Cobham Ultra SeniorCo S.à r.l.

Société à responsabilité limitée

Consolidated Financial Statements, Management Report and Report of the Réviseur d'entreprises agréé

For the year ended 31 December 2024

2-4 rue Beck
L-1222 Luxembourg (Lëtzebuerg)
Luxembourg
R.C.S. Luxembourg: B258134

ULTRA

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Group Overview and Management Structure

History and ownership structure

Ultra Electronics ("Ultra") was formed in 1993 to acquire the Electronic Systems division of Dowty Group plc and was listed on the London Stock Exchange in 1996. Since then, Ultra has grown significantly.

On 16 August 2021, the Ultra Electronics Holdings plc Board of Directors unanimously recommended an offer by Cobham Ultra Acquisitions Limited[1], a company incorporated in England and Wales and a wholly-owned indirect subsidiary of Cobham Group Holdings Limited ("Cobham"), an entity controlled by funds managed by Advent International Corporation ("Advent International") to acquire Ultra Electronics Holdings plc (the "Acquisition"). This offer, was subsequently approved by Ultra Electronics Holdings plc's shareholders.

On 6 July 2022, the UK Government Business Secretary cleared the acquisition to proceed. The acquisition completed on 1 August 2022 and Ultra Electronics Holdings plc was de-listed from the London Stock Exchange and renamed Ultra Electronics Holdings Limited. The results of Ultra Electronics Holdings Limited and its subsidiaries were consolidated into Cobham Ultra SeniorCo S.à r.l. from 1 August 2022, the date of acquisition.

This report includes the consolidated financial statements of Cobham Ultra SeniorCo S.à r.l. ("the Company") and its subsidiaries ("the Group") for the period ended 31 December 2024.

Background on Advent International

Founded in 1984, Advent International is one of the largest and most experienced global private equity firms. With offices on four continents, it has a globally integrated team of more than 302 investment professionals, focused on buyouts and growth equity investments in five core sectors. Since initiating its private equity strategy in 1989, Advent International has invested $78bn in over 430 private equity investments across 44 countries and, as at 30 September 2024, managed $86bn in assets. The Advent International fund investing in Cobham and Ultra is Advent International GPE IX.

During the acquisition of Ultra, entities controlled by funds managed by Advent International made certain undertakings to regulatory authorities in the UK and continue to ensure full compliance with these commitments.

[1] Cobham Ultra Acquisitions Limited is a 100% owned indirect subsidiary of Cobham Ultra SeniorCo S.à r.l., the entity into which Ultra results are consolidated.

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Board of Managers

The composition of the Company's Board of Managers is as follows:

Board Member	Representation	Background
Martin Barrow (Manager) Appointed: 29 June 2023	Advent International Title: Director, Global Tax, based in Boston, United States	Martin joined Advent International in January 2021 and is responsible for overseeing Advent's tax profile with particular focus on mergers and acquisitions. Prior to joining Advent, Martin was a partner with KPMG based in New York having also worked for KPMG in London. During his career, Martin has spent 25 years advising a variety of private equity and other funds. Martin holds the degrees of Bachelor of Business Administration, Masters of Professional Accounting and Doctor of Law from The University of Texas at Austin. In addition, he holds a Master of Laws from the University of London with a concentration in International Business and Commercial Law. Other than directorships of direct and indirect affiliates of the Company, he has no other directorships.
Donald E. Whitt, Jr. (Manager)	Advent International Title: Vice President of Global Tax, based in Boston, United States	Don joined Advent International in 2019 and is responsible for the firm's global tax function. Don has over 25 years of international tax experience both inhouse and in public accounting. Don previously held tax leadership roles at Micron Technology Inc. and in the tax planning group at Pfizer. Don holds a B.A. in Economics, M.S. in Taxation, and a J.D. from the University of Toledo and is a CPA. Other than directorships of direct and indirect affiliates of the Company, he has no other directorships.

Compliance statement

The Managers consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity (the Walker Guidelines).

Overview of the Group's business model

Ultra is a trusted partner in the key elements of mission-critical and intelligent systems. Ultra has its headquarters in Luxembourg and the UK and during 2024 had four Strategic Business Units operating primarily in the US, UK, Canada and Australia.

Ultra employs around 3,900 people, with the largest number based in North America.

Ultra provides application-engineered solutions in the key elements of mission critical and intelligent systems that are on many of the world's long-term defence programmes.

Ultra's core markets are the "five-eyes" nations (Australia, Canada, New Zealand, the UK and the US) in the following sectors: maritime, C4ISR/EW (command, control, communications, computers, intelligence, surveillance, and reconnaissance / electronic warfare), military and commercial aerospace, security, nuclear energy and industrial sensors.

During the year, Ultra operated across the following Strategic Business Units, each with differentiated capabilities and many leading market positions:

Maritime

The Maritime business provides leading multi-mission solutions to protect our "five-eyes" navies. Maritime's market-leading mission systems deliver dominance in the maritime domain. It's broad portfolio of capabilities is operational on fleets across the allied navies worldwide. It develops advanced specialist sonar systems to deliver a tactical edge in the modern maritime and underwater battlespace. These provide critical operational advantages to Ultra's defence customers across surface, sub-surface and unmanned platforms.

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Intelligence and Communications

The Intelligence and Communications business delivers intelligence that informs decision-making in the most challenging environments through mission-critical, multi-domain communications, command and control, cyber security and electronic warfare. Its innovative solutions provide information advantage through the intelligent application of integrated technologies combined with through-life support service, ensuring that those operating in high-threat environments have the intelligence they need to carry out their missions safely and effectively.

Precision Control Systems

The Precision and Control Systems business supplies high-integrity mission and safety-critical products and systems for the most challenging situations, mainly in military and commercial aerospace. Its manned and unmanned vehicle systems and equipment improve vehicle reliability and performance, while reducing the burden on operators and maintainers.

Energy

The Energy business designs, manufactures, supplies and supports safety sensors and systems in nuclear and selected industrial applications worldwide. As a global leader in highly regulated markets, including nuclear, oil and gas and space, it develops sensors, instrumentation and control systems for harsh environments and mission-critical applications.

During the year, there were two corporate transactions by the Group.

On 30 May 2024, an agreement was signed for Curtiss Wright to acquire 100% of Ultra Energy. The transaction completed on 31 December 2024.On 8 July 2024, an agreement was signed for ESCO Technologies to acquire the Signature Management & Power ("SMaP") business of Ultra Maritime. Following receipt of final regulatory approvals, completion of the transaction is expected to take place in Q2 2025.

Development and Performance of the Business

Following the acquisition of Ultra, the Strategic Business Units have been encouraged to make decisions closer to the customer in order to allow for greater focus and to be able to unlock their full potential. Each unit has full responsibility for its own strategy, and financial and operational performance.

These units are supported by a lean corporate centre with responsibility for specialist Group Finance, Treasury, Tax and Legal matters, and some central IT provision.

Our strategy

The Group comprises a portfolio of highly strategic defence, security, critical detection & control businesses. Through innovative problem solving, using sustainable capabilities and evolving technologies, Ultra provides the insight, technology and services its clients need to perform at their best and to help them make the world a safer place.

Ultra plays an important role in all the countries in which it operates and intends to continue to serve as an important supplier to the sector. Ultra's core markets are the "five-eyes" allied nations (Australia, Canada, New Zealand, the UK and the US) and these will remain the key focus areas for Ultra in the future. Ultra believes there are many exciting growth opportunities across the "five-eyes" nations and that Ultra's focus on these nations as its core markets, as well as its operating and research and development footprint across the "five-eyes" nations, positions the business very well for the future.

Following the acquisition by Cobham and the renewed focus on the businesses within the Group, Ultra's strategy continues to focus on how best to position each Strategic Business Unit to compete for greater market share whilst considering the views of key stakeholders including our employees, customers, suppliers, communities and investors across Ultra's core markets. The Group remains committed to research and development by investing in both new products and enhancements to the current product base, to allow the Group to build positions where it has technical differentiation.

Ultra takes a strategic approach to corporate responsibility and sustainability, recognising that long-term success is not just about generating shareholder value but also about creating value for all the Group's stakeholders. Managing external impacts, capitalising on opportunities and conducting business in a responsible and sustainable way helps mitigate the Group's principal risks and strengthen business relationships. Many of Ultra's products and services provide important environmental and social benefits. The decisions and behaviours demonstrated by acting ethically, managing impacts, implementing innovative solutions and engendering positive business relationships also promote and enhance our culture and reputation.

In conjunction with the commitments made by Cobham to the UK Government and the strategic objectives of the Group discussed above, the Group remains committed to:

- safeguarding and supporting the UK's national security, including appropriate protections for sovereign UK capability, continuity of supply and critical capabilities in the UK, and appropriate board composition and national security clearance arrangements;
- investing in Ultra's UK workforce by protecting existing and creating new UK manufacturing and engineering jobs and apprenticeships and maintaining a UK headquarters;
- increasing investment in innovation, and research and development in the UK, including by continuing to develop UK-registered intellectual property rights for use in the UK and through investment in new regional technology centres of excellence and funding of academic institutions; and
- accelerating Ultra's Environmental, Social and Governance ("ESG") ambitions, including enhanced commitments on net carbon emissions, diversity and the community investment programme.

Business review and key performance indicators

Key Performance Indicators ("KPIs")

The following financial KPIs are used to measure the Group's performance for continuing operations:

	2024 $m	2023[2] $m
Revenue	995.1	970.3
Adjusted EBITDA[3]	127.6	73.5
Operating cash flow	140.4	96.9
Net debt	2,258.4	2,040.3

The following non-financial KPI is used to measure the Group's performance:

	2024 $m	2023 $m
Order book (at year end)	1,993	1,877

The order book, which represents the value of contractually committed orders still to be executed, is considered to be a KPI as it underpins future revenue of the Group. Given the diverse nature of the separate businesses and the different regulatory and business environments each operates in there are no other meaningful non-financial KPIs which can be used to further assess the Group's performance. Other non-financial KPIs are therefore not used by management at a Group level in order to understand the development, performance or position of the business although a range of metrics are used within each of the Group's businesses as appropriate.

Revenue & Profit

Revenue from continuing operations of $995.1m (2023 restated: $970.3m). On a like-for-like basis, there was a solid performance across the Group with 3% revenue growth, demonstrating the strength of the markets in which the Group operates, and the focus on excellent customer service.

[2] Comparative numbers have been restated to reflect the change in presentation of discontinued operations on a basis consistent with the current years, as set out in Note 1 (Accounting Policies)

[3] Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, and as adjusted for non-underlying transactions such as foreign currency translation losses and non-underlying credits arising from unwinding of fair value adjustments relating to the acquisition Purchase Price Allocation under IFRS 3. A reconciliation from operating loss to Adjusted EBITDA is provided in note 11. Adjusted EBITDA in these financial statements will differ from EBITDA measures calculated using other bases, such as in financing agreements.

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Adjusted EBITDA (see footnote 3 on page 5 for the definition of Adjusted EBITDA) was $127.6m (2023: $73.5m). Growth of 74% was achieved, driven in part through the investment in performance improvement initiatives implemented since the acquisition of Ultra Electronics Holdings Limited in 2022.

Operating cash flow

Operating cash flow from continuing operations in the year was $140.4m (2023: $96.9m). Underlying operating cash flow before movements in working capital was $115.1m (2023: $40.5m). Strong working capital management generated an additional $34.3m (2023: $74.2m) of cash and tax payments related to continuing operations were $9.0m (2023: $17.8m).

Cash and Net debt

Cash held at 31 December 2024 amounted to $466.9m (2023: $375.2m) net of overdrafts. Additional liquidity of $23m was available to the Group under the revolving credit facility ("RCF") at 31 December 2024.

Net debt at 31 December 2024 was $2,258.4m (2023: $2,040.3m), consisting of first and second lien term loans, subordinated shareholder loan and drawn revolving credit facilities of $2,651.2m (2023: $2,342.4m), lease obligations of $59.7m (2023: $50.8m) and Canadian Government loans of $14.4m (2023: $22.3m) net of cash (net of overdrafts) of $485.7m (2023: $375.2m). Net debt excluding lease obligations was $2,179.9m (2023: $1,989.5m).

Equity

The Managers do not recommend the payment of a dividend following their approval of the 2024 financial statements. No dividends were paid during 2024 (2023: no dividends were paid).

Pensions Contributions

The Group made no contributions to its sponsored UK defined benefit pension scheme (2023: $35.4m). $18.8m (2023: $nil) was paid into an investment vehicle, controlled by the Group, but over which the Trustees of the UK defined benefit pension scheme have a call under certain circumstances. On an IAS 19 basis the net defined benefit asset was $40.3m at the end of the year (2023: $48.5m).

Research and development and Capital Investment

The Group is committed to research and development by investing both in new products and enhancements to the current product base, to allow the Group to build positions where it has technical differentiation. It has invested $63.9m in Group funded research and development activities during the period (2023: $62.2m). All company funded research and development expenditure is written off as it is incurred unless and until the conditions for capitalisation are met. $5.0m was capitalised during the period (2023: $6.2m). The Group also invested $35.9m in physical and software assets for the long-term benefit of the Group (2023: $45.8m).

Events after the balance sheet date

On 8 July 2024, an agreement was signed for ESCO Technologies to acquire the Signature Management & Power business of Ultra Maritime. Following receipt of final regulatory approvals, completion of the transaction will take place in April 2025.

Future developments

Ultra's differentiated technology is installed in many of the leading defence platforms that are expected to be in operation for several decades, underpinning our core business. We are well-positioned in high-growth niches within our end-markets, with exposure to many aspects of defence electronics. These areas are experiencing increased opportunities for Ultra in the current geopolitical environment.

Other matters

As previously disclosed, investigations associated with legacy conduct of business issues which occurred before the acquisition of Ultra Electronic Holdings plc are ongoing by Cobham, and Ultra continues to cooperate with the relevant authorities. Provisions have been recognised with respect of these matters.

Principal risks and uncertainties

The Board of Managers has overall responsibility for ensuring an effective system of risk management, governance and internal controls. The Board of Managers reviews risk as part of its strategy review process and, as part of standard cadence each year, reviews the Group's key and emerging risks, and the controls and indicators relied on to manage them.

The risk management framework underpins Ultra's approach to managing risk effectively. The heart of the risk review and assessment process is embedded into Ultra's strategic planning framework, which takes a 5-year horizon for the formulation of our strategy and the identification and assessment of associated risks, in the form of changes to currently recognised risks and the proactive identification of emergent risks. The process involves facilitated risk reviews with Strategic Business Units and functions, based on their plan assumptions and scenarios. Emerging risks are identified both through testing the plans, with a focus on new factors such as new operations or markets, and also from analysis of wider changes to the risk horizon and environment, such as the anticipated impacts of climate change. The overall risk framework then enables the consistent measurement, control and reporting of risks that can undermine the business model, future performance, solvency or liquidity of the Group and identifies:

- The causes and drivers of a risk and accountability for its management.
- Its potential consequences for Ultra through analysis of the likelihood and consequences, before and after the impact of specific controls.
- Analysis of the speed to impact of risks to aid prioritisation, recognising that it is often the pace with which a risk crystallises that impairs a business's ability to mitigate and control it.
- Articulation of the specific controls and warning indicators in place or being funded and implemented to manage and mitigate a risk.

Day-to-day ownership of risk sits with Strategic Business Unit and function management.

The Board of Managers consider the principal risks and uncertainties facing the business to comprise the following:

Defence Sector Cycle Risk

Defence spending by governments can fluctuate cyclically depending on economic conditions, change of government policy or political considerations, budgetary constraints, and changes to national and global threats.

Lower defence spending by the Group's major customers in a down cycle or changes in governmental spending priorities could have a material impact on the Group's future results and financial conditions.

Mitigation commentary/examples

- The Group is geographically spread across the USA, UK and international defence markets.
- Investment in technology to help us access high growth segments of the market.
- Long term projects, which help mitigate against short-term changes in the defence cycle.

Comment, changes and outlook

Ultra's focus is the defence markets, where the Group can grow at good returns on capital in the medium- and long-term. Ultra has a degree of tolerance to defence cycle risk and are not seeking to diversify away from the defence market. However, we do seek to have a diverse customer and programme base, which provides resilience.

As mentioned above, we see growth and new opportunities in our markets over the medium-term, driven by the increasing threat presented by near peer countries.

Bid and Contract Risk

Across Ultra's businesses, a major proportion of revenues are generated through contracts which are long-term in nature and subject to complex terms and conditions. Contracts include commitments relating to pricing, quality and safety, technical and customer requirements and product servicing.

A failure to fully recognise contract risks or to anticipate technical challenges and estimate costs accurately at the outset of a contract can lead to unexpected liabilities, increased outturn costs and reduced profitability.

Mitigation commentary/examples

- Robust business bid and contract management processes.
- Legal reviews of contract terms and conditions.
- Contract-specific risk assessments.
- Clear delegation of authority/escalation criteria for approvals.
- Reviews of contract performance.

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Comment, changes and outlook

Balanced risk appetite, with additional controls investment where justified.

We continue to invest in specialist resources in commercial and legal spheres, improving our bid competency and ability to align new contracts with Ultra's risk appetite across business divisions.

Programme Risk

Many of the programmes entered into by Ultra are complex, long-term and subject to various performance conditions which must be adhered to throughout the programme. Poor management of such programmes brings risks related to:

- Delays in product development or launch schedules.
- Failure to meet customer specifications or predict technical problems.
- Inability to deliver to contract terms.
- Inability to manage programme costs or forecast accurately.

