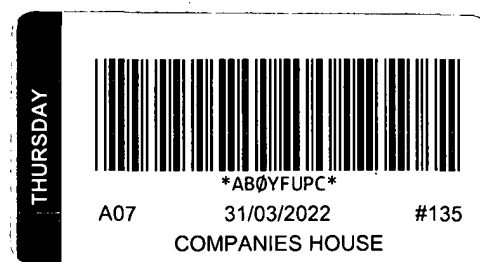


Avantus Aerospace HoldCo2 Limited

**Directors' report and financial
statements**

Registered number 09358935
For the year ended 31 March 2021



Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	4
Independent auditor's report to the members of Avantus Aerospace HoldCo2 Limited	5
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes	12

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Strategic report

Business review and principal activities

The company's principal activities are those of a holding company. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company is a wholly owned subsidiary of Avantus Aerospace HoldCo Limited which is itself ultimately owned by Avantus Aerospace Group Limited, the ultimate parent.

As shown in the company's profit and loss account on page 7, the company's loss after taxation stands at \$26,201,000 (2020: loss of \$15,697,000).

The balance sheet on page 8 of the financial statements shows that the company's financial position at the period end is net liabilities of \$91,850,000 (2020: \$65,649,000).

In addition to financial measures, the main key performance indicators (KPIs) regularly monitored by the company include net borrowing levels and total interest expense.

Principal risks and uncertainties

The company's funding and cash flows requirements are considered as a part of a wider group strategy and as such the company's key risks are the same as those of the group. The primary element of risk associated with the company is liquidity risk.

The company is funded by bank loans. These loans are principally long term in nature. The group funds interest and capital payments from cash flows generated from operations. The directors are of the opinion that operating cash flows will be sufficient to meet interest and capital loan repayments in the foreseeable future.

The overarching group policies in relation to external risks, including interest rate risk, foreign exchange risk and liquidity risk, all of which are managed centrally, are set out in the consolidated financial statements of Avantus Aerospace Group Limited. Note 15 sets out where the financial statements of Avantus Aerospace Group Limited may be obtained.

The company has a bank loan which is set at 7.5% above LIBOR with a minimum 1% base. The company is also funded by intra-group borrowings which has interest charged at 10% and is not repayable until at least 12 months from the balance sheet date.

Covid-19

As an intermediary holding company, Covid-19 did not have a material impact on the company within the reporting period. The Company is a wholly subsidiary of the Avantus Aerospace Group Limited Group – the key risks faced by the Group during this time are set out in the financial statements of Avantus Aerospace Group Limited which are available to the public.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company participates in the Avantus Aerospace Group Limited (the 'group') centralised treasury and banking arrangements, along with its parent and certain fellow subsidiaries, including acting as a guarantor under the group's principal financing arrangements. Accordingly, the company's ability to operate as a going concern is directly linked to the group's position.

The Board of directors of the group have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds to meet its liabilities as they fall due for that period. The group's assessment was made available to the company.

Avantus Aerospace Group Limited has provided the company with an undertaking that for at least 12 months from the date of these financial statements, it will continue to make available such funds as are needed by the company and will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Statement by the directors in respect of their statutory duties in accordance with s172(1) Companies Act 2006

The board is of the opinion that it is suitably composed, with an appropriate range of pertinent skills and experience and the directors consider that they have acted both individually and together, in good faith and in a manner most likely to promote the success of the company for the benefit of its stakeholders through the decisions it has taken via monthly board meetings which monitor and discuss both operational and governance matters in the year to 31 March 2021.

Our culture is customer centred and we conduct our operations with entrepreneurial spirit, passion, and an uncompromising commitment to delivering the highest levels of performance. Our operating philosophy is guided by a strong commitment to integrity, customer focus, excellence, teamwork and personal and corporate citizenship.

