

Company Registration No. 00887400 (England and Wales)

**VIAVI SOLUTIONS UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**1 JULY 2023**



# **VIAMI SOLUTIONS UK LIMITED**

## **COMPANY INFORMATION**

---

<b>Directors</b>	Mr M T Taylor Mr K C Siebert Mr H P C Derksen
<b>Secretary</b>	Mr M T Taylor
<b>Company number</b>	00887400
<b>Registered office</b>	Astor House Newbury Business Park London Road Newbury Berkshire RG14 2PZ
<b>Independent auditor</b>	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ

---

---

# VIavi SOLUTIONS UK LIMITED

## STRATEGIC REPORT

FOR THE PERIOD ENDED 1 JULY 2023

---

The directors present the strategic report for the period ended 1 July 2023.

### Principal activities and fair review of the business

The principal activities of the company consist of the following components:

- Development, manufacturing and distribution of wireless business test solutions for the 4G and 5G mobile communications worldwide market.
- Distribution of the Viavi Solutions Network and Service Enablement Products and Solutions ("NSE") mainly within the United Kingdom.
- Product Support and Program Services including tailor-made managed solutions for major customers mainly within the United Kingdom.

Turnover consists of distinct income streams. There are product and service sales, recharging of costs incurred on behalf of a fellow group undertaking and, in prior years, royalties received from a fellow group company. These royalties were for the use of Wireless Legacy Intellectual property which comprised patents for wireless testing solutions that were acquired from Aeroflex Limited. On 2 July 2022, the company sold its Wireless Legacy intellectual property rights to a fellow group undertaking for cash consideration of £62.8 million. The company is therefore now charged rather than it receiving royalties.

The sales approach is an effective balance of both direct sales to the end consumer, and an indirect approach using other third parties to penetrate the market.

The company operates from three sites within the United Kingdom. The main site is based in Stevenage where wireless test solutions are developed, manufactured and distributed. The second site is based in Newbury where engineering services are provided for the group's classic NSE operations. The third site is in Edinburgh where operational and support staff are based. The company also operates a sales branch in Georgia.

In addition, the company has two directly and wholly owned trading subsidiaries, Viavi Solutions Italia S.R.L. and Viavi Solutions Singapore Pte Limited. These trading subsidiaries are sales offices which distribute Viavi Solutions group products on a regional basis.

During the prior period, the company acquired Comtest Wireless Limited which comprises a small group of companies that are a leading provider of Drive Test systems, testing and monitoring of railway telecommunications networks and signalling network performance, with major customers in Europe. The main trading company is Comtest Wireless S.R.L. which is based in Turin, Italy.

In September 2022 the ordinary shares of Viavi Solutions UK Limited were acquired by Viavi Solutions Ireland Limited from TTC International Holdings LLC, in a transfer between the fellow group undertakings.

# **VIABI SOLUTIONS UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

---

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

Competitive global pressure is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but also in handling all customer queries, and by maintaining strong relationships with customers.

Continued high inflation caused by global energy prices will increase the cost of manufacturing, selling and delivering products and solutions, which could result in increases in the cost of manufactured products, reduced customer power, increased price pressure and reduced or postponed sales orders.

Further discussions of these risks and uncertainties, in the context of the group as a whole, is provided on pages 14 to 27 in the Viabi Solutions Inc. group's annual report (US SEC 10-K annual filing), which does not form part of this report.

#### **Future developments**

The company's objective is to continue to be a leading provider in the markets and industry it serves, including market leadership in 5G wireless. Our near-term strategy will be more focused on growth, both organic and acquisitive. We plan to leverage major secular growth trends in 5G Wireless to achieve higher levels of revenue and profitability.

#### **Financial risk management objectives and policies**

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate cash flow risk, and foreign exchange risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the company's Finance department.

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Cash is held at financial institutions with strong credit ratings.

#### **Liquidity risk**

The company, as part of a larger group, actively maintains an appropriate level of debt finance through the ultimate parent company, designed to ensure the company has sufficient available funds for operations and planned expansions.

#### **Interest rate cash flow risk**

The company has interest bearing assets, being the bank balances and amounts due to and from other group undertakings. Interest rates on amounts due to and from group undertakings are set as part of a group-wide funding strategy.

#### **Foreign exchange risk**

The company has some significant overseas customers including amounts receivable from fellow group undertakings which are denominated in foreign currency. As a result, it is subject to fluctuations in foreign exchange rates, which could affect the company's results. The majority of the potential foreign exchange exposure with both fellow group undertakings and overseas customers is to the Euro and United States Dollar.

The directors will continue to evaluate the risks and uncertainties facing the company and implement commercially reasonable plans and measures to mitigate such known risks/factors although, as referred to above and consistent with most businesses, it may not always be possible to identify all the risks and uncertainties we face.