Potential impact

Ineffective programme management could result in damage to customer relationships or cancellation of a contract, resulting in claims for loss and reputational damage. Poor performance against a contract could also undermine the Group's ability to win future contracts and could result in cost overruns and significantly lower returns than expected.

Mitigation commentary/examples

- Embedded programme management in each Strategic Business Unit.
- Formal review and escalation framework.
- Review and approval of key programmes.
- 'Lessons learned' and best practice sharing.
- Inspection of programmes by customers.

Comment, changes and outlook

Risk averse appetite for failures on programme management drives investment in strong controls for a key business process. Controls improvements are impacting to reduce this risk, but this is in the context of short-term challenges for programmes over retention and recruitment of specialist resources.

Geo-political Risk

With our focus on the defence sector, geo-political factors could lead to an unfavourable business climate for defence spending or restrict the access of overseas suppliers to national markets.

Political change in a major end customer country such as the USA could impact revenue flows from cancellation of defence programmes or reduction in future programmes for political reasons, or a change of supplier selection conditions on defence contracts.

Mitigation commentary/examples

- The Group proactively monitors the political environments affecting our key markets.
- We develop and maintain strong relationships with customers, governments and stakeholders differentiating through our domain expertise.
- Diversified operations with local manufacturing in our target market countries.
- Diversification of end customers in multiple countries.
- Long-term nature of defence contracts and domain expertise.

Comment, changes and outlook

Balanced risk appetite, with additional controls investment where justified.

Risk is mitigated in the short- to medium-term with increasing political prioritisation of defence capability by multiple governments in the current period of global political instability and events, including the Russian invasion of Ukraine.

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Delivering Change

The ability to continuously improve and transform our business to deliver objectives in complex technology markets is vital for business success. Effective delivery of major or concurrent change programmes with minimal effect on business as usual is a key component of Ultra's drive to deliver our strategy and supporting operational improvement.

Transformation programmes may not be delivered on time or costs may increase. The expected benefits of change from programmes may not be realised. Under-resourcing may lead to management distraction from business as usual. Structural change may impact employee morale.

Mitigation commentary/examples

- Change programme management procedures and controls.
- Robust governance around all programmes, including strong steering committees, standard reporting and executive level sponsorship.
- Investment in dedicated professional transformation resource and leadership.

Comment, changes and outlook

Balanced risk appetite, with additional controls investment where justified; increased current investment reflects scale and scope of current change activity.

Security and Cyber Risks

As a key partner to our customers and end customers, Ultra has custody of classified information and customer and its own intellectual property. In circumstances where the incidence and sophistication of cyber security crime continues to rise, the effective management and protection of information and Ultra's security and IT systems is necessary to prevent the compromise of secure information, intellectual property or our people's personal data.

Reputational damage to Ultra as a highly regarded partner in the event of compromise of classified information or IP could lead to loss of business opportunities with removal of government approval to work on classified programmes.

Regulatory action or civil/contractual penalties could result from loss of personal data, a partner's IP or classified information.

Mitigation commentary/examples

- Investment into specialist cyber security resource.
- Intellectual property is addressed in the bid and contract management process and protected through information security policies, procedures and systems.
- Security clearance processes are in place for all employees.
- Established physical security processes are implemented at all sites.
- Defence business governance framework in place.
- Independent security reviews by defence departments and customers.

Comment, changes and outlook

Focus on investment in strong controls for a key enabling capability; risk averse.

Governance, Compliance & Internal Controls

In common with other businesses in our sector, the Group operates in a highly regulated environment across multiple jurisdictions and is subject to a range of regulatory, governance and compliance requirements. New or retrospective compliance changes (for example in Tax rules and legislation) or a failure in the framework of internal controls could result in penalties, liabilities or reputational damage.

Key impacts from specific relevant controls/ events, all of which carry the potential for reputational damage are:

- Financial rules and standards compliance – failure to comply in key areas such as revenue recognition could result in adjustments to results.

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- Breach of defence contractor financial compliance rules in a key market, such as the USA or UK, could lead to financial/participation penalties and or reputational damage.
- Trade compliance – failure to comply with export controls or defence specific requirements, such as US ITAR controls, could result in regulatory action and penalties.
- Bid and contract requirements for some government and defence contracts introduce "offset" compliance obligations requiring special national investment or operations constraints. While typically very long-term by nature, failure to comply could lead eventually to regulatory action or penalties.
- Anti-bribery and corruption (ABC) laws and regulations – failure to comply with multiple jurisdiction rules in relation to public sector contracts directly or through intermediaries could result in regulatory action and penalties.
- Tax compliance – retrospective regulatory changes could lead to significant unforeseen liabilities.

<u>Mitigation commentary/examples</u>

- Corporate and business level controls policies, procedures, training and systems.
- Internal expert corporate teams in key functional areas at a Group and Strategic Business Unit level.
- Built-in IT system controls
- Controls and compliance reviews by management and internal audit
- Use of specialist advisers

<u>Comment, changes and outlook</u>

As an international defence supplier, investment in strong compliance controls is key to our standing as a responsible and reputable supplier to governments; risk averse.

In 2024 we continued to invest in professional expertise and capabilities for guidance and oversight in our key industry compliance areas, including trade compliance, defence contractor compliance, offset management and ABC. This investment has been bolstered by the recruitment during the year of a Chief Compliance Officer with responsibility for enhancing across the group.

2024 has seen continued investment in professional roles and capabilities for guidance and oversight in our key industry compliance areas, including trade compliance, defence contractor compliance and ABC. While recognising the increasing demands of the compliance environment, the assessment of the net risk as reducing reflects the marked improvements in our compliance controls framework.

Supply Chain

Specialist materials, components and power and utilities costs may increase materially, some of which may not able to be passed on under contractual terms, could impact profits. Shortages or outages may be triggered by supply chain issues and logistics movement capacity may be challenged by geopolitical disruption, impacting on delivery timeframes and leading to penalties.

<u>Mitigation commentary/examples</u>

- Proactive management of sourcing and stock levels of critical materials and components.
- Use of contractual terms or renegotiation to reflect increasing cost base in pricing by agreement with customers.
- Supply chain analysis following events in Ukraine indicate no direct supply chain implications.

<u>Comment, changes and outlook</u>

Risk-averse stance supports investment in standardisation, controls and tools to proactively manage supply chain risks.

Specialist Recruitment and Retention

With our focus on the defence sector, geo-political factors could lead to an unforeseen unfavourable business climate for defence spending or restrict the access of overseas suppliers to national markets.

Highly competitive specialist labour markets may drive specialist resourcing gaps in our operations which, if enduring, could start to impact customer programme delivery.

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Mitigation commentary/examples

- Embedding of specialist HR talent acquisition function to directly address Ultra's recruitment priorities.
- Proactive strategies to retain critical specialist employees targeted for individual locations and circumstances.

Comment, changes and outlook

The quality of our people is a key asset and differentiator for Ultra and, recognising the challenging labour market conditions, we continue to invest in our recruitment capabilities and retention measures to protect and enhance our specialist capabilities for customer delivery.

Financial risk management

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate, cash flow risk and foreign currency exchange rate risk.

The Group's policies seek to limit the adverse effects of these risks on the financial performance of the Group. This includes the use of foreign currency financial instruments, debt and other instruments. The Group does not trade in financial instruments.

Credit risk

The Group has policies that require appropriate credit checks on potential customers before contracts are signed and sales are made. The businesses also monitor existing customer accounts on an ongoing basis and take appropriate action where necessary to minimise any potential credit risk. Cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit rating agencies.

Liquidity risk

The Group retains sufficient cash to ensure it has available funds for operations and planned expansions and has access to revolving credit facilities under a Group banking arrangement as required.

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash and bank balances and other receivables which earn interest at a floating rate. The Group has borrowings with a range of maturities at floating rates of interest. The Group monitors its exposure to movements in interest rates to bring greater stability and certainty to its borrowing costs, with the policy being to assess the proportion of borrowings that are fixed and floating in the context of prevailing market conditions. During the period, the Group did not use derivative financial instruments to manage interest rate costs.

Foreign currency exchange rate risk

The Group's aim is to reduce, or eliminate, whenever practical, foreign exchange transaction risk. The US dollar/sterling exchange rate is the most significant exposure, together with a number of other, smaller foreign exchange transaction exposures. All foreign exchange hedging transactions are approved under delegated authority from the Managers. A number of financial instruments, such as forward rate contracts, are used to manage transactional foreign exchange exposure.

Going concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Management Report. In addition, note 27 to the Group Financial Statements include the Group's objectives, policies, and processes for managing its capital, financial risk management, details of financial instruments and hedging activities, and its exposure to credit liquidity and other risks.

In applying the going concern basis, the Managers have considered the Group cash flow projections and assessed the robustness of the forecast through sensitivities around the key assumptions, in particular revenue growth rate, gross margin, and cash conversion. At the year end, the Group has considerable financial resources with liquidity available on the Balance Sheet from its cash resources, with $485m cash balances net of overdrafts. The Group also had unused credit facilities of $23m. The group's debt repayment profile is heavily weighted to the medium term as set out in note 22. As of end February 2025 the group's cash balance is $174m, with additional $194m RCF capacity; consequently the total liquidity available to the Group is $368m.

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There is a springing financial covenant applicable to the Revolving Credit Facility that is tested quarterly, subject to certain conditions, if the facility, net of cash balances, is over 40% drawn. The covenant requires that the leverage ratio of senior secured net debt to EBITDA of the Group does not exceed 9.1:1. At 28 February 2025 the springing covenant ratio is <9.1:1x, and remains below this level throughout the going concern review period.

The Group has a mix of shorter and longer term contracts and a number of leading market positions with customers across different geographical areas. As a consequence, the Managers believe that the Group is ordinarily well-placed to manage its business risks successfully

The Managers have reviewed detailed cash flow projections to the end of September 2026 and have applied stress tests on its cash position. These include a severe but plausible downside scenario which assume forecast net cash inflows from business operations are reduced by 25% for the entire forecast period. In these scenarios the Managers have confirmed that the Group would be able to operate and service the senior debt within the level of its currently available funding over the next 12 months without breaching the covenants in place

Accordingly, after making enquiries, the Managers have concluded at the time of approving the financial statements that it is their expectation that the Company and the Group as a whole have adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group Financial Statements.

Employees

Ultra strives at all times to be an attractive, exciting and efficient workplace, where earnings continuously contribute to maintaining and developing a healthy business. Ultra's most important asset in achieving this goal is throughout skilled and well-trained employees who have the will and ability to take responsibility and create results.

Recruitment

Ultra aims to be an attractive workplace that offers challenging jobs and great opportunities for advancement. Through this, Ultra can attract and retain skilled employees. As part of our interview process, we assess candidates' abilities, which can also include technical or competency based assessment. Commitment to diversity and inclusion is demonstrated throughout Ultra's recruitment practices.

Diversity, Inclusion and Anti-Discrimination

Ultra upholds the core tenets of equality and fairness and strives to reduce conscious and unconscious bias or discrimination in the recruitment, development, reward and promotion of employees. Organisational commitments to inclusion have been agreed and shared with employees, and surveys undertaken as to whether our employees consider Ultra an inclusive workplace. Ultra is committed to developing an inclusive workplace where employee differences are valued, enabling everyone to contribute fully.

The Group adopts diversity and inclusion and anti-discrimination policies to provide equal opportunity in employment, development and advancement for all qualified persons without regard to age, ancestry, sex/gender (including gender identity, gender expression, pregnancy, childbirth and related medical conditions), ethnicity, marital status, registered domestic partner status, medical condition, genetic characteristics, national origin, physical or mental disability, race, religion, sexual orientation, military or veteran status, or any other classification or characteristics protected by applicable law. Appropriate disciplinary action, up to and including termination of employment, may be taken against any employee violating Group policies in this regard.

The Group gender diversity statistics for the reporting period are set out in the table below.

2024	Male	Female	Not Declared	Total
Managers (Board of Managers)	2	-	-	2
Senior Managers	102	33	-	135
Other Employees	2,595	1,145	9	3,749
Total	**2,629**	**1,178**	**9**	**3,886**

2023	Male	Female	Not Declared	Total
Managers (Board of Managers)	2	-	-	2
Senior Managers	92	28	-	120
Other Employees	2,840	1,147	10	3,997
Total	**2,934**	**1,175**	**10**	**4,119**

Employee Consultation and Involvement with Management

Strategic Business Unit leadership team regularly hold 'all hands' / 'townhall' meetings for employees to communicate business performance and priorities and to engage in Q&A sessions.

We continue to support our Speak Up platform which enables employees to confidentially raise issues that they feel should be investigated by management.

Performance Development, Training and Management Reviews

Mandatory training is allocated to new employees, including but not limited to Ethics and Compliance, IT Security, Strategic Business Unit Policies, Product Safety and Human Factors. Employees are continually issued with refresher training alongside job specific training. Additional training courses are accessible on a voluntary basis for employees to enrol into if they desire.

Employees participate in performance development review processes, setting clear goals and objectives and a personalised development plan to support aspirations. The process sets "stretch goals" and development goals, which are evaluated and adjusted according to circumstances ongoing throughout the year. The responsibility falls with the management team of each Strategic Business Unit for undertaking employee performance evaluation exercises. Discretionary employee annual bonuses are linked to the outcomes of such performance evaluations (see Employee Benefits, below).

Regular "one-to-ones" are used throughout the year to record discussions between employees and their managers, facilitating regular feedback about performance. This allows development areas to be identified, success to be recognised and career progression routes to be put in place. Performance improvement plans are implemented for instances of lower than expected performance, allowing appropriate targets and timescales of improvements to be discussed. This allows individuals the opportunity to improve their performance and gain support where required.

Employee Benefits and Annual Incentive Programme

All benefits specific to job roles are included within employee contracts of employment and vary within each business unit. Benefits can include: an Annual Incentive Plan; contributions to post-retirement plans; Private Medical Insurance and company car allowances.

Employees are eligible to participate in discretionary Annual Incentive Plans, designed to encourage specific results-oriented actions on the part of employees and to recognize and reward positive results. Results are measured against a predetermined combination of business performance targets and individual performance objectives. Therefore, the higher the level of achievement, the greater the opportunity for financial reward to participants. Personal objectives are agreed with management as part of the performance review process (see Performance Development, Training and Management Review, above).

Strategic Business Units also offer flexible benefits schemes where employees can choose certain additional benefits.

Health and Safety

Ultra is committed to creating a zero harm workplace for employees, contractors and visitors and enhancing the physical and mental wellbeing of our staff. The responsibility falls with the management team of each business unit for the implementation of local health and safety policies and demonstrating compliance with all legal and corporate requirements.

The Group adopts policies and practices for the purpose of reducing the likelihood of unintentional or latent errors that may be caused due to human limitations or human factors including, but not limited to, work limits, breaks from work and travel from work.

Ultra's safety, health & environment (SHE) policies create and embrace a safe, healthy and environmentally aware culture and framework that actively promotes employee engagement at all levels. The SHE policies addresses this by: (i) striving for zero harm i.e. reducing the risk of accidents, injuries, ill-health and environmental impacts arising from its operations, activities, products and services, wherever practicable; (ii) enhancing the well-being of its people and local communities; and (iii) complying with all applicable SHE legislation as a basic minimum.

To achieve the aims of the SHE policy, the Group will:

- demonstrate visible leadership and management commitment to the importance of SHE as a core value;
- ensure SHE focus is embedded in the Corporate culture as part of our company values;
- provide effective SHE planning processes that are integrated with all other business strategy planning and decision-making practices;
- identify, assess, eliminate or mitigate all significant risks associated with SHE hazards in the Group's operations, activities, products and services;
- communicate SHE expectations, risks and performance to all stakeholders in an appropriate, effective and timely manner, including active engagement with contractors, suppliers and business partners, so that they understand and respect the Company's SHE policies and standards;
- undertake root cause analyses of all significant accidents and high potential incidents, with lessons learnt shared, where appropriate;
- equip its people with the necessary experience, skills and training to achieve the required level of SHE competency and leadership, as it relates to their work activities; and
- ensure effective preparation for SHE emergencies that could impact the group's people, operations, products and services.

Legal requirements and government guidance are considered across the Group on a continual basis and influence the implementation and, where appropriate, modification or relaxation, of such policies.

Social, community and human rights

Ultra is committed to acting with honesty and integrity to the highest ethical standards, in compliance with all applicable legislation. Ultra protects human rights through the principles and policies contained in Codes of Business Conduct and through company policies adopted within the Strategic Business Units.

All employees are expected to comply with the Anti-Slavery and Anti-Human Trafficking Policy, including due diligence checks when contracting with third parties. The Group selects suppliers who adopt high ethical standards which are consistent with our corporate beliefs and values. The Group expects its suppliers (and their subcontractors) to operate their businesses and conduct employee relations in an ethical manner and to meet the requirements stipulated by both international and regional laws and industry standards.

Environment

Ultra recognises that its operations, activities, products and services have an impact on the environment. Failure to address environmental sustainability issues aligns with the Group's principal risks of significant business interruption. The Group continuously endeavours to improve its efficiency in the use of raw materials, energy and natural resources through product design, operations and supply chain management and logistics.

See details of our Group safety, health and environment policy above (Health and Safety).

