the listing of the Company's ordinary shares on the London Stock Exchange, on 3 October 2018, the preference shares, together with the share warrants attached to them, were converted into ordinary shares of 0.00904p each. Full details of the capital reorganisation is given in note 28 of the accounts.

The maturity profile of the Group's financial liabilities at 31 December 2018 based on contractual undiscounted payments is as follows.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Bank loans and overdrafts	—	**7.2**	**94.4**	**13.1**	—	**114.7**
Senior Secured Notes	—	—	**76.1**	**781.3**	—	**857.4**
Unsecured Loan	—	—	**0.1**	**1.4**	—	**1.5**
Preference Shares	—	—	—	—	—	—
Trade and other payables	—	**696.1**	—	**12.2**	—	**708.3**
Derivative financial liabilities						
Forward exchange contracts	—	**1.0**	**3.2**	**4.4**	—	**8.6**
	—	**704.3**	**173.8**	**812.4**	—	**1,690.5**

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £704.1m.

The table below (*restated*) summarises the maturity profile of the Group's financial liabilities at 31 December 2017 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Bank loans and overdrafts	—	—	13.5	—	—	13.5
Senior Secured Notes	—	—	71.2	830.2	—	901.4
Unsecured loan	—	—	0.1	1.4	—	1.5
Preference Shares	—	—	—	—	756.3	756.3
Trade and other payables	—	483.1	—	17.7	—	500.8
Amount due to shareholders	15.1	—	—	—	—	15.1
Derivative financial liabilities						
Forward exchange contracts	—	1.8	1.3	—	—	3.1
	15.1	484.9	86.1	849.3	756.3	2,191.7

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £840.9m.

Estimation of fair values

Forward currency contracts are carried at fair value. These are valued using pricing models and discounted cash flow techniques based on the assumptions provided by Standard Chartered Bank plc and J.P. Morgan Securities plc.

The 5.75% Sterling Senior Secured Notes and 6.5% US Dollar Senior Secured Notes, which were issued in 2017, are valued at amortised cost. The fair value of these Senior Secured Notes is determined by reference to the quoted price at 31 December. Both Senior Secured Notes are quoted on The International Stock Exchange Authority in St. Peter Port, Guernsey. On 31 December 2018 the fair value of the 5.75% Sterling Senior Secured Notes was £278.1m (31 December 2017: £300.5m) and the fair value of the 6.5% US Dollar Senior Secured Notes was £300.7m (31 December 2017: £312.0m). These notes replaced the 9.25% Sterling Senior Secured Notes that were redeemed in April 2017. At 31 December 2017 the effective interest rate on the Senior Secured Notes is 6.73% (2017: 6.73%).

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

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. All remaining financial assets and liabilities are considered to be level 2 assets and liabilities. IFRS 7 defines level 2 assets and liabilities as "*inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)*". There have been no changes in classification during the current or prior year.

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 note 28 and the Consolidated Statements of Changes in Equity. No changes were made in the objectives, policies or processes during either year.

24 Net debt

	2018	2017
	£m	£m
Cash and cash equivalents	**144.6**	167.8
Loans and other borrowings — current	**(99.4)**	(13.5)
Loans and other borrowings — non-current	**(604.7)**	(571.5)
Preference shares	**—**	(255.9)
Net debt	**(559.5)**	(673.1)
Movement in net debt		
Net (decrease)/increase in cash and cash equivalents	**(25.9)**	67.3
Add back cash flows in respect of other components of net debt:		
New borrowings	**(98.1)**	(606.1)
Movement in existing borrowings	**(0.3)**	474.3
Transaction fees	**—**	12.1
Increase in net debt arising from cash flows	**(124.3)**	(52.4)
Non-cash movements:		
Conversion of preference shares to ordinary shares	**302.9**	—
Foreign exchange (loss)/gain on secured loan	**(18.4)**	24.9
Interest added to debt	**(49.3)**	(44.9)
Exchange and other adjustment	**2.7**	(1.2)
Decrease/(increase) in net debt	**113.6**	(73.6)
Net debt at beginning of the year	**(673.1)**	(599.5)
Net debt at the end of the year	**(559.5)**	(673.1)

Reconciliation of movements of liabilities to cash flows arising from financing activities
The table below shows the reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended 31 December 2018.

Liabilities	Borrowings	Unsecured Loans	9.25% Senior Secured notes	5.75% Senior Secured notes	6.5% Senior Secured notes	Subordinated PIK notes	Preference Shares
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2018	**13.5**	**1.3**	**—**	**274.3**	**295.9**	**—**	**255.9**
Changes from financing cash flows							
Interest paid	**(6.6)**	**—**	**—**	**(16.4)**	**(19.2)**	**—**	**—**
Movement in borrowings	**0.3**	**—**	**—**	**—**	**—**	**—**	**—**
New borrowings	**98.1**	**—**	**—**	**—**	**—**	**—**	**—**
Total changes from financing cash flows	**91.8**	**—**	**—**	**(16.4)**	**(19.2)**	**—**	**—**
Effect of changes in exchange rates	**—**	**0.1**	**—**	**—**	**18.5**	**—**	**—**
Conversion of preference shares	**—**	**—**	**—**	**—**	**—**	**—**	**(349.8)**
Interest expense	**6.5**	**—**	**—**	**18.6**	**19.2**	**—**	**93.9**
Balance at 31 December 2018	**111.8**	**1.4**	**—**	**276.5**	**314.4**	**—**	**—**

Equity	Share Capital	Share Premium	Non-controlling interest
	£m	£m	£m
At 1 January 2018 (restated)	**—**	**353.7**	**7.6**
Proceeds from equity share issue	**0.1**	**4.5**	**—**
Dividend paid to non-controlling interest	**—**	**—**	**(3.0)**
Total changes from financing cash flows	**0.1**	**4.5**	**(3.0)**
Conversion of preference shares	**2.0**	**347.7**	**—**
Capital reduction	**—**	**(353.6)**	**—**
Share of profit	**—**	**—**	**5.6**
Balance at 31 December 2018	**2.1**	**352.3**	**10.2**

The table below shows the reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended 31 December 2017.

Liabilities	Borrowings	Unsecured Loans	9.25% Senior Secured notes	5.75% Senior Secured notes	6.5% Senior Secured notes	Subordinated PIK notes	Preference Shares
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2017	5.2	—	301.7	—	—	176.4	218.0
Changes from financing cash flows							
Interest paid	(5.6)	—	(28.7)	(5.8)	(9.7)	—	—
Movement in borrowings	8.5	—	(304.0)	—	—	(178.8)	—
New borrowings	—	1.3	—	285.0	319.9	—	—
Transaction fees on borrowings	—	—	—	(12.1)	—	—	—
Total changes from financing cash flows	2.9	1.3	(332.7)	267.1	310.2	(178.8)	—
Effect of changes in exchange rates	(0.2)	—	—	—	—	—	—
Exchange gain in finance income	—	—	—	—	(24.0)	—	—
Interest expense	5.6	—	31.0	7.2	9.7	2.4	37.9
Balance at 31 December 2017	13.5	1.3	—	274.3	295.9	—	255.9

Equity	Share Capital	Share Premium	Non-controlling interest
	£m	£m	£m
At 1 January 2017 (restated — see note 2)	—	353.7	5.0
Share of profit	—	—	2.6
Balance at 31 December 2017	—	353.7	7.6

25 Obligations under leases

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 29 years.

Future gross minimum rentals payable under non-cancellable operating leases are as follows:

	2018	2017
	£m	£m
Not later than one year	**0.2**	0.6
After one year but not more than five years	**12.6**	6.6
More than five years	**111.5**	109.6
	124.3	116.8

Rental payments to be received under sublease agreements are as follows:

	2018	2017
	£m	£m
More than five years	**(4.7)**	(4.8)

Some of the leases contain contingent rents which are dependent on increases in the retail prices index.

26 Provisions for liabilities and charges

	Warranty and Service Plans 2018
	£m
At the beginning of the year	25.9
Charge for the year	30.9
Utilisation	(20.9)
Effect of movements in exchange rates	0.3
At the end of the year	36.2
Analysed as:	
Current	10.8
Non-current	25.4
	36.2

The warranty and service plan provision represents costs provided in respect of the Group's warranty scheme. A provision of £36.2m (2017: £25.9m) has been recognised for expected claims based on past experience of the level of actual warranty claims received and is expected to be substantially utilised within the next three years.

27 Pension obligations

Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £5.7m (2017: £3.7m). Outstanding contributions at the year end were £0.5m (2017: £nil).

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 effect of this change in benefits in the year ended 31 December 2017 was a past service pension benefit of £24.3m which has been shown as an adjusting credit in the Consolidated Statement of Comprehensive Income. 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 scheme assets are invested with Standard Life Pension Limited, Legal & General Assurance, MFS International (UK) Limited, Eaton Vance Management (International) Limited, Morgan Stanley Investment Management Limited and Majedie Asset Management and the scheme is administered by Buck Consultants (Administration & Investment) Limited. The assets of the scheme are held separately from those of the Group.

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. Responsibility for governance of the scheme lies mainly with the Trustee. The Trustee is comprised of representatives of the Group and members of the scheme.

The pension scheme exposes the Group to the following risks:

Asset volatility — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going 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 2018 or 31 December 2017.

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 using the projected unit method. The latest actuarial valuation of the scheme had an effective date of 6 April 2017. 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 pre-retirement investment return would be 3.4% per annum and the post retirement return 2.25% per annum and that salary increases would average 3.0% per annum for the period to 31 March 2021 and 3.55% thereafter.

At the 6 April 2017 actuarial valuation, the actuarial value of the scheme assets was £265.4m, sufficient to cover 85% of the benefits which had accrued to members, after allowing for the expected future increases in earnings.

Following the latest actuarial valuation of the scheme on 6 April 2017, contributions increased from 22.5% to 23.7% 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 the Group contribution is 30.2% or 34.7% depending on whether the member opted for benefits of 1/80 or 1/70 of pensionable salary.

The latest actuarial valuation on 6 April 2017 showed a deficit in the scheme of £48.6m. On 5 July 2018, the Group agreed to increase the recovery plan contributions from £2.8m per annum to £4.0m per annum through to 31 March 2020 and £7.1m thereafter through to 31 July 2025.

Estimated Group contributions for the year ending 31 December 2019 are £11.3m.

Assumptions

A full actuarial valuation was carried out at 6 April 2017 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2017 and 31 December 2018 in accordance with IAS 19R. The next triennial valuation as at 6 April 2020 is due to be completed by June 2021 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.

The principal assumptions used by the actuary were:

	31 December 2018	31 December 2017
Discount rate	**3.15%**	2.50%
Rate of increase in salaries	**3.20%**	3.20%
Rate of revaluation in deferment	**2.20%**	2.20%
Rate of increase in pensions in payment attracting LPI	**3.10%**	3.10%
Expected return on scheme assets	**3.15%**	2.50%
RPI Inflation assumption	**3.20%**	3.20%
CPI Inflation assumption	**2.20%**	2.20%

The Group's inflation assumption reflects its long-term expectations and has not been amended for short term variability. The post 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 2038 (2018 assumptions) or 2037 (2017 assumptions).

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Projected life expectancy from age 65

	Future	Current	Future	Current
	Currently aged 45 2018	**Currently aged 65 2018**	**Currently aged 45 2017**	**Currently aged 65 2017**
Male	**23.1**	**21.7**	24.0	22.7
Female	**25.4**	**23.8**	27.2	25.7

	Years
Duration of the liabilities in years as at 31 December 2018	**25**
Duration of the liabilities in years as at 31 December 2017	27

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

	31 December 2018 Quoted	31 December 2018 Unquoted	31 December 2018 Total	31 December 2017 Quoted	31 December 2017 Unquoted	31 December 2017 Total
	£m	£m	£m	£m	£m	£m
Asset Class						
UK Equities	**37.9**	**—**	**37.9**	41.9	—	41.9
Overseas Equities	**43.3**	**—**	**43.3**	45.0	—	45.0
Property	**—**	**27.8**	**27.8**	—	27.0	27.0
Index linked gilts	**56.9**	**—**	**56.9**	57.3	—	57.3
Corporate bonds	**—**	**53.7**	**53.7**	—	55.4	55.4
Diversified alternatives	**—**	**26.0**	**26.0**	—	26.8	26.8
High yield bonds	**—**	**12.6**	**12.6**	—	13.1	13.1
Cash	**6.5**	**—**	**6.5**	1.2	—	1.2
Insurance policies	**—**	**4.1**	**4.1**	—	3.8	3.8
Total	**144.6**	**124.2**	**268.8**	145.4	126.1	271.5

	2018	2017
	£m	£m
Total fair value of scheme assets	**268.8**	271.5
Present value of funded obligations	**(275.2)**	(318.4)
Funded status at the end of the year	**(6.4)**	(46.9)
Adjustment as a result of asset ceiling in accordance with paragraph 64 of IAS19	**(32.3)**	—
Liability recognised in the Statement of Financial Position	**(38.7)**	(46.9)

Amounts recognised in the Income Statement

	2018	2017
	£m	£m
Amounts (charged)/credited to operating profit:		
Current service cost	**(8.1)**	(12.4)
Past service cost	**(0.1)**	24.3
	(8.2)	11.9
Amounts charged to finance expense:		
Net interest expense on the net defined liability	**(1.0)**	(1.7)
Total (expense)/income recognised in the Income Statement	**(9.2)**	10.2

On 26 October 2018, a judgement was reached in the High Court in the Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc Guaranteed Minimum Pension (“*GMP*”) equalisation

case. As a result, there is likely to be an increase in the Group's defined benefit pension obligations in order to equalise GMPs accrued between 1990 and 1997. The Group has engaged its actuary to perform an assessment of the potential impact of this ruling, the assessment shows the likely financial impact to be £0.1m. This has been accounted for as a past service cost charge to the Income Statement.

The past service credit in 2017 related to the change in benefit structure from a final salary basis to career average revalued earnings ("*CARE*") with effect from 1 January 2018.