# VIABI SOLUTIONS UK LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JULY 2023

### Key performance indicators

Turnover for the period ended 1 July 2023 was £148.1m, decreasing from £195.9m in the prior period. At 1 July 2023, the company had net assets of £40.3m (2022: net assets of £33.3m)

The directors of Viavi Solutions Inc. manage the group's operations on a divisional basis. For this reason, the company's directors believe that further analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Viavi Solutions UK Limited. The development, performance and position of the Network and Service Enablement segment of Viavi Solutions Inc. which includes the company, is discussed on pages 6 and 7 of the group's annual report (US SEC 10-K annual filing), which does not form part of this report.

### Section 172 statement

The directors of the company perform their duties in accordance with s172 of the Companies Act 2006, acting in good faith to promote the success of the company for the benefit of its members as a whole and having regard to the following matters:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The board receives regular updates on financial performance, risk, compliance with laws and regulations, customer and supplier engagement, staff engagement and corporate social responsibility. Where appropriate, papers and briefings presented to the board draw out directors' responsibilities and duties under the Companies Act.

Engagement with our stakeholders plays a vital role throughout our business. By understanding our stakeholders, we can factor into the boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

During the year, the directors took into account the views and the best long-term interests of the company's employees, suppliers and customers as well as the wider Viavi group as a whole when making key decisions regarding the company. The board considered the likely impact of these decisions on this wide range of stakeholders.

On behalf of the board



Mr M T Taylor  
Director

Date: 5 January 2024

# **VIAVI SOLUTIONS UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 1 JULY 2023**

---

The directors present their report and the audited financial statements for the 52 week period ended 1 July 2023. The comparative information is for the 52 week period from 4 July 2021 to 2 July 2022.

#### **Results and dividends**

The results for the period are set out on page 10.

The profit before taxation was £2,131,000 (2022: £93,175,000). The company has net assets, after the pension liability, of £40,287,000 (2022: net assets £33,307,000).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M T Taylor

Mr K G Siebert

Mr H P C Derksen - resigned 30 September 2023

#### **Qualifying third party indemnity provisions**

The company had qualifying third party indemnity provisions in place for the benefit of its directors during the period. These provisions remained in force at the date of approval of the directors' report.

#### **Research and development**

The company is committed to research and development in the telecommunications testing area and has invested £31,248,634 (2022: £30,961,000) in activities during the year. All Company funded research and development expenditure is written off as it is incurred.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **Post reporting date events**

The wholly-owned subsidiary undertaking, Aeroflex Asia Limited, was dissolved on 31 August 2023.

#### **Independent auditor**

The auditors, PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# 1 VIABI SOLUTIONS UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

### Energy and carbon reporting

Viabi Solutions UK Limited has an ongoing responsibility to both the local and global environment. We are committed to the continuous improvement of managing environmental issues including the responsible management and monitoring of energy use with the objective of reducing the amount consumed.

#### Environmental objectives

The company adopts the following measures to minimise its energy use and reduce its impact on the environment are:

- Continual review of possible energy saving measures that may be feasible.
- Continual monitoring of energy consumption data.
- Regular reporting of consumption data to board of directors.
- Ongoing investigations of technology and equipment available to further reduce energy usage.
- Ongoing strategy to increase employee awareness and provide training with respect to energy saving processes and techniques.

#### Energy consumption

Aggregate of energy consumption in the year

kWh '000

5,383

#### Emissions of CO<sub>2</sub> equivalent

Scope 1 - direct emissions

- Gas combustion

Metric  
tonnes

Metric  
tonnes

16.95

- Fuel consumed for transport

2.77

19.72

Scope 2 - indirect emissions

- Electricity purchased

1,023.02

Scope 3 - other indirect emissions

- Fuel consumed for business travel in vehicles not owned by the company

1.53

Total gross emissions

1,044.27

Intensity ratio

Kilos CO<sub>2</sub>e per square foot

9.93

#### Quantification and reporting methodology

- The reporting year is July 2022 – June 2023.
- The method used to calculate the CO<sub>2</sub> data is from the Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance March 2019 (Updated Introduction and Chapters 1 and 2), whilst using the conversion rates from the Greenhouse Gas Reporting: Conversion Factor 2022 (condensed set).
- The data reported for Electricity and Gas utility usage were extracted from invoice actuals apart from the small site in Edinburgh, which is estimated.
- Data for transport (company vehicles) was calculated in miles driven, not fuel used.
- The other indirect emissions relate to business travel in employee-owned vehicles where the company is responsible for purchasing the fuel.
- The chosen intensity measurement ratio is total gross emissions in kilos CO<sub>2</sub>e per square footage of site. (total Co2e/105,000 sq. ft.).

99

#### Future developments and other information

- The company is EMS certified to ISO14001. The company has carried out a refurbishment of the property in Stevenage. This has incorporated some of the findings in the ESOS compliance report.
- The fork-lift truck was upgraded from LPG to electric in the 2023 period.