Signed on behalf of the board

Signed by:
Don Whitt
589743C1725F49F...

Donald E. Whitt, Jr

Manager

10 April 2025

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg
Tél : +352 42 124 1
www.ey.com/en_lu

B.P. 780
L-2017 Luxembourg
R.C.S. Luxembourg B47771
TVA LU 16063074

Autorisations d'établissement :
00117514/13, 00117514/14, 00117514/15, 00117514/17, 00117514/18, 00117514/19

Shape the future with confidence

Independent auditor's report

To the Board of Managers of
Cobham Ultra SeniorCo S.à r.l.
2-4 rue Beck
L-1222 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Cobham Ultra SeniorCo S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive expense, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction on distribution and use

Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report Consolidated Financial Statements, Management Report and Report of the Réviseur d'entreprises agréé but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée

Luxembourg, 10 April 2025

Consolidated statement of profit or loss

For the year ended 31 December 2024

Continuing operations	Note	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Revenue	*4*	**995.1**	970.3
Cost of sales		**(717.8)**	(732.7)
Gross profit		**277.3**	237.6
Other income		**6.2**	7.6
Operating expenses		**(193.9)**	(192.9)
Amortisation and impairment related to acquired assets	*5*	**(164.7)**	(185.6)
Operating loss		**(75.1)**	(133.3)
Gain on disposal	*8*	**101.6**	195.0
Finance income	*6*	**28.0**	34.3
Finance costs	*7*	**(285.6)**	(255.1)
Loss before tax from continuing operations		**(231.1)**	(159.1)
Tax	*10*	**1.3**	68.2
Loss for the year from continuing operations		**(229.8)**	(90.9)
Discontinued operations			
Profit for the year from discontinued operations	*8*	**38.3**	8.8
Loss for the year		**(191.5)**	(82.1)
Attributable to:			
Owners of the parent		**(191.5)**	(82.0)
Non-controlling interests		**-**	(0.1)
		(191.5)	(82.1)

Comparative amounts have been restated to remove results relating to the Energy and SMaP businesses which were considered a discontinued operation in 2024. See Note 8 for further details.

All of the profit from discontinued operations is attributable to the owners of the parent.

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive expense

For the year ended 31 December 2024

	Note	**Year ended 31 December 2024 $m**	Year ended 31 December 2023 $m
Loss for the year		**(191.5)**	(82.1)
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension schemes	*23*	**(9.9)**	(2.6)
Tax relating to items that will not be reclassified	*10*	**3.5**	0.6
		(6.4)	(2.0)
Items that are or may be reclassified subsequently to profit or loss:			
Hedging reserve		**0.5**	3.8
Exchange differences on translation of foreign operations		**(0.2)**	(51.1)
		0.3	(47.3)
Other comprehensive loss for the year, net of income tax		**(6.1)**	(49.3)
Total comprehensive loss for the year		**(197.6)**	(131.4)
Attributable to:			
Owners of the parent		**(197.6)**	(131.3)
Non-controlling interests		**-**	(0.1)
		(197.6)	(131.4)

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statemement of financial position

As at 31 December 2024

	Note	2024 $m	2023 $m
Assets			
Non-current assets			
Goodwill	*12*	**840.5**	1,004.5
Other intangible assets	*12*	**1,386.7**	1,809.1
Property, plant and equipment	*13*	**138.4**	143.6
Right-of-use assets	*14*	**51.3**	42.1
Retirement benefit assets	*23*	**40.3**	48.5
Trade and other receivables	*19*	**37.6**	14.9
Derivative financial instruments	*27*	**4.9**	0.3
		2,499.7	3,063.0
Current assets			
Investments in financial assets	*15*	**-**	1.4
Inventories	*18*	**123.8**	138.6
Trade and other receivables	*19*	**228.4**	266.3
Current tax assets		**16.1**	13.5
Derivative financial instruments	*27*	**5.2**	10.8
Cash and cash equivalents	*20*	**610.1**	558.6
Assets held for sale	*9*	**385.6**	-
		1,369.2	989.2
Total assets		**3,868.9**	4,052.2
Liabilities			
Current liabilities			
Trade and other payables	*21*	**(336.2)**	(347.8)
Current tax liabilities		**(13.0)**	(0.2)
Derivative financial instruments	*27*	**(2.9)**	(4.8)
Interest-bearing loans and borrowings	*22*	**(284.4)**	(365.6)
Provisions	*24*	**(24.4)**	(29.0)
Liabilities held for sale	*9*	**(167.3)**	-
		(828.2)	(747.4)
Non-current liabilities			
Other payables	*21*	**(2.1)**	(23.9)
Deferred tax liabilities	*17*	**(295.0)**	(384.1)
Derivative financial instruments	*27*	**(5.3)**	(8.5)
Interest-bearing loans and borrowings	*22*	**(2,584.1)**	(2,233.3)
Provisions	*24*	**(6.7)**	(11.8)
		(2,893.2)	(2,661.6)
Total liabilities		**(3,721.4)**	(3,409.0)
Net assets		**147.5**	643.2
Equity			
Share capital	*25*	**2.6**	2.6
Share premium	*25*	**135.1**	135.1
Equity preferred certificates	*25*	**473.3**	788.8
Other reserves	*25*	**(29.7)**	(47.4)
Retained earnings		**(433.9)**	(236.0)
Total equity attributable to owners of the parent		**147.4**	643.1
Non-controlling interests in equity		**0.1**	0.1
Total equity		**147.5**	643.2

The accompanying notes are an integral part of these consolidated financial statements. The financial statements were approved by the Board of Managers on 10 April 2025 and signed on its behalf by:

Signed by:

Don Whitt

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Donald E. Whitt, Jr
Manager

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Note	**Share capital $m**	**Share premium $m**	**Equity preferred certificates (EPCs) $m**	**Other reserves $m**	**Retained earnings $m**	**Total attributable to owners of the parent $m**	**Non-controlling interests $m**	**Total equity $m**
Balance at 1 January 2023		2.6	133.7	788.8	(0.1)	(151.8)	773.2	-	773.2
Loss for the year		-	-	-	-	(82.2)	(82.2)	0.1	(82.1)
Other comprehensive income / (loss)		-	-	-	(47.2)	(2.0)	(49.2)	-	(49.2)
Total comprehensive income / (loss) for the year		-	-	-	(47.2)	(84.2)	(131.4)	0.1	(131.3)
Reclassification of foreign exchange on divestments		-	-	-	(0.1)	-	(0.1)	-	(0.1)
Issue of Ordinary shares	*25*	-	1.4	-	-	-	1.4	-	1.4
Balance at 31 December 2023		**2.6**	**135.1**	**788.8**	**(47.4)**	**(236.0)**	**643.1**	**0.1**	**643.2**
Loss for the year		**-**	**-**	**-**	-	**(191.5)**	**(191.5)**	**-**	**(191.5)**
Other comprehensive income / (loss)		**-**	**-**	**-**	**0.3**	**(6.4)**	**(6.1)**	**-**	**(6.1)**
Total comprehensive income / (loss) for the year		**-**	**-**	**-**	**0.3**	**(197.9)**	**(197.6)**	**-**	**(197.6)**
Reclassification of foreign exchange on divestments		**-**	**-**	**-**	**3.1**	**-**	**3.1**	**-**	**3.1**
Share based payments	*25*	**-**	**-**	-	**14.3**	**-**	**14.3**		**14.3**
Redemption of EPCs	*25*	**-**	**-**	**(315.5)**	**-**	**-**	**(315.5)**	**-**	**(315.5)**
Balance at 31 December 2024		**2.6**	**135.1**	**473.3**	**(29.7)**	**(433.9)**	**147.4**	**0.1**	**147.5**

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Operating cash flow before movements in working capital	26	**115.1**	40.5
(Increase)/decrease in inventories		**(3.4)**	6.4
(Increase)/decrease in receivables		**(28.9)**	6.9
Increase in payables		**70.0**	60.9
Cash generated by operations		**152.8**	114.7
Income taxes paid		**(9.0)**	(17.8)
Net cash from operating activities – continuing operations		**143.8**	96.9
Net cash from operating activities – discontinued operations		**59.5**	26.9
Net cash from operating activities		**203.3**	123.8
Cash flows from investing activities			
Interest received	6	**25.5**	5.6
Acquisition of property, plant and equipment	13	**(32.5)**	(41.7)
Acquisition of other intangible assets	12	**(7.0)**	(9.1)
Proceeds from sale of property, plant and equipment		**0.7**	4.3
Net proceeds from business divestments	8	**183.4**	560.9
Tax paid on investing activities		**-**	(30.1)
Net cash from investing activities - continuing operations		**170.1**	489.9
Net cash used in investing activities – discontinued operations		**(3.8)**	(3.1)
Net cash from investing activities		**166.3**	486.8
Liabilities arising from financing activities			
Proceeds from issue of Ordinary share capital	25	**-**	1.4
Redemption of equity preference certificates	25	**(315.5)**	-
Repayment of borrowings	22	**(38.4)**	(459.8)
Proceeds from borrowings	22	**278.3**	296.4
Principal payment on leases	22	**(12.6)**	(4.6)
Interest paid		**(188.9)**	(152.6)
Net cash arising from financing activities - continuing operations		**(277.1)**	(319.2)
Net cash arising from financing activities - discontinued operations		**(2.2)**	(4.0)
Net cash arising from financing activities		**(279.3)**	(323.2)
Net increase in cash and cash equivalents		**90.3**	287.4
Net foreign exchange difference		**1.4**	(51.3)
Cash and cash equivalents at start of the year		**375.2**	139.1
Cash and cash equivalents at end of the year	20	**466.9**	375.2

Comparative amounts have been restated to remove results relating to the Energy and SMaP businesses which were considered a discontinued operation in 2024. See Note 8 for further details.

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

1 Authorisation of financial statements and statement of compliance with IFRS as adopted by the European Union

The consolidated financial statements of Cobham Ultra SeniorCo S.à r.l. (hereafter the "Company" or the "Parent Company") and all its subsidiaries (together referred to as the "Group") for the year ended 31 December 2024 were authorised for issue by the Board of Managers on 10 April 2025 and the consolidated statement of financial position was signed on the Board's behalf by Donald E. Whitt, Jr.

The Company was incorporated on 5 August 2021 as Société à responsabilité limitée in accordance with Luxembourg Law and its principal activity is that of a holding company. The Company is registered with the Trade and Companies Register of Luxembourg with the number B258134 and has its registered office at 2-4 Rue Beck L-1222 Luxembourg.

On 1 August 2022, Ultra Electronics Holdings plc ("Ultra") was acquired by the Group. Ultra is a trusted partner in the key elements of mission-critical and intelligent systems. Ultra operates mainly as a Tier 3 (sub-system) and occasionally a Tier 2 systems provider, in the Maritime, C4ISR/EW (Command, Control, Communications, Computers (C4) Intelligence, Surveillance and Reconnaissance (ISR)/Electronic Warfare (EW)), military and commercial aerospace, nuclear energy and industrial sensors markets. Ultra's core markets are the 'five-eyes' nations; the USA, Canada, UK, Australia and New Zealand. Ultra's cutting-edge processing capabilities will then distil these data points into relevant, often mission-critical parcels of information. Ultra use secure, encrypted forms of proprietary communication to direct the parcels of information between the data source to users at central locations and operators at the tactical edge where Ultra's suite of competencies will help identify the most appropriate response to deploy. Ultra is also a world leader in automated ballistic identification through our Forensic Technology business, a trusted and strategic partner for criminal justice agencies around the world in helping with the prevention and solving of gun crime.

The Group is ultimately owned by funds managed by Advent International Corporation, a global private equity investor. Information on the Group's structure is provided in note 16. The Group's financial year starts on the first day of January and ends on the last day of December of each Year.

2 Material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and interpretations of the IFRS Interpretations Committee ("IFRS").

These consolidated financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. All figures are rounded to the nearest $0.1million unless otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Judgements made by the Board of Managers, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Certain comparative amounts in the consolidated statement of profit or loss have been re-presented, in respect of the following transactions, to achieve a more appropriate presentation as required by IFRS 5: Non-current assets held for sale and discontinued operations:

- Sale of Energy on 31 December 2024. Refer to note 8 for more information.
- Sale of SMaP, which is expected to complete in April 2025. Refer to note 8 for more information.

2.2 Basis of consolidation

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. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses), arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Measurement convention

The financial statements are prepared on the historical cost basis except certain financial assets (including retirement benefit assets) and financial liabilities (including derivatives) measured at fair value.

2.4 Going concern

These financial statements have been prepared on the going concern basis.

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Management Report. In addition, note 27 to the Group Financial Statements include the Group's objectives, policies and processes for managing its capital, financial risk management, details of financial instruments and hedging activities, and its exposure to credit liquidity and other risks.

In applying the going concern basis, the Managers have considered the Group cash flow projections and assessed the robustness of the forecast through sensitivities around the key assumptions, in particular revenue growth rate, gross margin and cash conversion. At the year end, the Group has considerable financial resources with liquidity available on the Balance Sheet from its cash resources, with $485m cash balances net of overdrafts. The Group also had unused credit facilities of $23m. The group's debt repayment profile is heavily weighted to the medium term as set out in note 22. As of end February 2025 the group's cash balance is $174m, with additional $194m RCF capacity; consequently the total liquidity available to the Group is $368m.

There is a springing financial covenant applicable to the Revolving Credit Facility that is tested, subject to certain conditions, quarterly if the facility, net of cash balances, is over 40% drawn. The covenant requires that the leverage ratio of senior secured net debt to EBITDA of the Group does not exceed 9.1:1. At 28 February 2025 the springing covenant ratio is <9.1:1x, and remains below this level throughout the going concern review period.

The Group has a mix of shorter and longer term contracts and a number of leading market positions with customers across different geographical areas. As a consequence, the Managers believe that the Group is ordinarily well-placed to manage its business risks successfully.

The Managers have reviewed detailed cash flow projections to the end of September 2026 and have applied stress tests on its cash position. These include a severe but plausible downside scenario which assume forecast net cash inflows from business operations are reduced by 25% for the entire forecast period. In these scenarios the Managers have confirmed that the Group would be able to operate and service the senior debt within the level of its currently available funding over the next 12 months without breaching the covenants in place.

Accordingly, after making enquiries, the Managers have concluded at the time of approving the financial statements that it is their expectation that the Company and the Group as a whole have adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group Financial Statements.

2.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US Dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the translation reserve, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the translation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to profit or loss as an adjustment to the profit or loss on disposal.

2.6 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group uses a non-recourse factoring scheme for certain of its receivables. Receivables subject to this arrangement are fully derecognised from the Balance Sheet as soon as their acceptance is validated by the factoring company and all risks and rewards are transferred.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(iv) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12 month ECL.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. These are assessed with reference to past default rates, also reflecting forward looking information such as local economic or market conditions and using a provision matrix where appropriate.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(v) Derecognition

Financial assets

The Group derecognises a financial asset when:
– the contractual rights to the cash flows from the financial asset expire; or
– it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

- buildings — 40 to 50 years
- plant and machinery — 3 to 20 years
- short leasehold improvements — over remaining period of lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.8 Business combinations

All 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.

For business combinations, the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

2.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and development

Expenditure on research activities is recognised in the consolidated statement of profit or loss as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the consolidated statement of profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Costs associated with producing or maintaining computer software programmes for sale are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, that will generate economic benefits exceeding costs beyond one year and that can be measured reliably, are recognised as intangible assets.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the consolidated statement of profit or loss as an expense as incurred.

2.9 Intangible assets and goodwill (continued)

Acquired computer software licences for use within the Group are capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software.

Patents and trademarks are stated initially at historical cost. Patents and trademarks have definite useful lives and are carried at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use and are reviewed at least annually for indicators of impairment. The estimated useful lives are as follows:

- Customer relationships 5 to 21 years
- Intellectual property 5 to 10 years
- Profit in acquired order book 1 to 4 years
- Other acquired intangible assets 1 to 5 years
- Capitalised development costs 2 to 10 years
- Other intangibles:
  - Software 3 to 5 years
  - Patents and trademarks 10 to 20 years

The amortisation charge is included within operating expenses.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for any obsolete, slow-moving or defective items.

2.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated statement of profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

2.11 Employee benefits (continued)

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.13 Revenue

The Group recognises revenue from the sales of goods and from long-term contracts. Revenue is measured based on the consideration specified in a contract. Revenue is recognised either when the performance obligation in the contract has been performed, i.e. 'point in time' recognition, or, over time, as control of the performance obligation is transferred to the customer. Under a book-and-hold agreement with a customer, the Group may have physical possession of an asset that the customer controls, therefore the revenue is recognised when the customer has control of the asset. The Group follows the 'five step' model as set out in IFRS 15 to ensure that revenue is recognised at the appropriate point whether over time or at a point in time; the five steps are:

- Identify the contract(s) with a customer.
- Identify the performance obligations.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognise revenue as performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time.

The Group has a number of contracts with government bodies, particularly in the Maritime and Intelligence and Communications businesses, for which control is typically transferred to the customer as the product is being manufactured or as the services are being provided. For these contracts, revenue is recognised over time with reference to the stage of completion, using cost to measure progress. For 'cost-plus' contracts (typically with government departments and agencies), revenue is recognised to the extent of reimbursable costs incurred, plus a proportionate amount of the estimated fee earned.