Changes in present value of the defined benefit pensions obligations are analysed as follows:

	2018	2017
	£m	£m
At the beginning of the year	**(318.4)**	(323.5)
Current service cost	**(8.1)**	(12.4)
Past service cost	**(0.1)**	24.3
Employee contributions	**—**	(0.1)
Interest cost	**(7.9)**	(8.6)
Experience (losses)/gains	**(1.5)**	6.7
Actuarial gains/(losses) arising from changes in financial assumptions	**48.7**	(8.6)
Disbursements	**7.2**	10.2
Actuarial gains/(losses) arising from changes in demographic assumptions	**4.9**	(6.4)
Obligation at the end of the year	**(275.2)**	(318.4)

Changes in the fair value of plan assets are analysed as follows:

	2018	2017
	£m	£m
At the beginning of the year	**271.5**	253.8
Interest on assets	**6.8**	6.9
Employer contributions	**12.0**	9.8
Employee contributions	**—**	—
Return on scheme assets excluding interest income	**(14.3)**	11.2
Benefits paid	**(7.2)**	(10.2)
Fair value at the end of the year	**268.8**	271.5

	2018	2017
	£m	£m
Actual return on scheme assets	**(7.5)**	18.0

Analysis of amounts recognised in the Statement of Financial Position:

	2018	2017
	£m	£m
Liability at the beginning of the year	**(46.9)**	(69.8)
Net (expense)/income recognised in the Statement of Comprehensive Income	**(9.2)**	10.2
Employer contributions	**12.0**	9.8
Gain recognised in Other Comprehensive Income	**5.4**	2.9
Liability recognised in the Statement of Financial Position at the end of the year	**(38.7)**	(46.9)

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Analysis of amount taken to Other Comprehensive Income:

	2018	2017
	£m	£m
Return on assets greater than the discount rate	**(14.3)**	11.2
Experience (losses)/gains arising on funded obligations	**(1.5)**	6.7
Gains/(losses) arising due to changes in financial assumptions underlying the present value of funded obligations	**48.6**	(8.6)
(Losses)/gains arising as a result of asset ceiling in accordance with paragraph 64 of IAS19	**(32.3)**	—
Gains/(losses) arising due to changes in demographic assumptions	**4.9**	(6.4)
Amount recognised in Other Comprehensive Income	**5.4**	2.9

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

	Change in assumption	Present value of benefit obligations at 31 December 2018	Present value of benefit obligations at 31 December 2017
		£m	£m
Discount rate	Decrease by 0.25%	**292.7**	340.4
Rate of inflation*	Increase by 0.25%	**290.0**	334.5
Life expectancy increased by approximately 1 year	Increase by one year	**284.6**	331.3

* Applies to the Retail Prices Index and the Consumer Prices index inflation assumptions. The assumption is that the salary increase assumption will also increase by 0.2% per annum after 2020/21.

Funding levels are monitored on a regular basis by the Trustee and the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2020 is due to be completed by June 2021 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.

	2018	2017
Expected future benefit payments	£m	£m
Year 1 (2019/2018)	**2.8**	2.4
Year 2 (2020/2019)	**2.6**	2.9
Year 3 (2021/2020)	**3.0**	2.8
Year 4 (2022/2021)	**3.6**	3.3
Year 5 (2023/2022)	**4.7**	4.0
Years 6 to 10 (2023 to 2028)	**34.9**	30.1

History of scheme experience

	2018	2017
Present value of the scheme liabilities (£m)	**(275.2)**	(318.4)
Fair value of the scheme assets (£m)	**268.8**	271.5
Deficit in the scheme before taking into account the effect of Paragraph 64 of IAS19 (£m)	**(6.4)**	(46.9)
Experience (losses)/gains on scheme assets (£m)	**(14.3)**	11.2
Percentage of scheme assets	**(5.3%)**	4.1%
Experience (losses)/gains on scheme liabilities (£m)	**(1.5)**	6.7
Percentage of the present value of the scheme liabilities	**(0.5%)**	2.1%
Total amount recognised in Other Comprehensive Income (£m)	**5.4**	2.9
Percentage of the present value of the scheme liabilities	**2.0%**	0.9%

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

28 Share capital

Allotted, called up and fully paid	2018 £m	2017 £m
Nil ordinary shares of £0.001 each (2017: 3,123,370 ordinary shares of £0.001 each)	—	—
Nil D shares of £0.001 each (2017: 161,521)	—	—
228,002,890 ordinary shares of 0.00904p each (2017: nil)	**2.1**	—
	2.1	—

	2018 £m	2017 £m
Shares classified as liabilities	—	—
Shares classified as shareholders' funds	**2.1**	—
	2.1	—

Aston Martin Lagonda Global Holdings Limited was incorporated on 27 July 2018 and issued 7 ordinary shares of £0.001p each, and on 7 September 2018 re-registered as a public limited company under the name Aston Martin Lagonda Global Holdings plc.

On 20 August 2018, the Company's share capital was increased from £0.007 to £2,003,284,891 by the issue of the 3,123,363 ordinary shares of £0.001p each, 200,000,000 preference shares of £0.001p each and 161,521 'D' ordinary shares of £0.001p each. Simultaneously the Company also granted 137,776 warrants and 21,714 options over ordinary shares of £0.001p each.

On 3 September 2018 the Company acquired the entire share capital of Aston Martin Holdings (UK) Limited, comprising 3,123,370 ordinary shares of £0.001p each and 161,521 'D' ordinary shares of £0.001p each by way of a share-for-share exchange issuing 3,284,891 ordinary shares of £0.001p each.

On 6 September 2018 a bonus issue was carried out by which the entire amount of the Company's merger reserve arising as a result of the share exchange was capitalised through the issuance of 3,284,891 capital reduction shares of £73.8092 each in the capital of the Company (the "*capital reduction shares*") to the holders of ordinary shares of £0.001 p each in the capital of the Company and 'D' shares of £0.001p each in the capital of the Company in proportion to their holdings of such shares. All of the capital reduction shares were cancelled through a capital reduction which became effective on 6 September 2018.

On 3 October 2018 in connection with the admission of the Company's shares to the London Stock Exchange:

- 21,714 partly paid ordinary shares were fully paid up and 21,714 options over ordinary shares of £0.001p were exercised for aggregate consideration of £21.71;
- the warrants over 137,776 ordinary shares of £0.001p each were exercised for aggregate consideration of £137.78; and
- a share consolidation, sub-division and re-designation of the Company's share capital took place whereby:
  - — 161,521 'D' shares of £0.001p each were re-designated as 161,521 ordinary shares of £0.001p each;
  - — 159,490 ordinary shares of £0.01p each were allotted;
  - — 3,444,381 ordinary shares of £0.001p each were sub-divided into 203,218,479 ordinary shares of £0.00001695p each;
  - — 200,000,000 preference shares of £0.01p each were sub-divided into 2,000,000,000 preference shares of £0.001p each;

— the 2,000,000,000 preference shares of £0.001p each were re-designated as 18,409,145 ordinary shares of £0.001p each and 1,981,590,855 deferred shares of £0.001p each;

— a share consolidation, sub-division and re-designation took place resulting in the Company having one class of share capital being ordinary shares of £0.00904p each; and

— following such steps, the Company had a share capital of £2,061,075 consisting of 228,002,890 ordinary shares of £0.00904p each.

Additionally, on 3 October 2018, a capital reduction of £441.1m was approved whereby £353.6m was transferred from share premium and £87.5m from capital reserve to revenue reserves.

29 Additional cash flow information

Analysis of group net debt

Year ended 31 December 2018

	1 January 2018	Cash flow	Exchange differences	Non-cash movements	31 December 2018
	£m	£m	£m	£m	£m
Cash and cash equivalents	**167.8**	**(25.9)**	**2.7**	**—**	**144.6**
Bank loans and overdrafts	**(13.5)**	**(98.3)**	**—**	**—**	**(111.8)**
Senior Secured Notes 6.5% US Dollar	**(295.9)**	**19.2**	**(18.5)**	**(19.2)**	**(314.4)**
Senior Secured Notes 5.75% Pound Sterling	**(274.3)**	**16.4**	**—**	**(18.6)**	**(276.5)**
Unsecured Loan 5% Japanese Yen	**(1.3)**	**0.1**	**(0.1)**	**(0.1)**	**(1.4)**
Preference Shares	**(255.9)**	**—**	**—**	**255.9**	**—**
	(673.1)	**(88.5)**	**(15.9)**	**218.0**	**(559.5)**

Year ended 31 December 2017

	1 January 2017	Cash flow	Exchange differences	Non-cash movements	31 December 2017
	£m	£m	£m	£m	£m
Cash and cash equivalents	101.7	67.3	(1.2)	—	167.8
Bank loans and overdrafts	(5.2)	(8.5)	0.2	—	(13.5)
Senior Secured Notes	(301.7)	304.0	—	(2.3)	—
Senior Subordinated PIK notes	(176.4)	178.8	2.1	(4.5)	—
Senior Secured Notes 6.5% US Dollar	—	(319.9)	24.0	—	(295.9)
Senior Secured Notes 5.75% Pound Sterling	—	(272.8)	—	(1.5)	(274.3)
Unsecured Loan 5% Japanese Yen	—	(1.3)	—	—	(1.3)
Preference Shares	(218.0)	—	—	(37.9)	(255.9)
	(599.6)	(52.4)	25.1	(46.2)	(673.1)

30 Share based payments

The Company had two share option schemes in operation; an HMRC approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled. The earliest exercise date of both schemes is 18 October 2007. The approved scheme has no expiry date and the unapproved scheme has an expiry date of 18 October 2027. During the year ended 31 December 2018 the shares under both schemes were exercised.

Movements in share options

	Approved Scheme 2018 Number of shares	Unapproved Scheme 2018 Number of shares	Approved Scheme 2017 Number of shares	Unapproved Scheme 2017 Number of shares
1 January	**21,714**	**21,714**	21,714	21,714
Exercised during the year	**(21,714)**	**(21,714)**	—	—
31 December	—	—	21,714	21,714
Weighted average exercise price:				
1 January	**7230 p**	**0.1 p**	7230 p	0.1 p
Exercised during the year	**7230 p**	**0.1 p**	—	—
31 December	—	—	7230 p	0.1 p

The share value at the date of exercise for the share options exercised during the year was £19.00.

The average weighted exercise price at 31 December 2018 was nil (31 December 2017: 3615p).

Legacy executive long-term incentive scheme

Prior to Admission the Executive Directors participated in a long-term incentive plan ("*Legacy LTIP*"), which provided for executives to receive an LTIP award contingent on completion of the initial public offering or other exit event. The Legacy LTIP was awarded in the form of ordinary shares of Aston Martin Lagonda Global Holdings plc. All of the Legacy LTIP shares held as at 31 December are subject to lock-up arrangements with release in four equal instalments on successive anniversaries of Admission over a four-year period. During this period, leaver provisions will apply to incentivise retention of critical talent. If Aston Martin Lagonda Global Holdings plc's pre-Admission shareholders' aggregate holdings fall below 10 per cent. of the issued share capital, all remaining shares subject to the lock-up will be released immediately. See page 136 for further details.

The fair value of services received 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 the period arising from equity-settled share-based payments is as follows:

	2018	2017
	£m	£m
Equity-settled share option charge	**24.1**	—

At 31 December 2017 the exit condition was not considered probable and therefore no IFRS 2 charge was recognised in any prior years.

31 Capital commitments

Capital expenditure contracts to the value of £94.2m (2017: £58.5m) have been committed but not provided for as at 31 December 2018.

32 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 and other related parties of the Group. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

		Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party
		£m	£m	£m	£m
Related party — Group					
Entities with significant influence over the Group	**31 December 2018**	**1.4**	**2.4**	**—**	**1.1**
Entities with significant influence over the Group	31 December 2017	2.0	4.3	—	0.6

During the year ended 31 December 2018 a payment of £9.5m (2017: £5.6m) was made to an existing shareholder (see note 2).

Transactions with directors

In the year ended 31 December 2018 one car was sold to a director, Dr Andrew Palmer, for £0.1m excluding value added tax (year ended 31 December 2017: one car for £0.1m excluding value added tax).

No amounts were outstanding at either year end.

Terms and conditions of transactions with related parties (group)

Sales and purchases between related parties are made at normal market prices. 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. The Group has not made any provision for impairment relating to amounts owed by related parties at either year end.

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

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 2018 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 — formerly the financing company that held the previous 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 and motorsport activities
AM Brands Limited** ◊	Ordinary	100%	Grants licences to third parties for the use of the Aston Martin brand for products worldwide
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** <	Ordinary	100%	Dormant company
AML Italy S.r.l** <	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 United Kingdom)
^ incorporated in the United States of America
> 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

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

*** 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 page 203.

	Aston Martin Works Limited 2018	AMWS Limited 2018	Aston Martin Works Limited 2017	AMWS Limited 2017
	£m	£m	£m	£m
Total assets	**28.0**	—	41.1	—
Total liabilities	**(5.2)**	—	(25.9)	—
Net assets	**22.8**	—	15.2	—
Revenue	**74.3**	—	55.4	—
Profit	**11.2**	—	5.2	—
Group's share of profit	**5.6**	—	2.6	—

Registered addresses

Aston Martin Holdings (UK) Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Holdings Limited	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
Aston Martin Investments Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB
Aston Martin Capital Limited	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
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	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
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.
AML 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	Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB
Aston Martin Works Limited	Banbury Road, Gaydon, Warwickshire, England, CV35 0DB

34 Non-gaap measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("*APMs*"), previously called 'Non GAAP measures'. 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 income tax and adjusting items as shown in the Consolidated Income Statement.

ii) Adjusted EBIT is profit/(loss) from operating activities before adjusting items.

iii) Adjusted EBITDA further removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted EBIT.

iv) Adjusted Earnings Per Share is (loss)/profit after income 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.

v) Normalised Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items as shown in the Consolidated Income Statement, divided by the closing number of ordinary shares in issue at the end of the reporting period.

vi) Net Debt is current and non-current borrowings less cash and cash equivalents as shown in the Consolidated Statement of Financial Position.

vii) Adjusted leverage is represented by the ratio of Net Debt to Adjusted EBITDA as defined above.

viii) Return on Invested Capital represents adjusted operating profit after tax divided by the sum of gross debt and equity.

