

**Bombardier Aerospace (Holdings)
UK Limited**

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 10489963

Bombardier Aerospace (Holdings) UK Limited

Company Information

Directors	Christopher Davey Pierre Tremblay Marc Walker
Company secretary	Vistra Company Secretaries Limited
Registered number	10489963
Registered office	Suite 1 3rd Floor 11-12 St. James's Square London SW1Y 4LB
Independent auditor	Ernst & Young LLP Bedford House Bedford Street Belfast BT2 7DT
Accountants	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

Bombardier Aerospace (Holdings) UK Limited

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Bombardier Aerospace (Holdings) UK Limited

Strategic Report For the Year Ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

Principal activity

The Company acts as a holding company for Bombardier Inc. Group activities in the Aerospace industry outside North America.

Business Review

The Company's Statement of Comprehensive Income on page 11 of the financial statements shows a loss for the financial year, after taxation, of \$419,639,000 (2019: \$Nil). The balance sheet on page 12 of the financial statements shows net asset position of \$333,000 (2019: \$419,972,000). The loss in the year of \$419,639,000 is attributable to the impairment recognised on investments. The Directors do not recommend the payment of a final dividend.

The operating transactions and cashflows of the Company's subsidiary undertakings are primarily denominated in US Dollars and consequently those companies' functional currency is US Dollars. Since the financing of the Company and the transactions undertaken by it are closely linked to the local currency of its subsidiary undertakings, US Dollars is also the functional currency of the Company. US Dollars is also the Company's presentation currency.

Principal risks and uncertainties

The key business risks affecting the Company is around the recoverability of investments and the impact of Coronavirus.

Investment recoverability risk

The Company holds the investments for several Bombardier Aerospace subsidiary entities. There is a risk around the recoverability of these investments. This risk is addressed by management carrying out regular reviews over the carrying value of the investments.

Coronavirus risk

The COVID-19 pandemic continues to negatively impact the global economy, disrupt global supply chains and create significant economic uncertainty and disruption of financial markets. The scope and long-term impact of the ongoing COVID-19 pandemic is still unknown at this time, as is the efficacy of the government and central bank interventions and the pace of any subsequent recovery and economic normalization. The extent to which the prospects of the Company's business will be impacted, including its ability to generate revenues and be profitable, cannot be assessed with a sufficient level of certainty at this time.

Brexit risk

On 31 January 2020, the UK formally left the European Union and entered a transition period until 31 December 2020. Like other companies, we are adapting to the new trading arrangements. We continue to engage with relevant government departments to ensure that those arrangements enable our business to operate as smoothly as possible. Because the Company currently operates and conducts business in the U.K. and in EU, potential adverse consequences of Brexit such as global market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between the U.K. and other countries and increased regulatory complexities could have a negative impact on our business, financial condition, and results of operations.

Bombardier Aerospace (Holdings) UK Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Streamlined energy and carbon report (SECR)

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, paragraph 15 require certain disclosures regarding greenhouse gas emissions ("GHGe"). We have taken steps to improve the future accuracy of our annual reporting of GHGe and to meet the legal reporting requirements that apply to our operations. However, it is not practical for us to make these disclosures at this time, because the information we have is not complete, and additional work needs to be performed to confirm its accuracy.

Section 172 (1) (a) to (f) and Stakeholder Engagement

The Companies (Miscellaneous) Reporting Regulations 2018 (the 'Regulations') aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. As a result, the Directors of Bombardier Aerospace (Holdings) UK Limited are required to report how the Directors of the Company have considered their duties under section 172 (1) of the Companies Act 2006 when discharging their duty under that section, during the financial year ended 31 December 2020.

The Directors have acted in a way that they considered, in good faith, to be the most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to (amongst others matters):

- a) the likely consequence of any decision in the long-term;
- b) the interest of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. By understanding our stakeholders, the board factors into boardroom discussions the potential impact of our decisions on each stakeholder group and considers their broad range of interests.