The Company is a wholly owned subsidiary of Avantus Aerospace Group Limited and therefore the Board operates with the frameworks and principles established by Avantus Aerospace Group. The Group consider there are three distinct group of key stakeholders. These groups and examples of how the Group and Company has considered their interests in the year are set out below:

- *Employees*- We recognise our dedicated and expert workforce as a key driver of the value derived from the business. Our colleagues are experienced and continuously developed to fulfil their potential. All employees are offered a fair benefits and compensation package relative to their role and level in the organisation. During the year online training and staff performance management tools were expanded in their utilisation across the company. We place high regard in the ethical standards of our business and its staff and during the year all related Governance standards were further enhanced and communicated throughout the company. We give full and fair consideration is given to applicants for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.
- The Company continues to pursue a policy of meeting with representatives of various groups of employees at which relevant information and developments are discussed.
- *Customers and Suppliers* – we work closely with its customers by striving to be a responsive, flexible and supportive partner. Timely delivery to the best standards of quality is core to this. The company's operations are regularly recognised by our customers for their excellence in service. We pride ourselves on going the extra mile and recognise customer loyalty as a key part of our long-term success. The company also recognises the huge role its suppliers play in its long-term success. We strive to maximise value from our suppliers and work with them to support the delivery of our customers' needs.
- *Stakeholders* - We consider the present, future and emerging risks of external stakeholders including customers, suppliers, governments and compliance organisations and take steps to mitigate them. The company supports local endeavours of our employees and customers. At the Groups' facilities, annual safety and environmental audits are undertaken, which is a step beyond the relevant local legislative frameworks. The Group regards this, and the implementation of any resultant action plans, to be a valuable exercise in improving staff safety and the local and operating environment of the businesses.

By order of the board

Alastair Fanning

Alastair Fanning
Director

30/3/2022

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2021.

Dividends

The company's loss after taxation stands at \$26,201,000 (2020: loss of \$15,697,000).

The directors do not recommend the payment of a dividend (2020: £Nil).

Directors

The directors that served during the year and up to the date of signing this report were:

Alastair Fanning
John Hartz
Catherine Richards
Valerio Camillo Francesco Massimo
Edward Spencer Churchill
Andrew Caffyn
Brian Williams
Inigo Villagarcia Iturriondo Appointed 22 July 2021
Heath Batwell Resigned 22 July 2021

Qualifying indemnity insurance

The directors have coverage under a directors and officers insurance policy.

Post balance sheet events

On 30 November 2021 the company extended its existing loan arrangements with its borrowers, extending its term loans from 31 May 2022 to 30 November 2023 and its revolving credit facility from 31 January 2022 to 31 October 2023. The interest basis was also changed from LIBOR to SONIA.

Disclosure of information to auditor

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as auditors on 22 April 2021 to fill a casual vacancy.

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board

Alastair Fanning

Alastair Fanning
Director
30/3/2022

7 A/B Millington Road
Hayes
Middlesex
UB3 4AZ

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework).

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

- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
-
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are 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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that: so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of the information.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Independent auditor's report to the members of Avantus Aerospace HoldCo2 Limited

Opinion

We have audited the financial statements of Avantus Aerospace HoldCo2 Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' 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 company'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 to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and industry in which it operates through our commercial and sector experience; making enquiries of management; and inspection of the company's key external correspondence. We corroborated our enquiries throughout review of board minutes and other information obtained throughout the audit.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 101, the Companies Act 2006 and the relevant tax legislation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included estimation and judgemental areas; potential management bias in determining accounting estimates; and through management override of controls.
- Our audit procedures included:
 - Making enquiries of management concerning the company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
 - Gaining an understanding of the controls management have in place to prevent and detect fraud.
 - Journal entry testing with a focus on material manual journals, including those with unusual account combinations and those that increased profit or were posted directly to control accounts.
 - Challenging significant accounting assumptions, estimates and judgements made by management, including those made in relation to business combinations and judgements made when assessing potential impairment losses.
 - Assessing the extent of compliance with relevant laws and regulations as part of our audit procedures on the related financial statement item; and
 - Performing audit procedures to consider the compliance of disclosure in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagements team's:
 - Understanding of, and practical experience with audit engagements of similar nature and complexity through appropriate training and participation.
 - Knowledge of the industry in which the company operates; and
 - Understanding of the relevant legal and regulatory frameworks specific to the company.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton uk LLP