# **VIAVI SOLUTIONS UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Strategic report**


The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of business activities, risk, and future developments.

### **Statement of disclosure to auditor**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr M T Taylor  
Director

Date: 5 January 2024



# Independent auditors' report to the members of Viavi Solutions UK Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Viavi Solutions UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 July 2023 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 1 July 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## Independent auditors' report to the members of Viavi Solutions UK Limited (continued)

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 1 July 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and corporate tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals or management bias in judgemental areas. Audit procedures performed by the engagement team included:

- Discussions with management which have included consideration of known or suspected instances of noncompliance with laws and regulation and fraud;

# Independent auditors' report to the members of Viavi Solutions UK Limited (continued)

- Identifying and testing of manual journal entries based on risk criteria such as unusual account combinations;
- Assessing key judgements and provisions; and
- Incorporating elements of unpredictability into our audit approach.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Simon Orniston (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
5 January 2024

# **VIAVI SOLUTIONS UK LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JULY 2023**

		Period ended 1 July 2023 £'000	Period ended 2 July 2022 £'000
	Notes		
Turnover	3	148,090	195,940
Cost of sales		(118,670)	(135,689)
<b>Gross profit</b>		<b>29,420</b>	<b>60,251</b>
Distribution costs		(15,140)	(15,382)
Administrative expenses		(5,059)	(3,353)
Other operating income	7	22	62,973
<b>Operating profit</b>	9	<b>9,243</b>	<b>104,489</b>
Interest receivable and similar income	10	318	4
Interest payable and similar expenses	11	(7,430)	(11,318)
<b>Profit before taxation</b>		<b>2,131</b>	<b>93,175</b>
Tax on profit	12	25	(19,152)
<b>Profit for the financial period</b>		<b>2,156</b>	<b>74,023</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain/(loss) on defined benefit pension schemes		3,936	4,618
Tax relating to other comprehensive income		(984)	(1,304)
<b>Total comprehensive income for the period</b>		<b>5,108</b>	<b>77,337</b>

**VIAVI SOLUTIONS UK LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 1 JULY 2023**

		As at 1 July 2023	As at 2 July 2022
	Notes	£'000	£'000
<b>Fixed assets:</b>			
Intangible assets	13	-	75
Tangible assets	14	17,598	19,132
Investments	15	104,793	104,405
		<u>122,391</u>	<u>123,612</u>
<b>Current assets</b>			
Stocks	17	16,059	17,188
Debtors	18	51,908	63,701
Cash at bank and in hand		108,233	108,821
		<u>176,200</u>	<u>189,710</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(127,061)</u>	<u>(142,653)</u>
<b>Net current assets</b>		<u>49,139</u>	<u>47,057</u>
<b>Total assets less current liabilities</b>		<u>171,530</u>	<u>170,669</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(130,995)	(131,583)
<b>Provisions for liabilities</b>	22	(248)	(242)
<b>Net assets excluding pension liability</b>		<u>40,287</u>	<u>38,844</u>
<b>Defined benefit pension liability</b>	24	-	(5,537)
<b>Net assets</b>		<u><u>40,287</u></u>	<u><u>33,307</u></u>
<b>Capital and reserves:</b>			
Called up share capital	25	1,001	1,001
Share premium account	26	112,666	112,666
Merger reserve	26	(98,270)	(121,392)
Profit and loss reserves	26	24,890	41,032
<b>Total equity</b>		<u><u>40,287</u></u>	<u><u>33,307</u></u>

Company Registration No. 00887400

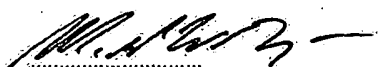
**VIAMI SOLUTIONS UK LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 1 JULY 2023**

---

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 5 January 2024 and are signed on its behalf by:



Mr M T Taylor  
Director

# **VIAVI SOLUTIONS UK LIMITED**

## **STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JULY 2023**

	Notes	Share capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 3 July 2021</b>		1,001	112,666	(144,515)	(15,268)	(46,116)
<b>Period ended 2 July 2022:</b>						
Profit for the period		-	-	-	74,023	74,023
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	4,618	4,618
Tax relating to other comprehensive income		-	-	-	(1,304)	(1,304)
Total comprehensive income for the period		-	-	-	77,337	77,337
Credit to equity for equity settled share-based payments	6	-	-	-	2,086	2,086
Amortisation of merger reserve		-	-	23,123	(23,123)	-
<b>Balance at 2 July 2022</b>		1,001	112,666	(121,392)	41,032	33,307
<b>Period ended 1 July 2023:</b>						
Profit for the period		-	-	-	2,156	2,156
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	3,936	3,936
Tax relating to other comprehensive income		-	-	-	(984)	(984)
Total comprehensive income for the period		-	-	-	5,108	5,108
Credit to equity for equity settled share-based payments	6	-	-	-	1,872	1,872
Amortisation of merger reserve		-	-	23,122	(23,122)	-
<b>Balance at 1 July 2023</b>		1,001	112,666	(98,270)	24,890	40,287

