Bleriot Finco Holdings Limited

Annual Report and Consolidated Financial Statements

Registered number 12226541

Year ended 31 December 2022

Contents

Company information

Directors	Gareth Hall Gareth Blackbird Toby Woolrych
Company secretary	Saltgate (UK) Limited
Registered number	12226541
Registered office	2nd Floor 107 Cheapside London United Kingdom EC2V 6DN
Auditor	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ

Strategic report

The Directors present their Strategic Report for the group headed by Bleriot Finco Holdings Limited (together referred to as the "Group" or "Ontic") for the year ended 31 December 2022.

Principal activities

The Group is a leading global provider of high quality, OEM licensed parts and repair services (MRO), largely for mature aerospace and defence technologies. The Group provides a value-added solution to both OEMs (Original Equipment Manufacturers) and their clients; taking on the responsibility for the continued production of complex parts throughout the long remaining lives of the in-service aircraft fleets that depend on them.

The Group operates across three market channels: OEM, Spares and MRO. The majority of its revenue is currently derived from military markets. There are seven locations globally, split across three main geographical hubs: 'Ontic Chatsworth' based in Chatsworth California, 'Ontic Creedmoor' headquartered in Creedmoor North Carolina, and 'Ontic ROW' headquartered in Cheltenham UK. 'Ontic US' refers to both Ontic Chatsworth and Ontic Creedmoor in aggregate.

Business review

For over 45 years Ontic has been a global provider of aerospace product manufacturing and aftermarket support services, specialising in mature aerospace platforms. Ontic supports OEMs by taking complete responsibility for their mature and non-core products, under license or acquisition, allowing the OEM to focus on their current and future programs. Ontic supports UTAS, Thales, Honeywell, GE Aviation, Eaton, Curtiss-Wright, Safran, and many other OEMs. Ontic is a low volume, high mix manufacturer and its portfolio of more than 6,500 products includes avionics, electronics, electro-mechanical, fluid pumping and control, APUs, engines, oxygen systems and fuel measurement systems.

Over the last couple of years, the Group has continued to demonstrate significant resilience in volatile market conditions. The Group has benefited from the robustness and breadth of its military portfolio to deliver a stable performance, more than offsetting the challenges faced by the commercial aviation segment due to the Covid-19 pandemic. The Group's commercial market has demonstrated significant recovery, delivering 84% growth in comparison to the year ended 31 December 2021 and exceeding pre-pandemic levels by 31%. Disruptions to global supply chains are impacting much of the global aerospace industry. While Ontic has seen some delays to the inbound supply of components, no business has been lost because of extended lead times.

Revenue increased strongly in the year to $406.3m (2021: $350.7m), primarily driven by the full year benefit of investments in 2021 and new investments in 2022. Adjusted EBITDA (defined and reconciled in Note 22) was $151.3m (2021: $135.2m) and operating profit for the year was $53.0m (2021: $64.2m). Improvements in Adjusted EBITDA were driven by management value-creation initiatives and the benefits from new licence investments, offset at the operating profit level by increased amortisation. The EBITDA adjustments serve to normalise results for investment-related spend hence the Adjusted EBITDA position more consistently reflects underlying margin growth.

Operating cashflow was $152.8m (2021: $111.6m); cash conversion is a continued focus for the Group and improvements have been seen particularly in reduction to trade receivable days. After finance costs and tax, the Group delivered a loss of $123.8m (2021: $68.1m). This included one-off costs of $42.9m to extinguish certain foreign exchange positions (see Note 5).

The acquisition of the former Triumph site at Staverton, a business combination in 2021, has been integrated efficiently into the Group and many of the head office functions have relocated to the additional capacity there; the Bolton facility has also been successfully integrated into the Group. A record number of new licence and business acquisitions were signed during the reporting year in order to strengthen and broaden Ontic's core product portfolio.

Outlook

The Group expects to continue to deliver growth during 2023 both from its existing portfolio and from new licence and business investment. The near-term outlook is underpinned by a strong orderbook in both military and civil markets.

The business continues to have positive discussions with new and existing OEM business partners in relation to new licence opportunities, the pipeline for new opportunities remains buoyant and represents an opportunity for strong growth in 2023 and beyond.

The business model converts readily into positive operating cashflow and we expect this to continue, supported by our ongoing focus on improved working capital management.

Strategic report (Continued)

Key performance indicators

The Directors monitor the Group's progress against its strategic objectives and its financial performance on a regular basis. The most significant key financial performance indicators used by the group for the year ended 31 December 2022 are as follows:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Revenue	406.3	350.7
Operating cashflow	152.8	111.6
Adjusted EBITDA[1]	151.3	135.2

Note that the KPIs disclosed in the prior period have been revised to better reflect the performance indicators that the Group considers to be 'key'.

[1]Adjusted EBITDA is defined and reconciled to statutory measures as set out in Note 22 of the Group's consolidated financial statements.

Strategic report (Continued)

Principal risks and uncertainties

The Directors regularly review principal risks and uncertainties that affect the Group. Those risks which are considered by the Directors to be most significant to the performance, position and future prospects of the business are outlined below. These risks are presented in no particular order of priority. In addition to the principal financial risks identified below, the broader financial risk management objectives and policies of the Group are summarised in Note 17 of the notes to the financial statements.

Strategic & operational risks

Risk	Description	Mitigation action/control	Change over prior year
Cyber security	Risk and impact of a cyber-attack.	• Cyber security specialists operate within the IT team. • Awarded ISO27001 standard for data protection and security • Work accounts and laptops are encrypted with password protection in place and continual software updates are implemented. Multifactor authentication implemented.	⇔ Team and system strengthened
Product	Risk of a significant product failure and the potential for liabilities and reputational damage.	• Production and supplier quality audits are undertaken to regularly monitor standards. • Operations are in accordance with the Ontic Quality Management System and applicable industry certifications.	⇔ Consistent
People	Potential failure to retain key employees or attract capable people which could lead to a lack of necessary expertise and continuity.	• Focus on culture and making Ontic a good place to work. • Regular reviews of the Ontic remuneration structure to ensure business remains more competitive in the market, in addition to providing ongoing learning and development opportunities. • Robust succession planning process in place at a senior leadership level.	⇧ More competitive labour market
Industry changes	Decline in the aviation industry in which Ontic operates, including the aftereffects of the Covid-19 pandemic on civil aviation, environmental issues or geopolitical issues can limit the growth of the business and create volatility in profit.	• Economic conditions are continually monitored by the senior leadership team in order to manage the product portfolio and demand. • Revenue is derived from a well-diversified customer portfolio. • Flexibility in the business allows for re-allocation of resources and focus towards value streams with superior outlook.	⇔ Consistent
Supply chain	Supply chain delays, material shortages or supplier insolvency may impact Ontic's ability to meet its customer obligations.	• Ontic's supply chain function actively monitors supplier arrangements, aiming to manage supplier lead times against demand requirements. • Continued investment in procurement technology to improve forward visibility, track suppliers and highlight any shortfalls.	⇧ Dynamic global supply chain environment

Strategic report (Continued)

Principal risks and uncertainties (continued)

Risk	Description	Mitigation action/control	Change over prior year
Acquisition performance	Potential failure to license or acquire new product from original equipment manufacturers in order to grow product pipeline, and risk of not realising financial return on completed investments.	• Strong business development department with a good pipeline of prospects, a successful historic record and a clear strategic plan in place. • Due diligence procedures are carried out internally pre-acquisition and complemented by external experts where appropriate. • Investment performance is actively monitored by management with transition plans used to record progress.	⇩ Strong pipeline of products
Competitive environment	Ontic must remain competitive in the market, including its pricing, purchasing and maintenance of strong relationships, in order to secure future sales and profitability.	• External market and platform awareness is actively monitored alongside competitor activity. • Creation of a customer-focused operational structure. • Continuous monitoring of financial performance and profitability by management.	⇔ Remains competitive in the market
Climate change	Potential impact of climate change on the business or climate related changes on the industry.	• Reduction in Group carbon footprint through recycling and investment in technology. • Continued dialogue and awareness around aviation sector requirements and trends. • Ongoing assessment of the impact of climate change on the business is in progress.	⇔ Consistent

Financial & corporate risks

Risk	Description	Mitigation action/control	Change over prior year
Banking covenants	Non-compliance with banking covenants may lead to penalties or sanction from lenders.	• Group Treasury Function and Treasury Committee are in place which actively monitors covenant compliance and manages liquidity in the business.	⇔ Consistent
Internal control environment	Deficiencies in internal controls may negatively impact the business, including business disruption, financial losses or incorrect data.	• Active monitoring of the Group's control environment by the Audit Committee. • Utilisation of external advisors to consult on key control areas of the business e.g. Treasury. • Internal Audit & Controls Manager operates within the finance team.	⇩ Additional control initiatives implemented
Cashflow and liquidity	Failure to be able to finance the cashflow requirements of the group.	• Weekly cashflow forecasts are performed and reviewed by the Group Treasury Function. • Maintain sufficient headroom in committed credit facilities and against covenants in those facilities.	⇔ Consistent
Interest rate risk	Interest rates on external financing are linked to US LIBOR and US SOFR and may increase based on the position of the market.	• Hedging is utilised in the form of an interest rate swap and cap which limits variability on interest rates and is actively monitored by the Treasury Committee.	⇔ Interest rate rises but hedging in place

Strategic report (Continued)

Principal risks and uncertainties (continued)

Financial & corporate risks			
Risk	**Description**	**Mitigation action/control**	**Change over prior year**
Foreign exchange risk	Exposure to transactional and translational foreign currency risk, most significantly on GBP balances within the UK business.	• Foreign exchange strategy is in place by the Treasury Committee to monitor and hedge foreign exchange exposure. • Strengthened controls implemented around foreign exchange transactions.	⇔ Consistent
Legal and compliance	Risk of a significant compliance breach in Ontic's complex regulatory environment, including export regulations, intellectual property, bribery and corruption, aviation authority regulatory approval and data protection.	• Dedicated compliance team which monitors regulatory compliance on an ongoing basis. • Processes and procedures embedded in each facility to ensure all relevant regulatory requirements are met.	⇔ Consistent
Taxation	Tax legislative changes and complexity may reduce the tax effectiveness of the Group.	• Continuous monitoring of tax legislation and usage of third-party tax advisors where necessary. • Timely submission of all returns and satisfaction of all legislative tax requirements.	⇔ Consistent

The Board's Statement on Section 172 (1)

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

a. The likely consequences of any decision in the long term

The members of the Board have a long-term mindset and performed a comprehensive review of our strategic priorities and risks to our business in preparing the forthcoming year's budget. We considered the business environment and expected trends, the capital expenditures required and the impact on employment. We gained input from our customers and employees, as well as our own suppliers to ensure that the demands of our customers were reflected in our engagement and contracts with our own supplier base.

Our customers expect us to deliver products of the highest quality and to consistently meet the commitments we make. Our longer-term plans include a number of innovations and enhanced ways of working which will involve considerable change within our organisation. This will provide colleagues with opportunities as well as transformation challenges. Our plans are demanding but will position the Group well against our longer-term value creation vision, whilst honouring our commitments to our stakeholders.

Our workforce is key to our success as a business, and we have committed to maintain and enhance our focus on safety and wellbeing, and to continuing to invest in training and skills development to support our change programme. We recognise the value of diversity and inclusion in how we operate, and seek to provide interdepartmental and overseas transfer and secondment opportunities to increase the breadth of employee experience and retain talent within the business.

The Group continues to assess a strong pipeline of opportunities in relation to new products and licence adoptions. During the reporting period, the Group made several licence and business investments to expand its core portfolio. These investments support the Group's strategy to deliver continued profitable growth.

Investment decisions are taken with due care, considering the growth opportunities, the associated risk and the environmental impact.

Strategic report (Continued)

b. The interests of the Group's employees

The Group is committed to being an inclusive place to work, where employees have the opportunity and company support to reach their potential. We are committed to developing our global talent and high performers to enable them to reach senior leadership roles in the Group; this includes providing them with tools, guidance and access to coaching support for their personal development. We are also focused on continuing to 'grow our own.' We do so through our expanding number of apprenticeships, intern and graduate positions, working with local schools and colleges to encourage emerging talent into STEM careers. In addition, we seek to resource existing internal talent into opportunities across our locations including short to mid-term expatriate secondments.

Our people are our greatest asset, and it is our priority to maintain and enhance our focus on safety and wellbeing and to be recognised by our employees as a 'great place to work'. One way we listen to our employees and measure success is implementation the employee engagement survey run by the *Best Companies* index. We have achieved a ranking of *#10 Best UK Manufacturing Companies to* work for in the *Best Companies* index and have also ranked highly in the *Best Large Companies* category. There are also many other ways that we engage with our employees; we hold monthly All Hands briefings, face to face briefings, internal email communications and we seek their feedback through employee surveys and regular Q&A sessions. Our global intranet details news, events and important information across all our locations, and we have a number of forums for employee collaboration, including an 'Innovation' forum and a 'Green Room' focusing on general innovation and environmental suggestions respectively; we have made terminals available in breakout areas to ensure all staff have intranet access.

We recognise the importance of inclusion and diversity throughout our employee population and our intent is to be representative of the community to which we belong. Recruitment and reward principles are reflective of this position whereby roles are assessed equitably with remuneration packages developed against internal and external benchmark data sets. Equipping and empowering our leaders is a key success factor in achieving this with specific programmes developed to support managers to embed these behaviours into our culture, where individuals can thrive and contribute, as well as being rewarded for their performance.

c. The need to foster the Group's business relationships with customers, suppliers and others

The business relationships with customers and suppliers are paramount to the Group's performance. The Group has longstanding relationships with its established customers and suppliers. The Group also works hard to build working relationships with novated customers and suppliers in order to de-risk the adoption process.

Our Group comprises a number of business units, all of which have extensive engagement with their own unique stakeholders. The Group uses an 'authority matrix' to delegate authority to various different levels within the organisation based on the cost and impact, empowering the business units to take account of the needs of their own stakeholders in their decision-making. These business units report regularly to the Senior Leadership Team about the strategy, performance and key decisions taken, which provides leadership with the assurance that proper consideration is given to stakeholder interests in decision making.

The Group's ongoing success is dependent upon conducting our business with the highest ethical standards and in compliance with all relevant laws and our corporate policies and procedures. Ethical and compliant behaviour protects our employees, our customers, our suppliers and our business from financial and legal harm as such we expect our employees, officers and Directors to conduct themselves in accordance with our Code of Business Ethics and seek to avoid improper behaviour and the appearance of improper behaviour. Employees are encouraged to speak confidently about concerns regarding potentially unethical conduct or illegal activity by reporting it directly, or if they prefer, through our confidential ethics hotline.