Income statement

	2018	2017
	£m	£m
(Loss)/profit before tax	**(68.2)**	84.5
Adjusting operating expenses/(income) (note 6)	**74.1**	(24.3)
Adjusting finance expenses (note 9)	**61.9**	12.9
Adjusted profit before tax (EBT)	**67.8**	73.1
Adjusted finance income	**(4.2)**	(35.6)
Adjusted finance expense	**83.3**	87.0
Adjusted operating profit (EBIT)	**146.9**	124.5
Reported depreciation	**32.4**	27.4
Reported amortisation	**67.6**	54.7
Loss/(profit) on disposal of fixed assets	**0.4**	(0.1)
Adjusted EBITDA	**247.3**	206.5

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Earnings per share

	2018	2017
	£m	**£m**
Adjusted earnings per ordinary share		
(Loss)/profit available for equity holders (£m)	**(62.7)**	74.2
Adjusting items (note 6 and 9)		
Adjusting items before tax (£m)	**136.0**	(11.4)
Tax on adjusting items (£m)	**(10.5)**	4.1
Adjusted earnings (£m)	**62.8**	66.9
Basic weighted average number of ordinary shares[1] (million)	**202.1**	193.8
Adjusted earnings per ordinary share (pence)	**31.1p**	34.5p
Adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	**62.8**	66.9
Diluted weighted average number of ordinary shares[1] (million)	**202.1**	203.2
Adjusted diluted earnings per ordinary share (pence)	**31.1p**	32.9p

	2018	2017
	£m	**£m**
Normalised adjusted earnings per ordinary share		
Adjusted earnings (£m)	**62.8**	66.9
Basic number of ordinary shares as at 31 December[2] (million)	**228.0**	193.8
Normalised adjusted earnings per ordinary share (pence)	**27.5p**	34.5p
Normalised adjusted diluted earnings per ordinary share		
Adjusted earnings (£m)	**62.8**	66.9
Diluted number of ordinary shares as at 31 December[2] (million)	**228.0**	203.2
Normalised adjusted diluted earnings per ordinary share (pence)	**27.5p**	32.9p

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.

2. The basic and diluted number of ordinary shares as at 31 December (see note 28) have been used as the basis for the current year normalised EPS calculation. This represents an indication of the future weighted average number of ordinary shares for evaluating performance of the Group. The comparative number of ordinary shares reflects the share split conducted in 2018 in full without time apportionment. The prior year comparative number of basic and diluted ordinary shares represents the weighted average quantity of shares in issue during the year ended 31 December 2017 (see note 12).

Notes to the financial statements for the year ended 31 December 2018 — (Continued)

Net debt

	2018	2017
	£m	£m
Opening cash and cash equivalents	**167.8**	101.7
Cash inflow from operating activities	**222.6**	344.0
Cash outflow from investing activities	**(306.3)**	(346.6)
Cash inflow from financing activities	**57.8**	69.9
Effect of exchange rates on cash and cash equivalents	**2.7**	(1.2)
Cash and cash equivalents at 31 December	**144.6**	167.8
Borrowings	**(704.1)**	(840.9)
Net Debt	**(559.5)**	(673.1)
Preference shares (re-designated as part of the IPO process)	**—**	255.9
IPO and other one-off cash adjustments	**38.6**	—
Adjusted Net Debt	**(520.9)**	(417.2)
Adjusted EBITDA for the period ended 31 December	**247.3**	206.5
Adjusted leverage	**2.3x**	3.3x
Adjusted leverage (excluding IPO and other one-off cash adjustments)	**2.1x**	2.0x

Return on invested capital

	2018	2017
	£m	£m
Adjusted operating profit (EBIT)	**146.9**	124.5
Tax credit/(charge)	**0.6**	(3.6)
Adjusted operating profit after tax	**147.5**	120.9
Senior Secured Notes	**590.9**	570.2
Unsecured loans	**1.4**	1.3
Current loans and borrowings	**99.4**	13.5
Non-current loans and borrowings	**12.4**	—
Preference Shares	**—**	255.9
Gross Debt	**704.1**	840.9
Total Shareholders' equity	**449.4**	136.1
	1,153.5	977.0
Return on Invested Capital	**12.8%**	12.4%

Company statement of financial position

Parent company financial statements

Parent Company Statement of Financial Position as at 31 December 2018

	Note	2018
		£m
Non-current assets		
Investments	3	**815.1**
Creditors: amounts falling due within one year	4	**(257.9)**
Net current liabilities		**(257.9)**
Net assets		**557.2**
Capital and reserves		
Share capital	5	**2.1**
Share premium	5	**352.3**
Capital reserve	5	**2.0**
Retained earnings		**200.8**
Shareholder equity		**557.2**

The financial statements were approved by the board of directors on 27 February 2019 and were signed on its behalf by:

Dr Andrew Palmer
President and Chief Executive Officer

Company Number: 11488166

The loss on ordinary activities after taxation from the date of incorporation (27 July 2018) to 31 December 2018 amounts to £60.0m.

Company statement of changes in equity

Parent company statement of changes in equity

Company	Share Capital	Share Premium	Share Warrants	Capital Reserve	Merger Reserve	Retained Earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
At 27 July 2018	—	—	—	—	—	—	—
Total comprehensive income for the period							
Loss for the period	—	—	—	—	—	(60.0)	(60.0)
Total comprehensive expense for the period	**—**	**—**	**—**	**—**	**—**	**(60.0)**	**(60.0)**
Transactions with owners, recorded directly in equity							
Issue of shares	**2.1**	—	—	—	—	—	**2.1**
Premium on issue of shares	—	**352.3**	—	—	—	—	**352.3**
Reduction of capital	—	—	—	—	**(242.4)**	**242.4**	—
Exercise of share warrants	—	—	**(18.4)**	—	—	**18.4**	—
Arising on share-for-share exchange	—	—	**18.4**	**2.0**	**242.4**	—	**262.8**
Total transactions with owners	**2.1**	**352.3**	**—**	**2.0**	**—**	**260.8**	**617.2**
At 31 December 2018	**2.1**	**352.3**	**—**	**2.0**	**—**	**200.8**	**557.2**

Notes to the company financial statements

1 Accounting policies

The Parent Company Financial Statements of Aston Martin Lagonda Global holdings plc (the Company) for the period from incorporation on 27 July 2018 to 31 December 2018 were authorised for issue by the Board of Directors on 27 February 2019 and the Statement of Financial Position was signed on the Board's behalf by Dr Andrew Palmer. 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.

The Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, they continue to adopt the going concern basis in preparing the Parent Company Financial Statements.

For further consideration of the going concern position of the Group see page 163.

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 period ended 31 December 2018 in other comprehensive income.

The fee relating to the audit of the Group and parent company financial statements of £0.2m was borne by a subsidiary undertaking in the period.

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 IRFS as adopted by the EU.

FRS 101 sets out amendments to IFRS as adopted by the EU that are necessary to achieve compliance with the Companies Act and related Regulations.

The following disclosures have not been provided as permitted by FRS 101.

- A Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows';
- A comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- 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 Company 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

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

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.

Amounts due from group undertakings

Amounts due from Group undertakings are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

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 27 July 2018	—
Additions	815.1
At 31 December 2018	**815.1**

On 3 September 2018 the Company acquired the entire share capital of Aston Martin Holdings (UK) Limited by way of a share-for-share exchange with the existing shareholders.

The Company directly owns 100% of the share capital of Aston Martin Holdings (UK) Limited, a dormant company registered in England and Wales.

A full list of subsidiary and other related undertakings is given in note 33 of the Group Financial Statements.

4 Creditors: amounts falling due within one year

	2018 £m
Amounts due to Group undertakings	**257.9**

5 Capital and reserves

Allotted, called up and fully paid	£m
228,002,890 ordinary shares of 0.00904p each	**2.1**

More detailed information on the movement in share capital is given in note 28 of the Group Financial Statements.

Share premium

Share premium totalling £352.3m arose from the conversion of the preference shares into ordinary shares, £347.8m, and the issue of shares to the former directors of Aston Martin Holdings (UK) Limited, £4.5m.

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.

Aston Martin Holdings (UK) Limited

Directors and advisors

Directors

Najeeb Al-Humaidhi
Adnan A Al-Musallam
Rezam M Al-Roumi
Roberto Maestroni
Umberto Magnetti
Carlo Pasquale Campanini-Bonomi
Dante Razzano
Mahmoud Samy Mohamed Ali El Sayed
Amr Ali Abdallah Abou El Seoud
Dr Andrew Palmer (Chief Executive Officer)

Secretary and registered office

Michael Marecki
Aston Martin Holdings (UK) Limited
Banbury Road
Gaydon
Warwick
England
CV35 0DB

Registered auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Primary bankers

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

Standard Chartered Bank plc
1 Basinghall Avenue
London
EC2V 5DD

Comerica Bank
1717 Main Street
Dallas
Texas 75201
United States of America
J.P. Morgan
25 Bank Street
London
E14 5JP

Independent auditor's report to the members of Aston Martin Holdings (UK) Limited

1 Our opinion is unmodified

We have audited the financial statements of Aston Martin Holdings (UK) Limited ("*the Company*") for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Parent Company Balance Sheet, Consolidated and Parent Company Statement of Changes In Equity, Consolidated Cash Flow Statement, and the related notes, including the accounting policies in note 2.

In our opinion:

- 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 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Overview	
Materiality: group financial statements as a whole	£3.0 million (2016: £5.0 million) 4% of Group profit before tax (2016: 0.85% of Group Revenue)
Audit scope coverage	92% (2016: 90%) of Group Revenue and 95% (2016: 98%) of Group profit before tax
Risks of material misstatement	
Recurring risks:	— Valuation of capitalised development costs — Revenue recognition around the year end and bill and hold transactions — Valuation of defined benefit scheme obligation — Recoverability of parent company's investment in subsidiaries

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("*ISAs (UK)*") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Valuation of capitalised development costs	**Forecast-based valuation**	**Our procedures included:**
		— Our sector experience:
(£511 million; 2016: £347 million with in-year capitalisation of £213 million; 2016: £116 million)	The value of development costs is supported by the future profitability of the vehicle platforms to which they are attributed.	Assessing through consideration of our business understanding and broader audit procedures whether any trigger events have arisen which would indicate a possible impairment.
		— Benchmarking assumptions:
Refer to pages 21 and 22 (accounting policy) and page 30 (financial disclosures).	An impairment assessment is carried out annually and when there is an indicator of impairment.	Challenging the Group's valuation assumptions by comparing to externally derived data in relation to key inputs such as projected economic growth, discount rates and competition in the luxury car market.
		— Assessing transparency:
	The valuation assessment uses a net present value of forecast cash flows for each vehicle to which the capitalised costs relate.	Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation.
	Accounting treatment	**— Accounting analysis:**
	Accuracy of costs capitalised must be assessed through ensuring compliance with the criteria of relevant accounting standards.	Assessing the Group's policy for the capitalisation of development costs against criteria in relevant accounting standards to assess whether the costs have been correctly capitalised.
		— Testing application:
		We select a sample of capitalised costs and agree to supporting documentation such as time recording records and purchase invoices to obtain

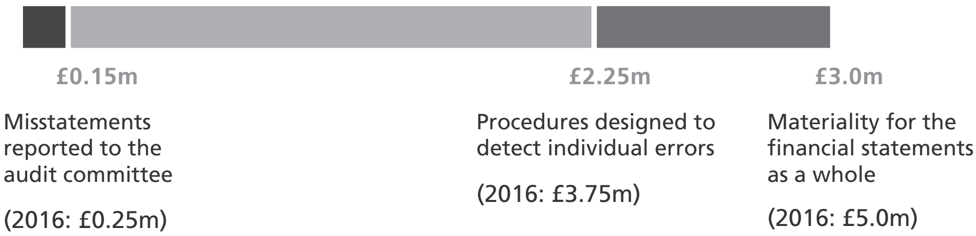
	The risk	Our response
		confirmation that the cost is properly recorded.
Recognition of revenue around the year end and bill and hold transactions	**2017/2018 sales**	**Our procedures included:**
		— Tests of details:
(£876 million; 2016: £593 million) Refer to page 21 (accounting policy) and page 26 financial disclosures	There may be pressure on management to increase revenue as this is a key performance indicator of the Group and could be subject to internal and external targets which increases the risk of fraudulently recording fictitious revenues.	Testing, on a sample basis, whether specific revenue transactions around the year end have been recognised in the appropriate period by assessing whether the significant risks and rewards of ownership have passed, with reference to the nature of the products, the terms of sale within the associated contracts and the status of acceptance of the product.
		— Tests of details:
	Vehicles may be sold on a 'bill and hold' basis whereby revenue is recognised before delivery to the customer.	Considering whether a sample of credit notes issued after the year end should reduce revenue in the period and challenging those that do not by obtaining evidence.
		— Tests of details:
		Where vehicles have been sold using a bill and hold agreement, inspecting the supporting documentation on a sample basis and agreeing that this is signed by the customer and appropriately sets out that the vehicle was ready for sale and that significant risks and rewards have passed.
		— Tests of details:
		Agreeing manual journals impacting the revenue financial statement caption to supporting documentation.
Valuation of defined benefit scheme obligation	**Subjective valuation**	**Our procedures included:**
		— Our pensions expertise:
(£318 million; 2016: £324 million) Refer to page 24 (accounting policy) and page 41 financial disclosures	The valuation of the UK post-retirement benefit obligation involves the selection of appropriate actuarial	With the support of our own actuarial specialists, challenging the key assumptions applied

	The risk	Our response
	assumptions, most notably the discount rate applied to scheme liabilities, inflation rates and mortality rates.	(discount rate, inflation rate and mortality).
		— Benchmarking assumptions:
	Small changes in these assumptions would have a significant effect on the Group's financial position.	Comparing these key assumptions used against externally derived data.
		— Assessing valuer's credentials:
		Assessing the competency and independence of the actuary engaged by the Group.
		— Assessing transparency:
		Considering the adequacy of the Group's disclosures in respect of the sensitivity of the liabilities to these assumptions.
Recoverability of parent Company's investment in subsidiaries	**Forecast-based valuation**	**Our procedures included:**
		— Tests of detail:
(£668 million; 2016: £668 million) Refer to pages 22 and 23 (accounting policy) and page 32 financial disclosures	The carrying amount of the parent Company's investments in subsidiaries represents 100% (2016: 100%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.	Comparing the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.
		— Assessing subsidiary audits:
	However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Assessing the work performed by the subsidiary audit team on all of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets.
		— Our sector experience:
		For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the

	The risk	Our response
		business based on a suitable multiple of the subsidiaries' profit as shown in the draft financial statements of the current year.

3 Our application of materiality and an overview of the scope of our audit

Revenue	Profit before tax	Materiality
£876.0 million	£86.7 million	£3.0 million
(2016: £593.5 million)	(2016: £162.8 million loss)	(2016: £5.0 million)



Materiality for the group financial statements as a whole was set at £3.0m (2016: £5.0 million), determined with reference to a benchmark of Group profit before tax, normalised to exclude this year's gain on the transition of the pension scheme to a CARE benefit as disclosed in note 5 and costs incurred in relation to the issue of the bonds as disclosed in note 18, of £76 million of which it represents 4%. For the prior year, 0.84% of Group Revenue was used.

Materiality for the parent Company financial statements as a whole was set at £2.4 million (2016: £4.0 million), determined with reference to a benchmark of company total assets- of which it represents 0.29% (2016: 0.48%).