Bombardier Inc

Bombardier Inc, the Company's parent and shareholder is a key stakeholder of our business. Bombardier Inc is a global leader in the transportation industry, creating innovative and game-changing planes. As of 29 January 2021, Bombardier is a pure-play business jet business. The Company is held within Bombardier and supports key investment, bids and strategic decisions. The Company engages with Bombardier on a regular basis through support of their governance processes. Bombardier provides the Company with head office functions such as financial consolidation, legal, pension, treasury and insurance services. In addition, Bombardier is the primary source of funding for the Company's operational needs. This requires the Company to provide regular cash and currency forecasts of inflows and outflows. In 2020, the Company had particularly close collaboration with Bombardier's mergers and acquisitions team during the process to sell the subsidiary company Short Brothers PLC to Spirit AeroSystems Holdings, Inc.. The sale officially completed on 30 October 2020.

Employees

As a holding company for Bombardier Inc, the Company has no direct employees. The subsidiaries in which it holds investments in, do have employees, as does the parent company, Bombardier Inc. Ensuring the health, safety and wellbeing of these employees, is a core value, with the aim to provide a zero-harm working environment where risks to health and safety are assessed and controlled.

Bombardier Aerospace (Holdings) UK Limited

Strategic Report (continued)
For the Year Ended 31 December 2020

Section 172 (1) (a) to (f) and Stakeholder Engagement (continued)

Business Relationships

Fostering business relationships with key stakeholders such as customers and suppliers of the Company's subsidiary entities, along with our parent company, is vital to our Group's success. Our principal decisions are carried out using high standards of business conduct and are made solely with our stakeholders in mind.

Stakeholders

The stakeholders of the Company are Bombardier Inc, as the ultimate parent company, as well as the various Bombardier group subsidiary companies in which the Company holds investments. Relevant stakeholder interests are taken into account by the Board when it takes decisions. These interests relate to the financing decisions of the Group and how funding is passed down to the ultimate subsidiary companies through this holding company.

Section 172 (2) Principal Decisions

Communication of Sale to Spirit AeroSystems


The Directors recognise that important announcements require a more structured approach, with a communications plan around engaging key stakeholders, both internal and external. The announcements by Bombardier during 2019 of its intention to sell its Northern Ireland and Morocco operations, and subsequently the acquisition in October 2020 of those businesses by Spirit AeroSystems, required the development and implementation of a detailed communications plan, which adhered to market trading rules and regulations. In both instances, key stakeholders were identified, a detailed timeline and action plan was drawn up, and key messages and Q&A documents for use with government ministers, politicians, officials and industry bodies, as well as media. Phone calls were made to identified key political stakeholders, and letters were drafted and sent to senior GB Ministers and local political parties, in the absence, at the time, of a Northern Ireland Executive. Employee communications included memos, face-to-face briefings and Q&As for managers to use with their teams. Trade unions were also briefed.

By order of the board.



Pierre Tremblay
Director

27 January 2022



Marc Walker
Director

27 January 2022

Bombardier Aerospace (Holdings) UK Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to \$419,639,000 (2019: \$Nil).

The Directors do not recommend the payment of a final dividend (2019: \$Nil).

Directors

The Directors who served during the year were:

Michael Ryan
Daniel Desjardins
Colin Thompson

The articles of association of the Company do not require the Directors to retire by rotation. One Company Director resigned on 30 April 2020 while the other two Company Directors resigned on 30 October 2020 as part of Bombardier Inc's sale of Short Brothers Plc, to Spirit AeroSystems Inc.

The Company's new Directors effective 30 October 2020 were:

Christopher Davey
Pierre Tremblay
Marc Walker

Future developments

The Directors do not anticipate any changes in the activities of the Company in the foreseeable future.

Post balance sheet events

On 22 June 2021, Bombardier Inc. made a capital contribution of \$312,600,000 into the Company in exchange for one share and share premium. The Company used the cash to make a capital contribution of the same amount into Bombardier Aerospace U.K. Limited in exchange for one share and a share premium.

In November 2021 there was a capital contribution from Bombardier Inc. which was used to make a capital contribution to Bombardier Aerospace UK Limited.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report.