# VIAVI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2023

### 1 Accounting policies

#### Company information

Viavi Solutions UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Astor House, Newbury Business Park, London Road, Newbury, Berkshire, RG14 2PZ.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

At the reporting date, Viavi Solutions UK Limited was a wholly owned subsidiary of Viavi Solutions Inc. and the results of Viavi Solutions UK Limited are included in the consolidated financial statements of Viavi Solutions Inc. which are available from 7047 E Greenway Pkwy Suite 250, Scottsdale, Arizona 85254, United States of America, or [investor.viavisolutions.com](http://investor.viavisolutions.com).

#### Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. For business combinations involving the purchase of assets and trade, the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of any combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.



# VIAVI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 1 JULY 2023

---

#### 1 Accounting policies (Continued)

##### **Going concern**

The financial statements have been prepared on the going concern basis. Viavi Solutions UK Limited has prepared forecasts covering a period of at least 12 months from the date of approval of these financial statements. These forecasts indicate that the company has sufficient funding and resources available to it to enable the company to meet its forecasted operating expenditure for at least 12 months from the date of signing these financial statements. On this basis, the directors consider it appropriate to prepare these financial statements on the going concern basis.

##### **Reporting period**

The accounting period of the company closes on the Saturday nearest the end of June each year. Therefore, the current period is for the 52 week period from 3 July 2022 to 1 July 2023 and the comparative information is for the 52 week period from 4 July 2021 to 2 July 2022.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below:

For the sale of goods, turnover is recognised upon delivery when the risks and rewards of the inventory are passed to the customer. For software license sales, turnover is recognised typically upon shipment, electronic delivery, or when the software is available for download by the customer. For software support and extended warranty contracts, turnover is recognised on a straight-line basis over the contract term. Fee income from consultancy, maintenance and management services is recognised over the period in which the service is provided.

Income invoiced in the period for goods that were not delivered as at the period end date or where the recognition criteria has not been met, is deferred and included on the statement of financial position as deferred income. Any un-invoiced turnover is included in accrued income.

Intercompany recharges for services performed for other group entities are recognised on a cost-plus basis as the services are delivered.

##### **Royalty income**

Royalty income represents royalty payments from a fellow group company in respect of sales arising from its intellectual property rights. Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement.

##### **Other operating income**

##### **Sales of intellectual property rights**

Sale of intellectual property rights represents the full cash consideration received from a fellow group undertaking for this transaction, as the previous carrying value of the intellectual property rights in the company's balance sheet was nil.

##### **Grants received**

Grants received represent government grants received for specific research projects.

# VIAMI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

### 1 Accounting policies (Continued)

#### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10-33% straight line
----------	----------------------

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets over their useful lives on the following bases:

Freehold land and buildings	2.5-10% straight line
Leasehold improvements	the lower of 20% straight line or over the period of the lease
Fixtures, fittings and equipment	10-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# VIAMI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JULY 2023

---

### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

#### **Stocks**

Stock represents work in progress, raw materials, and finished goods. Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents deferred costs on items not delivered to customers at the year-end. Raw materials and finished goods are stated at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

#### **Financial Instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# VIAVI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JULY 2023

---

### 1 Accounting policies (Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

---

#### **1 Accounting policies (Continued)**

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023**

---

### **1 Accounting policies (Continued)**

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit asset/liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

#### **Share-based payments**

The ultimate parent company, Viavi Solutions Inc., operates an equity-settled share-based compensation plan. Certain employees of the company are awarded options over the shares in the ultimate parent. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, with a corresponding increase in profit and loss reserves (representing a capital contribution by the parent).

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The fair value is measured at the grant date with reference to the market value of the shares of Viavi Solutions Inc. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group.

# VIAMI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

---

### 1 Accounting policies (Continued)

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

## VIAVI SOLUTIONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

---

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### *Recoverability of Investments*

In line with the accounting policies, the company assesses its subsidiaries for impairment at each reporting date.

The directors have considered whether there are any material indicators of impairment against the value of the investment in Aeroflex Limited. For the current year, the directors do not believe that any further reduction in the value of the Aeroflex Limited assets has taken place.

The Comtest Wireless group of companies was acquired on 13 May 2022 for cash consideration of £4.5m, following an extensive due diligence process. The Directors are comfortable that the investment value does not need to be impaired.