Customers

The Group recognises the value in developing longstanding customer relationships and strives to offer effective solutions to OEMs, do what we say we will consistently, deliver products to our customers more quickly and regularly seek customer feedback to assess our own performance. The Group aims to deliver excellent customer service and supports its customers by using industry recognised standards such as AS9100 and appropriate regulatory authority approvals.

The Group has identified customer engagement as a key area of focus over the medium-term and the Director of Customer Engagement is a key role that sits on the Senior Leadership Team and reports to the CEO. A customer engagement campaign regularly assesses the Group's performance from the perspective of our customers and identify specific themes on which to focus.

Strategic report (Continued)

Suppliers

We expect each of our suppliers, contractors and consultants (collectively, "Suppliers") to conduct business fairly, impartially and in an ethical and proper manner. In addition, we expect each of our Suppliers to adhere to the principles of our Ethical Conduct Policies concerning compliance with all applicable laws, conducting business fairly and ethically, respecting human rights, conserving the environment, and providing high quality, safe products and services. Suppliers are expected to cascade these principles to their own suppliers. This may involve the establishment of supply chain management processes that integrate the requirements of this Code of Ethical Conduct.

d. The impact of the Group's operations on the community and the environment

The Group acknowledges the increased urgency around Climate Change and the potential future impact. In 2023 the Group is in the process of implementing a carbon accounting platform and introducing reporting against KPIs for emissions, water-use and waste as part of an increased focus around Climate Change and the need for greater monitoring and accountability.

The Group also considers its long-term impact on the environment and the communities in which it operates. Our facilities are designed to be energy efficient and incorporate insulation to the highest standards, PIR sensors and energy efficient LED lighting. We are a zero waste to landfill site in the UK (with the exception of non-recyclable office waste) and encourage employees to use sustainable transport by providing cycle to work schemes, bicycle sheds and electric car charging points.

The Group has worked across all sites to support and sponsor local schools, sports teams, charities and events in 2022. Ontic had a commitment to continuously support Cheltenham Open Door (to support the local community), Fly2Help (to support an aviation charity), and St John's Ambulance (to support a health charity). Ontic also continued to contribute to foodbank collections for the North Cotswolds Foodbank with weekly drives and during Christmas extra donations were also collected at Ontic and taken to the foodbank. Ontic hosted several fundraising initiatives to support many other non-profit charities, through bake sales, sports challenges such as races and long-distance walks, a coast-to-coast cycle challenge, a world-cup themed competition, and even a sponsored head-shave in support of The Little Princess Trust.

In North Carolina, Ontic continued to support Light the Night, a Leukaemia and Lymphoma charity at a charity walk. In California, Ontic took part in charity walks, bakery sales and charity lunches in aid of Michael Hoefflin foundation.

e. The desirability of the Group maintaining a reputation for high standards of business conduct

Whilst the Group is not required to adopt the UK Corporate Governance Code, it aims to apply best practices as described in the separate disclosures below: Board of Directors, Audit Committee and Nomination & Remuneration Committee. The Group follows a range of policies in place to protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, and to ensure that it continues to operate in a socially responsible and compliant manner. In doing so, and by balancing the interests of the Group's stakeholders when making decisions, the Board seeks to maintain a reputation for high standards of business conduct.

f. The need to act fairly between the shareholders of the Company

The Group has entered into a value creation plan, called our More Than Plan, which aims to enhance value for its shareholders. The value creation plan consists of four pillars for operational success: the Customer pillar looks at improving customer experience and driving for best-in-class customer service; the Employee pillar is to make the Group one of the best in which to work; the Strengthen pillar is focused on investing in business systems to drive improvement and be the foundation for operational success; and the Growth pillar is focused on delivering increased market share through organic and new licence growth.

The Group ensures that the shareholders of the Group are fully informed of all key matters in terms of business strategy, policy decisions and financial results.

Board of Directors

The Board of Directors exists at Bleriot Topco Limited level (of which the Company is a subsidiary) and is composed of seven members: the Chairman, three representatives of CVC Capital Partners, the CEO, the CCO and CFO. All board members have a proven track record in managing business of this size and are deemed to be capable to assume this responsibility. The members of the Board are in frequent contact with local management and local employees to obtain first-hand information.

The Board of Directors met throughout the period, with members of the Senior Leadership Team from each site interacting directly during board meetings to present and discuss the status of a variety of matters and initiatives.

Strategic report (Continued)

Key decisions (such as those noted below) require Board consideration and approval:

- Financial performance of the Ontic group;
- Budget;
- Capex projects;
- Financing contracts;
- Approval of compliance related policies;
- Audit Committee reports;
- Approval of the consolidated financial statements;
- Business reviews & market updates;
- Approval of acquisition projects;
- Environment, Health and Safety (EHS) review; and
- Environmental, Social & Governance (ESG) review.

The Board of Directors has delegated certain responsibilities to the Audit Committee and the Nomination & Remuneration Committee as discussed below.

Audit Committee

The Audit Committee is composed of non-executive directors including a representative of CVC Capital Partners and the Chairman, both also members of the Board of Directors. In addition, other members of the Board, including the CEO, CFO and CCO attend the Audit Committee meetings by invitation. All members and other attendees have extensive experience in accounting and audit matters.

The Audit Committee meets at least three times per year and discusses matters related to external audit, risk management, internal controls and non-audit services provided by the Group's statutory auditor.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee exists at Bleriot Topco Limited level (of which the Company is a subsidiary), composed of a representative of CVC Capital Partners, the CEO and the Chairman. This committee meets regularly and discusses the remuneration policy and practice for the Group's Senior Leadership Team. The CEO does not participate in decision making on his remuneration. Approval for the remuneration of other Group employees is determined by the Group's delegated authority matrix.

This concludes the Board's Statement on Section 172 (1).

Approved by the Board and signed on its behalf by,

Gareth Hall

Director

30 April 2023

Directors' report

The Directors present their Directors' report and the audited consolidated financial statements of Bleriot Finco Holdings Limited for the year ended 31 December 2022.

Future developments

Details of likely future developments may be found within the Strategic Report on page 4.

Post balance sheet events

There were no post balance sheet events.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (31 December 2021: none) and no dividends have been proposed subsequent to year end.

Directors

The Directors who held office during the year and up to the date of signing the consolidated financial statements were as follows:

Gareth Hall
Gareth Blackbird
Toby Woolrych (appointed 12 September 2022)

Directors' third-party indemnity provisions

The Group has made qualifying third-party indemnity provisions in favour of its Directors under which the Group agrees to indemnify each Director against liabilities incurred by that Director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office. Indemnity provisions of this nature have been in place during the reporting year and remain in force. The Company also maintains Directors' and officers' liability insurance for its Directors and officers.

Political contributions

No political contributions were made during the year or during prior year.

Employee involvement

We encourage all employees to have their say in both formal and informal ways and run specific engagement programmes across the Group to bring our teams closer together and ensure they feel part of the whole business. Regular meetings are held in which employees are updated on business initiatives, performance and community activities. The Group also carries out formal employee engagement surveys on an annual basis, weekly pulse surveys and monthly meetings with employee champions (composed of a cross section of employees from across various departments) who participate in decision making and feed back to all employees.

Employees participate directly in the success of the business through the Group's goal share scheme where they are rewarded for their contribution to the performance of the Company.

Statement of engagement with suppliers, customers and others in a business relationship with the company

Business relationships with suppliers, customers and others are considered paramount to the Group's performance and disclosure of how the Group has fostered its business relationships has been made in the Section 172(1) statement in the Strategic Report.

Disabled employees

The Group is an equal opportunity employer and is committed to developing and maintain a culture of equality and diversity in which employees are treated equally, whether or not they have a disability.

The Group takes all reasonable steps to employ, train and promote employees on the basis of abilities, qualifications and experience irrespective of any disability. The Group has a duty to make reasonable adjustments to its premises and working practices in order to accommodate disabled employees, including those who become disabled whilst in the Group's employment.

The Group does not condone any discrimination or harassment on the grounds of disability, either from employees or any outside third parties who carry out business with the Group.

Directors' report (Continued)

Financial risk management objectives and policies

The financial risk management objectives and policies of the Group are outlined in Note 17 of the consolidated financial statements. For the financial risks which are deemed to be principal risks of the Group please refer to the Principal Risks and Uncertainties section of the Strategic Report for more information.

Environmental matters

The below table and supporting narrative summarises the Streamlined Energy and Carbon Reporting ("SECR") disclosure in line with the requirements for a "large" group as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The disclosure is made in relation to the UK subsidiary, Ontic Engineering & Manufacturing UK Limited, for the year ended 31 December 2022. The Group has taken the exemption from reporting energy and carbon information for its other subsidiaries which themselves would not be required to disclose if reporting on their own account.

Current reporting period	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Entity	**Ontic Engineering & Manufacturing UK Limited**	**Ontic Engineering & Manufacturing UK Limited**
Location(s) covered by scope		
Emissions from combustion of gas (Scope 1 - tCO_2e)	103.3	127.0
Emissions from purchase of electricity (Scope 2 - tCO_2e)	516.0	474.6
Emissions from combustion of fuel for transport purposes (Scope 1 - tCO_2e)	28.3	16.4
Emissions from business travel in rental cars or employee-owned vehicles where the business is responsible for purchasing the fuel (Scope 3 - tCO_2e)	15.4	5.8
Total gross emissions based on the above (tCO_2e)	**663.0**	**623.8**
Energy consumption used to calculate emissions from combustion of gas (kWh)	567,174	693,622
Energy consumption used to calculate emissions from purchased electricity (kWh)	2,668,064	2,235,318
Energy consumption used to calculate emissions from combustion of fuel for transport purposes (kWh)	117,356	69,563
Energy consumption used to calculate emissions from business travel in rental cars or employee-owned vehicles where the business is responsible for purchasing the fuel (kWh)	65,941	24,935
Total energy consumption based on the above (kWh)	**3,418,535**	**3,023,438**
Intensity ratio: tCO_2e emissions (gross Scope 1, 2 + 3) per $m revenue	**6.14**	**5.78**

Methodology

The Directors have calculated the above greenhouse gas emissions to cover all required sources of emission for which it is responsible under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As part of the methodology, the Directors used guidance from the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised edition, 2015). Responsibility for emission sources was determined using the operational control approach whereby the Group reports on sources of environmental impact for organisations over which it has operational control.

Raw data in the form of meter readings, utility invoices and employee mileage claims have been used to estimate the energy and carbon used in the reporting period. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2022.

Directors' report (Continued)

Intensity metric

The Directors have chosen to adopt the intensity ratio of tCO_2e per \$m revenue which is deemed to be an appropriate measure of Ontic's business activity and is reported elsewhere within the aerospace component industry.

Energy efficiency action

We are committed to identifying effective ways of working that reduce our impact on the environment. This includes:

1 Building on our existing recycling practices

2 Replacing lighting with LED equivalents and motion-activated light sensors

3 Investing in and raising awareness of technology across the Group in order to reduce travel

4 Continuing efforts to reduce paper usage

5 Operating a zero waste to landfill site in the UK

Going concern

The Directors have assessed the financial position and the future funding requirements of the Group against the level of available committed borrowing facilities. Details of cash and borrowing facilities are set out in the Notes 20 and 16 respectively within the consolidated financial statements. The Group's objectives, policies and processes for capital management and management of financial risk, including credit risk and liquidity risk, are set out in Note 17 of the financial statements, along with details of the Group's financial instruments and hedging activities.

The Group has considerable financial resources and strong relationships with key licensor partners, customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Group was buoyed by its strong military markets throughout the Covid-19 period, and Ontic's civil markets demonstrated a strong recovery, with Civil market revenues achieving 84% growth in comparison to 2021 and exceeding pre-pandemic levels by 31%.

Building upon the year-to-date performance the Group has forecast through 12 months from the date of issue of the financial statements; this forecast shows that the Group has adequate resources to continue in operational existence for the foreseeable future. Even with various downward sensitivities applied to revenue and costs, which are considered unlikely but reasonable for the purpose of this review, the Group is expected to have sufficient liquidity and will continue to comply with its banking covenants.

In satisfying themselves that the going concern basis is appropriate, the Directors have considered three sensitivities:

- a scenario of a downside sensitised fall in revenues of 5% resulting from a decrease in sales which is in excess of the Directors' realistic expectations;
- reduction of revenue by 10% with additional reduction of margins by 2%; and
- a reverse stress test to identify a scenario which would bring the Group's cash position to zero at the end of the assessment period to 30 May 2024. The reverse stress test indicates that a 14% reduction in revenue activity versus forecast, with no mitigating actions taken whatsoever would be required to reduce cash to zero within the assessment period.

At the date of signing this report the Group cash position is \$20.4m and the Group also has access to a revolving credit facility ('RCF') of \$85m of which \$40m has been drawn down as at the date of signing to fund the Q1 2023 licence acquisitions. Throughout the sensitivities applied to the above forecast, the Group is expected to remain sufficiently liquid throughout the period to at least May 2023. Access to the revolving facility will not change in the above-mentioned periods, the facility expires on 30 September 2024.

The Group has no near-term covenants; only a springing RCF covenant based on first lien net leverage, which will only be triggered if the RCF is drawn down to more than 40% of the total facility value at a quarter-end. The covenant requires that the ratio of first lien net debt to pro-forma EBITDA must not exceed 9x. This covenant has not been triggered to date. The Group's financial metrics under all scenarios modelled demonstrates significant headroom to this minimum.

As a result, the Group continues to adopt the going concern basis of accounting for the preparation of the annual consolidated financial statements.

Directors' report (Continued)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by,

Gareth Hall

Director
30 April 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the consolidated 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 are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the accounts 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 the year.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 30 April 2023 and is signed on its behalf by,

Gareth Hall
Director

Independent auditors' report to the members of Bleriot Finco Holdings Limited

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Bleriot Finco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flow; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • *Valuation of excess and obsolete inventory provision.* Within this report, key audit matters are identified as follows: (<>) Similar level of risk

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

Materiality	The materiality that we used for the group financial statements was £5.3m which was determined on the basis of 4% of forecast EBITDA adjusted for exceptional items and other one-off costs. This has remained appropriate based on actuals as at 31 December 2022.
Scoping	The Group audit team performed a full scope audit of the parent company and its significant components in the year. The overall scope of our audit resulted in us performing audit procedures over 99% of group revenue 99% of group expenditure, and 93% of group net liabilities.
Significant changes in our approach	As a result of our risk assessment procedures, we have not made any significant changes to our audit approach for the financial year.