The Group has a number of long term development programmes, particularly within the Maritime business. For the majority of these contracts revenue is recognised over time on a percentage of completion basis. This is where a portion of the contract revenue is recognised based on contract costs incurred to date compared with total estimated costs at completion. This method is considered to most faithfully depict the transfer of goods and services to the customer over the life of the performance obligation. As these products come out of the development phase and into full rate production, revenue is recognised at a point in time where there is an alternative use.

Each of the Group's five businesses, Maritime, Intelligence and Communications, PCS, Energy and Forensic Technology has a mix of over time and point in time revenue. The majority of revenue in Maritime and Intelligence and Communications is over time. The majority of revenue in PCS and Energy is point in time. The majority of the revenue in the Forensic Technology business is generated from providing services to customers, and is recognised over time.

2.13 Revenue

Over time

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

Revenue that is recognised over time is determined by reference to the stage of completion of the performance obligation. For each performance obligation to be recognised over time, revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks, except in limited scenarios where the proportion of costs incurred would not be representative of the stage of completion. Owing to the complexity of some of the contracts undertaken by the Group, the cost estimation process and the allocation of costs and revenue to each performance obligation are carried out using the experience of the Group's engineers, project managers and finance and commercial professionals. Cost estimates are reviewed and updated on a regular basis. Some of the factors impacting cost estimates include the availability of suitably qualified labour, the nature and complexity of the work to be performed, the technology readiness level, the availability of materials and the performance of sub-contractors. Revenue and associated margin are recognised progressively as costs are incurred and as risks have been mitigated or retired.

For contracts with multiple activities or deliverables, management considers whether those promised goods and services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct if the customer can benefit from them on their own or together with other resources that are readily available to the customer, and they are separately identifiable in the contract. For example, certain Ultra contracts might be to design and build a system as one performance obligation when the criteria above are assessed. Other Ultra contracts might contain one performance obligation to design a system and a separate obligation to build them: these are required to be treated as separate performance obligations if, for example, the customer obtains control of the design and could ask another contractor to build them.

At the start of a contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. The transaction price is allocated to each performance obligation based on relative standalone selling prices of all items in the contract. This could be based on list prices, external market evidence or, where individual tailored products are concerned, based on the estimated expected costs to produce the item or deliver the services, plus a reasonable margin to reflect the risk of delivering the product or service. Variable consideration (for example, discounts dependent on sales levels, returns, refunds, rebates and other incentives) is included based on the expected value, or most likely amount, only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised.

The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. A contract modification exists when the parties to the contract approve a modification that either changes existing or creates new enforceable rights and obligations.

Payment terms vary from contract to contract but will typically be 30 days from the date of invoice. The Group's contracts are not considered to include significant financing components on the basis that there is no difference between the consideration and the cash selling price.

Incremental costs of obtaining a contract are capitalised to the extent that they are recoverable from the customer and the anticipated contract period will be more than one year. Incremental costs are those that would not have arisen if the contract had not been obtained. Unconditional bid or proposal costs would not be capitalised as costs to obtain a contract because they are incurred whether the contract is obtained or not. Ultra has not capitalised any such costs to date. The effect of a contract modification on the transaction price and the Group's measure of progress towards the satisfaction of the performance obligation is recognised either as: (i)

Notes *(forming part of the financial statements) (continued)*

2.13 Revenue (continued)

Over time (continued)

an additional separate contract; (ii) as a termination of the existing contract and creation of a new contract; or (iii) as part of the original contract using a cumulative catch-up.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Under IFRS 15, an option to acquire additional goods or services gives rise to a separate performance obligation, if the option provides a material right that the customer would not receive without entering into that contract. IFRS 15 requires management to estimate the transaction price to be allocated to the separate performance obligations and to recognise a contract liability for the performance obligations that will be satisfied in the future. The Group recognises revenue for the option when those future goods or services are transferred to the customer.

Point in time

If performance obligations do not meet the criteria to recognise revenue over time, then revenue from the sale of goods or services is recognised at a point in time. This is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is normally recognised when control of the goods or services has transferred to the customer. This may be:

- At the point of physical delivery of goods and acceptance by the customer;
- When the customer has legal title to the asset;
- When the customer has the significant risks and rewards of ownership of the asset; or
- When customer-specific acceptance criteria have been met, e.g. when product testing has been completed.

In the majority of cases, revenue is recognised at the point of physical delivery and acceptance by the customer, and the Group has the right to payment.

Contract assets and liabilities

The timing of payments received from customers, relative to the recording of revenue, can have a significant impact on the contract-related assets and liabilities recorded on the Group's balance sheet.

The majority of development programmes have payment terms based on contractual milestones, which are not necessarily aligned to when revenue is recognised, particularly for those contracts with revenue recognised over time by reference to the stage of completion. This can lead to recognition of revenue in advance of customer billings; 'amounts receivable from over-time contract customers' relates to work performed and revenue recognised on agreed contracts prior to the customer being invoiced. On other development programmes, a proportion of the transaction price is received in advance and consequently a contract liability arises; 'amounts payable to over-time contract customers' relates to payments received from customers in relation to the contract prior to the work being completed and the revenue recognised.

For contracts where revenue is recognised at a point in time, 'deferred income' recorded on the balance sheet represents payments received from customers prior to the work being completed and the revenue recognised, and 'accrued income' recorded on the balance sheet represents any revenue recognised on agreed contracts prior to the customer being invoiced.

When a good or service provided is returned or to be refunded the revenue is reversed equal to the amount originally recognised as revenue for that good or service. Consideration of returns and refunds is made when calculating the transaction price to be allocated to the performance obligation.

A warranty may represent a separate performance obligation if it is distinct from the other elements of the contract (i.e. it can be sold separately and provides additional goods and services beyond the agreed-upon specifications), otherwise it is treated as a provision. Most warranties are treated as provisions. If it is a separate performance obligation, then the revenue is recognised when the control of the additional good or service under the warranty is passed to the customer.

For a contract recognised over time under IFRS 15 the control of the product may be passed to the customer before the customer is invoiced. At this point, revenue is recognised, and an asset is recorded on the balance

2.13 Revenue (continued)

Contract assets and liabilities (continued)

sheet as an amount receivable from over-time contract customers. The amount receivable from over-time contract customers is classified as a current asset when it is to be invoiced within 12 months, otherwise it is recorded as a non-current asset. This asset is transferred to trade receivables once the customer is invoiced, following which cash is expected to be received per the agreed contractual terms.

Conversely, a payment may be received from the customer before the control of the product is passed to them. At this point a liability is recorded on the balance sheet as an amount due to over-time contract customers, which is recognised net of any refunds expected to be paid. This liability is derecognised when the control is passed to the customer and revenue can be recorded. Amounts due to overtime contract customers is recorded as a current liability when the revenue is expected to be recognised within the next 12 months, otherwise it is classified as a non-current liability.

2.14 Expenses

Finance expenses

Financing expenses include interest payable and finance charges on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and fair value movements on financial instruments measured at FVTPL. 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.

2.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

2.16 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. However, for the leases of properties, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

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, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, 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 that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (<$5,000) and short-term leases (less than one year). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease acquired in a business combination

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2.17 Government grants

Government grants are recognised in the consolidated statement of profit or loss so as to match them with the expenditure towards which they are intended to contribute, to the extent that the conditions for receipt have been met and there is reasonable assurance that the grant will be received.

Government assistance provided in the form of below-market rate of interest loans are treated as Government grants. The benefit of the below-market rate of interest is calculated as the difference between the proceeds received and the fair value of the loan and is matched against the related expenditure.

The fair value of the loan is calculated using prevailing market interest rates.

2.18 Share based compensation

Employees (including senior executives) of the Group participate in a share-based arrangement by subscribing to shares in the shareholding structure of the Group, whereby the Shareholder of the Group has the obligation to compensate the employees in case a Put or Call option is exercised. The Group treats the arrangement as equity settled, since the transaction is settled by the Shareholder based on the fair value of the Group's shares. The Group records the cost in employee benefits expense only if the fair value differs from the subscription value at the grant date (subscription date).

2.19 Equity preferred certificates

Under the terms and conditions of the equity preferred certificates issued by the Group, the shares are redeemable in cash only at the option of the issuer and therefore do not satisfy the definition of a financial liability in IAS 32. In addition, they are interest and dividend free, and redemption of the certificates is at the discretion of the issuer. As a result, preference shares are classified as equity and recognised at nominal value.

2.20 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving the loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the recognition criteria are met, irrespective of whether the Group will retain a non-controlling interest in its former subsidiary subsequent to the sale.

2.21 Divestments

When the Group loses control over a subsidiary, for example through divestment, it derecognises the related assets and liabilities from the date of loss of control, with any resultant gain or loss on divestment recognised in profit or loss.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Cash flows from discontinued operations are included in the consolidated statement of cash flows.

Proceeds from disposal are included in cash flows from continuing operations.

2.22 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated), these are listed below:

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

None of the new and amended standards and interpretations had a material impact on the Groups consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 18 – Presentation and Disclosure in Financial Statements will be effective for the year beginning 1 January 2027 and will impact the form of disclosures within the financial statements though it is not expected to impact figures within the primary statements. Management has does not believe there would be a material impact on the Group's financial reporting as a result of any other standards which have been issued but are not yet effective.

3 Accounting estimates and judgements

In the application of the Group's accounting policies, the Board of Managers are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the course of preparing the financial statements, judgements have been made in the process of applying the Group's accounting policies, other than those involving estimates, that have had a significant effect on the amounts recognised in the financial statements. The most significant are:

Equity preferred certificates

Under the terms and conditions of the equity preferred certificates issued by the Group, the shares are redeemable in cash only at the option of the issuer and therefore do not satisfy the definition of a financial liability in IAS 32. In addition, they are interest and dividend free, and redemption of the certificates is at the discretion of the issuer. As a result, the preference shares are classified as equity and recognised at nominal value.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed on the following page.

Key assumptions and sources of estimation uncertainties

Impairment of goodwill and intangible assets

Determination of the value in use of CGUs, as assessed in relation to the annual review of goodwill and any subsequent impairment of goodwill and intangible assets, or reversal of previously impaired intangible assets, relies on estimated cash flows, discounted to present value. The Group has modelled a range of scenarios to consider the impact on the carrying value of its assets. Further details of the impairment testing performed can be found in note 12.

Share based compensation

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the shares and volatility and making assumptions about them. The Group measures the cost of equity-settled transactions with employees using a Monte-Carlo simulation model. Further details are disclosed in Note 25.

Contract revenue and profit recognition

A significant proportion of the Group's activities are conducted under long-term contract arrangements and are accounted for in accordance with IFRS 15 Revenue from Contracts with Customers. This revenue is derived from a large number of individual contracts across the Group. Revenue and profit recognition on these contracts is based on estimates of future costs as well as an assessment of contingencies for technical risks and other risks; for example, assessment of the time and cost required to design, build, integrate and test a new product where the technology involved is currently at a low technology readiness level, and other risks such as the ability to obtain the necessary customer specification approval, or regulatory approvals. There are no individual contracts where the estimation uncertainty is considered to have a significant risk of resulting in a material adjustment within the next financial year; however, a quantification of the impact across the aggregated portfolio of over-time contracts of a 1% increase in estimated costs to complete is included in note 4.

Provision for obsolete of slow-moving inventory

Inventories are valued at the lower of cost and net realisable value. Judgement is required in the estimation of net realisable value of inventory, particularly for the aged and slow moving items. Consideration of the value of aged and slow moving stock is performed by each business based on inventory aging, as well as the quantity of items on hand and expected customer demand.

Notes *(forming part of the financial statements) (continued)*

Defined benefit pension plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All of the defined benefit schemes were actuarially assessed at 31 December 2024 using the projected unit method.

Further details about pension obligations and the key assumptions used are provided in note 23.

4 Revenue from contracts with customers

(i) Disaggregation of revenue

In the following tables, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

Year ended 31 December 2024	Point in time $m	Over time $m	**Total $m**
Continuing Operations			
Maritime	67.4	441.2	**508.6**
Intelligence and Communications	151.0	128.9	**279.9**
Precision Control Systems	174.6	32.0	**206.6**
	393.0	**602.1**	**995.1**
Discontinued Operations			
Energy	27.7	46.1	**73.8**
SMaP	36.7	136.5	**173.2**
	64.4	**182.6**	**247.0**
Total revenue	**457.4**	**784.7**	**1,242.1**

Year ended 31 December 2023	Point in time $m	Over time $m	Total $m
Continuing Operations			
Maritime	100.9	403.2	504.1
Intelligence and Communications	143.2	140.8	284.0
Precision Control Systems	137.6	44.6	182.2
	381.7	**588.6**	**970.3**
Discontinued Operations			
Energy	34.7	31.9	66.6
SMaP	30.3	115.7	146.0
Forensic Technology	21.1	26.4	47.5
	86.1	**174.0**	**260.1**
Total revenue	**467.8**	**762.6**	**1,230.4**

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Primary geographical markets (continuing operations)		
North America	**675.1**	634.1
United Kingdom	**178.7**	167.4
Rest of World	**78.4**	83.7
Mainland Europe	**62.9**	85.1
	995.1	970.3

The estimate of future costs on over-time contracts is a critical accounting estimate as set out in note 3. Across the aggregated portfolio of over-time contracts open at 31 December 2024, a 1% increase in estimated costs to complete the portfolio equates to $8.4m (2023: $8.4m). The impact on revenue would depend on the margin and percentage of completion of any given contract within the portfolio; however, when taken in aggregate, it is not likely to exceed $8.4m (2023: $8.4m).

(ii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**31 December 2024 $m**	31 December 2023 $m
Trade receivables	*19*	**69.1**	78.6
Contract assets	*19*	**109.8**	116.0
Contract liabilities	*21*	**(138.8)**	(180.6)

Contract assets relate to work performed and revenue recognised on agreed contracts prior to the customer being invoiced. Contract liabilities relate to payments received from customers in relation to the contract prior to the work being completed and the revenue recognised.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Contract assets		
At start of the period	**116.0**	103.3
Revenue earned net of billings	**13.2**	12.8
Derecognised on disposal of subsidiary	**(7.9)**	-
Transfer to assets held for sale	**(9.9)**	-
Foreign exchange differences	**(1.6)**	(0.1)
At end of the period	**109.8**	116.0

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Contract liabilities		
At start of the period	**180.6**	137.1
Cash advances net of revenue recognised	**73.7**	37.8
Derecognised on disposal of subsidiary	**(14.3)**	0.9
Transfer to liabilities held for sale	**(98.0)**	-
Foreign exchange differences	**(3.2)**	4.8
At end of the period	**138.8**	180.6

(iii) Performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

As at 31 December 2024	**2025 $m**	**2026 $m**	**2027 and beyond $m**	**Total $m**
Point in time revenue	**403.0**	**212.8**	**42.4**	**658.2**
Over time revenue	**690.3**	**417.9**	**226.7**	**1,334.9**
	1,093.3	**630.7**	**269.1**	**1,993.1**

As at 31 December 2023	**2024 $m**	**2025 $m**	**2026 and beyond $m**	**Total $m**
Point in time revenue	341.0	238.8	41.6	621.4
Over time revenue	649.8	384.9	221.1	1,255.8
	990.8	623.7	262.7	1,877.2

5 Operating loss (continuing operations)

Operating loss is stated after charging:

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Wages and salaries	**271.1**	250.8
Social security costs	**22.6**	25.0
Pension costs	**13.9**	14.1
Other staff related costs	**83.3**	50.6
Cost of inventories (included in cost of sales)	**238.0**	224.5
Amortisation and impairment of intangible assets (note 12)	**164.7**	193.6
Depreciation of property, plant and equipment (note 13)	**13.4**	14.1
Depreciation of right-of-use assets (note 14)	**8.7**	8.0
Foreign currency translation (gains)/losses	**2.3**	(4.9)
Audit fees	**4.4**	3.9

Comparative amounts have been restated to remove Energy and SMaP which were considered as discontinued operations in 2024.

6 Finance income (continuing operations)

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Bank interest	**21.8**	14.7
Retirement benefit scheme finance income	**2.5**	1.8
Fair value movement on derivatives	**3.7**	17.8
	28.0	34.3

7 Finance costs (continuing operations)

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Interest expense on financial liabilities measured at amortised cost	**272.3**	237.7
Financial liabilities at FVTPL – net change in fair value (note 28)	**2.1**	3.6
Amortisation of finance costs of debt	**7.9**	10.3
Foreign exchange on borrowings	**(0.6)**	0.3
Interest expense on lease liabilities	**3.9**	3.2
	285.6	255.1

8 Business divestments

On 30 May 2024 Ultra Electronics Holdings Limited signed a Share Purchase Agreement with Curtiss-Wright Controls (UK) Limited and Curtis-Wright Flow Control Service LLC to divest Ultra Nuclear Limited and Weed Instrument Company Inc. The transaction completed on 31 December 2024.

On 8 July 2024, an agreement was signed for ESCO Technologies to acquire the Signature Management & Power business of Ultra Maritime. Following receipt of final regulatory approvals, completion of the transaction will take place in April 2025.

Ultra Nuclear Limited and Weed Instrument Company Inc. represent the entirety of the Group's Energy business unit. The entire Energy business unit has been classified as discontinued operations and is no longer presented in note 4. The results of the Energy business unit are presented below.

The SMaP business unit provides signature management systems for cloaking submarines & frigates. The business unit is contained within the Maritime segment and is considered to be a major line of business of geographic area of operations and therefore has been treated as a discontinued operation.