##### *Revenue recognition*

The company recognises revenue when it is realised or realisable and earned. The company considers revenue realised or realisable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the amount of revenue can be measured reliably, and collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided, risk of loss has transferred and in cases where formal acceptance is required, customer acceptance has been obtained or customer acceptance provisions have lapsed. In situations where a formal acceptance is required but the acceptance only relates to whether the product meets its published specifications, revenue is recognised upon delivery provided all other revenue recognition criteria are met.

##### *Key sources of estimation uncertainty*

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Pension benefits*

The measurement of the defined benefit pension plan is based on the company estimates and actuarial valuations, provided by third party actuaries, which are approved by the company management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, and mortality rates. The company evaluates these assumptions annually at a minimum. In estimating the expected return on plan assets, the company considers historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plan's invested assets. See note 24 for details of the defined benefit pension plan.



## VIAMI SOLUTIONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

#### 3 Turnover

An analysis of the company's turnover is as follows:

	2023 £'000	2022 £'000
<b>Turnover analysed by class of business</b>		
Product sales	76,661	123,402
Services provided to fellow group undertakings	71,429	57,623
Royalty income	-	14,915
	<u>148,090</u>	<u>195,940</u>

	2023 £'000	2022 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	42,052	69,181
EMEA	2,313	3,028
Latin America	1,180	1,532
North America	98,410	117,831
Rest of World	4,135	4,368
	<u>148,090</u>	<u>195,940</u>

# VIAVI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2023 Number	2022 Number
Development and production	217	217
Services	35	35
Selling and marketing	85	82
Administration	31	33
Total	368	367

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	28,163	28,937
Social security costs	3,369	3,817
Pension costs	1,608	1,481
Share-based payments	1,872	2,086
	35,012	36,321
Redundancy payments made or committed	1,080	77

### 5 Directors' remuneration

	2023 £'000	2022 £'000
Remuneration for qualifying services	337	287
Company pension contributions to defined contribution schemes	12	11
	349	298

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022: 1)

The number of directors who exercised share options during the period was 1 (2022: 1).

# **VIAMI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 1 JULY 2023**

### **5 Directors' remuneration (Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £'000	2022 £'000
Remuneration for qualifying services	337	287
Company pension contributions to defined contribution schemes	12	11

The highest paid director has exercised share options during the period.

Certain directors were employed by, and received emoluments from, other group undertakings. They also acted as director for a number of legal entities within the Viavi Solutions Inc group. Where this is the case, no specific amounts can be apportioned or are payable in respect of directors' services supplied to this company.

### **6 Share-based payment transactions**

The company participates in the share-based compensation plans operated by the ultimate parent company, Viavi Solutions Inc., throughout the group. Below are descriptions of the active share-based plans, under which a significant number of share options remain outstanding.

#### **Stock option plans**

At the period end, the ultimate parent company had stock options issued and outstanding to employees and directors under the parent company's 2005 Acquisition Equity Incentive Plan (the "2005 Plan") and the Amended and Restated 2003 Equity Incentive Plan (the "2003 Plan"). The exercise price for stock options is equal to the fair value of the underlying stock at the date of grant. Options generally become exercisable over a four-period phase and, if not exercised, expire from five to ten periods after the date of grant.

### **7 Other operating income**

	2023 £'000	2022 £'000
Sale of intellectual property rights	-	62,800
Grants received	22	173
	<u>22</u>	<u>62,973</u>

### **8 Auditors' remuneration**

	2023 £'000	2022 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	95	89

There were no non-audit services in the current or prior periods.

# **VIAMI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 1 JULY 2023**

### **9 Operating profit**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(613)	(1,845)
Research and development costs	31,249	30,961
Government grants	(22)	(173)
Depreciation of owned tangible fixed assets	5,667	4,968
(Profit)/ loss on disposal of tangible fixed assets	(32)	216
Amortisation of intangible assets	54	84
Impairment of stocks recognised or reversed	(20)	69
Share-based payments	1,872	2,086
Operating lease charges	258	260

### **10 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income</b>		
Net interest on the net defined benefit asset	61	-
Interest receivable from group companies	257	4
<b>Total interest income</b>	<b>318</b>	<b>4</b>
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	-	-
<b>Total income</b>	<b>318</b>	<b>4</b>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	257	4

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 1 JULY 2023**

### **11 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	7,427	11,125
<b>Other finance costs:</b>		
Net interest on the net defined benefit liability	-	193
Other interest	3	-
	<u>7,430</u>	<u>11,318</u>

### **12 Tax on profit**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK corporation tax on profits for the current period	(443)	17,868
Adjustments in respect of prior periods	(781)	339
Total current tax	<u>(1,224)</u>	<u>18,207</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	936	116
Changes in tax rates	-	-
Adjustments in respect of prior periods	263	829
Total deferred tax	<u>1,199</u>	<u>945</u>
Total tax (credit)/charge	<u>(25)</u>	<u>19,152</u>

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

#### **12 Taxation (Continued)**

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £'000	2022 £'000
Profit before taxation	2,131	93,175
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	437	17,703
Tax effect of expenses that are not deductible in determining taxable profit	5	6
Adjustments in respect of prior years	(518)	1,168
Effect of change in corporation tax rate	-	-
Group relief	-	-
Research and development tax credit	-	(6)
Dividend income	-	-
Amounts charged directly to equity	-	-
Movement in deferred tax not recognised	-	-
Other	51	281
Defined benefit pension expense not recognised in profit or loss	-	-
Taxation charge for the period	(25)	19,152

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £'000	2022 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	984	1,304

On 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 1 July 2023.