Norman Armstrong BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 30/3/2022

Avantus Aerospace HoldCo2 Limited
 Directors' report and financial statements
 For the year ended 31 March 2021

Profit and loss account
for the year ended 31 March 2021

	<i>Note</i>	2021 \$000	2020 \$000
Administrative expenses		(246)	(527)
Foreign exchange (loss) / gain		(7,885)	2,213
Operating Loss		(8,131)	1,686
Interest receivable	3	14,636	13,399
Interest payable	4	(32,706)	(30,782)
Loss before taxation		(26,201)	(15,697)
Taxation	7	-	-
Loss for the financial year		(26,201)	(15,697)
Other comprehensive income		(1,231)	508
Total comprehensive expense		(27,432)	(15,189)

The notes on pages 12 to 22 form part of the financial statements.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Balance sheet
at 31 March 2021

	Note	2021 \$000	\$000	2020 \$000	\$000
Fixed assets					
Investments	8		121,750		110,522
Current assets					
Debtors (including \$178,288,000 (2020: \$144,731,000) due after more than one year)	9	178,288		144,733	
Cash		39		26	
		<u>178,327</u>		<u>144,759</u>	
Creditors: Amounts falling due within one year	10	<u>(5,639)</u>		<u>(4,281)</u>	
Net current assets			<u>172,688</u>		<u>140,478</u>
Total assets less current liabilities			<u>294,438</u>		<u>251,000</u>
Creditors: Amounts falling due after more than one year	11		<u>(386,288)</u>		<u>(316,649)</u>
Net liabilities			<u>(91,850)</u>		<u>(65,649)</u>
Capital and reserves					
Called up share capital	14		126		126
Share premium	14		12,496		12,496
Profit and loss account	14		(104,497)		(77,065)
Share capital revaluation reserve	14		25		(1,206)
Equity shareholders' deficit			<u>(91,850)</u>		<u>(65,649)</u>

The notes on pages 12 to 22 form part of the financial statements_{30/3/2022}

These financial statements were approved by the board of directors on and were signed on its behalf by:

Alastair Fanning

Alastair Fanning
Director

Registered number: 09358935

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Statement of changes in equity

	Called up share capital \$000	Share capital revaluation \$000	Share premium account \$000	Profit and loss account \$000	Total equity \$000
Balance at 1 April 2020	48	(698)	4,774	(61,876)	(57,752)
Total comprehensive income for the year					
Profit or loss	-	-	-	(15,697)	(15,697)
Revaluation	-	(508)	-	508	-
Total comprehensive income for the year	-	(508)	-	(14,922)	(15,194)
Issue of ordinary shares	78	-	7,722	-	7,800
Balance at 31 March 2021	126	(1,206)	12,496	(77,065)	(65,649)
Balance at 1 April 2020	126	(1,206)	12,496	(77,065)	(65,649)
Total comprehensive income for the year					
Profit or loss	-	-	-	(26,201)	(26,201)
Revaluation	-	1,231	-	(1,231)	-
Total comprehensive income for the year	-	1,231	-	(27,432)	(26,201)
Balance at 31 March 2021	126	25	12,496	(104,497)	(91,850)

The notes on pages 12 to 22 form part of the financial statements.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes

(forming part of the financial statements)

1 Accounting policies

Avantus Aerospace HoldCo2 Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09358935 and the registered address is 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Avantus Aerospace Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Avantus Aerospace Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 7 A/B Millington Road, Hayes, Middlesex, UB3 4AZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital; intangible fixed assets and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- the remuneration of key management personnel
- Disclosures in relation to the objectives, policies and process for managing capital
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations
- disclosure of the effect of future accounting standards not yet adopted

The company's functional and presentational currency is USD.