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £150,000 (2016: £250,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Full scope audits were performed over 5 (2016: 4) of the Group's 11 reporting components. In 2016 we also performed specified risk-focused audit procedures over revenue at 1 further component which was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for 92% (2016: 90%) of Group Revenue and 95% of the total profits and losses that made up Group Profit Before Tax (2016: 98%). Component materiality was set at £2.4 million for each of the in scope components.

Based on Revenue, 91% (2016: 93%) of testing, including audit of the parent Company, was completed by the UK Group Team and 9% (2016: 7%) was completed by KPMG China Component Auditors.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team visited China, met with the component auditor and performed a review of their audit documentation related to key audit matters and other areas of interest.

The Group team performed procedures on the items excluded from normalised Group profit before tax.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the strategic report and the directors' report

The directors are responsible for the other information presented in the strategic report and the directors' report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 10, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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 Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date : 22 February 2018

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Notes	2017	2016
		£'000	**£'000**
Revenue	3	**875,993**	593,450
Cost of sales		**(496,184)**	(371,903)
Gross profit		**379,809**	221,547
Selling and distribution expenses		**(59,983)**	(41,858)
Administrative and other expenses		**(171,044)**	(212,008)
Operating profit / (loss)	4	**148,782**	(32,319)
Analysed as:			
Past service pension benefit	5	**24,274**	—
Impairment of intangible and tangible assets	5	**—**	(48,738)
Underlying operating profit *		**124,508**	16,419
Operating profit / (loss)		**148,782**	(32,319)
Finance income	7	**35,599**	2,584
Finance expense	8	**(97,649)**	(133,042)
Net financing expense		**(62,050)**	(130,458)
Analysed as:			
Loan interest on the redemption of Senior Secured Loan notes and Senior Subordinated PIK notes	8	**(10,535)**	—
Write-off of capitalised arrangement fees on Senior Secured Loan notes and Senior Subordinated PIK notes	8	**(2,377)**	—
Underlying net financing expense **		**(49,138)**	(130,458)
Net financing expense		**(62,050)**	(130,458)
Profit / (loss) before tax		**86,732**	(162,777)
Income tax (charge) / credit	9	**(7,730)**	15,204
Profit / (loss) for the year		**79,002**	(147,573)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability	21	**2,923**	(65,975)
Related income tax	9	**(497)**	11,216
		2,426	(54,759)
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences		**(677)**	1,493
Other comprehensive income for the period, net of income tax		**1,749**	(53,266)
Total comprehensive income for the period		**80,751**	(200,839)
Profit / (loss) attributable to:			
Owners of the group		**76,371**	(147,902)
Non-controlling interests		**2,631**	329
		79,002	(147,573)
Total comprehensive income / (expense) for the period attributable to:			
Owners of the group		**78,120**	(201,168)
Non-controlling interests		**2,631**	329
		80,751	(200,839)

* underlying operating profit represents operating profit excluding non-recurring items.

** underlying net financing expense represents financing expense excluding non-recurring items.

A non-recurring item is an item on the Group's consolidated statement of comprehensive income that is not expected to occur regularly.

Notes on pages 20 to 46 form an integral part of the financial statements.

Consolidated statement of changes in equity

Group	Share Capital	Share Premium and Share Warrants	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	**3**	**387,280**	**99,063**	**2,336**	**(416,022)**	**72,660**
Total comprehensive income for the period						
Profit	**—**	**—**	**2,631**	**—**	**76,371**	**79,002**
Other comprehensive income						
Foreign currency translation differences	**—**	**—**	**—**	**(677)**	**—**	**(677)**
Remeasurement of defined benefit liability (note 21)	**—**	**—**	**—**	**—**	**2,923**	**2,923**
Income tax on other comprehensive income (note 9)	**—**	**—**	**—**	**—**	**(497)**	**(497)**
Total other comprehensive income	**—**	**—**	**—**	**(677)**	**2,426**	**1,749**
Total comprehensive income for the period	**—**	**—**	**2,631**	**(677)**	**78,797**	**80,751**
Transactions with owners, recorded directly in equity						
Equity adjustment	**—**	**(5,585)**	**—**	**—**	**—**	**(5,585)**
Total transactions with owners . . .	**—**	**(5,585)**	**—**	**—**	**—**	**(5,585)**
At 31 December 2017	**3**	**381,695**	**101,694**	**1,659**	**(337,225)**	**147,826**

The equity adjustment of £5,585,000 represents a part repayment to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., of the £150,000,000 equity received in 2013 in order to reflect the value of the shares acquired at that date, which has been adjusted based on the deficit of the defined benefit pension scheme over the four year period to June 2017.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £7,630,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Group	Share Capital	Share Premium and Share Warrants	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	**3**	**377,861**	**98,734**	**843**	**(213,361)**	**264,080**
Total comprehensive income for the period						
Profit / (loss)	**—**	**—**	**329**	**—**	**(147,902)**	**(147,573)**
Other comprehensive income						
Foreign currency translation differences	—	—	—	1,493	—	1,493
Remeasurement of defined benefit liability (note 21)	—	—	—	—	(65,975)	(65,975)
Income tax on other comprehensive income (note 9)	—	—	—	—	11,216	11,216
Total other comprehensive income	**—**	**—**	**—**	**1,493**	**(54,759)**	**(53,266)**
Total comprehensive income for the period	**—**	**—**	**329**	**1,493**	**(202,661)**	**(200,839)**
Transactions with owners, recorded directly in equity						
Capital increase	**—**	**9,419**	**—**	**—**	**—**	**9,419**
Total transactions with owners	**—**	**9,419**	**—**	**—**	**—**	**9,419**
At 31 December 2016	**3**	**387,280**	**99,063**	**2,336**	**(416,022)**	**72,660**

The capital increase during the year ended 31 December 2016 represents the fair value of the share warrants granted in connection with the issue of the second tranche of preference shares amounting to £9,419,000 as £100,000,000 of Preference Shares were issued in both April 2015 and April 2016.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,999,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Company statement of changes in equity

Company	Share Capital	Share Premium and Share Warrants	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	3	387,280	92,964	—	(126,446)	353,801
Total comprehensive income for the period						
Loss	—	—	—	—	(47,213)	(47,213)
Total comprehensive expense for the period	**—**	**—**	**—**	**—**	**(47,213)**	**(47,213)**
Transactions with owners, recorded directly in equity						
Equity adjustment	**—**	**(5,585)**	**—**	**—**	**—**	**(5,585)**
Total transactions with owners	**—**	**(5,585)**	**—**	**—**	**—**	**(5,585)**
At 31 December 2017	**3**	**381,695**	**92,964**	**—**	**(173,659)**	**301,003**

The equity adjustment of £5,585,000 represents a part repayment to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., of the £150,000,000 equity received in 2013 in order to reflect the value of the shares acquired at that date, which has been adjusted based on the deficit of the defined benefit pension scheme over the four year period to June 2017.

Company	Share Capital	Share Premium and Share Warrants	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	**3**	**377,861**	**92,964**	**—**	**(52,853)**	**417,975**
Total comprehensive expense for the period						
Loss	**—**	**—**	**—**	**—**	**(73,593)**	**(73,593)**
Total comprehensive expense for the period	**—**	**—**	**—**	**—**	**(73,593)**	**(73,593)**
Transactions with owners, recorded directly in equity						
Capital increase	**—**	**9,419**	**—**	**—**	**—**	**9,419**
Total transactions with owners	**—**	**9,419**	**—**	**—**	**—**	**9,419**
At 31 December 2016	**3**	**387,280**	**92,964**	**—**	**(126,446)**	**353,801**

The capital increase during the year ended 31 December 2016 represents the fair value of the share warrants granted in connection with the issue of the second tranche of preference shares amounting to £9,419,000 as £100,000,000 of Preference Shares were issued in both April 2015 and April 2016.

Statements of financial position at 31 December 2017

	Notes	Group 2017	Group 2016	Company 2017	Company 2016
		£'000	£'000	**£'000**	£'000
Non-current assets					
Intangible assets	10	**930,705**	706,947	**—**	—
Property, plant and equipment	12	**243,885**	196,321	**—**	—
Investments in subsidiary undertakings	13	**—**	—	**667,982**	667,982
Other receivables	15	**2,077**	2,309	**—**	—
Other financial assets	18	**—**	88	**—**	—
Deferred tax asset	9	**37,091**	32,124	**—**	—
		1,213,758	937,789	**667,982**	667,982
Current assets					
Inventories	14	**127,785**	117,245	**—**	—
Trade and other receivables	15	**115,666**	112,757	**147,911**	231,438
Other financial assets	18	**1,381**	272	**—**	—
Cash and cash equivalents	16	**167,851**	101,718	**1**	1
		412,683	331,992	**147,912**	231,439
Total assets		**1,626,441**	1,269,781	**815,894**	899,421
Current liabilities					
Borrowings	18	**13,481**	5,153	**—**	—
Trade and other payables	17	**480,863**	340,893	**259,049**	151,234
Income tax payable		**2,677**	680	**—**	—
Other financial liabilities	18	**3,112**	18,646	**—**	—
Provisions	20	**12,016**	7,631	**—**	—
		512,149	373,003	**259,049**	151,234
Non-current liabilities					
Borrowings	18	**827,453**	696,065	**255,842**	394,386
Trade and other payables	17	**17,623**	—	**—**	—
Other financial liabilities	18	**—**	9,611	**—**	—
Employee benefits	21	**46,847**	69,769	**—**	—
Provisions	20	**13,931**	6,070	**—**	—
Deferred tax liabilities	9	**60,612**	42,603	**—**	—
		966,466	824,118	**255,842**	394,386
Total liabilities		**1,478,615**	1,197,121	**514,891**	545,620
Net assets		**147,826**	72,660	**301,003**	353,801
Capital and reserves					
Share capital	22	**3**	3	**3**	3
Share premium	23	**363,233**	368,818	**363,233**	368,818
Share warrants	23	**18,462**	18,462	**18,462**	18,462
Capital reserve	23	**94,064**	94,064	**92,964**	92,964
Translation reserve	23	**1,659**	2,336	**—**	—
Retained earnings		**(337,225)**	(416,022)	**(173,659)**	(126,446)
Equity attributable to owners of the group		**140,196**	67,661	**301,003**	353,801
Non-controlling interests		**7,630**	4,999	**—**	—
Total shareholders' equity		**147,826**	72,660	**301,003**	353,801

Notes on pages 20 to 46 form an integral part of the financial statements.

The financial statements on pages 15 to 46 were approved by the board of directors on 22 February 2018 and were signed on its behalf by:

Dr Andrew Palmer
Director

Company Number: 06067176

Consolidated statement of cash flows for the year ended 31 December 2017

	Notes	Group 2017	Group 2016
		£'000	**£'000**
Operating activities			
Profit / (loss) for the year		**79,002**	(147,573)
Adjustments to reconcile profit / (loss) for the year to net cash inflow from operating activities			
Tax on continuing operations	9	**7,730**	(15,204)
Net finance costs		**35,719**	122,306
Other non cash movements		**(748)**	1,035
(Gains) / losses on sale of property, plant and equipment	4	**(140)**	22
Depreciation and impairment of property, plant and equipment	4,12	**27,441**	38,314
Amortisation and impairment of intangible assets	4,10	**54,726**	94,858
Difference between pension contributions paid and amounts recognised in income statement		**(19,999)**	(1,153)
Increase in inventories		**(10,540)**	(36,882)
Increase in trade and other receivables		**(7,782)**	(39,126)
Increase in trade and other payables		**166,613**	150,333
Movement in provisions		**12,493**	(1,289)
Cash generated from operations		**344,515**	165,641
Income taxes paid		**(677)**	(1,082)
Net cash inflow from operating activities		**343,838**	164,559
Cash flows from investing activities			
Interest received	7	**3,085**	2,224
Proceeds on the disposal of property, plant and equipment		**200**	395
Payment to acquire subsidiary undertaking	13	**(50,022)**	—
Payments to acquire property, plant and equipment	12	**(74,994)**	(68,280)
Payments to acquire intangible assets	10	**(219,131)**	(124,508)
Net cash used in investing activities		**(340,862)**	(190,169)
Cash flows from financing activities			
Interest paid		**(49,815)**	(32,612)
Adjustment to equity share issue	23	**(5,585)**	—
Movement in existing borrowings	18,24	**(474,325)**	(13,787)
New Borrowings	18,24	**606,150**	100,000
Transaction fees on new borrowings	24	**(12,134)**	—
Net cash inflow from financing activities		**64,291**	53,601
Net increase in cash and cash equivalents	24	**67,267**	27,991
Cash and cash equivalents at the beginning of the year	16,24	**101,718**	65,562
Effect of exchange rates on cash and cash equivalents	24	**(1,134)**	8,165
Cash and cash equivalents at the end of the year	16,24	**167,851**	101,718

Notes on pages 20 to 46 form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2017

1 Basis of accounting

Aston Martin Holdings (UK) Limited (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 parent Company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("*Adopted IFRSs*"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, Redeemable cumulative preference shares, a revolving credit facility, facilities to finance inventory, a back-to-back loan and a wholesale vehicle financing facility. On 18 April 2017, the group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes both of which mature in April 2022. Attached to these Senior Secured Notes is an £80,000,000 revolving credit facility which was undrawn at 31 December 2017. In December 2017 the Group issued a further £55,000,000 of 5.75% Senior Secured Notes which also mature in April 2022. The amounts outstanding on all the borrowings are shown in note 18 to the accounts.

The Senior Secured Notes and the Senior Subordinated PIK notes which were due to be repaid in July 2018 were repaid in April 2017.

The Directors have prepared trading and cash flow forecasts for the period to 2021 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date that these financial statements were approved.

The forecasts make assumptions in respect of future trading conditions and in particular, the launch of future models. 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 and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the Directors consider to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

The Directors have also prepared a downside forecast which incorporates certain adverse sensitivities which while not expected still represent a reasonably possible scenario. In this forecast the Group still has sufficient financial resources to meet its obligations as they fall due and meets all covenant tests for the period of at least 12 months from the date these financial statements are approved.

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 therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

2 Accounting policies

Basis of consolidation

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

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 functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in other comprehensive income.

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 directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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 to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, deducting wholesale and any anticipated retail discounts, rebates, 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 the significant risks and rewards of ownership of the vehicles have passed to the buyer, which is normally considered to be at the point of despatch to the dealer, distributor or any other party for whom the Group acts as agent when the vehicles are adopted by the dealer, distributor or other party. When despatch is deferred at the formal request of the buyer, revenue is recognised when the vehicle is ready for despatch and a written request to hold the vehicle until a specified delivery date has been received. Vehicles are sold with a warranty. Revenue relating to this warranty service is recognised on despatch of the vehicle.