Given the nature of its activities the Company is reliant on the continuance of operations and the provision of financial support by Bombardier Inc. Bombardier Inc. has confirmed its intentions to continue to provide financial support to the Company for a period from approval of the Company's financial statements to 31 January 2023. The Directors have made enquires of management for Bombardier Inc. regarding its ability to continue its operations and provide financial support for the period from the date of approval of the Company's financial statements to 31 January 2023. Having assessed the responses from management of Bombardier Inc, the Directors are satisfied that Bombardier Inc. and the wider Bombardier Group have sufficient cash and liquidity to operate within their facilities and meet their obligations as they fall due in order to provide financial support to the Company and to continue in existence until 31 January 2023. Consequently, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

Bombardier Aerospace (Holdings) UK Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Financial instruments

As the Company operates as a holding company, the Company is not exposed to significant price risk, credit risk, liquidity risk or cash flow risk and as such there is no requirement for financial risk management objectives and policies. These are considered by each of the Company's subsidiary undertakings and by the ultimate parent undertaking of the wider Bombardier Group, Bombardier Inc.

Engagement with customer, suppliers and others

As a holding company, the Company does not have any direct suppliers and customers and information to how the Company engages with its key stakeholder is provided in the Section 172 statement in the Strategic Report.

Independent auditor

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Directors' statement as to disclosure of information to the auditor


So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by the board and signed on its behalf.



Pierre Tremblay
Director

27 January 2022



Marc Walker
Director

27 January 2022

Bombardier Aerospace (Holdings) UK Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

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 and applicable law), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- present information including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures where compliance with the specific requirements of FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bombardier Aerospace (Holdings) UK Limited

Independent Auditor's Report to the Members of Bombardier Aerospace (Holdings) UK Limited

Opinion

We have audited the financial statements of Bombardier Aerospace (Holdings) UK Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 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 below. 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

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.

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 to 31 January 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Bombardier Aerospace (Holdings) UK Limited

Independent Auditor's Report to the Members of Bombardier Aerospace (Holdings) UK Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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,

Bombardier Aerospace (Holdings) UK Limited

Independent Auditor's Report to the Members of Bombardier Aerospace (Holdings) UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, data protection, anti-bribery and corruption.
- We understood how Bombardier Aerospace (Holdings) U.K. Limited is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through a review of the following documentation and performance of the following procedures;
 - Obtaining an understanding of entity-level controls and considering the influence of the control environment;
 - Obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with these policies is monitored and enforced;
 - Obtaining an understanding of management's processes for identifying and responding to fraud risks, including programs and controls established to address such risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those controls; and
 - Review of board meeting minutes in the year and to the signing date.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries with a focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance and read the minutes of directors' meetings to identify any non-compliance with laws and regulations.

Bombardier Aerospace (Holdings) UK Limited

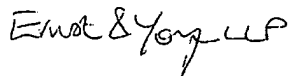
Independent Auditor's Report to the Members of Bombardier Aerospace (Holdings) UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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



Michael Kidd (Senior Statutory Auditor)
For and on behalf of **Ernst & Young LLP**, Statutory Auditor
Belfast

Date: 31 January 2022

Bombardier Aerospace (Holdings) UK Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Impairment of fixed asset investments	9	(419,639,000)	-
Loss before tax	8	(419,639,000)	-
Tax on loss		-	-
Loss for the financial year		(419,639,000)	-

There was no other comprehensive income for 2020 (2019: \$Nil)

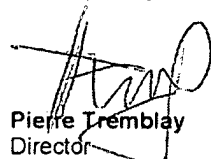
The notes on pages 14 to 22 form part of these financial statements.


Bombardier Aerospace (Holdings) UK Limited
Registered number:10489963

Balance Sheet
As at 31 December 2020

	Note	2020 \$	2019 \$
Fixed assets			
Investments	9	808,913	419,972,000
Creditors: amounts falling due within one year	10	(475,913)	-
Net current (liabilities)/assets		(475,913)	-
Net assets		333,000	419,972,000
Capital and reserves			
Called up share capital	11	6	6
Share premium account	12	419,971,994	419,971,994
Profit and loss account	12	(419,639,000)	-
		333,000	419,972,000

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2022.


Pierre Tremblay
Director


Marc Walker
Director

The notes on pages 14 to 22 form part of these financial statements.