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

#### **13 Intangible assets**

	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
At 2 July 2022	50,790	410	51,200
Additions	-	7	7
Disposals	-	(74)	(74)
At 1 July 2023	50,790	343	51,133
<b>Amortisation and impairment</b>			
At 2 July 2022	50,790	335	51,125
Amortisation charged for the period	-	54	54
Disposals	-	(46)	(46)
At 1 July 2023	50,790	343	51,133
<b>Carrying amount</b>			
At 1 July 2023	-	-	-
At 2 July 2022	-	75	75

#### **14 Tangible assets**

	Freehold land and buildings £'000	Leasehold improvements £'000	Assets under construction £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At 2 July 2022	5,433	290	1,394	22,485	29,602
Additions	66	231	208	3,851	4,356
Transfers	244	(56)	(1,394)	1,206	-
Disposals	-	-	-	(488)	(488)
At 1 July 2023	5,743	465	208	27,054	33,470
<b>Depreciation and impairment</b>					
At 2 July 2022	678	288	-	9,504	10,470
Depreciation charged in the period	589	105	-	4,973	5,667
Eliminated in respect of disposals	-	-	-	(265)	(265)
At 1 July 2023	1,267	393	-	14,212	15,872
<b>Carrying amount</b>					
At 1 July 2023	4,476	72	208	12,842	17,598
At 2 July 2022	4,755	2	1,394	12,981	19,132

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

#### **14 Tangible assets (Continued)**

Transfers from assets under construction of £1,394,000 are included within Transfers and represent capital projects that have been completed during the reporting period.

#### **15 Investments**

	Notes	2023 £'000	2022 £'000
Investments in subsidiaries	16	104,793	104,405
<b>Movements in Investments</b>			
<b>Cost or valuation</b>			<b>Shares in group undertakings £'000</b>
At 2 July 2022			266,106
Additions			388
At 1 July 2023			266,494
<b>Impairment</b>			
At 2 July 2022 & 1 July 2023			
Impairment losses			161,701
<b>Carrying amount</b>			
At 1 July 2023			104,793
At 2 July 2022			104,405

During the year, the company injected capital of €1.5m into its subsidiary, Comtest Wireless International S.R.L.



# **VIABI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 1 JULY 2023**

### **16 Subsidiaries**

These financial statements are individual company financial statements for Viabi Solutions UK Limited.

Details of the company's subsidiaries at 1 July 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Viabi Solutions Italia S.R.L.	a)	Sales and marketing of Viabi Solutions products	Ordinary	100.00	-
Viabi Solutions Singapore Pte Limited	b)	Sales and marketing of Viabi Solutions products	Ordinary	100.00	-
Aeroflex Limited	c)	Holding company	Ordinary	100.00	-
Aeroflex Asia Limited	d)	Holding company	Ordinary	-	100.00
Aeroflex Technologies S.A.	e)	Dormant	Ordinary	-	100.00
Aeroflex Milan S.r.l.	f)	Dormant	Ordinary	-	100.00
Comtest Wireless Limited	g)	Holding company	Ordinary	100.00	-
Comtest Wireless International Limited	g)	Sales of test and measurement systems	Ordinary	-	100.00
Comtest Wireless International S.R.L.	h)	Sales of test and measurement systems	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- a) Via Torri Bianche, 10, Palazzo Betulla, Vimercate, MI 20059, Italy.
- b) 10 Ang Mo Kio Street 65, 04-11 Techpoint, Singapore, 569059.
- c) Longacres House, Six Hills Way, Stevenage, SG1 2AN
- d) 28/F Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
- e) Europa Empresarial, Rozabella, 6 Edif, Paris, 28230 Laz Rosas, Madrid, Spain
- f) Via Comaggia 10, c/o Studio Legale Tributario, Milan 20123, Italy
- g) Astor House, Newbury Business Park, London Road, Newbury, Berkshire, RG14 2PZ.
- h) Via Orvieto 19, 10149 Turin TO, Italy

During the period ending 1 July 2023, the wholly-owned subsidiaries, Aeroflex Systems Private Limited and Aeroflex Asia Pacific Limited were dissolved.