Notes *(forming part of the financial statements) (continued)*

8 Business divestments (continued)

	Year ended 31 December 2024			Year ended 31 December 2023			
	Energy	SMaP	**Total**	Energy	SMaP	Forensic Technology	**Total**
	$m	$m	**$m**	$m	$m	$m	**$m**
Revenue	73.8	173.2	**247.0**	66.6	146.0	47.5	**260.1**
Cost of Sales	(48.6)	(121.7)	**(170.3)**	(45.4)	(104.2)	(23.3)	**(172.9)**
Gross Profit	25.2	51.5	**76.7**	21.2	41.8	24.2	**87.2**
Other income	0.3	1.4	**1.7**	0.2	1.8	0.3	**2.2**
Operating expenses	(6.2)	(16.7)	**(22.9)**	(16.1)	(24.5)	(16.6)	**(57.3)**
Other items	-	-	**-**	-	-	0.1	**0.1**
Amortisation of intangible assets	(3.5)	(10.4)	**(13.9)**	(7.7)	(18.5)	(7.0)	**(33.2)**
Operating profit/(loss)	15.8	25.8	**41.6**	(2.5)	0.6	1.0	**(0.9)**
Finance costs	(1.2)	0.4	**(0.8)**	(1.9)	-	(0.2)	**(2.1)**
Profit/(loss) before tax	14.6	26.2	**40.8**	(4.4)	0.6	0.8	**(3.0)**
Tax	0.8	(3.3)	**(2.5)**	9.3	4.5	(2.0)	**11.8**
Profit for the period	15.4	22.9	**38.3**	4.9	5.1	(1.2)	**8.8**

The contribution to the Group's cash flows from the discontinued operations was as follows:

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Net cash used from operating activities	**59.5**	26.9
Net cash used in investing activities	**(3.8)**	(3.1)
Net cash used in financing activities	**(2.2)**	(4.0)

A gain of $101.6m was recognised on the divestment of the Energy business unit. The gain on divestment was calculated as follows:

	Total $m
Gross consideration	217.7
Net assets at date of divestment	(98.7)
Expenses of sale	(14.3)
Recycling of translation reserves	(3.1)
Net gain on divestments before tax	**101.6**

The net assets at the date of divestment were as follows:

	Total $m
Intangible assets	71.0
Property, plant and equipment	8.7
Right-of-use assets	0.6
Investment in financial assets	7.9
Trade and other receivables	21.6
Inventories	5.8
Cash and cash equivalents	25.2
Tax assets	0.4
Trade and other payables	(20.1)
Borrowings	(8.8)
Provisions	(1.1)
Tax liabilities	(12.5)
Net assets divested	**98.7**

8 Business divestments (continued)

The net cash impact of the divestment during the year is as follows:

	Total $m
Cash consideration	208.6
Cash disposed	(25.2)
Net cash impact of divestments in current year	**183.4**

On 3 March 2023, Ultra Electronics Defense, Inc signed a definitive agreement with CAES Systems Holdings LLC, to divest Herley Industries LLC and Herley - CTI LLC for $254m on a cash free, debt free basis.

On 1 September 2023, Ultra Electronics Holdings Limited completed the sale of the Ultra Electronics Forensic Technology business to LeadsOnline LLC.

In 2023 a total gain on divestments of $195.0m was recognised, as follows:

	Herley $m	Forensic Technology $m	**Total $m**
Gross consideration	254.0	306.9	**560.9**
Net assets at date of divestment	(232.6)	(115.7)	**(348.3)**
Expenses of sale	(0.6)	(17.7)	**(18.3)**
Foreign exchange adjustments	-	0.8	**0.8**
Recycling of Translation reserves	-	(0.1)	**(0.1)**
Net gain on divestments before tax	20.8	174.2	**195.0**

The net assets of the prior year divestments, at the date of divestment, were as follows:

	Herley $m	Forensic Technology $m	**Total** $m
Intangible assets	211.5	144.0	**355.5**
Property, plant and equipment	29.1	4.5	**33.6**
Right-of-use assets	0.3	6.1	**6.4**
Inventories	13.5	8.1	**21.6**
Trade and other receivables	20.8	20.5	**41.3**
Deferred tax receivables	-	0.2	**0.2**
Corporate tax receivable	-	1.4	**1.4**
Cash and cash equivalents	2.2	0.3	**2.5**
Lease obligations	(0.3)	(6.5)	**(6.8)**
Trade and other payables	(15.7)	(32.3)	**(48.0)**
Current tax liabilities	(0.1)	(1.5)	**(1.6)**
Provisions	(1.4)	-	**(1.4)**
Deferred tax liabilities	(27.3)	(29.1)	**(56.4)**
Net assets divested	232.6	115.7	**348.3**

Notes *(forming part of the financial statements) (continued)*

9 Non-current assets and disposal groups held for sale

On 8 July 2024, an agreement was signed for ESCO Technologies to acquire the Signature Management & Power (SMaP) business of Ultra Maritime. Following receipt of final regulatory approvals, completion of the transaction will take place in April 2025.

The assets and liabilities held for sale as at 31 December 2024 are as follows.

	Total $m
Goodwill	131.0
Other intangible assets	181.9
Property, plant and equipment	10.5
Right of use assets	3.8
Inventories	12.7
Tax assets	3.1
Trade and other receivables	42.6
Total assets held for sale	**385.6**
Lease obligations	(3.4)
Trade and other payables	(120.9)
Tax liabilities	(42.6)
Provisions	(0.4)
Total liabilities held for sale	**(167.3)**
Total held for sale	**218.3**

10 Taxation

Recognised in the statement of profit or loss (continuing operations)

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Current year	(28.5)	(40.0)
Adjustments in respect of current income tax of prior year	3.9	1.0
Current tax	**(24.6)**	(39.0)
Origination and reversal of temporary differences	25.9	107.2
Deferred tax	**25.9**	107.2
Total tax credit	**1.3**	68.2

Income tax recognised in other comprehensive income

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Remeasurements of defined benefit liability/asset	3.5	0.6
	3.5	0.6

10 Taxation (continued)

Reconciliation of effective tax rate

	Year ended 31 December 2024 $m	Year ended 31 December 2023 $m
Loss for the period	**(191.5)**	(82.1)
Total tax credit – continuing operations	**1.3**	68.2
Total tax (charge)/credit – discontinued operations	**(2.5)**	11.8
Loss before tax for the period	**(190.3)**	(162.1)
Tax using the Luxembourg tax rate of 25% *(2023: 25%)*	**(47.6)**	(40.5)
Business divestments	**(36.0)**	(50.4)
Non-deductible interest	**78.0**	23.2
Tax credits and incentives	**(2.0)**	-
Recognition/derecognition of previously unrecognised tax losses	**0.7**	(15.6)
Other	**8.1**	3.3
Total tax expense	**1.2**	(80.0)

Corporation tax in Luxembourg is calculated at 25% of the estimated assessable profit for the year. No deferred taxes arise in Luxembourg. In other territories current tax is calculated at the rates prevailing in the respective jurisdictions and deferred tax has been calculated at enacted tax rates that are expected to apply to the period when assets are realised or liabilities are settled. US deferred tax balances at 31 December 2024 have been calculated at 23.6% (2023: 23.6%) and UK deferred tax balances at 31 December 2024 have been calculated at 25% (2023: 25%) which is the enacted UK rate of corporation tax from April 2023.

The gain on disposal of Ultra Nuclear Limited is tax exempt. The gain on disposal of Forensic Technology in 2023 was also tax exempt. The adjustment in respect of prior year arises primarily from the recognition of additional US state R&D credits identified in preparing the 2023 US state tax returns. Several factors including the level of profits in overseas jurisdictions, corporate transactions, changes to the Luxembourg and overseas tax rates, the possible implementation of international tax reforms in 2024–2026, and other factors not under our control will affect the size of these differences in future.

The Group is subject to enquiries and audits by tax authorities in the jurisdictions in which it operates. The Group considers material tax uncertainties on their individual merits in accordance with IFRIC 23 and, where appropriate, makes provisions in respect of the potential tax liabilities or restriction of tax benefits that may arise. As at 31 December 2024, the Group no longer holds significant provisions for such potential issues (2023: $1.3m).

Pillar Two model framework

On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 which clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

During 2023 the Luxembourg Government enacted legislation introducing a global minimum corporate income tax rate in line with OECD Pillar Two framework. This legislation is applicable starting from 1 January 2024. No adjustment has been required as a result of this framework. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes. Based on the assessment the Company estimates no current expense related to Pillar Two.

Notes *(forming part of the financial statements) (continued)*

11 Reconciliation of Operating loss to Adjusted EBITDA (continuing operations)

Adjusted EBITDA in these financial statements will differ from Adjusted EBITDA measures calculated using other bases, such as in financing agreements. This additional information is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures.

	Note	**Year ended 31 December 2024 $m**	Year ended 31 December 2023 $m
Operating loss		**(75.1)**	(133.3)
Add back:			
Depreciation of property, plant and equipment		**13.4**	14.1
Depreciation of right-of-use assets		**8.7**	8.0
Amortisation of intangible assets		**164.7**	193.6
Unwind of IFRS 3 fair value adjustments		**(0.7)**	(4.0)
Share based payments		**14.3**	-
Foreign currency translation losses	*5*	**2.3**	(4.9)
Adjusted EBITDA		**127.6**	73.5

12 Intangible assets

	Acquired intangibles						
	Goodwill $m	Customer relationships $m	Order book/trade names $m	Other acquired intangibles $m	Capitalised development costs $m	Software, patents and trademarks $m	**Total $m**
Cost							
At 1 January 2023	1,050.4	1,403.2	171.6	585.1	0.2	12.7	3,223.2
Additions	-	-	-	-	6.2	1.9	8.1
Disposals	(63.7)	(70.3)	(6.3)	(22.2)	(1.1)	(2.9)	(166.5)
Reclassifications	-	-	-	-	-	0.2	0.2
Effect of movements in foreign exchange	17.8	28.5	3.5	11.7	0.1	0.1	61.7
At 31 December 2023	**1,004.5**	**1,361.4**	**168.8**	**574.6**	**5.4**	**12.0**	**3,126.7**
Additions	**-**	**-**	**-**	**-**	**5.0**	**2.0**	**7.0**
Disposals	**(22.5)**	**(31.1)**	**(4.8)**	**(26.3)**	**(1.0)**	**(6.2)**	**(91.9)**
Reclassifications	**-**	**-**	**-**	**(4.5)**	**4.5**	**-**	**-**
Reclassification to assets held for sale	**(131.0)**	**(150.5)**	**(16.9)**	**(58.5)**	**-**	**(12.8)**	**(369.7)**
Effect of movements in foreign exchange	**(10.5)**	**(16.4)**	**(2.0)**	**(11.0)**	**4.7**	**(0.5)**	**(35.7)**
At 31 December 2024	**840.5**	**1,163.4**	**145.1**	**474.3**	**18.6**	**(5.5)**	**2,636.4**
Accumulated Amortisation							
Balance at 1 January 2023	-	(38.1)	(35.2)	(20.7)	-	(1.0)	(95.0)
Charge for the year	-	(90.4)	(83.9)	(45.7)	(2.7)	(4.1)	(226.8)
Disposals	-	6.5	2.9	2.1	0.4	2.6	14.5
Effect of movements in foreign exchange	-	(1.7)	(1.7)	(0.9)	-	(1.5)	(5.8)
At 31 December 2023	**-**	**(123.7)**	**(117.9)**	**(65.2)**	**(2.3)**	**(4.0)**	**(313.1)**
Charge for the year	**-**	**(82.1)**	**(47.6)**	**(41.2)**	**(1.8)**	**(5.9)**	**(178.6)**
Disposals	**-**	**8.1**	**2.2**	**3.4**	**0.1**	**6.2**	**20.0**
Reclassifications	**-**	**-**	**-**	**1.9**	**(1.9)**	**-**	**-**
Reclassification to assets held for sale	**-**	**18.0**	**16.9**	**9.4**	**-**	**12.5**	**56.8**
Effect of movements in foreign exchange	**-**	**2.3**	**2.0**	**1.0**	**(0.1)**	**0.5**	**5.7**
At 31 December 2024	**-**	**(177.4)**	**(144.4)**	**(90.7)**	**(6.0)**	**9.3**	**(409.2)**
Carrying Amount							
At 31 December 2024	**840.5**	**986.0**	**0.7**	**383.6**	**12.6**	**3.8**	**2,227.2**
At 31 December 2023	1,004.5	1,237.7	50.9	509.4	3.1	8.0	2,813.6

Notes *(forming part of the financial statements) (continued)*

12 Intangible assets (continued)

Of the $178.6m amortisation charge for the year $13.9m (2023: $33.2m) relates to discontinued operations.

Impairment testing

The Group has three (2023: four) CGUs – Maritime, Intelligence & Communications, and PCS. These represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is allocated to CGUs as set out below:

	31 December 2024 $m	31 December 2023 $m
Maritime	**355.4**	494.1
Intelligence and Communications	**390.1**	391.2
PCS	**95.0**	96.6
Energy	**-**	22.6
Total	**840.5**	1,004.5

Goodwill is initially allocated, in the year a business is acquired, to the CGU group expected to benefit from the acquisition. Subsequent adjustments are made to this allocation to the extent that operations, to which goodwill relates, are transferred between CGU groups. The size of a CGU group varies but is never larger than a reportable operating segment.

The recoverable amounts of CGUs are determined from value-in-use calculations. In determining the value-in-use for each CGU, the Group prepares cash flows derived from the most recent financial budgets and strategic plans, representing the best estimate of future performance. These plans include detailed financial forecasts and market analysis covering the expected development of each CGU over the next four years. The cash flows into perpetuity are also included and assume a growth rate of 1.7% - 2.0% (2023: 2.5%) per annum for each CGU.

'The key assumptions used in the value-in-use calculations are those regarding the discount rate, future revenues, growth rates, forecast gross margins, underlying operating profit and underlying operating cash conversion. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the Group, being the pre-tax Weighted Average Cost of Capital ("WACC"). The WACC is then risk-adjusted to reflect risks specific to each business. The post-tax discount rates used during 2024 were Maritime: 9.5%, I&C: 9.5%, and PCS: 11.4% (2023: Maritime: 9.0%, I&C: 9.0%, PCS: 10.5%, and Energy 13.5%).

Future revenues are based on orders already received, opportunities that are known and expected at the time of setting the budget and strategic plans and future growth rates. Budget and strategic plan growth rates are based on a combination of historical experience, available Government spending data, and management and industry expectations of the growth rates that are expected to apply in the major markets in which each CGU operates. Forecast gross margins reflect past experience, factor in expected efficiencies to counter inflationary pressures, and also reflect likely margins achievable in the period. Longer-term growth rates, applied into perpetuity at the end of the strategic planning period, are set at 2.5%. The long-term growth rate is considered to be appropriate for the sectors in which it operates, taking into consideration greater defence spending uncertainty and the possible impacts of climate change.

Within each of the strategic plans, a number of assumptions are made about business growth opportunities, contract wins, product development and available markets. A key assumption is that there will be continued demand for Ultra's products and expertise from a number of US Government agencies and prime contractors during the strategic plan period, and hence continued profit and cash generation. Sensitivity analysis has been performed on the value-in-use calculations to: (i) reduce the post-2027 growth assumption to nil; (ii) increase the discount rates by 2%; (iii) apply a 20% reduction to forecast operating profits in each year of the modelled cash inflows; and (iv) consider specific market factors as noted above.

The value-in-use calculations exceed the CGU carrying values after applying sensitivity analysis for all units and no impairment charge has been recognised in these financial statements.

Notes *(forming part of the financial statements) (continued)*

13 Property, plant and equipment

	Land and buildings				
	Freehold $m	Short leasehold $m	Plant and machinery $m	Assets Under construction $m	**Total $m**
Cost					
At 1 January 2023	50.4	11.3	46.5	14.4	122.6
Additions	20.0	1.5	11.9	10.5	43.9
Disposals	-	(2.9)	(5.5)	-	(8.4)
Reclassifications from assets under construction	15.3	-	0.8	(16.1)	-
Reclassification to intangible assets	-	-	(0.2)	-	(0.2)
Effect of movements in foreign exchange	2.2	0.1	0.2	0.1	2.6
At 31 December 2023	**87.9**	**10.0**	**53.7**	**8.9**	**160.5**
Additions	**1.3**	**4.5**	**11.0**	**17.1**	**33.9**
Disposals	**(7.0)**	**(1.4)**	**(8.6)**	**-**	**(17.0)**
Reclassifications	**(21.2)**	**21.2**	**0.5**	**(0.5)**	**-**
Reclassification to assets held for sale	**(11.4)**	**(1.1)**	**(13.7)**	**(0.5)**	**(26.7)**
Effect of movements in foreign exchange	**(2.4)**	**(0.5)**	**(0.6)**	**(0.4)**	**(3.9)**
At 31 December 2024	**47.2**	**32.7**	**42.3**	**24.6**	**146.8**
Accumulated Depreciation					
At 1 January 2023	(1.2)	(0.4)	(2.4)	-	(4.0)
Depreciation charge for the period	(2.4)	(1.7)	(12.5)	-	(16.6)
Disposals	-	0.4	3.2	-	3.6
Effect of movements in foreign exchange	(0.1)	-	0.2	-	0.1
At 31 December 2023	**(3.7)**	**(1.7)**	**(11.5)**	**-**	**(16.9)**
Depreciation charge for the period	**(2.7)**	**(2.9)**	**(11.5)**	**-**	**(17.1)**
Disposals	**1.2**	**2.0**	**5.1**	**-**	**8.3**
Reclassification to assets held for sale	**3.7**	**1.1**	**11.4**	**-**	**16.2**
Effect of movements in foreign exchange	**0.4**	**-**	**0.7**	**-**	**1.1**
At 31 December 2024	**(1.1)**	**(1.5)**	**(5.8)**	**-**	**(8.4)**
Carrying Amount					
At 31 December 2024	**46.1**	**31.2**	**36.5**	**24.6**	**138.4**
At 31 December 2023	84.2	8.3	42.2	8.9	143.6

Of the $17.1m depreciation charge for the year $3.7m (2023: $2.5m) relates to discontinued operations.