Bombardier Aerospace (Holdings) UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	6	419,971,994	-	419,972,000
Comprehensive income for the year				
Loss for the year	-	-	(419,639,000)	(419,639,000)
At 31 December 2020	6	419,971,994	(419,639,000)	333,000

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Total equity
	\$	\$	\$
At 1 January 2019	6	419,971,994	419,972,000
At 31 December 2019	6	419,971,994	419,972,000

The notes on pages 14 to 22 form part of these financial statements.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Bombardier Aerospace (Holdings) UK Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Company's principal activities are given in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's operating transactions and cash flows are primarily denominated in US Dollars, consequently both the Company's functional currency and presentational currency is US Dollars. The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The Company is not required to prepare group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary of Bombardier Inc., a company registered in Canada and it is included in that company's consolidated financial statements. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report.

Given the nature of its activities the Company is reliant on the continuance of operations and the provision of financial support by Bombardier Inc. Bombardier Inc. has confirmed its intentions to continue to provide financial support to the Company for a period from approval of the Company's financial statements to 31 January 2023. The Directors have made enquires of management for Bombardier Inc. regarding its ability to continue its operations and provide financial support for the period from the date of approval of the Company's financial statements to 31 January 2023. Having assessed the responses from management of Bombardier Inc, the Directors are satisfied that Bombardier Inc. and the wider Bombardier Group have sufficient cash and liquidity to operate within their facilities and meet their obligations as they fall due in order to provide financial support to the Company and to continue in existence until 31 January 2023. Consequently, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

2.4 Investments

Investments in subsidiaries and associates are accounted for at cost less any applicable provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of each investment is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.5 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.6 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.6 Financial instruments (continued)

reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's investment in subsidiaries. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The Directors are of the opinion that there have been no key sources of estimation uncertainty.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

4. Operating loss

The operating loss is stated after charging:

	2020	2019
	\$	\$
Impairment of fixed asset investments	419,639,000	-

5. Auditor's remuneration

Auditor's remuneration in the current year and prior period has been borne by other related parties.

6. Employees

The average monthly number of employees, including the Directors, during the year was as follows:

	2020	2019
	No.	No.
Directors	3	3

7. Directors' remuneration

No remuneration was paid to the Directors of the Company during the year in respect of qualifying services (2019: \$Nil).

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Taxation

	2020 \$	2019 \$
Total current tax	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 \$	2019 \$
Loss on ordinary activities before tax	(419,639,000)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(79,731,410)	-
Effects of:		
Adjustable items for tax purposes	79,731,410	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was enacted in May 2021 and therefore its effects are not reflected in these financial statements. However, it is likely that the overall effect of this change would be to potentially change the Company's future tax charges accordingly.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Fixed asset investments

	Investments in subsidiary companies \$
Cost	
At 1 January 2020	419,972,000
Additions	475,913
At 31 December 2020	<u>420,447,913</u>
Provision for impairment	
At 1 January 2020	-
Impairment charge	419,639,000
At 31 December 2020	<u>419,639,000</u>
Net book value	
At 31 December 2020	<u>808,913</u>
At 31 December 2019	<u>419,972,000</u>

A description of the key assumptions used by the Company during the impairment testing are included in Note 3.

In accordance with IAS 36 - Impairment of subsidiary undertakings held by the Company, it is required to assess whether there is any indication that an asset may be impaired. The economic performance of the Company's subsidiaries gave rise to such an indication and the recoverable amounts of these investments were determined. The resulted in an impairment loss of \$419,639,000 being recognised in respect of the carrying value of the investment in Bombardier Aerospace U.K. Limited.