Sales of parts

Revenue from the sale of parts is generally recognised upon despatch to the dealer or any other party for whom the Group acts as agent. Where the dealer is Aston Martin Works Limited or

Aston Martin Italy S.r.l, both indirect subsidiaries of Aston Martin Holdings (UK) Limited, revenue is recognised at the point of despatch to a buyer outside of the Group.

Servicing and restoration of vehicles and bodyshop sales

Income from servicing and restoration of vehicles and bodyshop sales is recognised as the services are completed.

Finance income

Finance income comprises interest receivable on funds invested calculated using the effective interest rate method, net interest income on the net defined benefit (liability) asset and gains on financial instruments that are recognised in profit or loss.

Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit (liability) asset, losses on financial instruments that are recognised in profit or loss and net losses on financial liabilities measured at amortised cost. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

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 in, the course of the Group's operating cycle. Current assets also include assets classified as held for sale. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Goodwill

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. The only cash generating unit of the Group is that of the Aston Martin Lagonda Group Limited business. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

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 goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

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. It is 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, brand earnings are separately identifiable, 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, the multi-period excess earnings methodology.

Development costs

Expenditure on internally developed intangible assets, excluding development costs, is taken to profit or loss in the year in which it is incurred. Expenditure relating to clearly defined and identifiable development projects is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have 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 value is determined using the substitution principle by adjusting the actual costs incurred by the loss due to obsolescence at the date of acquisition of Aston Martin Lagonda Group Limited. The obsolete element is determined by reference to the proportion of the product life cycle that had expired at the acquisition date.

Technology acquired from third parties is included at fair value.

Dealer network

The Group sells its vehicles exclusively through a network of franchised dealers. To the extent that the Group benefits from the network as its only means of distribution, the dealer network has been valued based on costs incurred by the Group.

Beneficial lease

Rent free lease options have been valued on the basis of the net present value of the market rental cashflows.

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 on the date production commences. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives with charges included in profit or loss, as follows:

	Years
Purchased intellectual property	5
Brands	Indefinite life
Development costs	Over the life of the model
Technology	10
Dealer network	20
Beneficial lease	10

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 and includes costs directly attributable to making the asset capable of operating as intended. 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, machinery, fixtures, fittings and tooling	3 to 30
Motor vehicles	5 to 9

Tooling is amortised over the life of the project.

Assets in the course of construction are included in their respective category, but are not depreciated until completion of the construction. No depreciation is provided on freehold land.

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 or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in profit or loss in the period of derecognition.

Investments in subsidiaries

In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

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'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 profit or loss in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an infinite life and capitalised development costs not yet available for use, the recoverable amount is estimated annually or more frequently 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 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.

Impairment losses recognised on goodwill cannot be reversed.

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.

Leases

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Where consignment and deposit monies have been received from customers or dealers, these are included in trade and other payables and released to profit or loss on completion of the sale. The financial liability on deposits is derecognised when the entity does not have any obligation with respect to these deposits.

Derivative financial instruments

Derivative financial assets and liabilities are recognised on 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 and financing activities. Movements in the fair value of foreign exchange derivatives are recognised in finance income or expense and realised gains and losses in cost of sales in the statement of comprehensive income, with movements in the fair value of interest rate derivatives taken through finance income or finance expense, as appropriate. 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.

Trade and other receivables

Trade and other receivables are carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows. Receivables are not discounted as the time value of money is not considered to be material.

Derivative financial assets

A derivative financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A derivative financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Trade and other payables

Trade and other payables are recognised and carried at their original invoiced value. Payables are not discounted to take into account the time value of money, as the effect is immaterial.

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 cost and redemption value being recognised in profit or loss 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. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, the interest on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit asset or liability, taking into account 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 profit or loss.

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 profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Warranty and service plan provision

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, typically on despatch of a vehicle. Expected future cash flows are not discounted to present value as the effect is not material.

The Group provides for the estimated liability for all products under warranty and service plans. The provision is estimated based on past experience of the level of warranty claims settled and the cost of service plans.

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 profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

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.

Deferred income 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 income 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, based on tax rates and laws enacted or substantively enacted at the reporting date.

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.

Critical accounting assumptions and key sources of estimation uncertainty

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 the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the useful lives of tangible and intangible assets

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 as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill);
- the measurement of warranty liabilities; and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 11).

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. Management establishes these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates (see note 21).

The following new standards are not yet effective but could be relevant to the Group.

There were no significant new financial reporting standards adopted in 2017. The following standards and interpretations, which are not yet effective and not yet endorsed by the European Union and have not been early adopted by the Group, will be adopted in future accounting periods:

IFRS 9 Financial Instruments: In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

The effect of adopting IFRS 9 will be to report the exchange movement on the $400m 6.5% Senior Secured Notes and the gains or losses on financial instruments recognised at fair value entered into from 1 January 2018, within other comprehensive income or expense and capital and reserves as opposed to within net financing expense in the income statement. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future.

IFRS 15 Revenue from Contracts with Customers: IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15 covering such areas as:

- incentives
- deposits
- servicing
- warranty
- bill and hold
- restoration work
- barter arrangements
- residual value guarantees
- separate performance obligations

and has concluded and the only area where the accounting will be affected is for deposits held for in excess of one year. The potential impact has been estimated as increasing finance expense by between £2.0m and £2.5m in 2017 and by between £4.5m and £5.5m in 2018.

IFRS 16 Leases: IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard — i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Group currently plans to adopt IFRS 16 initially on 1 January 2019.

The actual impact of adopting IFRS 16 on the Group's consolidated financial statements in 2019 is not known as judgements are required in identifying and accounting for leases. The Group is continuing to assess the impact of IFRS 16 and cannot reasonably estimate the impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after adoption on 1 January 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption, when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. The Group has not yet determined which adoption method it will use.

3 Revenue

Group

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Analysis by category		
Sale of vehicles	**810,102**	528,974
Sale of parts	**55,966**	53,605
Servicing of vehicles	**9,925**	10,871
	875,993	593,450

4 Operating profit / (loss)

Group

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

	2017	2016
	£'000	£'000
Depreciation of property, plant and equipment (note 12)	**27,441**	38,314
Amortisation of intangible assets (note 10)	**54,726**	94,858
Provision for the impairment of trade receivables (note 15)	**19**	(176)
(Gain) / loss on sale of property, plant and equipment	**(140)**	22
Net foreign currency differences	**3,830**	4,091
Cost of inventories recognised as an expense	**435,900**	287,987
Write-down of inventories to net realisable value	**1,874**	1,453
Operating lease payments (gross)		
— Land and buildings	**5,282**	2,898
— Plant and machinery	**1,559**	1,842
Operating sublease receipts		
— Land and buildings	**(307)**	—
Auditor's remuneration:		
— Audit of these financial statements	**15**	15
— Audit of financial statements of subsidiaries pursuant to legislation	**192**	150
— Other services relating to taxation	**433**	266
— All other services	**622**	373
Research and development expenditure recognised as an expense	**11,095**	10,858

Research and development expenditure is further analysed as follows:

	2017	2016
Total research and development expenditure	**224,332**	127,335
Capitalised research and development expenditure (note 10)	**(213,237)**	(116,477)
Research and development expenditure recognised as an expense	**11,095**	10,858

5 Non-recurring items

		2017	2016
		£'000	£'000
Non-recurring operating expenses:			
Past service pension benefit	(a)	**24,274**	—
Impairment of intangible and tangible assets	(b)	**—**	(48,738)
Non-recurring items before tax		**24,274**	(48,738)
Tax on non-recurring items		**—**	—
Non-recurring items after tax		**24,274**	(48,738)

(a) On 1 January 2018 the benefits provided by the defined benefit pension scheme changed from being based on final salary to benefits based on career average revalued earnings (CARE) which resulted in a past service pension benefit.

(b) In view of the launch of new models from 2016 onwards, the Group performed a review of the carrying value of its intangible and tangible assets which has resulted in an impairment charge.

There is no tax effect on the non-recurring items in either year.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

6 Staff costs and directors' emoluments

Group

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	**£'000**
(a) Staff costs		
Wages and salaries	**93,804**	77,297
Social security costs	**9,952**	8,141
Expenses related to post-employment defined benefit plan	**12,359**	9,042
Contributions to defined contribution plans	**3,676**	2,437
	119,791	96,917

During the year the Company had no employees or staff costs (2016: none).

The average monthly number of employees during the years ended 31 December 2017 and 31 December 2016 were:

	2017	2016
By activity		
Production	**827**	687
Selling and distribution	**227**	197
Administration	**699**	611
	1,753	1,495

(b) Directors' emoluments and transactions

	2017	2016
	£'000	**£'000**
Directors' emoluments	**4,082**	3,876

None of the directors received any amounts under long term incentive plans.

Highest paid director:

Aggregate emoluments	**3,182**	2,976

Compensation of key management personnel (including directors)

	2017	2016
	£'000	**£'000**
Short-term employee benefits	**7,518**	7,701
Post-employment benefits	**373**	544
	7,891	8,245

Compensation for loss of office payments included above amounted to £Nil (2016: £246,638).

All of the directors benefited from qualifying third party indemnity provisions.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

7 Finance income

Group

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	**£'000**
Bank deposit and other interest income	**3,085**	2,224
Net gain on financial instruments recognised at fair value through profit or loss	**7,608**	360
Net foreign exchange gain	**24,906**	—
Total finance income	**35,599**	2,584

8 Finance expense

Group

	2017	2016
	£'000	**£'000**
Bank loans and overdrafts	**45,108**	49,571
Net interest expense on the net defined benefit liability	**1,756**	3
Interest on preference shares classified as financial liabilities	**37,873**	29,124
Net loss on financial instruments recognised at fair value through profit or loss	**—**	26,737
Net foreign exchange loss	**—**	27,607
Finance expense before non-recurring finance expense	**84,737**	133,042
Non-recurring finance expense:		
Loan interest on the redemption of Senior Secured Loan notes and Senior Subordinated PIK notes	**10,535**	—
Write-off of capitalised arrangement fees on Senior Secured Loan notes and Senior Subordinated PIK notes	**2,377**	—
Total finance expense	**97,649**	133,042

9 Tax expense on continuing operations

Group

	2017	2016
	£'000	**£'000**
Current tax expense		
UK corporation tax on profits	**(3,124)**	(93)
Overseas tax	**(1,374)**	(643)
Prior period movement	**(40)**	(21)
Total current income tax	**(4,538)**	(757)
Deferred tax expense		
Origination and reversal of temporary differences	**(17,201)**	13,840
Effect of change in tax laws	**—**	2,145
Prior period movement	**14,009**	(24)
Total deferred tax	**(3,192)**	15,961
Total tax (charge) / credit	**(7,730)**	15,204
Tax relating to items charged in other comprehensive income		
Deferred tax		
Actuarial gains / (losses) on defined benefit pension plan	**(497)**	11,216

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

(b) Reconciliation of the total tax charge

The tax (charge) / credit in the consolidated statement of comprehensive income for the year is lower than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

		2017		2016
		£'000		£'000
Profit / (loss) from operations before taxation		**86,732**		(162,777)
Profit / (loss) on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**19.25%**	**16,696**	20%	(32,555)
Difference to current tax (charge) / credit due to effects of:				
Unrecognised tax losses		**—**		6,281
Expenses not deductible for tax purposes		**8,164**		7,919
Adjustments in respect of prior periods		**(13,969)**		45
Effect of change in tax laws		**(2,273)**		5,136
Pension movements taken to equity		**—**		(1,979)
Difference in overseas tax rates		**(892)**		382
Other		**4**		(433)
Total tax (charge) / credit		**7,730**		(15,204)

(c) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2017 have been calculated based on these rates.

(d) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017	Assets 2016	Liabilities 2017	Liabilities 2016
	£'000	£'000	£'000	£'000
Property, plant and equipment	**—**	(285)	**8,786**	—
Intangible assets	**—**	—	**51,826**	42,603
Employee benefits	**(7,964)**	(11,861)	**—**	—
Provisions	**(1,434)**	(1,744)	**—**	—
Losses	**(27,693)**	(18,234)	**—**	—
Tax (assets) / liabilities	**(37,091)**	(32,124)	**60,612**	42,603
Set off of tax liabilities / (assets)	**37,091**	32,124	**(37,091)**	(32,124)

Movement in deferred tax in 2017

	1 January 2017	Recognised in income	Recognised in equity	Acquisition of subsidiary	31 December 2017
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Property, plant and equipment	**(285)**	**9,071**	**—**	**—**	**8,786**
Intangible assets	**42,603**	**(130)**	**—**	**9,353**	**51,826**
Employee benefits	**(11,861)**	**3,400**	**497**	**—**	**(7,964)**
Provisions	**(1,744)**	**310**	**—**	**—**	**(1,434)**
Losses	**(18,234)**	**(9,459)**	**—**	**—**	**(27,693)**
	10,479	**3,192**	**497**	**9,353**	**23,521**

Movement in deferred tax in 2016

	1 January 2016	Recognised in income	Recognised in equity	31 December 2016
	£'000	**£'000**	**£'000**	**£'000**
Property, plant and equipment	(33,819)	33,534	—	(285)
Intangible assets	85,959	(43,356)	—	42,603
Employee benefits	(890)	245	(11,216)	(11,861)
Provisions	(2,416)	672	—	(1,744)
Losses	(11,178)	(7,056)	—	(18,234)
	37,656	(15,961)	(11,216)	10,479

Deferred tax assets have not been recognised in respect of the following items:

	2017	2016
	£'000	**£'000**
Tax losses	**18,937**	33,039

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are foreseen.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

10 Intangible assets

Group

	Brands	Technology	Dealer Network and Other	Deferred Development Cost	Goodwill	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2016	242,600	101,302	51,207	500,049	85,436	**980,594**
Additions	—	—	8,031	116,477	—	**124,508**
Disposals	—	(80,100)	—	—	—	**(80,100)**
Balance at 31 December 2016	242,600	21,202	59,238	616,526	85,436	**1,025,002**
Balance at 1 January 2017	242,600	21,202	59,238	616,526	85,436	**1,025,002**
Additions	—	—	5,894	213,237	—	**219,131**
Transfer in	55,016	—	6,250	—	—	**61,266**
Disposals	—	—	(1,500)	—	—	**(1,500)**
Balance at 31 December 2017	297,616	21,202	69,882	829,763	85,436	**1,303,899**
Amortisation						
Balance at 1 January 2016	—	80,100	38,572	184,293	332	**303,297**
Amortisation for the year	—	471	9,345	84,910	132	**94,858**
Disposals	—	(80,100)	—	—	—	**(80,100)**
Balance at 31 December 2016	—	471	47,917	269,203	464	**318,055**
Balance at 1 January 2017	—	471	47,917	269,203	464	**318,055**
Amortisation for the year	—	1,884	3,567	49,143	132	**54,726**
Transfer in	—	—	1,913	—	—	**1,913**
Disposals	—	—	(1,500)	—	—	**(1,500)**
Balance at 31 December 2017	—	2,355	51,897	318,346	596	**373,194**
Carrying Amounts						
At 1 January 2016	242,600	21,202	12,635	315,756	85,104	**677,297**
At 31 December 2016	242,600	20,731	11,321	347,323	84,972	**706,947**
At 1 January 2017	242,600	20,731	11,321	347,323	84,972	**706,947**
At 31 December 2017	297,616	18,847	17,985	511,417	84,840	**930,705**

The transfer in relates to the acquisition of AM Brands Limited. The right of use of a trade mark "*Aston Martin*" for non-automotive activities at the date of acquisition was £6,250,000 with accumulated amortisation of £1,913,000. In addition, there was a fair value adjustment on acquisition of £55,016,000. See note 13 for further details.