4. 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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding, of the relevant controls relating to the going concern assessment;
- testing the clerical accuracy of the group model used to prepare the going concern forecasts;
- assessing the historical accuracy of forecasts prepared by the directors and actual performance in the subsequent period;
- assessing the impact of macro-economic challenges on the forecasts prepared by the directors;
- assessing the reasonableness of the assumptions used in the directors' forecasts around the revenue growth expected over the going concern period in both the base case and downside sensitivities;
- assessing the reasonableness of directors' sensitivity analysis on the forecast, including the downside sensitivities that involves reduced revenues and margins and reverse-stress testing;
- agreeing the available facilities to underlying agreements and testing covenant calculation forecasts performed by management; and
- assessing the appropriateness of disclosures made in the financial statements based on our understanding of the business plans and financial performance in the 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 group's and parent 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.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

5.1. Valuation of the excess and obsolete inventory provision

Key audit matter description	Given the nature of the group's operations, inventory can be held for long periods prior to utilisation. The group holds licenses for equipment with lengthy lifecycles, and individual parts can have large time gaps between orders. This means management may deem a part to be active regardless of a history of slow use. Consequently, determining an appropriate inventory provisioning methodology is a key management estimate and is subject to significant judgement in relation to the future demand and use of the inventory. During the year, the group has refined its excess and obsolete inventory provisioning policy to align the assessment of 'excess' inventory with 3 identified demand cycles for different categories of inventory within the group. This has resulted in a change in in how the provision is calculated by adding a further input to the provision, the allocation of each inventory item to the relevant demand cycle category. As disclosed in note 12 to the financial statements, as at 31 December 2022, the group's inventory balance was \$128.6m (2021: \$109.6m). This balance is net of the \$79.5m (2021: \$69.9m) excess and obsolete inventory provision based on the group policies. We have included the key audit matter in our audit report due to the quantum of the balance, its judgemental nature, and the fact that it had a substantial impact on our overall audit strategy. The change in the management estimate now adds further risk in the methodology that management have not appropriately classified inventory into the relevant demand cycle categories based on their refined policy; this being in addition to the existing risk of the appropriateness of the basis for the calculation itself.
How the scope of our audit responded to the key audit matter	We challenged the directors' judgements regarding the appropriateness of the valuation of the excess and obsolete inventory provision through obtaining management's excess and obsolete inventory provision calculation and performed the following procedures: • obtained an understanding of the relevant controls over the group's assessment of the excess and obsolete inventory provision; • assessed the overall appropriateness of the refined inventory provision policy and applicability to the business; • assessed whether the redefined policy is a change in accounting estimate rather than accounting policy in line with IAS 1; • assessed compliance of management's approach for the calculation of the excess and obsolete provision with the group's refined policy; • evaluated mathematical accuracy of the provision calculation and reconciling totals to inventory balances and the financial statements; • assessed management classification of demand cycles for different categories of inventory; • tested a sample of inventory items for consistency with the calculation of the provision, including obtaining support for the forecast demand and historical usage; • performed a retrospective review of a sample of the highest valued provision items in FY22 by comparing to the similar highest valued provision items in FY21 and assessed the consistency of the historical usage and forecast usage included in the FY22 provision calculation, understanding the reason for any variances; • tested any significant outliers from the group's policy; • challenged management by corroborating information and obtaining supporting evidence for all items where inconsistencies identified between expected and actual demand or changes in historical usage were noted; and • assessed the appropriateness of the disclosures in the financial statements.
Key observations	Based on the procedures performed, we concluded that the valuation of the excess and obsolete inventory provision recognised and related disclosures are appropriate. However, as outlined in Section 7.2 of this audit report, we noted some deficiencies in certain elements of management's review controls over the excess and obsolete inventory provision calculation.

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$5.3m (2021: $4.9m)	$2.6m (2021: $2.6m)
Basis for determining materiality	*4% (2021: 4%) of EBITDA adjusted for exceptional* items and other one-off costs	*0.3% (2021: 0.3%) of total assets*
Rationale for the benchmark applied	We determined materiality based on forecast EBITDA *adjusted for exceptional items and other one-off costs* as this is the key metric used by management, investors and lenders.	We determined materiality based on total assets due *to the nature of the parent company being a holding* company for the group.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and whether we were able to rely on controls; b the nature, volume and size of misstatements uncorrected in the previous audit; c. The likelihood that uncorrected known and likely misstatements from the prior period will recur in the current period; and d. The degree of centralisation and common controls/processes.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $265,000 (2021:. $245,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement in all components was performed directly by the group audit engagement team.

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

We performed the full scope audit for the UK-Cheltenham, US-Chatsworth, US-Creedmoor components, as well as the holding entities Bleriot Bidco Limited and Bleriot Bidco Inc., and the parent company using component materialities, which resulted in over 99% (2021: 99%) of Group revenue, 99% (2021: 99%) of Group expenditure, and 93% (2021: 95%) of group net liabilities being subject to full scope audit procedures. Each component was set a specific component materiality which is lower than group materiality. The component materialities applied were in the range $2.3 million to $4.2 million (2021: $2.1 million to $3.7 million).

At the group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information of the remaining components not subject to audit.

7.2. Our consideration of the control environment

With the involvement of our IT specialists, we obtained an understanding of the relevant IT systems associated with the financial reporting system and consolidation system. These were:

- Visual – this is the main accounting system currently in use for the UK, Singapore, and Chatsworth locations;
- Epicor – this is the main accounting system for Creedmoor; and
- OneStream – this system is used for financial consolidation reporting purposes.

Overall, across the in-scope financial systems, in the prior year we identified certain deficiencies which were not remediated in the current year. These include:

- Certain deficiencies in general IT controls over the financial reporting systems; and
- Opportunities to strengthen the control environment through implementing controls in line with documented policy requirements.

Given the IT observations raised in our final report on the audit as at 31 December 2021 were not remediated in the current period, our planned IT testing was restricted to understanding the key IT systems.

We have also obtained an understanding of key controls in relation to the accounting estimates in the excess and obsolete inventory provision calculation and the financial reporting process. The relevant controls in these areas are primarily management review controls, due to the manual workings prepared in relation to the excess and obsolete inventory provision, as discussed in key audit matter above. The review of key areas of judgement is an extensive part of the internal control environment, however we noted some deficiencies in certain elements of the management review controls which had not identified inconsistencies in the model used to calculate the excess and obsolete inventory provision and the data being used for the calculation.

As disclosed in note 5 to the financial statements, during the year management discovered that the Group Treasurer at the time had entered into a number of unapproved positions involving foreign exchange derivatives which, when identified, management closed out to protect from further exposure. This resulted in a loss of $42.9m being recognised in the period. This represented a weakness in the relevant controls over the establishment of such instruments and, as a result, management have instigated additional preventative controls to mitigate this risk going forwards. This has not resulted in any changes to our audit strategy.

We had not planned to rely on controls in these areas as part of our audit, but we have reflected on these findings as part of our ongoing risk assessment process and made changes to our audit approach where relevant. We have performed a fully substantive audit over all areas of the financial statements based on our planned substantive audit strategy.

7.3. Our consideration of climate-related risks

In planning our audit, we made enquiries of the directors to understand the extent of the potential impact of climate change risk on the group's financial statements.

Our audit procedures included challenging what, if any, impact climate change consideration could have on key judgements and estimates in the financial statements such as forecasts used in management impairment and going concern assessments.

We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

8. 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.

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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 group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, general counsel, the directors and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of excess and obsolete inventory provision. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, Bribery Act 2010 and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence, UK Civil Aviation Authority and US Federal Aviation Administration regulations, Employment Law, Environmental Regulations (including SECR), and the Data Protection Act 2018.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of excess and obsolete inventory provision as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

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

Independent auditors' report to the members of Bleriot Finco Holdings Limited (Continued)

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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.

Andrew Halls FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

30 April 2023

Consolidated statement of profit or loss

	Note	Year ended 31 December 2022 $m	Restated[1] Year ended 31 December 2021 $m
Revenue	3	406.3	350.7
Cost of sales		(184.6)	(156.9)
Gross profit		221.7	193.8
Administrative expenses		(168.7)	(129.6)
Operating profit	4	53.0	64.2
Finance cost	5	(182.1)	(132.3)
Loss before tax		(129.1)	(68.1)
Tax income/(expense)	7	5.3	-
Loss for the year		(123.8)	(68.1)

Loss for the year and the prior year has been generated from continuing operations.

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets

Consolidated statement of comprehensive income

	Year ended 31 December 2022 $m	Restated[1] Year ended 31 December 2021 $m
Loss for the year	(123.8)	(68.1)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange difference on translation of foreign operations	(0.3)	(0.4)
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations (net of tax)	-	0.8
Other comprehensive income for the year	(0.3)	0.4
Total comprehensive loss for the year	(124.1)	(67.7)

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

Consolidated statement of financial position

	Note	As at 31 December 2022 $m	Restated[1] As at 31 December 2021 $m	Restated[1] As at 31 December 2020 $m
Non-current assets				
Goodwill	8	460.1	461.3	458.0
Other intangible assets	8	959.6	834.4	796.1
Property, plant and equipment	9	29.3	24.6	17.5
Right-of-use assets	11	12.6	14.1	9.0
Deferred tax assets	19	32.1	26.2	9.3
Derivative financial instruments	17	8.2	-	-
Trade and other receivables due after one year	13	0.2	0.2	0.8
		1,502.1	1,360.8	1,290.7
Current assets				
Inventories	12	133.0	109.6	98.2
Derivative financial instruments	17	5.3	-	-
Trade and other receivables	13	82.6	79.9	57.8
Cash and cash equivalents	20	53.1	38.3	87.8
		274.0	227.8	243.8
Total assets		1,776.1	1,588.6	1,534.5
Current liabilities				
Trade and other payables	14	(78.7)	(69.6)	(56.2)
Lease liabilities	11	(1.3)	(1.1)	(1.0)
Derivative financial instruments	17	(0.8)	(1.3)	(3.8)
Loans and borrowings	16	(28.3)	(6.9)	(5.6)
Tax liabilities		(7.7)	-	(1.8)
Deferred and contingent consideration	15	*(12.2)*	*(11.4)*	*(13.2)*
Provisions	18	(25.9)	(12.7)	(7.2)
		(154.9)	(103.0)	(88.8)
Net current assets		119.1	124.8	155.0
Total assets less current liabilities		1,621.2	1,485.6	1,445.7
Non-current liabilities				
Lease liabilities	11	(13.8)	(15.7)	(10.5)
Pensions and other post-retirement benefits		(0.4)	(0.2)	(1.4)
Loans and borrowings	16	(1,786.8)	(1,538.7)	(1,490.6)
Deferred and contingent consideration	15	(21.6)	(21.9)	-
Deferred tax liabilities	19	(57.5)	(65.9)	(46.9)
Provisions	18	(38.3)	(16.3)	(1.7)
		(1,918.4)	(1,658.7)	(1,551.1)
Total liabilities		(2,073.3)	(1,761.7)	(1,639.9)
Net liabilities		(297.2)	(173.1)	(105.4)

Consolidated statement of financial position (Continued)

	Note	As at 31 December 2022 $m	Restated[1] As at 31 December 2021 $m	Restated[1] As at 31 December 2020 $m
Equity				
Share capital	21	0.1	0.1	0.1
Share premium	21	7.1	7.1	7.1
Foreign exchange reserve		(0.2)	0.1	0.5
Retained earnings	21	(304.2)	(180.4)	(113.1)
Deficit attributable to owners of the Company		(297.2)	(173.1)	(105.4)

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

The consolidated financial statements were approved by the Board of Directors on 30 April 2023 and were signed on its behalf by:

Gareth Hall

Director

Company number: 12226541

Registered in England and Wales

The notes on pages 33 to 74 form an integral part of these financial statements.

Company statement of financial position

	Note	As at 31 December 2022 $m	As at 31 December 2021 $m
Non-current assets			
Investment in subsidiaries	10	7.2	7.2
Trade and other receivables due after one year	13	966.2	877.0
Total assets		973.4	884.2
Current liabilities			
Trade and other payables	14	(0.1)	(0.1)
Net current liabilities		(0.1)	(0.1)
Total assets less current liabilities		973.3	884.1
Non-current liabilities			
Loans and borrowings	16	(965.8)	(876.5)
Total liabilities		(965.8)	(876.6)
Net assets		7.5	7.6
Equity			
Share capital	21	0.1	0.1
Share premium	21	7.1	7.1
Retained earnings	21	0.3	0.4
Equity attributable to owners of the Company		7.5	7.6

The loss in respect of the Company for the year ended 31 December 2022 was $0.1m (2021: $0.2m profit).

The Company financial statements were approved by the Board of Directors on 30 April 2023 and were signed on its behalf by:

Gareth Hall

Director

The notes on pages 33 to 74 form an integral part of these financial statements.

Consolidated statement of changes in equity

	Note	Share Capital $m	Share Premium $m	Foreign Exchange Reserve $m	Retained Earnings $m	Total $m
As at 1 January 2021		**0.1**	**7.1**	**0.5**	**(114.5)**	**(106.8)**
Restatement of intangible tax treatment	23	-	-	-	1.4	1.4
As at 1 January 2021 (restated)		**0.1**	**7.1**	**0.5**	**(113.1)**	**(105.4)**
Loss for the year (restated[1])		-	-	-	(68.1)	(68.1)
Other comprehensive income/(expense) (restated[1])		-	-	(0.4)	0.8	0.4
Total comprehensive expense for the year		-	-	**(0.4)**	**(67.3)**	**(67.7)**
As at 31 December 2021		**0.1**	**7.1**	**0.1**	**(180.4)**	**(173.1)**
As at 1 January 2022		**0.1**	**7.1**	**0.1**	**(185.0)**	**(177.7)**
Restatement of intangible tax treatment	23	-	-	-	**4.6**	**4.6**
As at 1 January 2022 (restated)		**0.1**	**7.1**	**0.1**	**(180.4)**	**(173.1)**
Loss for the year		-	-	-	(123.8)	(123.8)
Other comprehensive expense		-	-	(0.3)	-	(0.3)
Total comprehensive expense for the year		-	-	**(0.3)**	**(123.8)**	**(124.1)**
As at 31 December 2022		**0.1**	**7.1**	**(0.2)**	**(304.2)**	**(297.2)**

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

Company statement of changes in equity

	Share Capital	Share Premium	Retained Earnings	Total
	$m	$m	$m	$m
As at 1 January 2021	0.1	7.1	0.2	7.4
Profit and total comprehensive income for the year	-	-	0.2	0.2
As at 31 December 2021	0.1	7.1	0.4	7.6
As at 1 January 2022	0.1	7.1	0.4	7.6
Loss and total comprehensive loss for the year	-	-	(0.1)	(0.1)
As at 31 December 2022	0.1	7.1	0.3	7.5

Consolidated statement of cash flow

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Net cash inflow from operating activities	20	152.8	111.6
Investing activities			
Purchase of property, plant and equipment		(8.3)	(1.6)
Purchase of intangible assets		(170.4)	(22.2)
Acquisition of businesses, net of cash	2	(16.1)	(51.7)
Increase in loans issued		-	0.7
Net cash outflow from investing activities		(194.8)	(74.8)
Financing activities			
Interest paid		(48.9)	(38.4)
Settlement of interest rate contracts		1.2	(1.6)
Proceeds from external borrowings		283.9	-
Repayment of external borrowings		(113.3)	(43.7)
Settlement of foreign exchange contracts		(44.9)	-
Principal elements of lease payments		(1.1)	(1.1)
Payment of deferred consideration		(19.4)	(1.5)
Net cash inflow/(outflow) from financing activities		57.5	(86.3)
Increase/(decrease) in cash and cash equivalents		15.5	(49.5)
Cash and cash equivalents at beginning of the year		38.3	87.8
Effect of foreign exchange rate changes		(0.7)	-
Cash and cash equivalent at the end of the year		53.1	38.3

Notes to the consolidated financial statements

1. Accounting policies and presentation

Basis of preparation

Reporting entity

Bleriot Finco Holdings Limited (the "Company") was incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales on 25 September 2019, and is a private company limited by shares. The Company's registered office is 2nd Floor 107 Cheapside, London, England, EC2V 6DN

The consolidated financial information of the Group for the year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the "Group") which are listed out in full in Note 10.