### **17 Stocks**

	2023 £'000	2022 £'000
Raw materials and consumables	9,095	11,728
Work in progress	1,920	535
Finished goods and goods for resale	5,044	4,925
	<u>16,059</u>	<u>17,188</u>

At 1 July 2023, stock is stated after provisions for impairment of £2,444,000 (2022: £1,459,000).

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 1 JULY 2023**

### **18 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	18,143	36,167
Amounts owed by group undertakings	16,216	12,329
Other debtors	8,658	10,045
Prepayments and accrued income	4,109	2,968
	<u>47,126</u>	<u>61,509</u>
<b>Amounts falling due after more than one year:</b>		
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income	365	-
Defined pension benefit asset (note 24)	4,408	-
Deferred tax asset (note 23)	9	2,192
	<u>4,782</u>	<u>2,192</u>
<b>Total debtors</b>	<u><b>51,908</b></u>	<u><b>63,701</b></u>

### **19 Creditors: amounts falling due within one year**

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
Other borrowings	<b>21</b>	350	350
Trade creditors		5,374	11,015
Amounts owed to group undertakings		105,422	95,030
Corporation tax		-	17,802
Other taxation and social security		912	1,265
Deferred income		9,661	9,549
Other creditors		743	151
Accruals		4,599	7,491
		<u>127,061</u>	<u>142,653</u>

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 1 JULY 2023**

### **20 Creditors: amounts falling due after more than one year**

	Notes	2023 £'000	2022 £'000
Other borrowings	21	130,352	130,352
Deferred income		643	424
Accruals		-	807
		<u>130,995</u>	<u>131,583</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments

- -

### **21 Borrowings**

	2023 £'000	2022 £'000
Preference shares	350	350
Loans from group undertakings	130,352	130,352
	<u>130,702</u>	<u>130,702</u>
Payable within one year	350	350
Payable after one year	130,352	130,352

Amounts owed to ultimate parent undertaking comprise an unsecured loan of £130,352,000 (2022: £130,352,000) on which interest is charged at a fixed rate of 5.7%. Although the loan is repayable on demand, the lender has confirmed in writing prior to the reporting date that they do not intend to demand repayment within one year from the date of these financial statements. Final repayment of the loan shall be made in September 2026, unless borrower and lender agree otherwise.

### **22 Provisions for liabilities**

	2023 £'000	2022 £'000
Warranty provision	<u>248</u>	<u>242</u>

Movements on provisions:

	Warranty provision £'000
Additional provisions in the year	20
Utilised during the period	<u>(14)</u>
	<u>6</u>

# VIAVI SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

### 22 Provisions for liabilities (Continued)

The warranty provision relates to management's best estimate of potential customer claims for faulty products whilst within the standard warranty period of one year from the date of purchase. The provision is based on historic revenue and warranty costs. It is expected that most of this expenditure will be incurred in the next financial year.

### 23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2023 £'000	Assets 2022 £'000
<b>Balances:</b>		
Accelerated capital allowances	(734)	262
Retirement benefit obligations	225	1,502
Share based payments	355	396
Other timing differences	163	32
	<u>9</u>	<u>2,192</u>
<b>Movements in the period:</b>		<b>2023 £'000</b>
Asset at 2 July 2022		(2,192)
Debit to profit or loss		1,199
Debit to other comprehensive income		<u>984</u>
Asset at 1 July 2023		<u>9</u>

The deferred tax asset set out above includes an amount of £74,000 that is expected to reverse within 12 months.

### 24 Retirement benefit schemes

	2023 £'000	2022 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>1,948</u>	<u>1,886</u>

The company operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions outstanding at 1 July 2023 totaled £nil (2022: £nil).

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 1 JULY 2023**

### **24 Retirement benefit schemes (Continued)**

#### **Defined benefit schemes**

The company participates in the Wandel & Goltermann Retirement Benefits Scheme. The pension cost for this defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary. The most recent full actuarial valuation was carried out as at 5 April 2022 by a qualified independent actuary. To take account of the requirements of FRS 102 Section 28 'Employee benefits' in order to assess the liabilities of the fund as at the period end the actuarial valuation was updated to 1 July 2023 by a qualified independent actuary. Liabilities are valued on an actuarial basis, using the projected unit method, which assesses the future liabilities discounted to their present value.

Under this method the current service cost will increase as the members of the scheme approach retirement. The scheme is now closed to new entrants and, with effect from 31 March 2003, future accruals ceased.

During the period, the company's contribution to the pension plan was £1,000,000 (2022: £1,000,000). These contributions allowed the company to substantially comply with regulatory funding requirements.

The employer's best estimate of contributions to be paid to the scheme by the company in the next period is £1,000,000 (2022: £1,000,000).