The automotive Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited at £242,600,000 has been identified as having an indefinite life due to the long history and wide recognition of the brand which has meant it has not been possible to identify its future lifetime.

The non-automotive Brand identified above and valued through the acquisition of AM Brands Limited in December 2017 has been valued at £55,016,000.

Dealer Network and Other intangible assets of £17,985,000 (2016: £11,321,000) include £7,248,000 (2016: £8,018,000) relating to the dealer network, £Nil relating to Chinese distribution rights (2016: £308,000), £4,316,000 relating to software development (2016: £2,735,000), £4,337,000 relating to the right of use of a trade mark "*Aston Martin*" for non-automotive activities (2016: £Nil) and £2,084,000 relating to other items (2016: £260,000).

Goodwill of £84,840,000 (2016: £84,972,000) relates to the following. £84,131,000 (2016: £84,131,000) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. £126,000 (2016: £215,000) results from the acquisition of AMWS Limited, the parent company of Aston Martin Works Limited in 2014. £583,000 (2016: £626,000) results from a transfer in when Aston Martin Works Limited became part of the Group in 2014.

Amortisation in the year ended 31 December 2017 relates to the amortisation of the Goodwill on the acquisition of AMWS limited of £89,000 (2016: £89,000) and amortisation of the Goodwill within Aston Martin Works Limited of £43,000 (2016: £43,000).

There are no intangible assets in the Company.

11 Impairment testing of goodwill and other intangible fixed assets with indefinite useful lives

Group

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash generating unit — the Aston Martin Lagonda Group Limited business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes.

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

Key assumptions used in value in use calculations

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

Cash flows were projected based on actual operating results and the four year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% per annum. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and current business strategy.

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 it operates. The pre-tax discount rate used was 12.3%. An exchange rate of $1.30/£ has been used in the forecast.

Sensitivity analysis

- the pre-tax discount rate would need to increase to 17.0% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the four year plan would need to be a decline of 6.0% in order for the assets to become impaired
- the exchange rate would need to increase to $1.94/£ (with all other currencies moving against the £ in line with the $) in order for the assets to become impaired.

12 Property, plant and equipment

Group

	Freehold land and buildings	Plant, machinery, fixtures, fittings and tooling	Motor vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
Balance at 1 January 2016	67,967	345,597	833	**414,397**
Additions	24	68,256	—	**68,280**
Disposals	—	(267)	(150)	**(417)**
Effect of movements in exchange rates	461	256	18	**735**
Balance at 31 December 2016	68,452	413,842	701	**482,995**
Balance at 1 January 2017	68,452	413,842	701	**482,995**
Additions	30	74,898	66	**74,994**
Disposals	—	—	(60)	**(60)**
Effect of movements in exchange rates	137	(22)	6	**121**
Balance at 31 December 2017	68,619	488,718	713	**558,050**
Depreciation				
Balance at 1 January 2016	18,140	229,846	97	**248,083**
Charge for the year	2,334	35,951	29	**38,314**
Effect of movements in exchange rates	122	141	14	**277**
Balance at 31 December 2016	20,596	265,938	140	**286,674**
Balance at 1 January 2017	20,596	265,938	140	**286,674**
Charge for the year	2,330	25,097	14	**27,441**
Effect of movements in exchange rates	41	3	6	**50**
Balance at 31 December 2017	22,967	291,038	160	**314,165**
Carrying amounts				
At 1 January 2016	49,827	115,751	736	**166,314**
At 31 December 2016	47,856	147,904	561	**196,321**
At 1 January 2017	47,856	147,904	561	**196,321**
At 31 December 2017	45,652	197,680	553	**243,885**

As detailed in Note 18, property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the Senior Secured Notes.

Assets in the course of construction at a cost of £Nil (2016: £Nil) are included within land and buildings. Assets in the course of construction at a cost of £52,875,000 (2016: £55,539,000) are included within plant and machinery.

Capital expenditure contracts to the value of £58,549,000 have been placed but not provided for as at 31 December 2017 (2016: £57,184,000).

There was no property, plant and equipment in the Company (2016: £Nil).

13 Investments

Investments in subsidiary undertakings

Company

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
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 — formerly the financing company that held the previous 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 and the sale of parts
AM Brands Limited**	Ordinary	100%	Grants licences to third parties for the use of the Aston Martin brand for non-automotive products worldwide
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**<	Ordinary	100%	Sale and servicing of luxury sports cars and the sale of parts
AML Italy S.r.l**<	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 Limite**◊	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
^ incorporated in the United States of America
> 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 Holdings (UK) Limited
** Held indirectly by Aston Martin Holdings (UK) Limited

In December 2017 the group acquired 100% of the voting shares of AM Brands Limited, a company incorporated in Jersey, for a consideration of £57,770,000 settled in cash.

The book values of the identifiable assets and liabilities and their fair value to the Group at the date of acquisition were as follows:

	Book value	Provisional fair value adjustments	Fair value to group
	£'000	£'000	£'000
Intangible assets	4,337	55,016	59,353
Trade and other receivables	828	—	828
Cash at bank	7,748	—	7,748
Trade and other payables	(806)	—	(806)
Deferred tax	—	(9,353)	(9,353)
Net assets	12,107	45,663	57,770
Cash consideration			57,770
Cash acquired			(7,748)
Net cash outflow from acquisition			50,022

	Shares in subsidiary undertakings
	£'000
Cost and carrying value	
1 January 2017	667,982
Additions	—
31 December 2017	667,982

14 Inventories

Group

	2017	2016
	£'000	£'000
Service parts, spares and production stock	**49,486**	50,345
Work in progress	**17,498**	18,363
Finished cars and parts for resale	**60,801**	48,537
	127,785	117,245

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £24,958,000 (31 December 2016: £19,886,000). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

There were no inventories in the Company (2016: £Nil).

15 Trade and other receivables

Group and Company

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
Amounts included in current assets				
Trade receivables	**71,973**	90,979	**—**	—
Owed by Group undertakings (see note 27)	**—**	—	**147,911**	231,083
Owed by related parties (see note 27)	**—**	466	**—**	—
Other receivables including taxation	**22,718**	16,833	**—**	—
Prepayments	**20,975**	4,479	**—**	355
	115,666	112,757	**147,911**	231,438
Amounts included in non-current assets				
Other receivables	**2,077**	2,309	**—**	—

Trade receivables and other receivables are non-interest bearing and generally have terms between 10 and 30 days, with amounts financed through the trade finance facility with Standard Chartered Bank plc) (see below) having terms between 30 and 60 days. Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

The majority of the Group's receivables are derived from sales to franchised dealers who are appointed by the Group. The receivables are supported by credit risk insurance and the credit limit for each franchised dealer is set by the Insurance company in consultation with the Group. Credit risk is discussed further in note 18.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £150,000,000 trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy.

The Group has entered into a financing agreement with Standard Chartered Bank plc, whereby Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc, and therefore the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2017 is £147,022,000 (2016 : £120,948,000).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
Sterling	**59,487**	46,385	**147,911**	231,438
Chinese Renminbi	**4,640**	14,921	**—**	—
Euro	**7,535**	9,698	**—**	—
US Dollar	**21,949**	32,229	**—**	—
Other	**3,156**	7,354	**—**	—
	96,767	110,587	**147,911**	231,438

Provision for impairment of receivables

Trade receivables with a value of £344,000 were impaired in the Group at 31 December 2017 (31 December 2016 : £162,000). Management review trade receivables on an individual account basis and make provision where recoverability is doubtful.

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
At 1 January	**162**	428	**—**	—
Charge / (credit) for the year	**19**	(176)	**—**	—
Utilised	**(80)**	(119)	**—**	—
Transfer in on the acquisition of AM Brands Limited (note 13)	**238**	—	**—**	—
Effect of movements in exchange rates	**5**	29	**—**	—
At 31 December	**344**	162	**—**	—

As at 31 December 2017, trade receivables of £19,542,000 were overdue but not impaired (31 December 2016 : £14,397,000).

The ageing analysis of these trade receivables is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
Up to 3 months overdue	**8,586**	10,872	**—**	—
3 to 6 months overdue	**5,824**	2,301	**—**	—
Over 6 months overdue	**5,132**	1,224	**—**	—
Total	**19,542**	14,397	**—**	—

There were no impairments in the Company in either year.

16 Cash and cash equivalents

Group and Company

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	**167,851**	101,718	**1**	1

Cash at bank 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:

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	**£'000**	**£'000**	**£'000**
Sterling	**64,976**	31,682	**1**	1
Chinese Renminbi	**52,086**	29,316	**—**	—
Euro	**4,930**	22,202	**—**	—
US Dollar	**38,354**	13,484	**—**	—
Other	**7,505**	5,034	**—**	—
	167,851	101,718	**1**	1

In May 2017 the group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13,638,000 were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2017 to £13,666,000 and is shown in the total of cash and cash equivalents above.

17 Trade and other payables

Current trade and other payables — Group and Company

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	£'000	£'000	£'000
Trade payables	**54,834**	93,137	**—**	—
Due to Group undertakings (see note 27)	**—**	—	**257,949**	150,215
Due to related parties (see note 27)	**626**	1,690	**—**	—
Accruals and other payables	**425,403**	246,066	**1,100**	1,019
	480,863	340,893	**259,049**	151,234

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.

Trade and other payables are held at amortised cost and their amortised cash flows are expected to mature within 12 months of the year end.

Non — Current trade and other payables — Group and Company

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	£'000	£'000	£'000
Accruals and other payables	**17,623**	—	**—**	—

18 Financial Instruments

Group and Company

The Group's principal financial instruments comprise Senior Secured Notes, Preference Shares, a Revolving Credit Facility, inventory financing facilities, a back-to-back loan, cash and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. 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 as shown below. 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 to monitor risk and 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 the risks faced by the Group.

Credit risk

The Group sells vehicles through a dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme with Standard Chartered Bank plc (see Liquidity risk). Dealers within North America are allowed 10 day credit terms from the date of invoice or can use the wholesale financing scheme. Standard Chartered Bank plc has substantially all of the risk associated with the wholesale financing scheme and in addition all vehicle sales on the wholesale financing scheme are covered by credit risk insurance, which means that a third party bears substantially all the credit risk associated with dealers using the wholesale finance scheme. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles to the dealer 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. Service receivables are due for payment on collection of the vehicle.

Interest rate risk

The Group uses a wholesale financing scheme to fund certain vehicle receivables and also places surplus cash funds on deposit. These arrangements attract interest at a rate that varies depending on LIBOR.

The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2017 were £nil (2016 : £5,153,000). The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months. The interest rates charged on the inventory financing are based on LIBOR. The interest rates charged on the order pipeline financing are the rates charged by the Chinese banks.

In May 2017 the group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13,638,000 were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2017 to £13,666,000 and is shown in the total of cash and cash equivalents. The overdraft of £13,481,000, including accrued interest, is shown within Borrowings in Current Liabilities on the Statement of Financial Position.

Borrowings

The following table analyses borrowings:

	Group 2017	Group 2016	Company 2017	Company 2016
	£'000	£'000	£'000	£'000
Current				
Bank loans and overdrafts	**13,481**	5,153	—	—
Non current				
Senior Secured Notes	**570,333**	301,679	—	—
Senior Subordinated PIK Notes	**—**	176,417	—	176,417
Unsecured Loan	**1,278**	—	—	—
Preference Shares	**255,842**	217,969	**255,842**	217,969
Total non current borrowings	**827,453**	696,065	**255,842**	394,386
Total borrowings	**840,934**	701,218	**255,842**	394,386

In June 2011, the Group issued £304,000,000 9.25% Senior Secured Notes repayable in July 2018. These notes were repaid in April 2017 when the Group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes, both of which mature in April 2022. In December 2017 the Group issued a further £55,000,000 of 5.75% Senior Secured Notes which also mature in April 2022.

As described in accounting policies, borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

Attached to the Senior Secured Notes is an £80,000,000 Revolving Credit Facility (31 December 2016 — £40,000,000) which was undrawn at 31 December 2017 and 31 December 2016. The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2017 were £nil (year ended 31 December 2016 : £5,153,000).

In March 2014 the Group issued $165,000,000 (£99,620,000) of 10.25% Senior Subordinated PIK Notes which were repayable in July 2018. These notes were repaid in April 2017.

In both April 2015 and April 2016 the Group issued £100,000,000 of Preference Shares which are redeemable in April 2025. The Preference Shares are initially recognised at fair value at the date of issue which is the same as the par value of the Preference Shares (£200,000,000). The rate of interest on the Group's redeemable cumulative Preference Shares is 15% per annum and is payable on the redemption of the shares.

In February 2017 the Group obtained a 5% unsecured loan of Yen 200,000,000 (£1,278,000) repayable in January 2020 to finance the construction of a brand centre in Tokyo.

In May 2017 the group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13,638,000 were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued at 31 December 2017 to £13,666,000 and is shown in the total of cash and cash equivalents. The overdraft of £13,481,000, including accrued interest, is shown within Borrowings in Current Liabilities on the Statement of Financial Position.

Borrowing costs of £12,134,000 (2016 : £Nil) have been capitalised during the year ended 31 December 2017 which relate to the $400,000,000 of 6.5% Senior Secured Notes and £285,000,000 of 5.75% Senior Secured Notes raised in the year.

Interest rate risks — sensitivity

The Senior Secured Notes and the Senior Subordinated PIK notes which were due to be repaid in July 2018 were repaid in April 2017. Both of these were subject to fixed interest rates.

The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2017 were £Nil (2016 : £5,153,000). The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months.