The "Ontic Group" , which was purchased by Bleriot US Bidco Inc. and Bleriot Bidco Limited on 31 October 2019 (subsidiaries of parent Bleriot Finco Holdings Limited), comprises the following trading entities in three jurisdictions namely the United Kingdom, United States of America and Singapore: Ontic Engineering & Manufacturing UK Limited, Ontic Engineering and Manufacturing Inc., Ontic Engineering and Manufacturing Asia-Pacific Pte. Ltd, Firstmark Aerospace Corporation, Firstmark Service Corporation, Firstmark Corporation, Twin Commander Aircraft LLC, Aircraft Belts Inc., Centroid Inc. and AP Filtration Limited.

Nature of operations

The Group is a leading provider of high-quality, OEM-licensed aviation parts and maintenance, repair and overhaul (MRO) services in continuing support of maturing and legacy aerospace platforms and defence technologies.

Basis of measurement

The consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. The consolidated financial statements have been prepared on a going concern basis using the historical cost convention except for certain financial assets and liabilities (including derivative financial instruments), which are measured at fair value. The principal accounting policies adopted are set out below. These policies have been applied consistently in all periods presented unless stated otherwise.

Parent company

The Company has prepared its financial statements 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 ("IFRS") as adopted by the United Kingdom, but has taken the following disclosure exemptions permitted by FRS 101:

- Paragraphs 10(d), 111 and 134-136 of IAS 1, 'Presentation of financial statements'
- IAS 7, 'Statement of cash flows'
- Paragraph 17 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
- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payment'
- IFRS 7, 'Financial Instruments: Disclosures'

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes and not to publish a separate statement of comprehensive income. The profit for the Company is disclosed in the Company Statement of Changes in Equity.

The Company financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value, in accordance with the Companies Act 2006.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Going concern

The Directors have assessed the financial position and the future funding requirements of the Group against the level of available committed borrowing facilities. Details of cash and borrowing facilities are set out in the Notes 20 and 16 respectively within the consolidated financial statements. The Group's objectives, policies and processes for capital management and management of financial risk, including credit risk and liquidity risk, are set out in Note 17 of the financial statements, along with details of the Group's financial instruments and hedging activities.

The Group has considerable financial resources and strong relationships with key licensor partners, customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Group was buoyed by its strong military markets throughout the Covid-19 period, and Ontic's civil markets demonstrated a strong recovery, with Civil market revenues achieving 84% growth in comparison to 2021 and exceeding pre-pandemic levels by 31%.

Building upon the year-to-date performance the Group has forecast through 12 months from the date of issue of the financial statements; this forecast shows that the Group has adequate resources to continue in operational existence for the foreseeable future. Even with various downward sensitivities applied to revenue and costs, which are considered unlikely but reasonable for the purpose of this review, the Group will have sufficient liquidity and will continue to comply with its banking covenants.

In satisfying themselves that the going concern basis is appropriate, the Directors have considered three sensitivities:

- a scenario of a downside sensitised fall in revenues of 5% resulting from a decrease in sales which is in excess of the Directors' realistic expectations;
- reduction of revenue by 10% with additional reduction of margins by 2%; and
- a reverse stress test to identify a scenario which would bring the Group's cash position to zero at the end of the assessment period to 30 May 2024. The reverse stress test indicates that a 14% reduction in revenue activity versus forecast, with no mitigating actions taken whatsoever would be required to reduce cash to zero within the assessment period.

At the date of signing this report the Group cash position is $20.4m and the Group also has access to a revolving credit facility ('RCF') of $85m of which $40m has been drawn down as at the date of signing to fund the Q1 2023 licence acquisitions. Throughout the sensitivities applied to the above forecast, the Group would remain sufficiently liquid throughout the period to at least May 2023. Access to the revolving facility will not change in the above-mentioned periods, the facility expires on 30 September 2024.

The Group has no near-term covenants; only a springing RCF covenant based on first lien net leverage, which will only be triggered if the RCF is drawn down to more than 40% of the total facility value at a quarter-end. The covenant requires that the ratio of first lien net debt to pro-forma EBITDA must not exceed 9x. This covenant has not been triggered to date. The Group's financial metrics under all scenarios modelled demonstrates significant headroom to this minimum.

As a result, the Group continues to adopt the going concern basis of accounting for the preparation of the annual consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in USD which is the Company's functional currency. All amounts are presented in millions unless otherwise stated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements, estimates and assumptions that have the most significant impact on the carrying value of the assets and liabilities in the Group accounts, and will have the most significant impact in the next financial year, are detailed below.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Critical judgments in applying the group's accounting policies

The Group has not identified any critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, where there is a risk of material adjustment to carrying values of assets and liabilities within the next financial year, are discussed below.

Carrying value of inventories

Inventories are stated at the lower of cost or net realisable value. The inventory provision has been valued by determination of whether each part is active, utilising historical sales and confirmed orders to predict the estimated future demand for each line item. Directors reviewed the sales pattern of the assets and considered the limited nature of the market for many of the products in determining the appropriate inventory provisioning policy. The business categorises inventory for the purposes of material planning as either a 'Runner', 'Repeater', or 'Stranger' ("RRS categorisations") depending on the usage pattern within the business. In the current year, the inventory provisioning policy which was previously based on 3-year sales projections has been refined to be informed by the RRS categorisations, with 'Runner' inventory provided much more aggressively following a drop in usage compared to 'Stranger' inventory where usage is expected to fluctuate.

Judgement is involved in defining the RRS categorisations, and additionally in taking strategic decisions such as last-time-buys which are manually adjusted in the provision calculation as decisions are taken on the basis of future expected demand. Sensitivity analysis is impractical to quantify as demand and historical sales information is based on item-by-item data. As a significant estimate it is possible that outcomes within the next financial year that are different from the original assumptions may require a material adjustment to the carrying amount of the provision.

Fair value accounting for business combinations

A purchase price allocation exercise is performed for each business combination to establish the fair value of the assets and liabilities acquired. This exercise requires estimation of the future expected cashflows to be generated; these projections are made based on historic data provided by the vendor and informed by industry analysis on the expected build schedules and lives of the fleet.

The optional simplified concentration test allowed under IFRS 3 is applied in ascertaining whether a licence acquisition comprises a business or non-business acquisition. The fair value of the intangible required for this test is established based on future expected cashflows as described above.

For certain acquisitions, provision has been made as part of the fair value accounting for onerous contracts transferred to Ontic where the unavoidable costs of meeting obligations under the contracts exceed the economic benefits expected to be received. A provision has been recognised for the present value of the estimated expenditure to fulfil the contract on a direct cost basis, which includes projections of expected build schedules and platform lives.

Impairment review of goodwill

On the acquisition of the Ontic Group by CVC, the Directors performed a purchase price allocation exercise to establish the fair values of the acquired net assets. The exercise was performed as at the acquisition date of 31 October 2019 and resulted in goodwill being recognised on the acquisition.

Goodwill is tested annually for impairment at a cash-generating unit (CGU) level. The three CGUs used by management for impairment testing are defined as follows:

- Ontic Engineering & Manufacturing Inc. ("Ontic Chatsworth", formerly referred to as "Ontic US")
- Firstmark Aerospace Corporation, Firstmark Service Corporation, Firstmark Corporation, Twin Commander Aircraft LLC, Aircraft Belts Inc., Centroid Inc. and the 'Creedmoor' branch of Ontic Engineering and Manufacturing Inc. ("Ontic Creedmoor", formerly referred to as "Firstmark")
- Ontic Rest of World ("Ontic ROW") comprised of Ontic Engineering & Manufacturing UK Ltd ("Ontic UK"), AP Filtration Limited and Ontic Engineering & Manufacturing Asia-Pacific P/L ("Ontic SING")

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Goodwill is tested annually for impairment at each CGU level. This assessment involves an estimation of the future expected cash flows of each CGU in order to calculate recoverable amounts. The assessment is based on the medium-term business plan, extended out to a period of ten years. As with the initial purchase price allocation exercise, key estimates include discount rates, sales growth rates, and expected changes to selling prices and direct costs. Goodwill by CGU is as follows:

CGU	2022 $m	Restated[1] 2021 $m
Ontic ROW	166.0	167.2
Ontic Chatsworth	282.9	282.9
Ontic Creedmoor	11.2	11.2

The medium/long-term growth rates used to extend the business plan for the purposes of the impairment testing are set out below. These rates are considered achievable in light of future growth plans.

CGU	2022 $m	2021 $m
Ontic ROW	3%-7%	3%-7%
Ontic Chatsworth	3%-7%	3%-4%
Ontic Creedmoor	3%-7%	3%-4%

All CGUs have sufficient headroom to support reduction in the projected revenue in line with long-term historic inflation levels.

In terms of direct margin, the direct margin for all CGUs has been held in line or lower than the current year budgeted level for the entire projection period, with sufficient levels of headroom.

Each CGU's post-tax weighted average cost of capital ("WACC") is used in determining the discount rates to be applied. The post-tax discount rates applied are as follows:

CGU	2022	2021
Ontic ROW	9.7%	9.3%
Ontic Chatsworth	11.3%	10.1%
Ontic Creedmoor	11.3%	10.1%

As a result of the above impairment review and having modelled a number of sensitivities, it was concluded that no reasonably foreseeable change in key assumptions used in the impairment model would result in a significant impairment charge being recognised in the consolidated financial statements.

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Adoption of new and revised standards

New and amended IFRS standards effective for the current period

In the current period, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. These amendments have not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (May 2020) – Annual improvements to IFRS Standards
- Amendments to IFRS 3 (May 2020) – Reference to the Conceptual Framework
- Amendments to IAS 37 (May 2020) – Onerous Contracts – Cost of Fulfilling a contract

New standards not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2022 and have not been applied in preparing these consolidated financial statements. None of these amendments are expected to have a significant effect on the consolidated financial statements of the Group.

Standards and interpretations published, but not yet applicable are as follows:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (applicable for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies (applicable for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (applicable for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities from a Single Transaction (applicable for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9 (applicable for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance contracts (In June 2020 the IASB issued amendments and a deferral applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 – Non-current Liabilities with Covenants (applicable for periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (applicable for periods beginning on or after 1 January 2024)

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group, see *subsidiaries* section below. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Any goodwill that arises is tested annually for impairment, see *Impairment* accounting policy. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, see *Loans and borrowings* accounting policy.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Foreign currencies

Foreign currency transactions

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise with the exception of foreign currency differences arising on qualifying cash flow hedges to the extent that the hedges are effective which are recognised in Other Comprehensive Income.

Foreign operations

The presentation currency of the consolidated financial statements is USD.

The income and expenses of operations of which the functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the period.

The assets and liabilities of these operations, including associated goodwill and fair value adjustments arising on acquisition, are translated into US dollars at the exchange rates ruling at the reporting date.

Foreign exchange rate differences arising on retranslation are recognised directly in OCI and accumulated in the translation reserve, denoted as the 'Foreign Exchange Reserve'.

Revenue

IFRS 15 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard is based on a five-step approach to revenue recognition – identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations; and finally recognising the revenue as those performance obligations are satisfied.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is generated from the following major income streams:

- OEM and spare parts
- Repair and overhaul

Revenue is recognised once all performance obligations are met, generally being the point that the part is under the control of the customer and that the customer can benefit from the parts or services either on their own or together with readily available resources by using, consuming, selling or holding those goods or services. Revenue is recognised net of any discounts including an estimate for volume rebates.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Interest payable

Interest payable comprises of interest payable on intercompany borrowings calculated using the effective interest rate method.**Interest receivable**

Interest receivable comprises of interest receivable on intercompany lending calculated using the effective interest rate method.

Operating profit

Operating profit is stated after charging exceptional costs and other costs adjusted for the purpose of calculating Adjusted EBITDA. Exceptional items, with the exception of terminated acquisition costs when relevant, relate to the work required to establish the standalone Ontic Group.

Other costs adjusted for the purpose of calculating Adjusted EBITDA include costs relating to acquisitions which are material to the associated business segment, significant restructuring programmes and other non-operating or non-recurring professional fees, costs and expenses. These costs are presented in the reconciliation between Profit/loss before tax and Adjusted EBITDA in Note 22.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Intangible assets

Licences, and contracts, other than manufacturing licences, that are acquired separately are stated at cost less accumulated amortisation and impairment. Amortisation is provided for on a straight-line basis over the useful life of the asset. Cost includes all costs necessary to bring the asset to working condition for its intended use.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is provided on the cost of software and is calculated on a straight-line basis over the useful life of the software.

Intangible assets, other than goodwill, arising on acquisitions are capitalised at fair value. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably. Amortisation is provided on the fair value of the asset and is calculated on a straight-line basis over its useful life, which typically is the term of the licence or contract.

The Group acquires licences from Original Equipment Manufacturers (OEMs) to become the alternate OEM for that product. The Group applies the simplified optional concentration test allowed under IFRS 3 in determining whether each licence acquisition represents a business or non-business acquisition.

Useful lives are based on the underlying licence acquisition contract where that is a determinable period. Where the useful life is indeterminable and finite, a lifespan of 20 years is typically used. An annual review is performed to assess the licence's remaining useful life against the vitality of the underlying platform.