Freehold land amounting to $8.7m (2023: $9.1m) is not depreciated.

14 Right-of-use assets

The Group's leases relate to real estate, vehicles, printers & copiers, and other equipment. The Group therefore splits the leases between the following categories: land and buildings, and plant and machinery.

	Land and buildings $m	Plant and machinery $m	**Total $m**
Cost			
At 1 January 2023	43.0	0.8	43.8
Additions	18.0	1.0	19.0
Disposals	(11.3)	(0.1)	(11.4)
Foreign exchange difference	1.2	-	1.2
At 31 December 2023	**50.9**	**1.7**	**52.6**
Additions	**24.6**	**-**	**24.6**
Disposals	**(3.5)**	**(0.6)**	**(4.1)**
Reclassification to assets held for sale	**(6.0)**	**(0.1)**	**(6.1)**
Foreign exchange difference	**(0.3)**	**-**	**(0.3)**
At 31 December 2024	**65.7**	**1.0**	**66.7**
Accumulated depreciation			
At 1 January 2023	(5.7)	(0.1)	(5.8)
Depreciation charge for the period	(9.4)	(1.3)	(10.7)
Reversal of impairment	1.2	-	1.2
Disposals	4.9	0.1	5.0
Foreign exchange difference	(0.2)	-	(0.2)
At 31 December 2023	**(9.2)**	**(1.3)**	**(10.5)**
Depreciation charge for the period	**(11.1)**	**(0.2)**	**(11.3)**
Disposals	**3.3**	**0.5**	**3.8**
Reclassification to assets held for sale	**2.2**	**0.1**	**2.3**
Foreign exchange difference	**0.3**	**-**	**0.3**
At 31 December 2024	**(14.5)**	**(0.9)**	**(15.4)**
Carrying amount			
At 31 December 2024	**51.2**	**0.1**	**51.3**
At 31 December 2023	41.7	0.4	42.1

Of the $11.3m depreciation charge for the year $2.6m (2023: $2.7m) relates to discontinued operations.

The total cash outflow in the year ended 31 December 2024 relating to leases was $12.6m (2023: $10.1m), of which $0.1m (2023: $0.1m) related to low-value or short-term leases not recognised on the balance sheet.

15 Investments in financial assets

The Group previously had a minority shareholding in a listed entity, Nuscale Power, incorporated in the United States. This investment was part of the Energy businesses and therefore was included in the assets and liabilities disposed of, see note 8 for further detail. The carrying value of this investment at the end of the year was $nil (2023: $1.4m).

Notes *(forming part of the financial statements) (continued)*

16 Investments in subsidiaries

The Company owns either directly or indirectly the ordinary share capital of the following undertakings:

Company	Address of registered office or equivalent	% Owned
3e Technologies International Inc.	9715 Key West Avenue, Suite 500, Rockville, MD 20850, United States	100%
Cobham Ultra Acquisitions Limited	London, United Kingdom	100%
Cobham Ultra Limited	London, United Kingdom	100%
CORVID Holdings Limited	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR	95%
CORVID Protect Holdings Limited	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR	95%
DF Group Limited	London, United Kingdom	100%
DNE Technologies Inc.	50 Barnes Park North, Wallingford, CT 06492, United States	100%
EMS Development Corporation	95 Horseblock Road, P.O. Box 640, Yaphank, NY 11980, United States	100%
ERAPSCO	4868 Park 30, Columbia City, IN 46725, United States	50%
Forensic Technology-Tecnologia Forense Ltda (in liquidation)	Conj 193/194, 72 Rua Joaquim Floriano, Itaim Bibi, Sao Paulo, Brazil	100%
Giga Communications Limited (in liquidation)	3 Field Court, Gray's Inn, London, England WC1R 5EF, United Kingdom	100%
Gigasat. Inc	441 Defense Hwy Ste A Annapolis, MD, 21401-8911 United States	100%
GigasSat. Asia Pacific Pty Limited	12 Douglas Drive Mawson Lakes, South Australia, 5095 Australia	100%
Prologic Inc.	9400 Innovation Drive, Manassas, VA 20110, United States	100%
Ultra Cyber Limited	Building 1 Foundation Park, Roxborough Way, Maidenhead, England, SL6 3UD United Kingdom	100%
Ultra Electronics Advanced Tactical Systems Inc.	4101 Smith School Road, Building IV, Suite 100, Austin, TX 78744, United States	100%
Ultra Electronics Aneira Inc.	CT Corporation System, 44000 Easton Comms Way, Suite 125, Columbus OH	100%
Ultra Electronics Australia Pty Limited	12 Douglas Drive Mawson Lakes, South Australia, 5095 Australia	100%
Ultra Electronics Avalon Systems Pty Limited	12 Douglas Drive Mawson Lakes, South Australia, 5095 Australia	100%
Ultra Electronics Canada Inc.	40 Atlantic Street, Dartmouth NS B2Y 4N2, Canada	100%
Ultra Electronics CEMS Limited	Waverley House Hampshire Road, Granby Industrial Estate, Weymouth,	100%
Ultra Electronics Connecticut LLC	7625 Omnitech Place, Victor, NY 14564, United States	100%
Ultra Electronics Holdings Limited	London, United Kingdom	100%
Ultra Electronics Hong Kong Holdings Limited	The Landmark Edinburgh Tower 21/F, Hong Kong	100%
Ultra Electronics ICE, Inc.	2700 Amherst Avenue, Manhattan, KS 66502, United States	100%
Ultra Electronics in collaboration with Oman Investment Corporation LLC (in liquidation)	Oman	70%
Ultra Electronics Inc.	107 Church Hill Road, Unit GL-2, Sandy Hook, CT 06482 United States	100%
Ultra Electronics Limited	London, United Kingdom	100%
Ultra Electronics Maritime LLC	The Corporation Trust Company, Corporation Trust Center 1209 Orange Street	100%
Ultra Electronics Maritime Systems Inc.	40 Atlantic Street, Dartmouth NS B2Y 4N2, Canada	100%
Ultra Electronics Measurement Systems Inc.	50 Barnes Park North, Wallingford, CT 06492, United States	100%
Ultra Electronics Ocean Systems Inc.	115 Bay State Drive, Braintree, MA 02184, United States	100%
Ultra Electronics Pension Trustee Company Limited	London, United Kingdom	100%
Ultra Electronics Precision Air and Land Systems Inc.	4414 Lottsford Vista Road, Lanham, MD 20706, United States	100%
Ultra Electronics Swiss Holdings Company Limited	3 Field Court, Gray's Inn, London, England WC1R 5EF, United Kingdom	100%
Ultra Electronics TCS Inc.	5990 Côte de Liesse, Montreal QC H4T 1V7, Canada	100%
Ultra Electronics TopScientific Aerospace Limited	The Landmark Edinburgh Tower 21/F, Hong Kong	50%
Ultra Electronics UK Holdings Limited	London, United Kingdom	100%

Notes *(forming part of the financial statements) (continued)*

Company	Address of registered office or equivalent	% Owned
Ultra EWST Limited	A8 Cody Technology Park, Ively Road, Farnborough, GU14 0LX	100%
Ultra I&C Holdings Limited	London, United Kingdom	100%
Ultra I&C Limited	316 Botley Road, Burridge, Southampton, Hampshire, England, SO31 1BQ	100%
Ultra Maritime Holdings Limited	London, United Kingdom	100%
Ultra Nuclear Limited*	Innovation House, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7SQ, United Kingdom	100%
Ultra PCS Limited	Arle Court, Hatherley Lane, Cheltenham, Gloucestershire, GL51 6PN, United Kingdom	100%
Ultra PMES Limited	Towers Business Park, Wheelhouse Road, Rugeley, Staffordshire, WS15 1UZ	100%
Ultra Sonar Systems Limited	Beech House Knaves Beech Business Centre, Loudwater, High Wycombe, Bucks, England, HP10 9SD	100%
UnderSea Sensor Systems Inc.	4868 Park 30, Columbia City, IN 46725, United States	100%
Weed Instrument Company Inc.*	707 Jeffrey Way, Round Rock, TX 78665, United States	100%

* Energy business was divested on 31 December 2024.

Ultra Maritime Holdings Limited was incorporated on 23 February 2024.

The full registered office address for London, United Kingdom is Scott House, Suite 1 The Concourse, Waterloo Station, London, England, SE1 7LY United Kingdom.

17 Deferred tax liabilities

Recognised deferred tax assets and liabilities

	2024 $m	2023 $m
Deferred tax liabilities	**(295.0)**	(384.1)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Movement in deferred tax during the year

	Property, plant and equip-ment $m	Intan-gible assets $m	Deriv-atives $m	Retire-ment benefit oblig-ations $m	Other $m	**Total $m**
At 1 January 2023	(19.6)	(534.3)	5.5	1.3	56.1	(491.0)
(Credit)/ Charge to statement of profit or loss	3.6	51.9	(3.0)	(10.7)	51.4	93.2
Credit to other comprehensive income	-	-	-	0.6	-	0.6
Foreign exchange differences	2.5	29.0	-	-	(2.4)	29.1
Reclassification to held for sale	(0.3)	(17.7)	0.2	(0.2)	2.0	(16.0)
At 31 December 2023	**(13.8)**	**(471.1)**	**2.7**	**(9.0)**	**107.1**	**(384.1)**
(Credit)/ Charge to statement of profit or loss	**(1.3)**	**36.1**	**(2.3)**	**(4.9)**	**(4.2)**	**23.4**
Credit to other comprehensive income	**-**	**-**	**-**	**3.5**	**-**	**3.5**
Discontinued operation	**1.0**	**11.8**	**-**	**-**	**0.8**	**13.6**
Foreign exchange differences	**0.3**	**5.4**	**0.1**	**0.2**	**(1.9)**	**4.1**
Reclassification to held for sale	**(0.1)**	**44.6**	**-**	**-**	**-**	**44.5**
At 31 December 2024	**(13.9)**	**(373.2)**	**0.5**	**(10.2)**	**101.8**	**(295.0)**

Unrecognised deferred tax assets

Deferred tax assets, in excess of offsetting deferred tax liabilities, are recognised for loss carry forwards ($71.4m, 2023: $83.1m) and deductible temporary differences ($30.4m, 2023: $24.0m) to the extent that the utilisation against future taxable profits is probable. There are no deferred tax assets in excess of deferred tax liabilities. UK Deferred tax assets of $118.0m (2023: $23.4m) have not been recognised as their recovery is uncertain.

Unremitted earnings

The unprovided tax on unremitted earnings as at 31 December 2024 is considered to be immaterial (2023: immaterial).

18 Inventories

	2024 $m	2023 $m
Raw materials and consumables	**64.8**	85.8
Work in progress	**27.0**	46.1
Finished goods and goods for resale	**32.0**	6.7
	123.8	138.6

Included within cost of sales is a charge of $5.3m (2023: $3.5m) related to the write-down of inventories to net realisable value and inventories used for internal development.

19 Trade and other receivables

	2024 $m	2023 $m
Non-current		
Restricted cash	**18.8**	-
Contract assets (*note 4*)	**18.8**	14.9
	37.6	14.9
Current		
Trade receivables	**72.9**	80.3
Loss allowance against receivables	**(3.8)**	(1.7)
Trade receivables	**69.1**	78.6
Contract assets (*note 4*)	**91.0**	101.1
Other receivables	**10.6**	6.0
Accrued income	**23.0**	47.0
Prepayments	**34.7**	33.6
	228.4	266.3

Trade receivables do not carry interest. Restricted cash is held for specific purposes and can only be accessed in certain situations.

The ageing profile of trade receivables was as follows:

	2024			2023		
	Trade receivables $m	Loss allowance $m	**Total $m**	Trade receivables $m	Loss allowance $m	Total $m
Current	**58.5**	**-**	**58.5**	52.3	-	52.3
1 to 3 months	**10.5**	**(1.1)**	**9.4**	19.0	-	19.0
4 to 6 months	**1.7**	**(1.4)**	**0.3**	5.0	-	5.0
7 to 9 months	**0.6**	**(0.2)**	**0.4**	1.6	(0.7)	0.9
Over 9 months	**1.6**	**(1.1)**	**0.5**	2.4	(1.0)	1.4
Total	**72.9**	**(3.8)**	**69.1**	80.3	(1.7)	78.6

The Group makes loss allowances against its trade receivables and amounts receivable from over-time contract customers based on expected credit losses at an amount equal to lifetime expected credit losses based on prior experience and relevant forward-looking factors.

The Group recognises a loss allowance of 100% against all receivables over a year past due. For amounts receivable from over-time contract customers, accrued income, and other receivables the expected credit loss allowance is immaterial.

Notes *(forming part of the financial statements) (continued)*

19 Trade and other receivables (continued)

Movement in the loss allowance for trade receivables was as follows:

	2024 $m	2023 $m
At 1 January	(1.7)	(1.8)
Increase in loss allowance for trade receivables regarded as potentially uncollectable	(2.7)	(1.1)
Business divestments	-	0.1
Decrease in loss allowance for trade receivables recovered during the year or provision utilised	0.6	1.1
At 31 December	(3.8)	(1.7)

Credit risk

Credit risk is defined as the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mitigates this risk of financial loss by only dealing with creditworthy counterparties. While the Group has elements of concentration of credit risk, with exposure to a number of large counterparties and customers, the customers are mainly Government agencies or multinational organisations with whom the Group has long-term business relationships. The Group's assessment is that credit risk in relation to 'five-eyes' Government customers and leading defence primes or subcontractors to Governments is extremely low as the probability of default is not significant, for example the non-current portion of amounts receivable from over-time contract customers. The provision for expected credit losses is immaterial in respect of receivables from these customers.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, when appropriate, action is taken to minimise the Group's credit risk.

The Group is using a non-recourse factoring scheme for certain of its receivables. Receivables subject to this arrangement are fully derecognised from the Balance Sheet as soon as their acceptance is validated by the factoring company and all risks and rewards are transferred.

As at 31 December 2024, the balances of derecognised factored receivables of the Group amounted to $49.7m (2023: $33.5m) and they were structured by currency as follows:

	2024 $m	2023 $m
US Dollars	32.5	29.6
Canadian Dollars	8.1	-
GBP	9.1	3.9
	49.7	33.5

20 Cash and cash equivalents/ bank overdrafts

	2024 $m	2023 $m
Cash and cash equivalents per consolidated statement of financial position	610.1	558.6
Bank overdraft (*note 22*)	(143.2)	(183.4)
Cash and cash equivalents per cash flow statement	466.9	375.2

21 Trade and other payables

	2024 $m	2023 $m
Non-current		
Contract liabilities (*note 4*)	**(1.8)**	(3.4)
Other payables	**(0.3)**	(20.5)
Deferred income	**-**	-
	(2.1)	(23.9)
Current		
Trade payables	**(52.7)**	(41.9)
Contract liabilities (*note 4*)	**(137.0)**	(177.2)
Other payables	**(11.2)**	(13.9)
Accruals	**(116.6)**	(101.0)
Deferred income	**(18.7)**	(13.8)
	(336.2)	(347.8)

22 Other interest-bearing loans and borrowings

	2024 $m	2023 $m
Non-current liabilities		
Bank loans	**1,424.4**	1,255.0
Related party loans	**1,106.8**	922.7
Lease liabilities	**50.5**	45.4
Canadian government loans (*note 28*)	**2.4**	10.2
	2,584.1	2,233.3
Current liabilities		
Bank overdrafts	**143.2**	183.4
Bank loans	**120.0**	111.0
Related party loans (*note 27*)	**-**	53.7
Lease liabilities	**9.2**	5.4
Canadian government loans (*note 28*)	**12.0**	12.1
	284.4	365.6
Total borrowings	**2,868.5**	2,598.9

Bank loans and related party loans

The principal amounts of bank and related party loans outstanding excluding unamortised loan arrangement fees of $79.7m (2023: $90.0m) and accrued interest comprise the following:

	Agreement Date	Maturity Date	2024 $m	2023 $m
Floating rates				
1st Lien €450m term loan	August 2022	August 2029	**466.0**	497.7
1st Lien $883.5m term loan	August 2022	August 2029	**863.8**	872.5
2nd Lien $460m loan notes	August 2022	August 2030	**460.0**	460.0
$440m shareholder loan notes	August 2022	August 2031	**574.5**	499.9
£190m revolving credit facility	August 2022	February 2029	**189.5**	-
£10m revolving credit facility	May 2024	May 2025	**-**	-
£15m revolving credit facility	July 2024	June 2025	**17.2**	-
$50m shareholder loan facility	July 2024	July 2034	**50.0**	-
			2,621.0	2,330.1

Floating rate bank loans accrue interest at USD Term SOFR, EURIBOR or other appropriate benchmark plus margin.