In both April 2015 and April 2016 the Group issued £100m of Preference Shares (£200,000,000 in total) which are redeemable in April 2025. The rate of interest on the Group's redeemable cumulative Preference Shares is 15% per annum.

On 18 April 2017, the group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes both of which mature in April 2022. In December 2017 the Group issued a further £55,000,000 5.75% Senior Secured Notes which also mature in April 2022.

In May 2017 the group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13,638,000 were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The interest rate payable on the overdraft facility is 3 month LIBOR plus 1%. The interest rate receivable on the restricted funds in China is 2.1%.

The Group has borrowed 200,000,000 Japanese Yen (£1,278,000) to finance the construction of a brand centre in Tokyo. The amount is repayable in January 2020 and the interest rate is 5% per annum.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

As the interest rates on all substantial long term borrowings, such as the Senior Secured Notes and the Preference Shares, is fixed the Group is not exposed to any significant interest rate cash flow risk.

Interest risk — sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax.

	(Increase)/ decrease in interest rate	Effect on profit after tax 2017	Effect on profit after tax 2016
		£'000	**£'000**
3 month LIBOR	0.25 per cent	**27**	—

The Company does not have any external borrowings and there are no interest charges on balances with subsidiary undertakings.

Foreign currency risk management

In addition to the functional currency (Sterling), the Group buys and sells in other currencies. The Group manages the movement of funds via individual bank accounts relating to each currency, thereby reducing its exposure to exchange rate fluctuations. The Group may from time-to-time use derivative financial instruments to manage exchange rate risk where it has a significant exposure in a foreign currency. At both year ends the Group had derivative instruments in several currencies, in the form of forward exchange contracts.

Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2017 and 31 December 2016 were:

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2017					
Financial assets					
Trade and other receivables	7,535	21,949	4,640	3,156	37,280
Foreign exchange contracts	—	574	—	807	1,381
Cash balances	4,930	38,354	52,086	7,505	102,875
	12,465	**60,877**	**56,726**	**11,468**	**141,536**
Financial liabilities					
Trade and other payables	(67,899)	(22,319)	(21,548)	(3,263)	(115,029)
Foreign exchange contracts	—	(2,978)	—	(134)	(3,112)
	(67,899)	**(25,297)**	**(21,548)**	**(3,397)**	**(118,141)**
Net balance sheet exposure	**(55,434)**	**35,580**	**35,178**	**8,071**	**23,395**

	Euros	US Dollars	Chinese Renminbi	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2016					
Financial assets					
Trade and other receivables	9,698	32,229	14,921	7,354	64,202
Foreign exchange contracts	—	—	—	360	360
Cash balances	22,202	13,484	29,316	5,034	70,036
	31,900	45,713	44,237	12,748	134,598
Financial liabilities					
Trade and other payables	(63,689)	(21,361)	(17,515)	(4,734)	(107,299)
Foreign exchange contracts	—	(25,981)	—	(2,276)	(28,257)
	(63,689)	(47,342)	(17,515)	(7,010)	(135,556)
Net balance sheet exposure	(31,789)	(1,629)	26,722	5,738	(958)

The following significant exchange rates applied:

	Average Rate 2017	Average Rate 2016	Reporting date spot rate 2017	Reporting date spot rate 2016
Euro	**1.1536**	1.2443	**1.1260**	1.1715
Chinese Renminbi	**8.7309**	9.1285	**8.7808**	8.5872
US Dollar	**1.2817**	1.3868	**1.3520**	1.2357

Currency risk — sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar 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).

	(Increase)/ decrease in USD rate	Effect on profit after tax 2017	Effect on profit after tax 2016
		£'000	£'000
US Dollar	Five per cent	**(7,367)**	(7,692)

The Company trades almost entirely in Sterling and therefore has no other significant foreign currency risk.

Liquidity risk

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group uses a wholesale financing scheme to finance certain vehicle sales on despatch of the vehicle. The utilisation of this £150,000,000 facility (2016: £125,000,000 facility) at 31 December 2017 is £147,022,000 (2016: £120,948,000) had been received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility run to August 2018 and negotiations have commenced to renew both facilities with the expectation of a positive outcome to the negotiations.

The Group also has facilities to finance certain of its inventories and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. The total size of these facilities at 31 December 2017 is £25,500,000 (2016: £26,800,000). The utilisation of these facilities at 31 December 2017 is £nil (2016: £5,153,000).

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

In May 2017 the group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13,638,000 were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC Bank plc in the United Kingdom. The restricted cash has been revalued to £13,666,000 at 31 December 2017 and is shown in the total of cash and cash equivalents. The overdraft of £(13,481,000) is shown in Borrowings in Current Liabilities on the Statement of Financial Position. At 31 December 2017 the Group had cash and cash equivalents of £167,851,000 (2016: £101,718,000.

On 18 April 2017 the Group issued $400,000,000 6.5% Senior secured Notes and £230,000,000 5.75% Senior secured Notes both of which mature in April 2022. Attached to these Senior Secured Notes is an £80,000,000 revolving credit facility which was undrawn at 31 December 2017. In December 2017 the Group issued a further £55,000,000 of 5.75% Senior Secured Notes which also mature in April 2022.

On 23 April 2015, the Company accepted binding subscriptions for £200,000,000 of preference shares. The first tranche of £100,000,000 was received on 27 April 2015 and the second tranche of £100,000,000 was drawn in April 2016. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company. The redeemable cumulative preference shares are repayable in 2025.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2017 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Bank loans and overdrafts	—	43	13,524	—	—	13,567
Senior Secured Notes	—	—	71,236	830,186	—	901,422
Unsecured Loan	—	16	50	1,385	—	1,451
Preference Shares	—	—	—	—	756,343	756,343
Trade and other payables	—	480,863	—	—	—	480,863
Derivative financial liabilities						
Forward exchange contracts	—	1,833	1,279	—	—	3,112
	—	482,755	86,089	831,571	756,343	2,156,758

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £840,934,000.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2016 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Bank loans and overdrafts	—	1,302	3,973	—	—	**5,275**
Senior Secured Notes	—	14,060	14,060	332,120	—	**360,240**
Senior Subordinated PIK Notes	—	—	—	206,029	—	**206,029**
Preference Shares	—	—	—	—	756,343	**756,343**
Trade and other payables	—	340,893	—	—	—	**340,893**
Derivative financial liabilities						
Forward exchange contracts	—	3,655	14,991	9,611	—	**28,257**
	—	**359,910**	**33,024**	**547,760**	**756,343**	**1,697,037**

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £701,218,000.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2017 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Preference Shares	**—**	**—**	**—**	**—**	**756,343**	**756,343**
Trade and other payables	**257,949**	**1,100**	**—**	**—**	**—**	**259,049**
	257,949	**1,100**	**—**	**—**	**756,343**	**1,015,392**

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2016 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Senior Subordinated PIK Notes	—	—	—	206,029	—	206,029
Preference Shares	—	—	—	—	756,343	756,343
Trade and other payables	150,215	1,019	—	—	—	151,234
	150,215	1,019	—	206,029	756,343	1,113,606

Estimation of fair values

Forward currency contracts are carried at fair value. These are valued using pricing models and discounted cash flow techniques based on the assumptions provided by Standard Chartered Bank plc.

The 5.75% Sterling Senior Secured Notes and 6.25% US Dollar Senior Secured Notes, which were issued in 2017, are valued at amortised cost. The fair value of these Senior Secured Notes is determined by reference to the quoted price at 31 December. Both Senior Secured Notes are quoted on The International Stock Exchange Authority in St. Peter Port, Guernsey. On 31 December 2017 the fair value of the 5.75% Sterling Senior Secured Notes was £300,498,000 and the fair value of the 6.25% US Dollar Senior Secured Notes was £312,027,000. These notes replaced the 9.25% Sterling Senior Secured Notes that were redeemed in April 2017. On 31 December 2016, the fair value of the 9.25% Sterling Senior Secured Notes was £311,600,000. At 31 December 2017 the effective interest rate on the Senior Secured Notes is 6.73 % (2016 : 10.25%).

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

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. All remaining financial assets and liabilities are considered to be level 2 assets and liabilities. IFRS 7 defines level 2 assets and liabilities as "*inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)*".

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 notes 22 and 23 and the consolidated statements of changes in equity. No changes were made in the objectives, policies or processes during either year.

19 Obligations under leases

Group

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 30 years.

Future gross minimum rentals payable under non-cancellable operating leases are as follows:

	2017	2016
	£'000	£'000
Not later than one year	**560**	5,722
After one year but not more than five years	**6,560**	15,563
More than five years	**109,568**	17,781
	116,688	39,066

Rental payments to be received under sublease agreements are as follows:

	2017	2016
	£'000	£'000
More than five years	**(4,802)**	—

Some of the leases contain contingent rents which are dependent on increases in the retail prices index.

There were no obligations under leases in the Company (2016 : £Nil)

20 Provisions for liabilities and charges

Group

	Warranty and Service Plans 2017
	£'000
At the beginning of the year	**13,701**
Additions	**25,915**
Utilisation	**(13,916)**
Effect of movements in exchange rates	**247**
At the end of the year	**25,947**
Analysed as:	
Current	**12,016**
Non-current	**13,931**
	25,947

The warranty and service plans provision represents costs provided for in respect of the Group's warranty scheme. A provision of £25,947,000 (2016 : £13,701,000) has been recognised for expected claims based on past experience of the level of actual warranty claims received, and is expected to be substantially utilised within the next three years.

There are no provisions for liabilities and charges in the Company.

21 Pension obligations

Group

Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £3,676,000 (2016 : £2,437,000). Outstanding contributions at the year end were £2,000 (2016: £240,000).

Defined benefit scheme

The Group operates a defined benefit pension scheme whose benefits changed on 1 January 2018 from benefits based on final pensionable salary to benefits based on career average revalued earnings (CARE). The effect of this change in benefits in the year ended 31 December 2017 is a past service pension benefit of £24,274,000 which has been shown as a non-recurring credit in the consolidated statement of comprehensive income. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members are not affected by the closure of the scheme. A defined contribution scheme is available to new employees from this date. The scheme assets are invested with Standard Life Pension Limited, Legal & General Assurance, MFS International (UK) Limited, Eaton Vance Management (International) Limited, Morgan Stanley Investment Management Limited and Majedie Asset Management and the scheme is administered by Buck Consultants (Administration & Investment) Limited. The assets of the scheme are held separately from those of the Group.

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. Responsibility for governance of the scheme lies mainly with the Trustee. The Trustee is comprised of representatives of the Group and members of the scheme.

The pension scheme exposes the Group to the following risks:

Asset volatility — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going 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 scheme amendments or settlements during either the years ended 31 December 2017 or 31 December 2016. There have been no curtailment events in the years ended 31 December 2017 or 31 December 2016.

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 using the projected unit method. The latest actuarial valuation of the scheme had an effective date of 6 April 2014. 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 pre retirement investment return would be 5.0% per annum and the post retirement return 3.85% and that salary increases would average 3.5% per annum for the first calendar year starting on 1 January 2014 and 4.05% thereafter.

At the 6 April 2014 actuarial valuation, the actuarial value of the scheme assets was £178,667,000, sufficient to cover 102% of the benefits which had accrued to members, after allowing for the expected future increases in earnings.

Following the latest actuarial valuation of the scheme on 6 April 2014, contributions increased from 15.5% to 22.5% 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 the Group contribution is 29%.

The latest actuarial valuation on 6 April 2014 showed a surplus in the scheme of £3,447,000. Although the scheme was in surplus at this date, in the light of a deterioration in the funding position subsequently, the Group has agreed to maintain the recovery plan contributions agreed at the 6 April 2011 valuation of £2,750,000 per annum through to 6 April 2021.

Estimated Group contributions for the year ending 31 December 2018 are £9,719,000.

A full actuarial valuation was carried out at 6 April 2014 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2016 and 31 December 2017 in accordance with IAS 19R. The next triennial valuation as at 6 April 2017 is due to be completed by June 2018 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.

The principal assumptions used by the actuary were:

	31 December 2017	31 December 2016
Discount rate	**2.50%**	2.70%
Rate of increase in salaries (see below)	**3.20%**	3.40%
Rate of revaluation in deferment	**2.20%**	2.40%
Rate of increase in pensions in payment attracting LPI	**3.10%**	3.20%
Expected return on scheme assets	**2.50%**	2.70%
RPI Inflation assumption	**3.20%**	3.40%
CPI Inflation assumption	**2.20%**	2.40%

The salary escalation assumption applies after 2021. The salary assumption increase for 2016-2021 is 3% per annum (CPI plus 1%). The salary increase of 3.2% in the table above applies after 2021.

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The post 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 2037 (2017 assumptions) or 2036 (2016 assumptions).