2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net liabilities of \$91,850,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company participates in the Avantus Aerospace Group Limited (the 'group') centralised treasury and banking arrangements, along with its parent and certain fellow subsidiaries, including acting as a guarantor under the group's principal financing arrangements. Accordingly, the company's ability to operate as a going concern is directly linked to the group's position.

The Board of directors of the group have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds to meet its liabilities as they fall due for that period. The group's assessment was

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

made available to the company.

Avantus Aerospace Group Limited has provided the company with an undertaking that for at least 12 months from the date of these financial statements, it will continue to make available such funds as are needed by the company and will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Notes *(continued)***1 Accounting policies** *(continued)***1.2 Going concern** *(continued)*

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Functional and presentational currency

Transactions in foreign currencies are translated to the Company's functional currencies 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 retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company 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 company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company'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 company'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.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.6 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off, taking into account changes in exchange rates.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes (continued)

1.8 Taxation

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

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.

1.9 Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

1.10 Critical accounting assumptions and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Intercompany recoverability

Intercompany balances exist with other group entities. These relate to the overall funding of the overall Avantus Aerospace group and will remain in place until the Group is sold and this funding is repaid. The balances are expected to be recovered at that point although this, and the timing are uncertain.

- Investments

The company holds an investment in Avantus Aerospace Limited. The value of this investment is dependant on the financial position of Avantus Aerospace Limited, which is uncertain.

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes (continued)

2 Auditor's remuneration

	2021 \$000	2020 \$000
Audit of these financial statements	2	2

The 2020 remuneration relates to KPMG LLP and the 2021 remuneration relates to Grant Thornton UK LLP.

Amounts paid to the company's auditor in respect of services to the company other than the audit of the company's financial statements have not been disclosed as this information is disclosed on a consolidated basis in the financial statements of Avantus Aerospace Group Limited (formerly Shimtech Industries Group Limited).

3 Interest receivable

	2021 \$000	2020 \$000
Income from loans to group undertakings	14,636	13,399
	<u>14,636</u>	<u>13,399</u>

4 Interest payable and similar expenses

	2021 \$000	2020 \$000
Interest expense on bank borrowings	12,958	13,493
Amortisation of loan deal costs	642	516
Interest expense from loans from group undertakings	19,106	16,773
	<u>32,706</u>	<u>30,782</u>

5 Directors emoluments

Directors are not remunerated through this company and the services provided to the company are inconsequential.

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Administrative	9	9

The aggregate payroll costs of these persons were as follows:

	\$000	\$000
Wages and salaries	157	55
Social security costs	48	28
	<u>205</u>	<u>83</u>

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes *(continued)*

7 Taxation

Recognised in profit and loss

	2021	2020
	\$000	\$000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Current tax	-	-
<i>Deferred taxation</i>		
Origination and timing differences	-	-
	<hr/>	<hr/>
Tax charge on loss	-	-
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2021	2020
	\$000	\$000
Loss for the year	(26,201)	(15,697)
Total tax expense	-	-
	<hr/>	<hr/>
Loss excluding taxation	(26,201)	(15,697)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(4,978)	(2,982)
Non-deductible expenses	4,730	2,322
Group relief surrendered	248	660
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future current and total tax charges

On 3 March 2021, it was announced that the standard rate of corporation tax will increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. A small profits rate of 19% will apply to profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. Since these changes have not yet been enacted, the budget announcement is a non-adjusting event. For the purposes of deferred tax, there is no change to the rate before the Balance Sheet date.

Avantus Aerospace HoldCo2 Limited
 Directors' report and financial statements
 For the year ended 31 March 2021

Notes (continued)

8 Investments

	\$000
At beginning of year	110,522
Revaluation	11,228
	<hr/>
At end of year	121,750
	<hr/>

Shares in subsidiary undertakings are stated at fair value. Avantus Aerospace HoldCo2 Limited owns directly or indirectly 100 percent of the issued ordinary share capital of the following subsidiaries. Avantus Aerospace Limited is directly owned and the remainder indirectly owned.