The resultant fair value determined is considered to fall within level 3 of the fair value hierarchy as set out in IFRS 13 - Fair Value Measurement.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
BA South Africa Service (Pty) Ltd.	Lanseria International Airport, Entrance 1, Gauteng 1734, South Africa	Ordinary	100%
Bombardier Aerospace U.K. Limited	11-12 St. James's Square, London, SW1Y 4LB, England	Ordinary	100%
Bombardier Aerospace Australia PTY Limited	Suite 7.13 247 Coward Street, Mascot, NSW 2020, Australia	Ordinary	100%
Bombardier Services (UK) Limited *	Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB, England	Ordinary	100%
Bombardier Aerospace Italy S.R.L *	Foro Buonaparte, 70, 20121 Milano (MI), Italy	Ordinary	100%
Bombardier Aerospace Austria GmbH *	Teinfaltstraße 8 1010 Vienna, Austria	Ordinary	100%
Bombardier Morocco Manufacturing Services S.A.R.L.A.U. *	Zone Aéroport Nouaceur, Casablanca, 27000, Morocco	Ordinary	100%
Bombardier Aerospace France S.A.S. *	52 Rue de la Victoire, 75009 Paris, France	Ordinary	100%
Bombardier Aerospace Spain S.L.U. *	CL Barrio de Trapaga, S/N 48510, Trapagaran, Vizcaya, Spain	Ordinary	100%
Bombardier Aerospace Netherlands B.V. *	Herengracht 540, 1017 CG Amsterdam, Netherlands	Ordinary	100%
Bombardier Aerospace Management Germany GmbH *	Hans-Böckler-Straße 9, 64521 Groß-Gerau, Germany	Ordinary	100%
Bombardier Aerospace Mexico S.A de C.V. *	Calle Retorno El Marques #4-F, Lotes 7 y 8 Manzana V, Parque Industrial El Marqués, Querétaro, 76246, Mexico	Ordinary	100%
Bombardier Aerospace India Private Limited *	E-20, 1st & 2nd Floor, Hauz Khas Main Market, New Delhi, 110 016, India	Ordinary	100%
Lufthansa Bombardier Aviation Services GmbH *	Elly-Beinhorn-Ring 4, Building Y012, 12529 Schoenefeld, Germany	Ordinary	100%
Bombardier Aerospace (Dubai) BWC-LLC*	W/H:05, 07, Aviation District, Dubai World Central, Dubai UAE	Ordinary	100%
Bombardier Aerospace Switzerland SARL*	Chemin des Papillons 4, Contrin, Genève 1216 Switzerland	Ordinary	100%
Associate undertakings	Registered office	Class of shares	Holding
Lufthansa Bombardier Aviation Services GmbH	Elly-Beinhorn-Ring 4, Building Y012, 12529 Schoenefeld, Germany	Ordinary	29%
Bombardier Aerospace Marketing Russia LLC	Denisovskiy Pereulok, 26, Moscow, 105005, Russian Federation,	Ordinary	70%

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Bombardier Aerospace Services Russia LLC	Denisovskiy Pereulok, 26, Moscow, 105005, Russian Federation, Russia	Ordinary	70%

The subsidiaries and associate undertakings listed above are held directly by the Company unless indicated below:

* Held by subsidiary undertaking Bombardier Aerospace U.K. Limited.

10. Creditors: Amounts falling due within one year

	2020 \$	2019 \$
Amounts owed to group undertakings	475,913	-
	<u>475,913</u>	<u>-</u>

11. Share capital

	2020 \$	2019 \$
Allotted, called up and fully paid		
5 (2019: 5) Ordinary shares of \$1.24 each	6	6
	<u>6</u>	<u>6</u>

The Company's share capital is denominated in US dollar, the functional and presentation currency.

Ordinary shares are classified as equity.

12. Reserves

Share premium account

The share premium account represents the aggregate value of the premiums on shares issued, net of incremental costs directly attributable to the issue of new ordinary shares.

Bombardier Aerospace (Holdings) UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Post balance sheet events

On 22 June 2021, Bombardier Inc. made a capital contribution of \$312,600,000 into the Company in exchange for one share and share premium. The Company used the cash to make a capital contribution of the same amount into Bombardier Aerospace U.K. Limited in exchange for one share and a share premium.

In November 2021 there was a capital contribution from Bombardier Inc. which was used to make a capital contribution to Bombardier Aerospace UK Limited.

14. Ultimate controlling party

The Company's immediate parent undertaking and ultimate parent undertaking and controlling party is Bombardier Inc. Bombardier Inc., a company incorporated in Canada, is the parent company of the largest and smallest group for which consolidated financial statements are prepared that include the Company and its subsidiaries. Copies of the consolidated financial statements of Bombardier Inc., which include the Company, can be obtained on Bombardier's web site at: <https://bombardier.com/en/investors/financial-reports>.