Property, plant and equipment

Property, plant and equipment is stated in the Balance Sheet at cost less accumulated depreciation and provision for impairment. Depreciation is provided on the cost of property, plant and equipment less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Freehold buildings	40 years maximum
Leasehold buildings	Shorter of useful life or lease term
Fixtures and equipment	3–20 years

Tooling, vehicles, computer and office equipment are categorised within fixtures and equipment.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Finance costs which are directly attributable to the construction of major items of property, plant and equipment are capitalised as part of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete

Right-of-use assets and lease liabilities

The Group assesses whether a contract is or contains a lease, at inception of the contract As a practical expedient, the Group has relied on the previous identification of leases under IAS 17 for all contracts that existed on the date of initial application.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, and any initial direct costs, less lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease The right-of-use assets are presented separately in the statement of financial position.

Other costs associated with leases, such as maintenance and insurance, are expensed as incurred

Impairment of goodwill, intangible assets and property, plant and equipment

At each balance sheet date, the Group reviews the carrying value of its goodwill, intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money The risks specific to the asset are reflected as an adjustment to the future estimated cash flows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods. Cost is calculated using the first in, first out (FIFO) method. Provision is made for slow-moving or obsolete inventory as appropriate.

Financial assets and liabilities

Cash and cash equivalents comprise cash on hand and deemed deposits, and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables excluding derivative assets are initially recognised at fair value and do not carry any interest and are stated at nominal value as reduced by appropriate loss allowances for estimated irrecoverable amounts having considered expected losses as required by IFRS 9. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, the days past due and anticipated changes in economic conditions.

Borrowings: Interest-bearing loans and overdrafts are initially recorded at fair value, which equates to proceeds less direct issue costs at inception. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the amount due on settlement is recognised in the Income Statement over the term of the borrowings.

Trade and other payables, excluding derivative liabilities and contingent consideration in a business combination, are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Contingent consideration in a business combination is classified either as equity or a financial liability. Amounts classified as a financial liabilities are initially and subsequently remeasured to fair value, with changes in the fair value within the 'measurement period' (which cannot exceed one year from acquisition date) recognised retrospectively in goodwill, and changes in fair value outside the 'measurement period' recognised in profit or loss.

Derivatives financial instruments

Derivative financial instruments utilised by the Group comprise foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group considers the following as constituting an event for internal credit risk management purposes. Historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable and therefore written off:

- when there is breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. For financial assets within 180 past due the Group assesses the expected credit loss position as detailed in the trade and other receivables accounting policy.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and the obligation can be reliably estimated.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received on settlement of a related provision and the amount of the receivable can be measured reliably.

Warranties

Warranty provisions relate to warranties issued to customers for products. Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Group's obligation.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

Post-retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. For defined benefit retirement benefit schemes, the cost is determined using the projected unit credit method, with valuations under IAS 19 (revised) being carried out annually as at 31 December. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of profit or loss and presented in the Statement of Comprehensive Income.

The service cost of providing retirement benefits to employees during the period is charged to operating profit in the period. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs, and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.

Notes to the consolidated financial statements

1. Accounting policies and presentation (Continued)

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity or in other comprehensive income. The charge for taxation is based on the profit for the period and comprises current and deferred taxation.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax is calculated at tax rates which have been enacted or substantively enacted as at the balance sheet date.

Deferred taxation takes into account taxation deferred due to temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is accounted for using the balance sheet liability method and is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates which have been enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to the statement of comprehensive income, in which case the deferred tax is also dealt with in the statement of comprehensive income.

Equity

Equity represents the total amount of accumulated reserves and retained earnings which are attributable to the owners of the Group.

Composition of the Group

The Group is comprised of eight trading entities and seven holding companies; all subsidiaries are wholly owned.

The Group has a 35% holding in an associated company which is equity accounted. The associate is in an accumulated loss-making position and therefore no investment balance is held on balance sheet.

2. Business combinations

During the year ended 31 December 2022, the Group invested $16.9m in a licence investment on 30 June 2022 with Honeywell International Inc. relating to radar systems which has been accounted for as a business combination. The investment adds to existing product-lines and competency within Ontic's IP portfolio.

Details of the purchase consideration, the net assets acquired and goodwill as part of other business combinations are as follows:

Fair value of purchase consideration

	$m
Cash paid	16.6
Contingent consideration	0.3
Total purchase consideration	16.9

Cash paid of $16.6m represents the position as at 31 December 2022, with no further amounts settled subsequent to the period end as of April 2022.

Notes to the consolidated financial statements

2. Business combinations (Continued)

The assets and liabilities recognised as a result of the acquisitions are as follows:

Fair value of net assets acquired

	$m
Intangible assets: intellectual property	15.5
Inventories	1.8
Trade and other receivables	0.3
Warranty provision	(0.2)
Other provisions	(0.5)
Net identifiable assets acquired	16.9
Add: Goodwill	-
Total consideration	16.9

No goodwill was recognised on acquisition, as the fair value of identified net assets equals the consideration of $16.9m. For discussion on key estimates & accounting judgements applied, please refer back to *Critical accounting judgements* and *key sources of estimation uncertainty* in Note 1 – *Accounting Policies & Presentation.*

In addition to the above, in 2022 a measurement period adjustment was recognised in respect of Ontic ROW acquisitions in 2021. This adjustment arose as a result of a working capital adjustment to consideration and further information received regarding provisions on acquisition. The adjustment resulted in a decrease to goodwill of $1.3m and a decrease to provisions of $0.8m.

3. Segmental information

Analysis of revenue by geography:

	UK $m	Mainland Europe $m	North America $m	Rest of World $m	Total $m
Year ended 31 December 2022	39.0	24.6	315.1	27.6	406.3
Year ended 31 December 2021	34.1	15.2	286.7	14.7	350.7

Analysis by reportable segment:

The Directors have determined that the Group consists of two reportable operating segments which are as follows:

- Ontic Engineering & Manufacturing Inc., Firstmark Aerospace Corporation, Firstmark Service Corporation, Firstmark Corporation, Twin Commander Aircraft LLC, Aircraft Belts Inc., Centroid Inc. and their immediate holding company Bleriot US Bidco Inc. ("Ontic US")
- Ontic Rest of World ("Ontic ROW") comprised Ontic Engineering & Manufacturing UK Ltd ("Ontic UK"), AP Filtration Limited and Ontic Engineering & Manufacturing Asia-Pacific P/L ("Ontic SING"), and their immediate holding company Bleriot Bidco Limited.

This determination of the segments is based upon the fact that there are distinct management teams reviewing and directing the operational performance of each segment, and this is the level at which the senior management team evaluates the effects of the Group's business activities and the economic environment in which the Group operates.

The results of these segments are then reported globally to the chief operating decision maker, being the senior leadership team.

Notes to the consolidated financial statements

3. Segmental information (Continued)

The majority of revenues for each operating segment are generated from the North American market, with the Ontic ROW operating segment generating the majority of UK and European revenues. Revenues are allocated to segments by geography based upon their country of invoice.

There are no fundamental differences between the nature of operations and products within each of the operating segments, and there are no differences in the basis of accounting for any transactions between reportable segments.

The table below shows the breakdown of the segmental operating results. The "Other" column consists of the various holding companies, except for those which immediately control Ontic US and Ontic ROW, which form part of the Group and includes intercompany eliminations and the listed loan notes held by Bleriot Finco Holdings Limited; it is included here for completeness but does not represent a separate reportable segment.

Year Ended 31 December 2022	Ontic US $m	Ontic ROW $m	Other $m	Total $m
Revenue from external customers	280.6	125.7	-	406.3
Sale of goods	235.8	96.0	-	331.8
Rendering of services	44.8	29.7	-	74.5
Profit/(loss) before tax	10.5	(45.2)	(94.4)	(129.1)
Total assets	1,231.0	545.1	-	1,776.1
Capital expenditure	5.3	3.0	-	8.3
Total liabilities	(837.0)	(262.4)	(973.9)	(2,073.3)

Year Ended 31 December 2021	Ontic US $m	Ontic ROW $m	Other $m	Total $m
Revenue from external customers	243.0	107.7	-	350.7
Sale of goods	203.0	79.3	-	282.3
Rendering of services	40.0	28.4	-	68.4
Profit/(loss) before tax	16.7	(4.1)	(80.7)	(68.1)
Total assets (restated[1])	951.7	636.9	-	1,588.6
Capital expenditure	0.9	0.7	-	1.6
Total liabilities (restated[1])	(567.1)	(318.1)	(876.5)	(1,761.7)

Non-current assets within each segment, excluding financial instruments and deferred tax, are fully located within each segment's country of domicile.

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets

Notes to the consolidated financial statements

4. Operating profit

Operating profit for the year has been arrived after (crediting)/charging:

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Depreciation of plant, property & equipment (including right-of-use depreciation)	4.8	4.0
Amortisation of intangible assets	70.9	60.4
Total depreciation & amortisation expense	75.7	64.4
Cost of inventories recognised as an expense	3.5	3.7
Net foreign exchange losses/(gains)	2.4	(1.6)
Auditor's remuneration:		
Audit of financial statements of the Company	-	-
Audit services attributable to subsidiaries and audit of the consolidated financial statements	0.7	0.6
Other non-statutory audit related services	-	-
Other acquisition costs (excluding Ontic Group acquisition-related costs)	11.1	2.8
Restructuring costs	1.1	1.7

The fees payable to the company's auditor for the audit of the company's financial statements is $6,000 (2021: $7,000). The fees for the consolidation are included within the fee attributable to the subsidiaries and as such it is not practicable to determine the proportions of such fees which are attributable to the consolidation. No other services were provided to the Group for the year ended 31 December 2022 and no services were provided under contingent fee arrangements (2021: nil).

Exceptional items

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Acquisition costs on acquisition of Ontic Group	-	0.2
Business transformation costs	1.7	1.2
Total exceptional items	1.7	1.4

Business transformation costs relate to the work required to establish the standalone Ontic Group.

The Group considers certain other costs which are not explicitly classed as 'exceptional' to be material or non-recurring in nature, and which are therefore adjusted in the calculation of the key performance measure Adjusted EBITDA which is used to monitor and evaluate the underlying operating performance of the Group and its liquidity. Such items include costs relating to acquisitions which are material to the associated business segment, significant restructuring programmes and other non-operating or non-recurring professional fees, costs and expenses.

These costs are presented in the reconciliation between Profit/loss before tax and Adjusted EBITDA in Note 22.

Notes to the consolidated financial statements

5. Finance cost

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Interest and finance costs charged for financial liabilities at amortised cost:		
Interest on listed loan notes	89.3	80.7
Interest on bank loans	52.4	43.1
Net fair value movement on derivatives	(10.3)	(2.6)
Realised loss on derivatives	43.9	-
Loss on extinguishment	0.9	8.5
Other finance costs	5.9	2.6
Net finance cost	182.1	132.3

The 'Realised loss on derivatives' and 'Loss on extinguishment' relate to the performance and close-out of a number of structured option positions. During the year management discovered that the Group Treasurer at the time had entered into a number of unapproved positions involving structured options, and the weakening of GBP against the dollar had caused losses to begin to accumulate. Ontic closed out the positions in early August at a loss of $42.9m. The 'Loss on extinguishment' of $0.9m represents the execution spread of the close-outs, and the 'Realised loss on derivatives' represents the loss on close-out in addition to option expiry losses incurred up to the point of close out and other realised FX impacts. The structured options have been replaced by simple forwards when needed, and additional controls have been put in place.

Loss on extinguishment in the prior year relates to the refinancing of the 2nd Lien debt facility which led to the release of unamortised transaction costs associated with the loan. Refer to Note 16 for further detail on the refinancing.

6. Staff numbers and costs

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Wages and salaries	84.0	74.0
Social security costs	7.2	6.3
Other pension costs	2.6	1.8
	93.8	82.1

Notes to the consolidated financial statements

6. Staff numbers and costs (Continued)

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

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
Production	684	609
Administration	299	239
	983	848

Total staff costs for the Company were $nil (2021: $nil). There were no employees during the year for the Company apart from the Directors (2021: none).

Directors' emoluments

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Aggregate remuneration	1.7	2.1
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	-	-
Aggregate contributions to money purchase pension schemes	0.1	0.1

During the year 3 directors (2021: 3 directors) accrued benefits in respect of defined contribution schemes.

Remuneration disclosed above includes total emoluments of $1.1m (2021:$1.1m) attributable to the highest paid director for qualifying services provided to the Group. Contributions to defined contribution pension schemes were $0.1m (2021: $0.1m).

Remuneration disclosed above includes compensation to past directors in respect of loss of office of $0.2m in 2021.

Of the total emoluments disclosed above, it is not practicable to determine the proportion of such emoluments which are attributable to the directors' service to the Company.

Notes to the consolidated financial statements

7. Income tax

Group	Year ended 31 December 2022 $m	Restated[1] Year ended 31 December 2021 $m
Recognised in the income statement		
Current tax expense excluding below items:	9.8	1.1
Adjustments in respect of prior periods – current tax	(0.8)	(1.5)
Current tax	9.0	(0.4)
Deferred tax credit excluding below items:	(18.3)	0.6
Adjustments in respect of prior periods – deferred tax	4.0	(5.3)
Impact of rate change	-	5.1
Deferred tax	(14.3)	0.4
Income tax credit for the year	(5.3)	-

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

Income tax is calculated at the rates prevailing in the relevant jurisdictions, being 19% (2021: 19%) for the UK, 23% for the US (2021: 26%) and 17% for Singapore (2021: 17%) of the estimated assessable profit for the year.

The total tax charge recognised in the income statement can be reconciled to the accounting profit as follows:

Group	Year ended 31 December 2022 $m	Restated[1] Year ended 31 December 2021 $m
Reconciliation of effective tax rate		
Loss before tax	(129.1)	(68.1)
Tax at prevailing rates in the relevant tax jurisdictions 18.4% (2021: 17.8%)	(23.7)	(12.1)
Tax effect of expenses that are not deductible	15.4	13.8
Difference in tax rates and impact of rate change	(4.1)	5.1
Adjustments in respect of prior periods	3.2	(6.8)
Uncertain tax position	3.9	-
Total tax charge for the year	(5.3)	-

The applicable tax rate of 18.4% (2021: 17.8%) represents a blend of the tax rates and proportions of taxable profit which arise in each jurisdiction. Expenses that are not deductible primarily relate to interest over which there is a limitation from a tax perspective.

Notes to the consolidated financial statements

7. Income tax (Continued)

Factors affecting current and future tax charge

The Group identified that it was taking a potentially overly-prudent position in relation to the tax deductions applied to the amortisation of a number of its historic UK intangibles, and commissioned a tax project with its tax advisors to perform a detailed review of the nature of the historic acquisitions and appropriate tax treatment. The review identified that certain intangibles were eligible for additional tax deductions which had not previously been recognised when they could have been. The impact of this correction is detailed in Note 23.