Incorporated in Great Britain having a registered address at 7A/B Millington Road, Hayes, Middlesex, England, UB3 4AZ:

Incorporated in the Czech Republic having a registered address at Sebastiniho 509, 796 07 Držovice – Prostějov, Czech Republic:

PSG Cr S.R. O (supplier of seals and gaskets to the industrial and semiconductor sector)

Incorporated in the United States of America at 29101 The Old Road, Santa Clarita, CA 91355. USA:

Lamsco West Inc (manufacturer of shims and detailed parts for the aerospace sector)

Avantus Aerospace Inc (holding company)

Incorporated in the United States of America at 7919 St. Andrews Ave, San Diego, CA. 92154. USA:

Performance Plastics Inc (manufacturer of composite engineered structures)

Incorporated in the United States of America at 2138 W. 18th St. Port Angeles, WA 98363 USA:

Angeles Composite Technologies Inc (manufacturer of composite engineered structures)

Incorporated in the United States of America at 163 Linnwood Road, Eighty Four, PA 15330 USA:

Bolsan Company Inc (manufacturer of shims and detailed parts for the aerospace sector)

Incorporated in the United States of America at 7415 Fulton Ave., North Hollywood, CA 91605 USA:

Fastener Technology Corp (manufacturer of Fasteners for the aerospace sector)

Incorporated in the United States of America at 14957 Gwenchris CT, Paramount, CA 90723 USA:

California Screw Products Corporation (manufacturer of Fasteners for the aerospace sector)

Incorporated in the United States of America at 19300 S. Susana Road, Rancho Dominguez, Compton, CA 90221 USA:

Fastener Innovation Technology Inc (manufacturer of Fasteners for the aerospace sector)

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes *(continued)*

9 Debtors

	2021 \$000	2020 \$000
Amounts owed by group undertakings	178,288	144,731
Other debtors	-	2
	<u>178,288</u>	<u>144,733</u>
Due within one year	-	2
Due after more than one year	178,288	144,731
	<u>178,288</u>	<u>144,733</u>

10 Creditors: Amounts falling due within one year

	2021 \$000	2020 \$000
Revolving credit facility	5,542	4,237
Other tax and social security	3	2
Accruals	94	42
	<u>5,639</u>	<u>4,281</u>

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes (continued)

11 Creditors: Amounts falling due after more than one year

	2021 \$000	2020 \$000
Bank loans	139,683	136,315
Amounts owed to fellow group undertakings	246,605	180,334
	<u>386,288</u>	<u>316,649</u>

Interest is charged at 10% (2020: 10%) on the intercompany loans. Under the terms of an inter-creditor agreement the liability is not repayable until at least 12 months from the balance sheet date.

12 Interest bearing loans and borrowings

	2021 \$000	2020 \$000
<i>Creditors falling due more than one year</i>		
Secured bank loan:	139,683	136,315
	<u>139,683</u>	<u>136,315</u>

Secured bank loans and Revolving credit facility

As at 31 March 2021, the principal bank borrowings are subject to the conditions of the credit agreement signed on 21 April 2015 (as amended and restated on various subsequent dates including most recently on 31 March 2020 and are secured by a fixed and floating charge over substantially all of the Group's assets. There are three facilities:

- **Bullet' USD** represents a \$104,000,000 term loan repayable in full at maturity on 31 May 2022. Interest accrues at LIBOR plus a margin of 7.5%. Arrangement fees of £4,760,000 were incurred on these borrowings and are included as part of the amortised cost of the borrowings. The total unamortised arrangement fees at 31 March 2021 were \$536,000 (2020: £994,000).
- **Accordian' USD** represents a \$25,000,000 term loan repayable on 31 May 2022. Interest accrues at a fixed rate of 12% for a portion of \$15,000,000 of the loan, on which interest is not cash paid, and at LIBOR plus a margin of 7.5% on further \$10,000,000, on which interest is cash paid, that was drawn down during the year. The Accordian loan is part of a £96,000,000 available facility of which \$25,000,000 had been drawn down as at 31 March 2021. Fees for an amount of \$350,000 were incurred on the \$10,000,000 drawdown. The total unamortised arrangement fees at 31 March were \$158,000 (2020: \$294,000). No other fees were incurred in relation to drawing this facility.
- A revolving credit facility to a maximum of \$10,000,000, of which \$5,543,155 is available to draw down as cash. Interest is accrued at LIBOR plus a margin of 3.5% on the drawn down element and 1.225% on the undrawn down element. The total unamortised arrangement fees at 31 March were \$40,000 (2020: \$87,500).

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

Notes (continued)

Terms and debt repayment schedule

The overall bank borrowing repayment schedule is as follows:

		2021				2020	
	Currency	Nominal interest rate	Year of maturity	Carrying amount	Nominal interest rate	Year of maturity	Carrying amount \$000
Bullet USD	USD	LIBOR + 7.5%	2023	104,000	LIBOR + 7.5%	2022	104,000
Accordian USD	USD	12%	2023	15,000	12%	2022	15,000
Accordian USD	USD	LIBOR + 7.5%	2023	10,000	LIBOR + 7.5%	2022	10,000
Revolving credit facility	USD	LIBOR + 3.5%	2023	5,542	LIBOR + 3.5%	2022	4,237
				134,542			133,237

The term of the loan facilities was amended post year end-see note 15.

There is a cross guarantee in respect of the bank loans with the following members of the Avantus Aerospace Group Limited group: Avantus Aerospace HoldCo Limited, Avantus Aerospace Holdco2 Limited, Avantus Aerospace Midco Limited, Avantus Aerospace Limited, Avantus Aerospace Inc and Attewell Limited.

In addition, the bank loans are secured by a fixed and floating charge over all the assets of the companies listed above.

13 Reserves

	2021 \$000	2020 \$000
<i>Authorised, allotted, called up and fully paid:</i>		
9,198,384 ordinary shares (2020: 9,198,384 ordinary shares) of £0.01 each – equity	126	126
	2021	2020
	\$000	\$000
<i>Authorised, allotted, called up and fully paid:</i>		
9,198,384 ordinary shares (2020: 9,198,384 ordinary shares) of £0.01 issued at £1 – premium	12,496	12,496
	2021	2020
	\$000	\$000
Share Capital revaluation reserve	\$000	\$000
Balance at 1 April	(1,206)	(698)
Revaluation	1,231	(508)
Balance at 31 March	25	(1,206)
	2021	2020
	\$000	\$000
Profit and loss account	\$000	\$000
Balance at 1 April	(77,065)	(61,876)
(Loss) for the year	(26,201)	(15,697)
Revaluation	(1,231)	508
Balance at 31 March	(104,497)	(77,065)

Avantus Aerospace HoldCo2 Limited
Directors' report and financial statements
For the year ended 31 March 2021

14 Related parties

As the company is a wholly-owned subsidiary of Avantus Aerospace Group Limited, the Company has taken advantage of the exemption contained in FRS 101.8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

15 Subsequent Events

On 30 November 2021 the company extended its existing loan arrangements with its borrowers, extending its term loans from 31 May 2022 to 30 November 2023 and its revolving credit facility from 31 January 2022 to 31 October 2023. The interest basis was also changed from LIBOR to SONIA.

16 Ultimate parent company

The immediate parent undertaking and controlling party is Avantus Aerospace Holdco Limited. The ultimate parent undertaking is Avantus Aerospace Group Limited, a company incorporated in the United Kingdom. Copies of immediate and ultimate parent's consolidated financial statements may be obtained from 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ. The controlling party is Inflexion Private Equity Partners LLP.