Projected life expectancy from age 65

	"Future" Currently aged 45 2017	*"Current"* Currently aged 65 2017	*"Future"* Currently aged 45 2016	*"Current"* Currently aged 65 2016
Male	**24.0**	**22.7**	24.4	22.8
Female	**27.2**	**25.7**	28.0	26.1

	Years
Duration of the liabilities in years as at 31 December 2017	**27**
Duration of the liabilities in years as at 31 December 2016	28

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

Asset Class	31 December 2017 Quoted	31 December 2017 Unquoted	31 December 2017 Total	31 December 2016 Quoted	31 December 2016 Unquoted	31 December 2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
UK Equities	**41,861**	—	**41,861**	41,024	—	41,024
Overseas Equities	**45,051**	—	**45,051**	44,817	—	44,817
Property	—	**26,956**	**26,956**	—	22,084	22,084
Index linked gilts	**57,293**	—	**57,293**	55,927	—	55,927
Corporate bonds	—	**55,358**	**55,358**	—	52,318	52,318
Diversified alternatives	—	**26,810**	**26,810**	—	22,537	22,537
High yield bonds	—	**13,102**	**13,102**	—	10,945	10,945
Cash	**1,255**	—	**1,255**	1,326	—	1,326
Insurance policies	—	**3,803**	**3,803**	—	2,788	2,788
Total	**145,460**	**126,029**	**271,489**	143,094	110,672	253,766

	31 December 2017	31 December 2016
	£'000	£'000
Total fair value of scheme assets	**271,489**	253,766
Present value of funded obligations	**(318,336)**	(323,535)
Liability recognised in the statement of financial position	**(46,847)**	(69,769)

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	**£'000**
Amounts recognised in the income statement		
Amounts credited / (charged) to operating profit / (loss):		
Current service cost	**(12,359)**	(9,042)
Past service cost	**24,274**	—
	11,915	(9,042)
Amounts charged to finance expense:		
Net interest income on the net defined liability	**(1,756)**	(3)
Total income / (expense) recognised in the Income Statement	**10,159**	(9,045)

Changes in present value of the defined benefit pensions obligations are analysed as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
At the beginning of the year	**(323,535)**	(213,190)
Current service cost	**(12,359)**	(9,042)
Past service cost	**24,274**	—
Employee contributions	**(35)**	(32)
Interest cost	**(8,604)**	(8,342)
Experience gains / (losses)	**6,715**	(344)
Actuarial losses arising from changes in financial assumptions	**(8,570)**	(97,205)
Disbursements	**10,158**	4,413
Actuarial (losses) / gains arising from changes in demographic assumptions	**(6,380)**	207
Obligation at the end of the year	**(318,336)**	(323,535)

Changes in the fair value of plan assets are analysed as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
At the beginning of the year	**253,766**	208,243
Interest on assets	**6,848**	8,339
Employer contributions	**9,840**	10,198
Contributions by employees	**35**	32
Return on scheme assets excluding interest income	**11,158**	31,367
Benefits paid	**(10,158)**	(4,413)
Fair value at the end of the year	**271,489**	253,766

	Year ended 31 December 2017	Year ended 31 December 2016
Actual return on scheme assets	**18,006**	39,706

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Analysis of amounts recognised in the statement of financial position:		
Liability at the beginning of the year	**(69,769)**	(4,947)
Net income / (expense) recognised in the statement of comprehensive income	**10,159**	(9,045)
Employer contributions	**9,840**	10,198
Actuarial gain / (loss) recognised in other comprehensive income	**2,923**	(65,975)
Liability recognised in the statement of financial position at the end of the year	**(46,847)**	(69,769)

	Year ended 31 December 2017	Year ended 31 December 2016
Analysis of amount taken to other comprehensive income:		
Return on assets greater than the discount rate	**11,158**	31,367
Experience gains / (losses) arising on funded obligations	**6,715**	(344)
Losses arising due to changes in financial assumptions underlying the present value of funded obligations	**(8,570)**	(97,205)
(Losses) / gains arising due to changes in demographic assumptions	**(6,380)**	207
Amount recognised in other comprehensive income	**2,923**	(65,975)

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

	Change in assumption	Present value of benefit obligations At 31 December 2017	Present value of benefit obligations At 31 December 2016
		£'000	£'000
Discount rate	Decrease by 0.25%	**340,363**	346,862
Rate of inflation *	Increase by 0.25%	**334,452**	340,537
Life expectancy increased by approximately 1 year	Increase by one year	**331,303**	335,825

* Applies to the Retail Prices Index and the Consumer Prices index inflation assumptions. The assumption is that the salary increase assumption will also increase by 0.2% per annum after 2020/21.

The projected unit method has been applied when calculating these defined benefit obligations.

Funding levels are monitored on a regular basis by the Trustee and the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2017 is due to be completed by June 2018 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.

	Year ended 31 December 2017	**Year ended 31 December 2016**
Expected future benefit payments	**£'000s**	**£'000s**
Year 1 (2018 / 2017)	**2,417**	2,478
Year 2 (2019 / 2018)	**2,854**	2,543
Year 3 (2020 / 2019)	**2,851**	2,868
Year 4 (2021 / 2020)	**3,274**	3,073
Year 5 (2022 / 2021)	**4,017**	3,393
Years 6 to 10 (2022 to 2026)	**—**	29,081
Years 6 to 10 (2023 to 2027)	**30,119**	—

History of scheme experience

	Year ended 31 December 2017	**Year ended 31 December 2016**
Present value of the scheme liabilities (£'000s)	**(318,336)**	(323,535)
Fair value of the scheme assets (£'000s)	**271,489**	253,766
Deficit in the scheme before taking into account the effect of Paragraph 64 of IAS19 (£'000s)	**(46,847)**	(69,769)
Experience gains on scheme assets (£'000s)	**11,158**	31,367
Percentage of scheme assets	**4.1%**	12.4%
Experience gains / (losses) on scheme liabilities (£'000s)	**6,715**	(344)
Percentage of the present value of the scheme liabilities	**2.1%**	(0.1)%
Total amount recognised in other comprehensive income (£'000s)	**2,923**	(65,975)
Percentage of the present value of the scheme liabilities	**0.9%**	(20.4)%

22 Share capital

Group and Company

Allotted, called up and fully paid	**2017**	**2016**
	£'000	**£'000**
3,069,085 ordinary shares of £0.001 each (2016 : 3,069,085 ordinary shares of £0.001 each)	**3**	3
162,521 D shares of £0.001 each (2016 : 162,521)	**—**	—
	3	3

	2017	**2016**
	£'000	**£'000**
Shares classified as liabilities	**—**	—
Shares classified as shareholders' funds	**3**	3
	3	3

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000, as part of the share subscription agreement dated 5 December 2012.

In September 2014, 33,650 additional D shares were issued to Daimler AG for a consideration of £33.65, giving Aston Martin Holdings (UK) Limited and its subsidiaries access to certain technologies for use in its next generation of vehicles.

£5,585,000 was paid to Prestige Motor Holdings S.A. in 2017 due to the deficit of the defined benefit pension scheme over the four year period to June 2017.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The holders of the D shares are entitled to receive dividends as declared from time to time but are not entitled to vote at meetings of the Company.

23 Reserves

Share premium — The share premium of £363,233,000 represents the following transactions.

£291,512,000 represents the difference between the par value of the share capital issued between 1 June 2007 and 31 December 2009 and the amount subscribed for the shares. In June 2011 the board of directors approved a reduction of capital whereby £100,000,000 of the share premium account was transferred to retained earnings in order to create distributable reserves within Aston Martin Holdings (UK) Limited (the parent company of the Group) to enable both the redemption of preference shares and the payment of a dividend.

In April 2013, shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., for a consideration of £150,000,000 with a par value of £1,000, resulting in a share premium of £149,999,000.

In December 2013, shares were issued to Daimler AG, for nominal consideration and a share premium of £16,785,000.

In April 2014, shares were issued to Prestige Holdings S.A., which is controlled by Investindustrial V L.P., for a nominal consideration and a share premium of £3,750,000 as part of the same share subscription agreement dated 5 December 2012.

In September 2014, shares were issued to Daimler AG, for a nominal consideration and a share premium of £4,417,000.

In April 2015, the Group received settlement for the balance due on partly paid shares which gave rise to a share premium of £2,355,000.

In August 2017 there was a part repayment of (£5,585,000) to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., of the £150,000,000 received in April 2013 in order to reflect the value of shares acquired at that date. The reduction is based on the deficit in the pension scheme over the four year period to June 2017.

Share warrants — The share warrants of £18,462,000 arose as follows. In both April 2015 and April 2016, the Group issued £100,000,000 of preference shares. The subscriptions included warrants for a pro rata allocation of P shares (non-voting ordinary shares) corresponding to 4% of the fully diluted share capital of the Company with a fair value of £9,043,000 in April 2015 and £9,419,000 at April 2016.

Capital reserve — The capital reserve of £94,064,000 arose as follows. In the year ended December 2008 there was a capital contribution from the Company's existing shareholders of £39,069,000 plus the share based payment charge of £5,495,000 on the valuation of the shares and options granted to Mr. David Richards and Dr. Ulrich Bez in relation to the services provided by them in connection with the acquisition of the Aston Martin Lagonda Group (see note 25).

In June 2011, the group redeemed £48,400,000 of preference shares and transferred an equivalent amount from retained earnings to a capital redemption reserve.

In April 2014 the Group acquired a 50% controlling interest in AMWS Limited, the parent company of Aston Martin Works Limited. The increase in the capital reserve of £1,100,000 represents the difference between the consideration paid on acquisition and the fair value of the disposal of the 40% interest in AMWS Limited which the Group owned at the date of acquisition.

Translation reserve — The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the financial statements for the year ended 31 December 2017 — (Continued)

24 Additional cash flow information

Group

Analysis of Group net debt

Year ended 31 December 2017

	1 January 2017	Cash flow	Exchange differences	Non-cash movements	31 December 2017
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	**101,718**	67,267	(1,134)	—	**167,851**
Bank loans and overdrafts	**(5,153)**	(8,490)	162	—	**(13,481)**
Senior Secured Notes	**(301,679)**	304,000	—	(2,321)	**—**
Senior Subordinated PIK notes	**(176,417)**	178,815	2,144	(4,542)	**—**
Senior Secured Notes 6.5% US Dollar	**—**	(319,872)	24,014	—	**(295,858)**
Senior Secured Notes 5.75% Pound Sterling	**—**	(272,866)	—	(1,609)	**(274,475)**
Unsecured Loan 5% Japanese Yen	**—**	(1,278)	—	—	**(1,278)**
Preference Shares	**(217,969)**	—	—	(37,873)	**(255,842)**
	(599,500)	**(52,424)**	**25,186**	**(46,345)**	**(673,083)**

Year ended 31 December 2016

	1 January 2016	Cash flow	Exchange differences	Non-cash movements	31 December 2016
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	65,562	27,991	8,165	—	**101,718**
Bank loans and overdrafts	(16,597)	13,787	(2,343)	—	**(5,153)**
Senior Secured Notes	(300,042)	—	—	(1,637)	**(301,679)**
Senior Subordinated PIK notes	(133,796)	—	(27,607)	(15,014)	**(176,417)**
Preference Shares	(98,265)	(100,000)	—	(19,704)	**(217,969)**
	(483,138)	(58,222)	(21,785)	(36,355)	**(599,500)**

25 Share based payments

The Company has two share option schemes in operation; a Revenue and Customs approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled. The earliest exercise date of both schemes is 18 October 2007. The approved scheme has no expiry date and the unapproved scheme has an expiry date of 18 October 2027.

Movements in share options

	Approved Scheme 2017 Number of shares	Unapproved Scheme 2017 Number of shares	Approved Scheme 2016 Number of shares	Unapproved Scheme 2016 Number of shares
1 January	**21,714**	**21,714**	21,714	21,714
Exercised during the year	**—**	**—**	—	—
31 December	**21,714**	**21,714**	21,714	21,714
Weighted average exercise price:				
1 January	**7230 p**	**0.1 p**	7230 p	0.1 p
Exercised during the year	**—**	**—**	—	—
31 December	**7230 p**	**0.1 p**	7230 p	0.1 p

The average weighted exercise price at 31 December 2017 was 3615p (31 December 2016 : 3615p)

The share options were issued in return for services in relation to the acquisition of Aston Martin Lagonda Group Limited during the period ended 31 December 2007. Therefore, the fair value of the options issued of £5,495,000 has been recognised in goodwill.

26 Capital commitments

Group

Capital expenditure contracts to the value of £58,549,000 (2016 : £57,184,000) have been placed but not provided for as at 31 December 2017.

27 Related party transactions

Group

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 and other related parties of the Group. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

Related party — Group		Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party
		£'000	£'000	£'000	£'000
Entities with significant influence over the Group	**31 December 2017**	**2,047**	**4,305**	**—**	**626**
Entities with significant influence over the Group	31 December 2016	1,446	2,651	466	1,690

Transactions with directors

During the year ended 31 December 2017 one car was sold to Dr Andrew Palmer for £110,000 excluding value added tax.

During the year ended 31 December 2016 there were no transactions with directors.

No amounts were outstanding at either year end.

The Company has not entered into any transactions with other related parties of the Company in either year. There are no balances outstanding with other related parties of the Company at either year end.

The Company operates an arrangement with its direct and indirect subsidiaries, whereby it purchases goods and services on behalf of those subsidiaries and the subsidiaries purchase goods and services on behalf of the Company. Transactions entered into, and trading balances at each year end with the subsidiaries of the Company are as follows:

Related party — Subsidiary		Purchased on behalf of subsidiary undertakings	Purchased via subsidiary undertakings	Amounts owed by subsidiary undertakings	Amounts owed to subsidiary undertakings
		£'000	£'000	£'000	£'000
Subsidiaries	**31 December 2017**	**—**	**40,378**	**147,911**	**257,949**
Subsidiaries	31 December 2016	—	29,638	231,083	150,215

Terms and conditions of transactions with related parties (Group and Company)

Sales and purchases between related parties are made at normal market prices. 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 with no specified credit period. The Group and the Company have not provided or benefited from any guarantees for any related party receivables or payables. The Company has not made any provision for impairment relating to amounts owed by related parties at either year end.

28 Immediate parent company

The Company has no immediate parent company.

The Company's shareholders and their interests in the ordinary share capital of the Company are as follows:

	At 31 December 2017	At 31 December 2016
Prestige Motor Holdings S.A.	37.7%	37.7%
PrimeWagon (Jersey) Limited	19.5%	19.5%
Asmar Limited	19.0%	19.0%
Adeem Automotive Manufacturing Company Limited	11.0%	11.0%
Daimler AG (non-voting)	4.9%	4.9%
Tejara Capital Limited	4.7%	4.7%
Stehwaz Automotive Jersey Limited	2.5%	2.5%
Dr. Ulrich Bez	0.7%	0.7%

REGISTERED OFFICE OF THE ISSUER
Aston Martin Capital Holdings Limited
28 Esplanade, St Helier, JE2 3QA, Jersey

LEGAL ADVISORS

To the Issuer and the Company

as to English and U.S. law

Simpson Thacher & Bartlett LLP
CityPoint
One Ropemaker Street
London EC2Y 9HU
United Kingdom

as to Jersey law

Carey Olsen Jersey LLP
47 Esplanade
St Helier JE1 0BD
Jersey

To the Initial Purchasers

as to English and U.S. law

Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

as to Jersey law

Appleby (Jersey) LLP
13-14 Esplanade,
St Helier JE1 1BD
Jersey

To the Trustee

Bryan Cave Leighton Paisner LLP
Governor's House
5 Laurence Pountney Hill
London EC4R 0BR
United Kingdom

TRUSTEE AND SECURITY AGENT
U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

PAYING AGENT, REGISTRAR AND TRANSFER AGENT
U.S. Bank National Association
100 Wall St Ste 1600 New York, NY 10005 USA

ESCROW AGENT
JPMorgan Chase Bank, N.A.
Escrow Services
4 New York Plaza, 11th Floor
New York, NY 10004
USA

INDEPENDENT AUDITORS

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH
United Kingdom

Ernst & Young LLP
1 Colmore Square
Birmingham B4 6HQ
United Kingdom

LISTING AGENT
Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier JE1 0BD
Jersey

OFFERING MEMORANDUM

Aston Martin Capital Holdings Limited

\$1,085,500,000 10.50% Senior Secured Notes due 2025

ASTON MARTIN

Global Coordinators and Joint Bookrunners

Sole Physical Bookrunner

J.P. Morgan **Barclays**

Joint Bookrunners

Credit Suisse **Deutsche Bank** **HSBC**