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was published in the 2021 Finance Bill on 11 March 2021. Therefore, the deferred tax balance relating to the UK as at 31 December 2021 has been calculated at 25% with the difference between the rate used for current tax and deferred tax being $4.1m, and the impact of the change in rate in the prior year on the brought-forward deferred tax balances is $5.1m as presented in the prior year reconciliation above.

8. Intangible assets

Group	Goodwill $m	Intellectual property $m	Customer relationships $m	Trade name $m	Software $m	Total $m
Cost						
As at 1 January 2022 (restated[1])	461.3	756.2	163.2	32.3	9.3	1,422.3
Recognised on business combinations	-	15.5	-	-	-	15.5
Measurement period adjustments	(1.3)	-	-	-	-	(1.3)
Exchange adjustments	0.1	(0.5)	-	-	-	(0.4)
Transfers from other asset categories	-	-	-	-	0.3	0.3
Additions	-	178.6	-	-	2.2	180.8
As at 31 December 2022	460.1	949.8	163.2	32.3	11.8	1,617.2
Amortisation						
As at 1 January 2022	-	(104.5)	(16.6)	(4.2)	(1.3)	(126.6)
Amortisation charge for the period	-	(59.5)	(7.7)	(2.3)	(1.4)	(70.9)
As at 31 December 2022	-	(164.0)	(24.3)	(6.5)	(2.7)	(197.5)
Carrying amount						
As at 31 December 2022	460.1	785.8	138.9	25.8	9.1	1,419.7

Notes to the consolidated financial statements

8. Intangible assets (Continued)

Group	Goodwill $m	Intellectual property $m	Customer relationships $m	Trade name $m	Software $m	Total $m
Cost						
As at 1 January 2021 (restated[1])	458.0	662.0	163.2	32.3	4.8	1,320.3
Recognised on business combinations	3.6	63.9	-	-	-	67.5
Exchange adjustments	(0.3)	(0.2)	-	-	-	(0.5)
Transfers from other asset categories	-	-	-	-	0.4	0.4
Additions	-	30.5	-	-	4.1	34.6
As at 31 December 2021	461.3	756.2	163.2	32.3	9.3	1,422.3
Amortisation						
As at 1 January 2021	-	(54.8)	(8.9)	(2.1)	(0.4)	(66.2)
Amortisation charge for the period	-	(49.7)	(7.7)	(2.1)	(0.9)	(60.4)
As at 31 December 2021	-	(104.5)	(16.6)	(4.2)	(1.3)	(126.6)
Carrying amount						
As at 31 December 2021 (restated[1])	461.3	651.7	146.6	28.1	8.0	1,295.7

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

Included within the amortisation charge for intangible assets of $70.9m (2021: $60.4m) is amortisation of $56.9m (2021: $52.3m) in relation to the amortisation of intangible assets acquired and valued in accordance with IFRS 3.

Included within the software balance as at 31 December 2022 is $1.8m (2021: $0.8m) of software under development. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities for software is $nil (2021: $0.4m). In 2022 a measurement period adjustment was recognised in respect of Ontic ROW acquisitions in 2021. This adjustment arose as a result of a working capital adjustment to consideration and further information received regarding provisions on acquisition. The adjustment resulted in a decrease to goodwill of $1.3m and a decrease to provisions of $0.8m.

Licences and contracts are amortised over the period to which they relate to as detailed in Note 1. Computer software is amortised over its estimated useful life, which is on average five years. The amortisation charge is recognised in administrative expenses for all classes of intangibles.

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit that is expected to benefit from the business combination. The Group considers there to be three cash generating units; goodwill by CGU is disclosed in Note 1. Key assumptions and valuation detail are shown in Note 1.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The value-in-use calculations are based on cash flow forecasts derived from the most recent budgets and detailed financial projections, as approved by management.

Key assumptions

The key assumptions for the value-in-use calculations are discussed and detailed in Note 1.

Notes to the consolidated financial statements

9. Property, plant and equipment

Group	Land and buildings $m	Fixtures and equipment $m	Total $m
Cost			
As at 1 January 2022	17.8	11.6	29.4
Additions	2.8	5.5	8.3
Exchange adjustments	-	(0.1)	(0.1)
Transfers to other asset categories	-	(0.3)	(0.3)
As at 31 December 2022	20.6	16.7	37.3
Accumulated depreciation and impairment			
As at 1 January 2022	(1.9)	(2.9)	(4.8)
Depreciation charge for the year	(1.5)	(1.7)	(3.2)
As at 31 December 2022	(3.4)	(4.6)	(8.0)
Carrying amount			
As at 31 December 2022	17.2	12.1	29.3

Group	Land and buildings $m	Fixtures and equipment $m	Total $m
Cost			
As at 1 January 2021	9.2	10.5	19.7
Recognised on business combinations	8.0	0.5	8.5
Additions	0.2	1.4	1.6
Transfers to other asset categories	0.4	(0.8)	(0.4)
As at 31 December 2021	17.8	11.6	29.4
Accumulated depreciation and impairment			
As at 1 January 2021	(0.9)	(1.3)	(2.2)
Depreciation charge for the year	(1.0)	(1.6)	(2.6)
As at 31 December 2021	(1.9)	(2.9)	(4.8)
Carrying amount			
As at 31 December 2021	15.9	8.7	24.6

Included within the fixtures and equipment balance as at 31 December 2022 is $1.5m (2021: $1.2m) of assets under construction. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities for property, plant and equipment is $3.5m (2021: $4.8m).

These tables exclude right-of use-assets, which are disclosed separately within Note 11 of these accounts.

Notes to the consolidated financial statements

10. Investment in subsidiaries

Company	Investments in subsidiary companies $m
Cost and carrying value	
As at 1 January 2022 and 31 December 2022	**7.2**

The Directors have considered the investments in subsidiary undertakings for impairment by comparing the carrying amount to the value in use and have concluded that no impairment is required.

At 31 December 2022 the subsidiary undertakings of the Company and Group was as follows:

Name	Country of incorporation	Class of share	Proportion held by the Company	Proportion held by the Group
The following undertakings are holding companies:				
Bleriot Finco Limited[10]	England and Wales	Ordinary	100%[1]	100%[1]
Bleriot Midco Limited[10]	England and Wales	Ordinary	-	100%[2]
Bleriot Bidco Limited	England and Wales	Ordinary	-	100%[3]
Bleriot US Bidco Inc.	England and Wales	Ordinary	-	100%[3]
Firstmark Service Corporation	United States	Ordinary	-	100%[7]
Firstmark Corporation	United States	Ordinary	-	100%[6]
The following are the operating entities of the Group:				
Ontic Engineering and Manufacturing Inc.	United States	Ordinary	-	100%[5]
Ontic Engineering & Manufacturing UK Limited	England and Wales	Ordinary	-	100%[4]
AP Filtration Limited[10]	England and Wales	Ordinary	-	100%[9]
Ontic Engineering and Manufacturing Asia-Pacific Pte. Ltd	Singapore	Ordinary	-	100%[4]
Firstmark Aerospace Corporation	United States	Ordinary	-	100%[7]
Twin Commander Aircraft LLC	United States	Ordinary	-	100%[7]
Aircraft Belts Inc.	United States	Ordinary	-	100%[7]
Centroid Inc.	United States	Ordinary	-	100%[7]
Aviation Occupant Safety LLC	United States	Ordinary	-	35%[8]

1 Shareholding is held by Bleriot Finco Holdings Limited
2 Shareholding is held by Bleriot Finco Limited
3 Shareholding is held by Bleriot Midco Limited
4 Shareholding is held by Bleriot Bidco Limited
5 Shareholding is held by Bleriot US Bidco Inc
6 Shareholding is held by Ontic Engineering and Manufacturing Inc.
7 Shareholding is held by Bleriot Firstmark Corporation
8 Shareholding is held by Bleriot Aircraft Belts Inc., joint venture
9 Shareholding is held by Ontic Engineering & Manufacturing UK Limited
10 Exempt from the requirements of the Companies Act 2006 ('CA06') relating to the audit of the individual accounts by virtue of section 479A CA06. In order to comply with section 479A, the Company has issued a guarantee under section 469C CA06 in respect of the liabilities of those subsidiaries.

Details of all registered offices are shown in Appendix 1.

Notes to the consolidated financial statements

11. Leases

For leases with terms not exceeding twelve months, and for leases of low-value assets, the business has exercised the optional application exemptions. The lease payments under these contracts are recognised in profit or loss on a straight-line basis over the term of the lease.

All other leases follow the treatment prescribed under IFRS 16, with the breakdown of assets and liabilities as per the tables below. The leases primarily relate to leases of office and production space.

Leases as lessee

Group	Land and buildings $m	Other right-of-use assets $m	Total $m
Right-of-use assets			
As at 1 January 2022	14.0	0.1	14.1
Additions	0.1	-	0.1
Depreciation	(1.5)	(0.1)	(1.6)
As at 31 December 2022	12.6	-	12.6

Group	Land and buildings $m	Other right-of-use assets $m	Total $m
Right-of-use assets			
As at 1 January 2021	8.9	0.1	9.0
Recognised on business combinations	0.6	-	0.6
Additions	0.1	0.1	0.2
Lease modifications	5.7	-	5.7
Depreciation	(1.3)	(0.1)	(1.4)
As at 31 December 2021	14.0	0.1	14.1

Notes to the consolidated financial statements

11. Leases (Continued)

Lease liabilities

The following table shows the changes in lease liabilities:

Group	Land and buildings $m	Other right-of-use assets $m	Total $m
Lease liabilities			
As at 1 January 2022	(16.7)	(0.1)	(16.8)
Additions	(0.1)	-	(0.1)
Exchange rate adjustments	0.6	-	0.6
Interest expense	(0.9)	-	(0.9)
Lease payments (total cash outflow)	2.0	0.1	2.1
As at 31 December 2022	(15.1)	-	(15.1)
Current	(1.3)	-	(1.3)
Non-current	(13.8)	-	(13.8)
Total	(15.1)	-	(15.1)

Group	Land and buildings $m	Other right-of-use assets $m	Total $m
Lease liabilities			
As at 1 January 2021	(11.4)	(0.1)	(11.5)
Recognised on business combinations	(0.5)	-	(0.5)
Additions	(0.1)	(0.1)	(0.2)
Lease modifications	(5.7)	-	(5.7)
Exchange rate adjustments	0.1	-	0.1
Interest expense	(0.9)	-	(0.9)
Lease payments (total cash outflow)	1.8	0.1	1.9
As at 31 December 2021	(16.7)	(0.1)	(16.8)
Current	(1.0)	(0.1)	(1.1)
Non-current	(15.7)	-	(15.7)
Total	(16.7)	(0.1)	(16.8)

Notes to the consolidated financial statements

11. Leases (Continued)

The following tables presents the contractual maturities of the lease liabilities:

Contractual maturities as at 31 December 2022

Group	< 1 Year $m	1-5 Years $m	> 5 Years $m
Land and buildings	2.1	6.2	10
Other right-of-use assets	-	-	-
Total	2.1	6.2	10

Contractual maturities as at 31 December 2021

Group	< 1 Year $m	1-5 Years $m	> 5 Years $m
Land and buildings	2.0	7.7	17.4
Other right-of-use assets	-	-	-
Total	2.0	7.7	17.4

12. Inventory

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Raw materials	72.9	58.6
Work in progress	29.8	21.9
Finished goods	30.3	29.1
Total	133.0	109.6

The cost of inventories recognised as an expense during the year in respect of continuing operations was $3.5m (2021: $3.7m). The inventory balance as at 31 December 2022 is net of the Group's excess and obsolete provision balance of $79.5m (2021: $69.9m) which is estimated in accordance with the Group's inventory provision policy.

Notes to the consolidated financial statements

13. Trade and other receivables

A loss allowance has been made and included in the Group's trade receivables for estimated irrecoverable amounts from the sale of goods and services of $1.2m (2021: $0.1m). This allowance has been determined by reference to past default experience and expectations of future collection problems, taking into account credit risk characteristics and days past due.

Included in the Group's trade receivables balance are debtors with a carrying amount of $0.9m which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the expected recovery of the trade receivable for the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the loss allowance for doubtful debts. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	Group As at 31 December 2022 $m	Restated[1] Group As at 31 December 2021 $m	Company As at 31 December 2022 $m	Company As at 31 December 2021 $m
Amounts due within one year:				
Trade receivables	65.0	69.1	-	-
Prepayments and other receivables	17.6	10.8	-	-
Trade and other receivables due within one year	82.6	79.9	-	-
Amounts due after more than one year:				
Intercompany loan due from Bleriot Finco Limited	-	-	966.2	877.0
Loan due from related parties (note 24)	0.2	0.2	-	-
Trade and other receivables due after more than one year	0.2	0.2	966.2	877.0

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Ageing of past due but not impaired receivables		
30–60 days	-	0.8
60–90 days	0.3	0.2
90–120 days	0.4	-
Over 120 days	0.2	0.2
	0.9	1.2

Notes to the consolidated financial statements

13. Trade and other receivables (Continued)

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Movement in the loss allowance for doubtful debts		
Beginning of year	(0.1)	(0.9)
(Charged)/credited to profit or loss during the year	(1.1)	0.8
Utilised	-	-
End of year	(1.2)	(0.1)
Analysed as:		
30-60 days	-	-
60-90 days	(0.2)	-
Over 90 days	(1.0)	(0.1)
	(1.2)	(0.1)

The intercompany loan between the Company and Bleriot Finco Limited is unsecured and interest accrues at a fixed rate of 10% per annum. The termination date of the intercompany loan is 31 March 2029.

14. Trade and other payables

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m	Company As at 31 December 2022 $m	Company As at 31 December 2021 $m
Amounts due within one year				
Trade payables	(26.6)	(26.1)	-	-
Other taxation and social security	(0.1)	(0.2)	-	-
Other payables	(28.7)	(23.7)	(0.1)	(0.1)
Accruals	(13.4)	(13.9)	-	-
Deferred income	(9.9)	(5.7)	-	-
	(78.7)	(69.6)	(0.1)	(0.1)

Deferred income relates to payments received in advance, which are recognised as revenue as the goods are shipped. Balances are cleared within a 12-month timeframe.

Notes to the consolidated financial statements

15. Deferred and contingent consideration

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Amounts due within one year		
Deferred consideration	(3.4)	(3.1)
Contingent consideration	(8.8)	(8.3)
	(12.2)	(11.4)
Amounts due greater than one year		
Deferred consideration	-	(2.9)
Contingent consideration	(21.6)	(19.0)
	(21.6)	(21.9)

Deferred and contingent consideration relates to new intellectual property investments. Contingent consideration is the present value of expected royalty or earn-out payments contingent upon future trading or other criteria. Deferred consideration reflects obligations to pay specified amounts at future dates.