	2023	2022
	%	%
<i>Key assumptions</i>		
Discount rate	5.2	3.7
Inflation (RPI)	3.2	3.0
Inflation (CPI)	2.7	2.5
	=====	=====
<i>Mortality assumptions</i>	2023	2022
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.8	22.3
- Females	23.6	24.1
	=====	=====
Retiring in 20 years		
- Males	23.0	23.6
- Females	25.1	25.6
	=====	=====

Mortality assumptions are based on 101% of the S3PMA/S3PFA tables with improvements in line with the CMI 2022 projections and a long-term rate of improvement of 1.25% per annum, Sk of 7.0 and A of 0.5%.

	2023	2022
	£'000	£'000
<i>Amounts recognised in the statement of comprehensive income</i>		
Past service credit	(5,304)	-
Other costs	356	211
Net interest on net defined benefit asset / (liability)	(61)	193
	=====	=====
Total (credit) / charge	(5,009)	404

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 1 JULY 2023**

#### **24 Retirement benefit schemes (Continued)**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	131	2,068
Less: calculated interest income element	893	499
	<u>1,024</u>	<u>2,567</u>
Return on scheme assets excluding interest income	(4,960)	(7,185)
Actuarial gains related to obligations	<u>(3,936)</u>	<u>(4,618)</u>
Total income	<u>(3,936)</u>	<u>(4,618)</u>

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	23,744	24,211
Present value of defined benefit obligations	(19,336)	(29,748)
	<u>4,408</u>	<u>(5,537)</u>

	<b>2023</b>
	<b>£'000</b>
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 2 July 2022	29,748
Benefits paid	(980)
Actuarial gains and losses	(4,960)
Interest expense	832
Past Service Cost	(5,304)
	<u>19,336</u>
At 1 July 2023	<u>19,336</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

	<b>2023</b>
	<b>£'000</b>
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 3 July 2022	24,211
Interest income	893
Return on plan assets (excluding amounts included in net interest)	(1,024)
Benefits paid	(980)
Contributions by the employer	1,000
Other	(356)
	<u>23,744</u>
At 1 July 2023	<u>23,744</u>

The actual return on plan assets was a loss of £131,000 (2022: loss of £2,068,000).

# **VIAVI SOLUTIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 1 JULY 2023**

### **24. Retirement benefit schemes (Continued)**

	2023	2022
	£'000	£'000
<i>The analysis of the scheme assets at the reporting date were as follows:</i>		
Equity instruments	8,254	8,539
Debt instruments	7,901	8,597
Absolute return	5,457	5,269
Cash and other	2,132	1,806
	<u>23,744</u>	<u>24,211</u>

In the prior year, the defined benefit pension liability included an accrual for providing certain future minimum increases in pensions of £5,400,000, in accordance with a clause in the trust deed. For the current year this accrual has been released, following the conclusion of legal proceedings and a ruling that removed this clause from the trust deed.

### **25. Share capital**

	2023	2022	2023	2022
	Number	Number	£'000	£'000
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>1,001,100</u>	<u>1,001,100</u>	<u>1,001</u>	<u>1,001</u>
Preference shares of £1 each	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>

#### **Ordinary share rights**

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### **Preference share rights**

The company's preference shares, which carry a right to dividends at the fixed rate of 5% per annum, are redeemable following six months' notice from either the company or the shareholder. The preference shares carry no voting rights, and are entitled to repayment of the capital and accrued unpaid interest in priority to any return to the ordinary share holders in the event of a winding up of the company.

The 350,000 Preference shares of £1 each in issue at the reporting date have been classified as a liability, and the balance is disclosed within note 21.

### **26. Reserves**

#### **Share premium account**

Share premium represents consideration received for shares issued above their nominal value, net of transaction costs.

#### **Merger reserve**

The merger reserve reflects the excess of the carrying value of the company's investment in its wholly-owned subsidiary Aeroflex Limited, over the predecessor values of net assets of that subsidiary transferred to the company in an internal reorganisation during a prior period.

#### **Profit and loss reserves**

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

## VIAVI SOLUTIONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JULY 2023

#### 27 Operating lease commitments

##### Lessee

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	99	255
Between one and five years	284	380
In over five years	-	-
	<u>383</u>	<u>635</u>

#### 28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £'000	2022 £'000
Acquisition of tangible fixed assets	-	560
	<u>-</u>	<u>560</u>

#### 29 Events after the reporting date

The wholly-owned subsidiary undertaking, Aeroflex Asia Limited, was dissolved on 31 August 2023.

#### 30 Ultimate controlling party

The immediate parent company is Viavi Solutions Ireland Limited (registered office: Adelphi Plaza, George's Street Upper, Dun Laoghaire, Co. Dublin, Ireland)

The ultimate parent undertaking is Viavi Solutions Inc. (registered office: 1445 South Spectrum Boulevard, Suite 102, Chandler, Arizona 85286, United States of America).

Viavi Solutions Inc. is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the financial statements can be obtained from its registered office, or investor.viavisolutions.com.

The directors do not consider there to be one ultimate controlling party.