Notes *(forming part of the financial statements) (continued)*

22 Other interest-bearing loans and borrowings (continued)

Reconciliation of movements in net debt

Net debt comprises bank overdrafts; bank, related party and Canadian government loans; and lease liabilities less cash and cash equivalents.

			Liabilities from financing activities				
$m	Cash and cash equivalents	Bank overdrafts	Bank loans	Related party loans	Lease liabilities	Government loans	**Net debt**
At 1 January 2023	168.2	(29.1)	(1,485.0)	(902.7)	(40.8)	(23.9)	(2,313.3)
Divested	-	-	-	-	6.8	-	6.8
Net cash flows	435.3	(147.9)	-	-	-	-	287.4
New borrowings	-	-	(294.9)	-	(19.1)	(1.5)	(315.5)
Repayment of borrowings	-	-	452.8	-	-	7.0	459.8
Amortisation of finance costs of debt	-	-	(8.3)	(2.0)	-	-	(10.3)
Other non-cash movement	-	-	(13.8)	(71.7)	(3.4)	(3.5)	(92.4)
Principal payments on leases	-	-	-	-	6.6	-	6.6
Foreign exchange differences	(44.9)	(6.4)	(16.8)	-	(0.9)	(0.4)	(69.4)
At 31 December 2023	**558.6**	**(183.4)**	**(1,366.0)**	**(976.4)**	**(50.8)**	**(22.3)**	**(2,040.3)**
Divested	-	-	-	-	0.3	-	0.3
Reclassified as liabilities held for sale	-	-	-	-	3.4	-	3.4
Net cash flows	51.6	38.7	-	-	-	-	90.3
New borrowings	-	-	(227.3)	(50.0)	(22.8)	(1.0)	(301.1)
Repayment of borrowings	-	-	28.6	-	-	9.8	38.4
Amortisation of finance costs of debt	-	-	(6.0)	(1.9)	-	-	(7.9)
Other non-cash movement	-	-	(7.3)	(78.5)	(3.3)	(2.1)	(91.2)
Principal payments on leases	-	-	-	-	12.6	-	12.6
Foreign exchange differences	(0.1)	1.5	33.6	-	0.9	1.2	37.1
At 31 December 2024	**610.1**	**(143.2)**	**(1,544.4)**	**(1,106.8)**	**(59.7)**	**(14.4)**	**(2,258.4)**

Other non-cash movements includes capitalised interest and interest accrual movements.

Financial covenants

The various borrowing agreements include both financial and non-financial covenants and are secured by various Group assets. Terms of the financial covenants are based on adjusted IFRS results, as defined in the agreements. There have been no breaches of the terms of the borrowing agreements or defaults during the year.

23 Employee benefits

Pension plans

Some UK employees of the Group are members of the Ultra Electronics Limited defined benefit scheme which was established on 1 March 1994. The scheme was closed to new members in 2003. The scheme is a final salary scheme with the majority of members accruing 1/60th of their final pensionable earnings for each year of pensionable service; however, the scheme was closed to future benefit accrual from 5 April 2016. A defined contribution plan was introduced for other employees and new joiners in the UK. The latest full actuarial valuation of the defined benefit scheme was carried out as at 5 April 2022. The Group also operates two defined contribution schemes for overseas employees. In addition to these schemes, the Group's Tactical Communication Systems business based in Montreal, Canada, has three defined benefit schemes.

Defined contribution schemes

The total cost charged to income in respect of the defined contribution schemes was $6.1m (2023: $5.6m).

23 Employee benefits (continued)

Defined benefit schemes

All of the defined benefit schemes were actuarially assessed at 31 December 2024 using the projected unit method.

In the UK, Ultra Electronics Limited sponsors the Ultra Electronics Pension Scheme, a funded defined benefit pension scheme. The scheme is administered within a trust which is legally separate from the Group. Trustees are appointed by both the Group and the scheme's membership and act in the interests of the scheme and all relevant stakeholders, including the members and the Group. The Trustees are also responsible for the investment of the scheme's assets.

This scheme provides pensions and lump sums to members on retirement and to their dependants on death.

The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit within the scheme lies with the Group and this introduces a number of risks for the Group. The major risks are: interest rate risk, inflation risk, investment risk and longevity risk. The Group and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

Investment strategy

The investment strategy for the UK scheme is set by the Trustees of the scheme. The investment strategy is focussed on matching the assets of the scheme to the liabilities in order to minimise the funding level on a self-sufficiency basis. This strategy involves investing in liability driven investment ('LDI'), the value of which will increase with decreases in interest rates, and will move with inflation expectations. LDI primarily involves the use of Government bonds and derivatives such as interest rate and inflation swaps. The main risk is that the investments held move differently to the liability exposures; this risk is managed by the Trustees, their advisers and the scheme's LDI manager, who regularly assess the position.

In addition to publicly traded fixed income and derivatives, the scheme holds almost 10% in private credit and real estate debt. The Trustees' intention is to reduce this allocation as opportunities present.

Overall, this strategy reflects the UK Scheme's liability profile and the Trustees' and Group's attitude to risk.

Rather than holding underlying assets directly, the scheme invests in pooled investment vehicles managed by professional external investment managers, whom the Trustees have appointed with the help of their investment advisers.

The investment performance and liability experience are regularly reviewed by the Trustees, and the Trustees will consult with the Group over any changes to the investment strategy.

GMP equalisation

Following a High Court judgment on 26 October 2018, it became apparent across the UK pension industry that equalisation was required with respect to Guaranteed Minimum Pensions ('GMP's). Scheme benefits earned in the period 17 May 1990 to 5 April 1997 may be affected by the requirement to equalise GMPs.

It will take a considerable time for trustees and employers to decide on the approach for GMP equalisation, gather data, calculate the new benefits and cost, and ultimately make payments to members. There have been no material changes in estimates since acquisition.

Valuation

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The last actuarial valuation of the scheme was carried out as at 5 April 2022. The next actuarial valuation is due to be carried out with an effective date of 5 April 2025. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The results of the 5 April 2022 valuation have been projected to 31 December 2024 by a qualified, independent actuary. The figures in the following disclosure were measured using the projected unit method.

Notes *(forming part of the financial statements) (continued)*

23 Employee benefits (continued)

	2024 UK $m	2024 Canada $m	2024 Total $m	2023 UK $m	2023 Canada $m	2023 Total $m
Defined benefit asset	**333.5**	**6.4**	**339.9**	374.9	7.0	381.9
Effect of net asset ceiling	**-**	**(0.1)**	**(0.1)**	(4.5)	(0.3)	(4.8)
Total defined benefit asset	**333.5**	**6.3**	**339.8**	370.4	6.7	377.1
Total defined benefit liability	**(293.2)**	**(6.3)**	**(299.5)**	(321.9)	(6.7)	(328.6)
Net defined benefit asset	**40.3**	**-**	**40.3**	48.5	-	48.5

Movement in net defined benefit asset

	Defined benefit obligation 2024 $m	Defined benefit obligation 2023 $m	Fair value of plan assets 2024 $m	Fair value of plan assets 2023 $m	Net defined benefit (liability) / asset 2024 $m	Net defined benefit (liability) / asset 2023 $m
At 1 January	**(328.6)**	(316.0)	**377.1**	328.8	**48.5**	12.8
Pension scheme assumed on acquisition	**-**	-	**-**	-	**-**	-
Interest (income)/cost	**(15.1)**	(15.6)	**17.6**	17.4	**2.5**	1.8
Amounts recognised in profit or loss	**(15.1)**	(15.6)	**17.6**	17.4	**2.5**	1.8
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
- Changes in demographic assumptions	**0.6**	9.4	**-**	-	**0.6**	9.4
- Change in financial assumptions	**22.0**	(6.0)		-	**22.0**	(6.0)
- Experience adjustment	**(1.6)**	(1.8)	**-**	-	**(1.6)**	(1.8)
Return on plan assets excluding interest income		-	**(35.4)**	(5.5)	**(35.4)**	(5.5)
Effect of net asset ceiling		-	**4.5**	(0.2)	**4.5**	(0.2)
Effect of movements in exchange rates	**-**	(16.9)	**-**	19.6	**-**	2.7
Amounts recognised in OCI	**21.0**	(15.3)	**(30.9)**	14.0	**(9.9)**	(1.4)
Contributions paid by the employer	**-**	-	**-**	35.4	**-**	35.4
Amounts recognised in cash flow statement	**-**	-	**-**	35.4	**-**	35.4
Benefits paid	**16.2**	16.4	**(16.2)**	(16.4)	**-**	-
Liabilities extinguished on settlements	**-**	1.9	**-**	(1.9)	**-**	-
Other	**16.2**	18.3	**(16.2)**	(18.3)	**-**	-
Exchange differences	**7.0**	**-**	**(7.8)**	**-**	**(0.8)**	**-**
At 31 December	**(299.5)**	(328.6)	**339.8**	377.1	**40.3**	48.5

Scheme Assets

The fair value of major categories of scheme assets is as follows:

	2024 $m	2023 $m
Equities	**0.1**	18.4
Bonds	**1.5**	5.3
Property	**23.4**	54.3
Other assets	**54.6**	1.8
Investment funds:		
- Absolute return	**7.2**	54.0
- LDI	**105.9**	150.4
- Multi-asset credit	**147.2**	97.7
	339.9	381.9

The scheme's investments are in pooled funds which are unquoted.

23 Employee benefits (continued)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2024		2023	
	UK	**Canada**	UK	Canada
Discount rate	**5.50%**	**4.50%**	4.70%	4.75%
Inflation rate – RPI	**3.30%**	**n/a**	3.05%	n/a
Inflation rate – CPI	**2.80%**	**n/a**	2.55%	n/a
Expected rate of salary increases	**n/a**	**n/a**	n/a	n/a
Future pension increases (pre 6/4/08)	**3.10%**	**n/a**	2.90%	n/a
Future pension increases (post 6/4/08)	**2.05%**	**n/a**	2.00%	n/a

For each of these assumptions there is a range of possible values. Relatively small changes in some of these variables can have a significant impact on the level of the total obligation. For the UK scheme, a 0.5% increase in the inflation assumption to 3.55% and a 0.5% decrease in the discount rate to 4.50% would increase the scheme's liabilities by $10.9m and $18.2m respectively. If the life expectancy of members was to increase by one year, the scheme liabilities would increase by $12.2m.

The average duration of the scheme liabilities is 12 years.

The assumptions used are provided by Willis Towers Watson as Group advisers, and also by reference to the Bank of England gilt curve, at a duration appropriate to the scheme's liabilities.

The key demographic assumption used was in relation to the mortality rates of current and future pensioners. Due to the size of the scheme the mortality rates were based on standard tables, namely:

Current pensioners – males	100% of SAPS S3PMA with CMI 2023 projections and a 1.25% floor (UK only)
Current pensioners – females	97% of SAPS S3PFA with CMI 2023 projections and a 1.25% floor (UK only)
Future pensioners – males	100% of SAPS S3PMA with CMI 2023 projections and a 1.25% floor (UK only)
Future pensioners – females	97% of SAPS S3PFA with CMI 2023 projections and a 1.25% floor (UK only)

The mortality assumptions used in the valuation of the UK scheme make appropriate allowance for future improvements in longevity and are set out below:

	2024	2023
	Years	years
Current pensioners (at 65) – males	**22**	22
Current pensioners (at 65) – females	**24**	24
Future pensioners (at 65) – males	**23**	23
Future pensioners (at 65) – females	**26**	26

In accordance with a Schedule of Contributions agreed by the Group and the Trustees of the Ultra Electronics Pension Scheme, normal pension contributions ceased in August 2023. From September 2023 contributions of £12m per annum are paid into an investment vehicle, controlled by the Group, but over which the Trustees of the UK defined benefit pension scheme had a call under certain circumstances.

Notes *(forming part of the financial statements) (continued)*

24 Provisions

	Warranties $m	Contract-related provisions $m	Other provisions $m	**Total $m**
Balance at 1 January 2023	5.6	17.0	20.1	42.7
Provisions made during the period	3.3	1.7	7.0	12.0
Provisions used during the period	(0.2)	0.1	(9.4)	(9.5)
Provisions reversed during the period	(1.0)	(5.2)	(0.2)	(6.4)
Foreign exchange differences	0.2	0.9	0.9	2.0
Balance at 31 December 2023	**7.9**	**14.5**	**18.4**	**40.8**
Provisions made during the period	**1.7**	**1.0**	**1.7**	**4.4**
Provisions used during the period	**(0.2)**	**(3.2)**	**(0.1)**	**(3.5)**
Provisions reversed during the period	**(2.3)**	**(1.1)**	**(4.0)**	**(7.4)**
Reclassifications	**-**	**(1.7)**	**0.9**	**(0.9)**
Business divestments	**-**	**(0.2)**	**(0.9)**	**(1.1)**
Foreign exchange differences	**(0.6)**	**(0.4)**	**(0.3)**	**(1.2)**
Balance at 31 December 2023	**6.5**	**8.9**	**15.7**	**31.1**
Non-current	2.4	4.7	4.7	11.8
Current	5.5	9.8	13.7	29.0
Balance at 31 December 2023	7.9	14.5	18.4	40.8
Non-current	**1.7**	**1.0**	**4.0**	**6.7**
Current	**4.8**	**7.9**	**11.7**	**24.4**
Balance at 31 December 2024	**6.5**	**8.9**	**15.7**	**31.1**

Provision is made for the anticipated cost of repair and rectification of products under warranty, based on known exposures and historical occurrences. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

Warranty provisions are based on an assessment of future claims with reference to past experience. Such costs are generally incurred within two years after delivery.

Contract-related provisions – for example, including provisions for agent fees and costs relating to contract execution and delivery – are utilised over the period as stated in the contract to which the specific provision relates, typically 2-5 years.

Other provisions include reorganisation costs, dilapidation costs and costs in relation to settlement of legal matters. Investigations associated with Ultra legacy conduct of business issues are ongoing, and Ultra continues to cooperate with the relevant authorities. Provisions have been booked with respect to these matters where the provision recognition criteria have been deemed to have been met.

Reorganisation costs will be incurred over the period of the reorganisation, which is typically up to two years. Dilapidations will be payable at the end of the contracted life, which is up to 15 years.

25 Capital and reserves

Ordinary Shares

In thousands of shares	**2024**	2023
At the beginning of the period	**2,601**	2,600
Issued for cash	**-**	1
At 31 December – fully paid	**2,601**	2,601

	2024 $m	2023 $m
Allotted, called up and fully paid		
2,601,000 *(2023: 2,600,000)* Ordinary shares of $1 each	**2.6**	2.6
Total	**2.6**	2.6

The company did not issue any Ordinary Shares in 2024 (2023: the Company issued 1,000 Ordinary shares with a nominal value of $1 each, settled in cash for total consideration of $1.4m. The difference between the nominal value of the shares and the cash received has been recognised within share premium. The balance on the Share Premium Account at 31 December 2024 was $135.1m (2023: $135.1m).

25 Capital and reserves

Equity preference certificates

	2024 $m	2023 $m
Issued and fully paid		
473,291,760 (2023: 788,821,659) shares of $1each	**473.3**	788.8
At 1 January	**788.8**	788.8
Issued in the period	**-**	-
Repaid in the period	**(315.5)**	-
At 31 December	**473.3**	788.8

In 2022 the Company issued 1,052,227,317 equity preferred certificates with a nominal value of $1 each with no yield, settled in cash). These certificates are mandatorily redeemable at par after ninety years in August 2112. The certificates are only redeemable by the Company and can be redeemed at par at any time or converted into conversion shares. In 2022, the Company redeemed 263,405,658 shares at par. During the year the Company redeemed 315,529,899 shares for total consideration of $315.5m (2023: nil).

Other reserves

Other reserves are comprised of the hedging reserve and translation reserve. The movement in these reserves is presented below:

	Hedging Reserve $m	Translation Reserve $m	Share Based Payment Reserve $m	Total Other Reserves $m
Balance at 31 December 2023	**3.8**	**(51.2)**	**-**	**(47.4)**
Movements in hedging reserve taken to other comprehensive income	**0.5**	**-**	**-**	**0.5**
Reclassified to Income Statement on divestment of businesses	**-**	**3.1**	**-**	**3.1**
Change in share based payments in the year	**-**	**-**	**14.3**	**14.3**
Exchange differences on translation of foreign operations	**-**	**(0.2)**	**-**	**(0.2)**
Balance at 31 December 2024	**4.3**	**(48.3)**	**14.3**	**(29.7)**

Translation reserve

The translation reserve comprises all foreign exchange differences arising, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Legal reserve

In accordance with Law of 10 August 1915 on commercial companies as amended, the Company must allocate a minimum of 5% of the net profit to the legal reserve, until such reserve reaches 10% of the share capital. Distribution of the legal reserve is restricted. The amount allocated to the legal reserve as at 31 December 2024 was nil (2023: nil).

Share based compensation

Employees (including senior executives) of the Group participate in a share-based arrangement by subscribing to shares in the shareholding structure of the Group, whereby the Shareholder of the Group has the obligation to compensate the employees in case a Put or Call option is exercised. The Group treats the arrangement as equity settled, since the transaction is settled by the Shareholder based on the fair value of the Group's shares. The Group records the cost in employee benefits expense only if the fair value differs from the subscription value at the grant date (subscription date).