16. Loans and borrowings

In Q4 2019 in order to finance the acquisition of the Ontic Group, Bleriot US Bidco Inc. entered into a $730m external long-term debt facility, of which $655m (consisting of $480m 1st Lien and $175m 2nd Lien) had been drawn down initially to finance the acquisition. A further drawdown of $75m of 1st Lien was made in Q1 2020 referred to as the delayed draw term loan (DDTL). The loan facilities are secured over the assets of Bleriot US Bidco Inc. and Bleriot Bidco Ltd in addition to the shares and intercompany receivables of *Bleriot Midco Ltd, Bleriot Finco Ltd and Bleriot Bidco Ltd. The Group incurred financing costs of $28.4m capitalised against the loan* balances and is being amortised on an Effective Interest Rate basis over the expected terms of the facilities. The amortisation expense in the period to 31 December 2022 amounted to $1.5m (2021: $1.6m). The financing facility also contains a Revolving Credit Facility (RCF) of $85m which expires on 30 September 2024 and of which $19.7m is drawn at the year end.

Additionally, on 31 October 2019, Bleriot Finco Holdings Limited issued unsecured loan notes to Bleriot Holdings Jersey Limited for an amount of $710.6m. The proceeds of the loan notes were passed down the holding structure to contribute toward the acquisition of Ontic Engineering & Manufacturing Ltd, Ontic Engineering & Manufacturing Asia Pacific P/L and Ontic Engineering & Manufacturing Inc.

The notes carry PIK interest at a rate of 10% per annum and mature on 30 October 2049. The loan notes were listed on 26 May 2020 on The International Stock Exchange. Listings were made for Bleriot Finco Holdings Limited and its subsidiary Bleriot Bidco Limited (which itself has intercompany PIK notes that eliminate out on consolidation).

In February 2021, the Group repriced its 1st Lien and delayed draw term loan (DDTL) debt of $551m given the favourable market conditions prevailing at the time. The 1st Lien debt was originally priced at a margin of 4.75% and following the reprice process, the 1st Lien debt is now priced at a margin of 4%. For 2021 the DDTL is presented as part of the Nomura 1st Lien balance which reflects that after the repricing process the DDTL and 1st Lien are the same legally and in substance.

In August 2021, the Group repaid the 2nd Lien debt of $175m using $35m of the Group's cash and the proceeds of an additional $140m add-on to the Nomura 1st Lien due to favourable market conditions prevailing at the time. The 2nd Lien debt was originally priced at a margin of 8.5% and following the refinancing process, the refinanced debt is priced at a margin of 4%. The transaction has been accounted for as an extinguishment of the original 2nd Lien balance and accordingly a loss on extinguishment in the prior year P&L of $8.5m was recognised which related to the release of unamortised financing costs on the original 2nd Lien.

Notes to the consolidated financial statements

16. Loans and borrowings (Continued)

A refinancing of an additional $80m 1st lien debt was completed in February 2022 under the same terms as previous loan tranches, and a further refinancing of $85m 1st lien debt was completed in September 2022. The September term loan is non-fungible and interest is calculated at a margin of 4.5%, plus a 0.1% additional credit adjustment, to SOFR. The Group incurred financing costs of $6.3m capitalised against the loan balances and is being amortised on an Effective Interest Rate basis over the expected terms of the facilities.

The Group is in the process of transitioning the $775m LIBOR debt to SOFR, which will be effective from the end of the current quarterly interest period ending 30 June 2023. The Group will also transition the related interest rate hedges to SOFR effective the same date.

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m	Company As at 31 December 2022 $m	Company As at 31 December 2021 $m
Nomura 1st lien	829.6	669.1	-	-
Delayed draw term loan	19.7	-	-	-
Listed loan notes	965.8	876.5	965.8	876.5
	1,815.1	1,545.6	965.8	876.5
Non-current	1,786.8	1,538.7	965.8	876.5
Current	28.3	6.9	-	-
Total	**1,815.1**	**1,545.6**	**965.8**	**876.5**

Group

Loan facilities	**Commitment $m**	**Nominal value $m**	**Accrued interest $m**	**Financing costs $m**	**As at 31 December 2022 $m**	**Term date**
Nomura 1st lien	**860.0**	**841.7**	**16.8**	**(28.9)**	**829.6**	31/10/2026
Revolving credit facility	**85.0**	**19.7**	**-**	**-**	**19.7**	31/10/2027
Listed loan notes	**710.6**	**710.6**	**255.2**	**-**	**965.8**	30/10/2049
Total	**1,655.6**	**1,572.0**	**272.0**	**(28.9)**	**1,815.1**	

The listed loan notes above represent the only loans and borrowings held directly by the Company.

Notes to the consolidated financial statements

16. Loans and borrowings (Continued)

The below table presents the contractual maturity of the principal elements of the loans:

Group
Contractual maturities as at 31 December 2022

	< 1 Year	1-5 Years	> 5 Years
	$m	$m	$m
Nomura 1st lien	8.6	833.1	-
Listed loan notes	-	951.1	-
Total	8.6	1,784.2	-

Company
Contractual maturities as at 31 December 2022

	< 1 Year	1-5 Years	> 5 Years
	$m	$m	$m
Listed loan notes	-	951.1	-

The contractual maturities table presents contractual payments, therefore the difference in ageing compared to the main table represents accrued interest arising due to timing differences on the computation of interest under the effective interest rate and actual method. The contractual maturities of the loans including interest payments is presented within Note 17 Financial Instruments.

Notes to the consolidated financial statements

17. Financial instruments

The carrying value of the financial instruments of the Group are analysed below:

	Group As at 31 December 2022 $m	Restated[1] Group As at 31 December 2021 $m	Company As at 31 December 2022 $m	Company As at 31 December 2021 $m
Financial assets				
Financial assets measured at amortised cost				
Trade receivables	65.0	69.1	-	-
Other receivables	8.9	1.9	-	-
Loans and borrowings	-	-	966.2	877.0
Cash at bank	53.1	38.3	-	-
Financial assets measured at fair value through profit or loss				
Derivatives	13.5	0.1	-	-
	140.5	109.4	966.2	877.0
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade payables	(26.6)	(26.1)	-	-
Other payables	(29.9)	(37.6)	(0.1)	(0.1)
Loans and borrowings	(1,815.1)	(1,545.6)	(965.8)	(876.5)
Lease liabilities	(15.1)	(16.8)	-	-
Financial liabilities measured at fair value through profit or loss				
Derivatives	(0.8)	(1.3)	-	-
Deferred and contingent consideration	(33.8)	(33.3)	-	-
	(1,921.3)	(1,660.7)	(965.9)	(876.6)

As at the year-end there are derivative financial instruments in place designed to provide a hedge against interest rate and foreign exchange movements within the Group. These financial instruments are to address the group's financial risk factors as set out further below.

The derivative financial instruments are Level 2 in the fair value hierarchy as the value of these instruments is driven by an underlying active market. Broker quotes form the basis for determining the fair values of these instruments. Deferred & contingent consideration are Level 3 in the fair value hierarchy as these are valued using expected cash outflows based on the licence purchase terms, Ontic's knowledge of the product line and how the current economic environment is likely to impact it.

[1]Cash at bank in the prior year has been reclassified from financial assets measured at fair value through profit or loss to financial assets measured at amortised cost. This did not result in any changes to the values.

Notes to the consolidated financial statements

17 Financial instruments (Continued)

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Overall, the Group's risk management policies and procedures focus on the uncertainty of financial markets and seek to manage and minimise potential financial risks. These policies include the use of derivative financial instruments. The Group does not permit speculative transactions or use derivative financial instruments when there is no underlying financial exposure. Compliance with policies and exposure limits is reviewed by the Treasury Committee, which convenes on a monthly basis, and with the senior leadership team on a continuous basis.

The impact of the Covid-19 pandemic has been discussed in Note 1. On-going monitoring of the Group's performance is reviewed on continuous basis by the Board and the senior leadership team.

Interest rate risk

The Group is exposed to interest rate risk on its external borrowings, excluding the listed loan notes which bear a fixed rate of interest of 10% per annum. As at the period end a total of $860m of long-term debt had been drawn in four tranches of $555m, $140m, $80m and $85m. All of the debt drawn represents the 1st Lien debt. The 1st Lien debt has been subject to capital repayments of 0.25% a quarter of the principal balance drawn from the end of June 2020. Following capital repayments in the period, the amount of external debt as at the end of the period was $841.7m 1st Lien debt.

The first three tranches, totalling $775m, have a base interest rate of 4% plus 3 month USD LIBOR. The exact LIBOR rate is determined at each quarterly interest payment date when the Group will make an election as to the period to fix the LIBOR rate for. The final $85m tranche has a base interest rate of 4.6% (inclusive of a 0.1% credit adjustment margin) plus 3 month USD SOFR. An indicative SOFR rate is provided before the start of each quarterly interest period, and the final SOFR rate is confirmed at the end of the quarterly interest period ahead of the interest payment date.

The Group is in the process of transitioning the $775m LIBOR debt to SOFR, which will be effective from the end of the current quarterly interest period ending 30 June 2023. The Group will also transition the related interest rate hedges to SOFR effective the same date.

As LIBOR & SOFR (the "interest benchmarks") are subject to volatility, to minimise the impact of this volatility on the income statement it is the Group's policy to fix or cap the interest benchmark rates on between 75% to 100% of the long-term debt.

To achieve this in 2020 the Group entered into an interest rate CAP for $175m at 1.6% and an interest rate SWAP for $384m at 0.6145%. These two derivative instruments provide 82% hedge cover of the long-term debt drawn as at the end of the period. The SWAP fixes the LIBOR rate at 0.6145% providing absolute certainty, while the CAP allows LIBOR to float up and down to a maximum of 1.6%. This provides the opportunity for the Group to benefit from further downside movements in LIBOR while capping it at 1.6%.

From April 2023 to June 2024 an interest rate CAP of 4% is in place for $550m of the term debt. From December 2022 to June 2024 an interest rate CAP of 4% is in place on the $85m of new term debt.

The amount of hedge cover in place does not entirely eliminate interest rate risk, as 18% of the debt is subject to movements in LIBOR and the CAP element allows it to float up to the CAP rate, but it provides the desired interest rate profile and achieves an appropriate balance of exposure to these risks.

A reduction in the interest cost of 1%, when taking into account the hedge cover, would result in a reduction to the interest charge of $27.6m over the remainder of the loan term (approximately 4 years, see Note 16). An increase of 1% would result in an increase of $23.8m to the interest charge over the remainder of the loan term. The interest movement sensitivity is done assuming the margin rate is constant throughout and on an amortisation profile based on a $860m 1st lien drawdown.

The level of hedging is reviewed on a monthly basis at the Group Treasury Committee. Key factors are current market conditions, additional drawings on long term debt, the desired level of cover within the policy parameters and the effective interest rate of the debt. The derivatives in place to achieve the Group's hedging strategy are measured at fair value through profit or loss and are not specifically designated for hedge accounting under IFRS9.

Notes to the consolidated financial statements

17. *Financial instruments (Continued)*

Foreign exchange risk

Where trading and financing takes place in more than one currency, fluctuations in the exchange rates give rise to volatility. The US subsidiaries have minimal foreign exchange exposure. Ontic Engineering & Manufacturing UK Limited has the majority of its revenues and all external / internal financing in USD and has USD functional currency, therefore the foreign exchange risk lies with primarily with the net forecast GBP exposure as at Dec 2022.

The focus of the Group foreign exchange strategy is to ensure the forecasted GBP exposure is effectively managed to minimise volatility on the income statement and where possible, to outperform the market rate and the budget rate.

Ontic UK manages its transactional foreign currency risk by hedging its GBP currency exposures in accordance with foreign exchange treasury policy. The Group Treasury Committee review the forecasted GBP FX exposure to be hedged on a regular basis. The nearest quarter is to be hedged between 50-100%. The further out the forecast the lower the level of hedging, unless specifically approved by the Treasury Committee.

To comply with the foreign exchange risk management strategy, the impact of currency fluctuations on the income statement and cashflow is being minimised through the use of foreign currency exchange derivatives. These derivatives are all GBP contracts and are measured at fair value through profit or loss in the financial statements.

Financial instruments held in GBP foreign currency at the period end are as follows:

	Group As at 31 December 2022 £m	Group As at 31 December 2021 £m
Cash at bank	8.7	3.6
Trade and other receivables	12.8	10.0
Trade and other payables	(18.5)	(12.4)

There are also some financial instruments held in Euros and Singapore dollars, but the amounts are immaterial.

(a) Foreign exchange transaction risk

The Group manages its transactional foreign currency risk by hedging significant currency exposures in accordance with the Group foreign exchange policy. Transaction currency risk is managed using forward foreign exchange contracts. All significant committed exposures are fully hedged and where significant foreign currency exposures exist typically a percentage of the projected foreign currency flows is also hedged. Based upon the forecast exposure as at period end a 10c movement in the GBPUSD exchange rate would move annual profit by +/-$3.9 million.

(b) Foreign exchange translation risk

The Company's policy in relation to foreign exchange translation risk is not to hedge the Statement of Profit and Loss since such hedges only have a temporary effect. The Company does not undertake derivative transactions to hedge foreign exchange translation exposures.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of loss allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on a lifetime loss expectation using credit risk characteristics, days past due and anticipated changes in economic conditions.

A 10% increase in the value of the allowance for doubtful receivables as at 31 December 2022 would decrease profit and net assets by $0.1m.

Notes to the consolidated financial statements

17. Financial instruments (Continued)

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group manages credit risk through rigorous customer and supplier set up policies, which require detailed third-party vetting investigations to be performed together with a credit worthiness assessment. Subsequently, credit limits are reviewed regularly and if a customer/supplier does not trade with Ontic for a period of 12 months or more the credit limit is removed. The calculated expected credit loss represents 1.8% of the current debtor balance and is based on historical patterns.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of trade receivables as per Note 13, which also includes an ageing analysis. The Group manages expected credit loss by creating a provision for overdue debt, with a 30% provision applied to invoices 60 days past due, and 80% applied to invoices 90 days past due. Further adjustments are made where necessary in accordance with the expected credit loss model under IFRS 9.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in foreign currency exchange rates and interest rates. The Group has well defined policies for the management of these risks which includes the use of derivative financial instruments.

Liquidity risk

Liquidity risk is managed by the Group Treasury Function to ensure funds are available for all working capital, operational, finance charges and future acquisitions.

There is daily review of cash balances within the entire group which is circulated to senior management and operational teams.