The shares vest in installments until the estimated exit event. These may only be exercised upon the Exit of the Group which may be in the form of the sale and/or liquidation of the Group, or upon the IPO of the Group. The exercise price of the shares is equal to the subscription value.

Notes *(forming part of the financial statements) (continued)*

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Number	WAEP ($)
At 1 January 2023	-	-
Granted during the year	405,010	3.89
At 31 December 2023	405,010	3.89
Granted during the year	22,819	2.40
Repurchased during the year	(34,361)	2.82
At 31 December 2024	393,468	3.90

The weighted average fair value of options granted during 2024 was $131.7 (2023: $69.8) per option. Expense arising from equity-settled share-based payment transactions in 2024 year amounted $14.3m (2023: $nil).

The fair value of the Management Incentive Plans is determined at the grant date using an option pricing model that reflects the specific terms and conditions under which the ratchet shares were granted. The valuation is based on a Monte Carlo simulation model performed within a risk-neutral framework, using volatility assumptions derived from a sample of comparable listed companies. For each simulation path, the proceeds associated with the ratchet shares are calculated according to the contractual ratchet mechanism. These proceeds are then discounted using a risk-free rate, consistent with the principles of the risk-neutral framework underpinning the Geometric Brownian Motion.

The fair value is obtained by averaging the present values of the simulated proceeds across all iterations. Service and non-market performance conditions attached to the arrangement were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

Dividend yield (%)	-
Expected volatility (%)	37%
Risk-free interest rate (%)	4.66%
Expected life of share options (years)	3.4

26 Notes to the cash flow statement

	2024 $m	2023 $m
Cashflows from operating activities		
Loss for the year from continuing operations	**(229.8)**	(90.9)
Adjustments for:		
Taxation (note 10)	**(1.3)**	(68.2)
Amortisation of intangible assets (note 12)	**164.7**	185.6
Depreciation of property, plant and equipment (note 13)	**13.4**	14.1
Depreciation of right-of-use assets (note 14)	**8.7**	8.0
Defined benefit pension scheme funding (note 23)	**-**	(35.4)
Share based payments	**14.3**	-
Finance income	**(28.0)**	(34.3)
Finance expenses	**285.6**	257.0
Foreign exchange gains/losses	**1.7**	(4.7)
Profit on disposal of businesses, property, plant and equipment	**(101.6)**	(195.0)
R&D incentives settled by credit against tax liabilities	**(9.3)**	-
Write down of inventories	**5.3**	3.5
Increase/(decrease) in provisions	**(8.6)**	0.8
Operating cash flow before movements in working capital	**115.1**	40.5

Notes *(forming part of the financial statements) (continued)*

27 Financial instruments

i) Financial assets

The financial assets of the Group are as follows:

	2024 $m	2023 $m
Cash and cash equivalents	610.1	558.6
Restricted cash	18.8	-
Investments in financial assets	-	1.4
Trade receivables	69.1	78.6
Other receivables	10.6	6.0
Accrued income	23.0	47.0
Derivative financial instruments	10.1	-
	741.7	691.6

The Board of Managers consider that the carrying amount of all financial assets approximates to their fair value.

Derivative financial instruments and equity investments are measured at fair value through profit and loss. All other financial assets are measured at amortised cost.

ii) Financial liabilities

The financial liabilities of the Group were as follows:

	2024 $m	2023 $m
Derivative financial instruments	8.2	4.8
Trade payables	52.7	41.9
Other payables	11.5	34.4
Accruals	116.6	101.0
Bank loans and overdrafts	1,687.6	1,549.4
Related party loans	1,106.8	976.4
Lease liabilities	59.7	50.8
Amounts due to over-time contract customers	138.8	180.6
Canadian government loans	14.4	22.3
	3,196.3	2,961.6

The Board of Managers consider that the carrying amount for all financial liabilities, except for the bank and related party loans, approximates to their fair value. For the bank and related party loans, the derived fair value has been determined as $2,621.0m (2023: $2,342.5m) which compares to the carrying amount of $2,621.0m (2023: $2,342.5). The fair value of the bank loans and overdrafts has been derived from indicative quotes for borrowings of similar amounts, terms and maturity periods and is classified as level 2 (2023: level 2) within the fair value hierarchy.

ii) Financial liabilities *(continued)*

Derivative financial instruments and Canadian government loans are measured at fair value through profit and loss. Lease liabilities are measured in accordance with IFRS 16. All other financial liabilities are measured at amortised cost.

iii) Fair values of financial instruments

The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: 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)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Listed equity investments are classified as level 1, derivative financial instruments are classified as level 2 and Canadian government loans are classified as level 3 in the fair value hierarchy. Further details on the Canadian government loans are set out in note 28.

27 Financial instruments *(continued)*

The derivative financial instruments held by the Group are as follows:

	Current (liabilities)/assets		Non-current (liabilities)/assets	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Foreign exchange currency liabilities	**(1.6)**	(4.8)	**(1.0)**	(1.6)
Foreign exchange currency assets	**-**	0.1	**-**	-
Interest rate swap assets	**5.2**	10.7	**4.9**	0.3
Interest Rate swap liabilities	**(1.3)**	-	**(4.3)**	(6.9)

iv) Credit risk

The credit risk on liquid funds and derivative financial instruments is considered to be limited because the counterparties are banks with investment-grade ratings assigned by international credit rating agencies. Cash is deposited across a number of different investment-grade banks in the main territories in which the Group is based.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Credit risk disclosures for trade receivables are set out in note 19. The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group), including historic experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group has a conservative policy towards credit risk related to liquid funds and derivative financial instruments with balances spread across a range of investment grade financial institutions. The levels of credit risk are monitored through the Group's ongoing risk management processes, which include a regular review of the banks' credit ratings.

v) Liquidity risk

The Group maintains committed banking facilities with core banks to provide prudent levels of borrowing headroom.

The Group's debt structure was established to fund the acquisition of Ultra in August 2022. The debt structure consists of a €450m term loan and $883.5m amortising term loan with an expiry date of August 2029, $460m notes with an expiry date of August 2030 and $440m notes with an expiry date of August 2031. The $460m and $440m notes were provided by the Group's immediate parent company, Cobham Ultra SunCo S.à r.l. The Group also has a £190m revolving credit facility, of which £34.8m has been allocated to support bank guarantee issuance. The remaining balance of the facility of £155.2m is available to be drawn in Sterling, US Dollars, Canadian Dollars, Australian Dollars and Euros. During 2024 the Group entered into 2 additional revolving credit facilities of £10m and £15m. These were entered into to address short term liquidity needs and are subordinated under the Senior Financing Agreement.

The term loans and revolving credit facility are secured against certain of the Group entities' shares, intercompany receivables, bank accounts and other assets. The $460m notes are secured over the shares of the Company, and the $440m notes are unsecured within the Group. Interest was charged at 3.75% over the benchmark rate for the term loans, 7.25% above benchmark for the $460m notes and 9% over benchmark for the $440m notes.

The Group is strongly cash-generative, and the funds generated by operating companies are managed regionally to fund short-term local working capital requirements. Where additional funding is required, this is provided centrally through the Group's committed banking facilities.

27 Financial instruments *(continued)*

The Group, through its Canadian subsidiary Ultra Electronics Tactical Communication Systems (TCS), participates in two Canadian programmes that provide government support in relation to the development of certain of its products. Further disclosure is provided in note 28.

The following table details the Group's remaining undiscounted contractual maturity for its financial liabilities and leases.

The table below summarises the remaining contractual maturity for the Group's borrowings and other financial liabilities. The amounts shown are the contractual undiscounted cash flows which include interest, analysed by contractual maturity. The difference between the contractual cash flows and the carrying amount of these liabilities reflects the effects of interest not included in the carrying amount and discounting applied in assessing fair value.

2024	Within 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Trade payables	(52.7)	-	-	-	(52.7)
Other payables	(11.2)	-	-	-	(11.2)
Accruals	(116.6)	-	-	-	(116.6)
Bank overdraft	(143.2)	-	-	-	(143.2)
Bank loans	(345.4)	(131.8)	(1,674.9)	-	(2,152.1)
Related party loans	(193.0)	(153.7)	(555.5)	(875.2)	(1,777.4)
Canadian government loans	(11.5)	(2.9)	-	-	(14.4)
Currency derivatives used for hedging – cash outflow	(1.6)	(0.5)	(0.5)	-	(2.6)
Lease liabilities	(7.3)	(7.6)	(12.6)	(32.3)	(59.7)
At 31 December 2024	(882.5)	(296.5)	(2,243.5)	(907.5)	(4,329.9)

2023	Within 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Trade payables	(41.9)	-	-	-	(41.9)
Other payables	(13.9)	(20.5)	-	-	(34.4)
Accruals	(101.0)	-	-	-	(101.0)
Bank overdraft	(183.4)	-	-	-	(183.4)
Bank loans	(128.3)	(126.8)	(375.1)	(1,442.2)	(2,072.4)
Related party loans	(59.0)	(58.8)	(176.6)	(2,113.9)	(2,408.3)
Canadian government loans	(10.4)	(11.1)	(1.9)	(1.2)	(24.6)
Currency derivatives used for hedging – cash outflow	(4.8)	(1.0)	(0.4)	(0.2)	(6.4)
Lease liabilities	(9.9)	(19.0)	(8.0)	(16.8)	(53.7)
At 31 December 2023	(552.6)	(237.2)	(562.0)	(3,574.3)	(4,926.1)

vi) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

Currency risk

The Group uses currency derivatives in the form of forward currency contracts to hedge its foreign currency transaction risk. The currencies giving rise to this risk are primarily Sterling and Canadian Dollars.

The Group has the following exposure to foreign currency denominated monetary assets and monetary liabilities in the Balance Sheet, translated into US dollars at the relevant year-end exchange rates:

At 31 December 2024, the net fair value of the Group's currency derivatives is estimated to be an asset of approximately $1.9m (2023: liability of $2.2m), comprising $10.1m (2023: $11.1m) assets and $8.2m (2023: $13.3m) liabilities. The gain on derivative financial instruments included in the Group's consolidated statement of profit or loss for the period was $3.7m (2023: $17.8m gain).

27 Financial instruments *(continued)*

Sensitivity analysis

The Group's main sensitivity is to changes in the exchange rate between US Dollars and Sterling. The Group has estimated the impact on the consolidated statement of profit or loss and equity of a 10% and 25% strengthening or weakening of average actual and transactional currency rates applicable during the year and a 10% and 25% change in the foreign exchange rates applicable for valuing foreign exchange derivative instruments. The analysis covers only financial assets and liabilities held at the balance sheet date and is made on the basis the net investment hedge remains effective.

31 December 2024	**10% weakening of US dollar**		**10% strengthening of US dollar**		**25% weakening of US dollar**		**25% strengthening of US dollar**	
	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m
P&L translation	**(47.0)**	**-**	**47.0**	**-**	**(122.0)**	**-**	**122.0**	**-**
Foreign exchange derivatives	**5.2**	**-**	**(5.2)**	**-**	**13.1**	**-**	**(13.1)**	**-**
	(41.8)	**-**	**41.8**	**-**	**(108.9)**	**-**	**108.9**	**-**

31 December 2023	10% weakening of US dollar		10% strengthening of US dollar		25% weakening of US dollar		25% strengthening of US dollar	
	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m	Profit before tax $m	Equity $m
P&L translation	(85.8)	-	85.8	-	(214.6)	-	214.6	-
Foreign exchange derivatives	12.3	-	(12.3)	-	30.7	-	(30.7)	-
	(73.5)	-	73.5	-	(183.9)	-	183.9	-

vi) Market risk (continued)

Interest rate risk

All of the Group's loans are subject to floating interest rates and are repayable between 2029 and 2031.

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by $25.5m (2023: $23.0m). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss with fixed interest rates and the fixed rate element of interest rate swaps.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group is not subject to externally imposed capital requirements.

28 Government grants and loans

The Group, through its Canadian subsidiaries Ultra Electronics Tactical Communication Systems ("TCS") and Ultra Electronics Maritime Systems ("UEMS"), participates in three Canadian programmes that provide Government support in relation to the development of certain of its products.

Under the Strategic Aerospace and Defence Initiative ("SADI"), the Canadian Federal Government provides a long-term funding arrangement in respect of certain eligible research and development project costs. Under this arrangement:

- CAD13.7m was outstanding at 31 December 2024; this was fully repaid in January 2025.
- CAD6.9m has been provided to UEMS up to the end of 2024 to be repaid over the period 2025 to 2032. The benefit of the below-market rate of interest has been calculated as the difference between the proceeds received and the fair value of the loans and has been credited to profit in the year.

The fair value of the loans has been calculated using a market interest rate for a similar instrument. The valuation used the discounted cash flow method and considered the value of expected payments using a risk-adjusted discount rate; the discount rate used was 18% for TCS and 15% for UEMS.

For UEMS, the amount repayable depends on future revenue growth of the UEMS business from 2025 to 2039 and will be between 1.0x and 1.5x the amounts received up until the end of the funding period.

The significant unobservable inputs for this Level 3 financial instrument are: (i) whether, and by how much, TCS and UEMS revenues will grow during the periods to 2032 and 2039 respectively, and (ii) the specific years in which revenue will grow. There are significant inherent uncertainties in management's ability to forecast revenue over future years, particularly in later years. If the forecast revenue growth occurs in earlier years than envisaged, then the net present value of the liability will increase; if the revenue growth increases were to occur one year earlier than assumed in the valuation model, then the net present value of the liability as at 31 December 2024 would increase by CAD0.7m.

Amounts recognised in the financial statements in respect of these programmes were as follows:

	2024 $m	2023 $m
At the beginning of the period	**(22.3)**	(23.9)
Contributions	**(1.0)**	(1.5)
Repayments	**9.8**	7.1
Net change in fair value to profit and loss	**(2.1)**	(3.6)
Foreign exchange differences	**1.2**	(0.4)
At 31 December	**(14.4)**	(22.3)

29 Contingencies

Contingent liabilities are potential future cash outflows which are either not probable or cannot be measured reliably or will be confirmed only by the occurrence of an uncertain future event not wholly within the control of the Group.

The nature of much of the contracting work performed by the Group means that there are occasional contractual issues, variations and renegotiations that arise. In addition, the Group is, from time to time, party to legal proceedings and claims which arise in the ordinary course of business. During the year, Ultra Electronics Holdings Ltd ("UEHL") and Ultra Electronics Ltd ("UEL"), received a claim from the Ministry of Transport, Communications and Information Technology of the Sultanate of Oman ("MOTC") related to historic disputes in connection with a project conducted in the region by a joint venture between UEL and Oman Investment Corporation (an Omani joint stock closed company, unrelated to the Group). The joint venture company was known as Ithra; MOTC and Ithra had entered into a project agreement ("MC6") for the design, development and operation of Muscat and Salalah International Airports. These historic disputes were resolved by way of arbitration between Ithra and MOTC in December 2020 where MOTC obtained an ICC Award (the "Award") in which Ithra was ordered to pay damages for breach of MC6.

The MOTC has subsequently brought the current claim in an attempt to attach liability for the amounts outstanding under the Award to UEHL and UEL. The Group disputes the claim on a number of bases, including lack of jurisdiction and substantive defences, and considers the claim to be without merit. As a result, no provision has been made in relation to liabilities in connection with the claim as at 31 December 2024.

The Group has entered into a number of guarantee and performance bond arrangements in the normal course of business, totalling $39.8m (2023: $40.0m).

Notes *(forming part of the financial statements) (continued)*

30 Capital commitments

There were no (2023: no) financial commitments (i.e. certain contractual requirements to make cash payments in the future) that are not recorded within our balance sheet as the contract is not yet due for delivery as at 31 December 2024.

31 Related parties

During the year, Cobham Ultra SunCo S.à r.l., the Group's immediate parent company, provided $574.5m (2023: $499.9) (PIK) and $460.0m (2023: $460.0m) (SUN) loan notes, and $50m additional shareholder loan to the Group and charged the Group $137.3m (2023: $124.2m) interest on these loan notes. At the year end, the total of $58.2m (2023: $53.7m) interest on loan notes is owed by the Group to Cobham Ultra SunCo S.à r.l.. For further detail on the related party loans, please refer to note 22.

The Cobham Group is a related party as it has common shareholders and some shared management. The Group has certain shared costs with the Cobham Group including a small number of Cobham Group employees who spend some of their time working for the Group. Recharges to the Cobham Group in the year ended 31 December 2024 amounted to $1.0m (2023: $0.1m) and recharges from the Cobham Group amounted to $4.5m (2023: $6.6m). At 31 December 2024 $nil (2023: $0.4m) of amounts payable to the Cobham Group were outstanding.

Transactions with key management personnel

During the year, no (2023: no) remuneration was paid to key management personnel from within this Group and therefore no key management personnel compensation is disclosable.

32 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Cobham Ultra SunCo S.à r.l., a company incorporated in Luxembourg. The ultimate controlling party is Advent International Corporation, a global private equity investor.

At 31 December 2024, Cobham Ultra SeniorCo S.à r.l., was the holding Company of the largest and smallest group for which consolidated financial statements were prepared.

33 Subsequent events

Regulatory approval for the completion of the disposal of the SMaP business was received in March 2025, the sale is expected to complete in April 2025.

Following the completion of the disposal of the Energy business on 31 December 2024, the Group repaid $181m of its revolving credit facilities.