The liquidity requirements are evaluated using a detailed weekly cashflow forecast which cover a rolling 13/14 week period. These detailed forecasts are shared and reviewed with the senior leadership team weekly along with accuracies to establish how accurate the forecasts are and a continuous review to improve the process.

A longer term cashflow, which goes out to the year end and provides an extended time horizon, is also completed on a weekly basis to provide a strategic view of liquidity.

The Group's policy is to ensure there is sufficient cash in the business to ensure no cash crunches occur during the 13/14 weekly cycle of the forecasts and provide recommendations on when to draw/repay revolving credit facilities. Headroom on facilities is regularly evaluated and consistently monitored to ensure that the Group has adequate headroom and liquidity.

In addition to the cashflow forecast produced a specific FX forecast is produced to determine the foreign currency required to be bought and sold to meet operational requirements. This also demonstrates how much hedging is in place to ensure the Group is within its FX policy and has sufficient cover in place.

Notes to the consolidated financial statements

17. Financial instruments (Continued)

The below table presents the maturities of liabilities at undiscounted values, including future interest payable:

Contractual maturities as 31 December 2022	< 1 Year $m	1-5 Years $m	> 5 Years $m
Loans and borrowings – principal	8.6	1,784.3	-
Loans and borrowings – interest	74.3	264.3	-
Lease liabilities	2.1	6.2	10.0
Deferred consideration	3.4	-	-
Trade payables	26.6	-	-
Other payables	23.4	-	-
Total	138.4	2,054.8	10.0

Contractual maturities as 31 December 2021	< 1 Year $m	1-5 Years $m	> 5 Years $m
Loans and borrowings – principal	6.9	1,540.2	-
Loans and borrowings – interest	31.0	406.9	-
Lease liabilities	2.0	7.7	11.3
Deferred consideration	3.1	2.9	-
Trade payables	26.1	-	-
Other payables	43.5	-	-
Total	112.6	1,957.7	11.3

In the preceding table, interest is presented as per the full term of the liabilities, with the exception of the loan notes which have a term of 30 years. The PIK interest on the loan notes has been calculated based on a period of 2 years being the expected life of the loan notes.

Capital risk management

The capital structure of the Group consists of external debt financing and equity, the latter of which flows between the group as inter-company debt. The Group Treasury Function maintains a weighted average cost of capital (WACC) calculation for the consolidated Group as well as by key trading businesses.

There are restrictions on the amount of external financing that can be obtained which are driven by the covenant calculations contained within the Credit Facility Agreement for the existing debt.

The key ratios are the First Lien Net Leverage Ratio, Total Net Leverage Ratio, Cash Interest Coverage Ratio, Secured Net Leverage Ratio. These covenants determine the quantum of additional long-term debt that can be obtained by the Group and measure the Group's ability to service its debt.

Notes to the consolidated financial statements

18. Provisions

Group	Warranty $m	Other $m	Total $m
As at 1 January 2022	(7.8)	(21.2)	(29.0)
Recognised on business combinations	(0.2)	(0.5)	(0.7)
Measurement period adjustments	0.1	0.7	0.8
Charged	(5.3)	(35.1)	(40.4)
Utilised	3.0	2.4	5.4
Released	0.6	0.1	0.7
Unwind of discounting	-	(1.0)	(1.0)
As at 31 December 2022	(9.6)	(54.6)	(64.2)

Group	Warranty $m	Other $m	Total $m
As at 1 January 2021	(7.9)	(1.0)	(8.9)
Recognised on business combinations	(1.8)	(22.1)	(23.9)
Charged	(5.3)	(0.8)	(6.1)
Utilised	2.3	1.9	4.2
Released	4.9	2.0	6.9
Unwind of discounting	-	(1.2)	(1.2)
As at 31 December 2021	(7.8)	(21.2)	(29.0)

Warranty provisions relate to product warranties issued on sales; they are estimated based on historical patterns of product returns, warranty periods vary between 12 months and 4 years.

Other provisions relate to allowances for potential liquidated damages, onerous contracts on new IP acquisitions and dilapidations. The liabilities have an expected life of up to 20 years. For discussion on key estimates & accounting judgements applied, please refer back to Critical accounting judgements and key sources of estimation uncertainty in Note 1 – Accounting Policies & Presentation.

Notes to the consolidated financial statements

18. Provisions (Continued)

Analysed as:	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Current liabilities	(25.9)	(12.7)
Non-current liabilities	(38.3)	(16.3)
	(64.2)	(29.0)

19. Deferred taxation

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset for financial reporting purposes):

Group	Property, plant and equipment $m	Other assets $m	Other liabilities $m	Goodwill and intangibles $m	Total $m
Balance as at 1 January 2022 (restated[1])	(4.6)	17.6	(0.1)	(52.6)	(39.7)
Credited/(charged) in the period	(0.3)	14.5	0.1	-	14.3
Balance as at 31 December 2022	(4.9)	32.1	-	(52.6)	(25.4)

	Group As at 31 December 2022 $m	Restated[1] Group As at 31 December 2021 $m
Deferred tax assets	32.1	26.2
Deferred tax liabilities	(57.5)	(65.9)
	(25.4)	(39.7)

[1]See note 23 for details regarding the restatement of the tax treatment of certain historic intangible assets.

There are no unrecognised deferred tax assets. The Group is expected to generate sufficient future profits on the basis of forecast results in order to support the deferred tax assets recognised.

Part of the deferred tax asset relates to Realised losses on derivates and Loss on extinguishment of foreign exchange positions, of which the gross (pre-tax) impact is $44.8m, split 43.9m and 0.9m respectively as disclosed in note 5. The loss has been recognised from a tax perspective on the basis that these were contracts entered into by an authorised individual in the course of their duties for Ontic. We will continue to review and confirm the appropriateness of this position through the coming period.

Notes to the consolidated financial statements

20. Notes to the cash flow statement

Cash and cash equivalents

	Group As at 31 December 2022 $m	Group As at 31 December 2021 $m
Cash and bank balances	53.1	38.3

Net cash flow from operating activities

	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Operating profit	53.0	64.2
Depreciation of property, plant and equipment	4.8	4.0
Amortisation of intangible assets	70.9	60.4
Increase in inventory provisions	9.8	13.0
Increase in other provisions and non-cash items	43.4	9.4
Operating cash inflows before movements in working capital	181.9	147.2
Increase in trade and other receivables	(4.8)	(19.6)
Increase in inventories	(33.2)	(24.4)
Increase in trade and other payables	9.1	11.2
Increase in working capital	(28.9)	(32.8)
Cash generated from operations	153.0	114.4
Income taxes paid	(0.2)	(2.8)
Net cash inflow from operating activities	152.8	111.6

Non-cash transactions

Other non-cash items

Within the 'increase in provisions and other non-cash items' line are $8.1m (2021: $1.2m) of non-cash adjustments, of which $7.8m (2021: $0.1m) relate to fair value adjustments to deferred and contingent consideration on purchases of intellectual property by the Group.

Notes to the consolidated financial statements

20. Notes to the cash flow statement (Continued)

Financing activities

The Group has external debt of $1,572.2m nominal value as at 31 December 2022 which reconciles to the cashflow statement as follows – total principal repayments for the year totalled $113.1m, interest repayments of $47.4m, interest rate swap settlement of $4.8m, borrowing costs of $6.3m and commitment fees paid of $0.3m. Interest accruing in excess of interest payments during the year to 31 December 2022 of $4.7m.

Investing activities

Deferred and contingent consideration of $0.3m was recognised on business combinations in the period to 31 December 2022.

21. Share capital and share premium

	As at 31 December 2022 $m	As at 31 December 2021 $m
Share capital – authorised, issued & fully paid	0.1	0.1
Share premium	7.1	7.1
Total	7.2	7.2

Upon incorporation, Bleriot Finco Holdings Limited issued 100 ordinary shares of $1 nominal value at par for consideration of $100.

During the period from 25 September 2019 to 31 December 2020 Bleriot Finco Holdings Limited issued 721,516,813 ordinary shares of $0.0001 nominal value at a premium of $0.0099 for consideration of $7,215,168.13.

All share capital has been authorised, issued and fully paid. All ordinary shares have voting rights attached and have the right to participate in the profits of the company.

Retained earnings – All other net gains and losses and transactions with owners (e.g. dividends) have not been recognised elsewhere.

22. Reconciliation between Profit/loss before tax and Adjusted EBITDA

Adjusted EBITDA is a non-GAAP key performance measure used to monitor and evaluate the underlying operating performance of the Group and its liquidity. Adjusted EBITDA means earnings before interest, taxes, depreciation and amortisation plus, as applicable for each relevant period, certain adjustments for exceptional and other items as described below.

Exceptional items, with the exception of terminated acquisition costs, relate solely to costs incurred as a direct result of the separation of the business from BBA Aviation and the work required to establish the standalone Ontic Group.

Other items adjusted for the purpose of calculating Adjusted EBITDA include costs relating to acquisitions which are material to the associated business segment, significant restructuring programmes and other non-operating or non-recurring professional fees, costs and expenses.

Notes to the consolidated financial statements

22. Reconciliation between Profit/loss before tax and Adjusted EBITDA (continued)

A reconciliation from Group Profit/loss before tax to Adjusted EBITDA is presented below.

	Note	Group Year ended 31 December 2022 $m	Group Year ended 31 December 2021 $m
Loss before tax		(129.1)	(68.1)
Add: Finance costs		182.1	132.3
Add: Amortisation and depreciation	4	75.7	64.4
Add: Exceptional items	4	1.7	1.4
Add: Restructuring costs	4	1.1	1.7
Add: Other acquisition costs	4	11.1	2.8
Add: Other non-operating or non-recurring costs		8.7	0.7
Adjusted EBITDA		151.3	135.2

23. Restatement of historic intangible tax treatment

The Group identified that it was taking a potentially overly-prudent position in relation to the tax deductions applied to the amortisation of a number of its historic UK intangibles, and commissioned a tax project with its tax advisors to perform a detailed review of the nature of the historic acquisitions and appropriate tax treatment. The review identified that certain intangibles were eligible for additional tax deductions which had not previously been recognised when they could have been. The impact of this correction results in the derecognition of a $12.3m deferred tax balance that was recognised on the acquisition of the business by the Company in 2019, with a corresponding reduction in the goodwill created as a result of the deferred tax having been recognised. The impact in the previous accounting period's results is as shown below.

Statement of profit or loss and comprehensive income (extract)	Year ended 31 December 2021 $m	Increase/ (decrease) $m	Restated Year ended 31 December 2021 $m
Loss before tax	(68.1)	-	(68.1)
Tax income/(expense)	(3.2)	3.2	-
Loss for the year	(71.3)	3.2	(68.1)
Other comprehensive income for the year	0.4	-	0.4
Total comprehensive loss for the year	(70.9)	3.2	(67.7)

Notes to the consolidated financial statements

23. Restatement of historic intangible tax treatment (Continued)

	Year ended 31 December 2021 $m	Increase/ (decrease) $m	Restated Year ended 31 December 2021 $m	Year ended 31 December 2020 $m	Increase/ (decrease) $m	Restated Year ended 31 December 2020 $m
Balance sheet (extract)						
Goodwill	473.7	(12.4)	461.3	470.3	(12.3)	458.0
Deferred tax assets	23.4	2.8	26.2	8.4	0.9	9.3
Deferred tax liability	(79.7)	13.8	(65.9)	(59.6)	12.7	(46.9)
Trade and other receivables	79.5	0.4	79.9	57.7	0.1	57.8
Net liabilities	(177.7)	4.6	(173.1)	(106.8)	1.4	(105.4)
Retained earnings	(185.0)	4.6	(180.4)	(114.5)	1.4	(113.1)
Total equity	(177.7)	4.6	(173.1)	(106.8)	1.4	(105.4)

24. Related parties

Related party transactions

The Group issued interest-bearing loans of $0.2m (2021: $nil) to key management personnel and other members of the senior management team during the year; amounts outstanding at the year-end were $0.1m (2021: $0.2m); amounts paid during the year were $0.2m (2021: $0.9m). The loans have an initial term of three years and bear interest at the HMRC rate of interest, which for 2022 was 2.0% (2021: 2.0%). No loans were written off or waived during the year.

Moneycorp Financial Risk Management Ltd ("Moneycorp") has been identified as a related party of the Group, as Chairman of the Group's Board, Alan Bowkett, is also the Chairman of Moneycorp. Under the direction of the then Group Treasurer, the Group entered into a number of structured FX option positions with Moneycorp in addition to a number of other providers. Expiry losses of $74k have been realised in the period, in addition to a loss on close-out of the positions in August 2022 of $3.68m. No open positions remained as at the year end.

In the ordinary course of business, sales and purchases of aircraft parts have taken place between the Ontic businesses. These are eliminated on combination of the businesses and are not disclosed in this note.

The Company has taken the exemption under FRS 101 from disclosing transactions with wholly-owned subsidiaries of the Group.

Compensation of key management personnel

Key management personnel of the Group are considered to be the Directors sitting on the Ontic Board, including statutory and non-statutory Directors. The remuneration of key management personnel for the year directly from the Group consisted of $1.7m of short-term benefits being salary, bonus and benefits in kind of (2021: $2.2m). Post-employment benefits received for the year totalled $nil (2021: $86k). No other long-term benefits, termination or share based payments were made.

Notes to the consolidated financial statements

25. Ultimate parent company

The company is a subsidiary of Bleriot Topco Ltd, incorporated in Jersey. The ultimate parent company is Bleriot Holdings Jersey Ltd, incorporated in Jersey. The Directors believe that there is no controlling party given the diverse shareholdings of Bleriot Holdings Jersey Ltd, which is controlled by funds managed by CVC Capital Partners. The largest (and smallest) group in which the results of the company are consolidated is that headed by Bleriot Finco Holdings Limited, incorporated in England and Wales, and registered at 2nd Floor 107 Cheapside, London, England, EC2V 6DN.

26. Post balance sheet events

There were no post balance sheet events.

Notes to the consolidated financial statements

Appendix 1

Registered Offices

Bleriot Finco Holdings Limited – 2nd Floor 107 Cheapside, London, United Kingdom, EC2V 6DN
Bleriot Finco Limited - 2nd Floor 107 Cheapside, London, United Kingdom, EC2V 6DN
Bleriot Midco Limited - 2nd Floor 107 Cheapside, London, United Kingdom, EC2V 6DN
Bleriot Bidco Limited - 2nd Floor 107 Cheapside, London, United Kingdom, EC2V 6DN
Ontic Engineering & Manufacturing UK Limited - Cleeve Business Park, Bishops Cleeve, Cheltenham, Gloucestershire, United Kingdom, GL52 8TW
AP Filtration Limited - Cleeve Business Park, Bishops Cleeve, Cheltenham, Gloucestershire, United Kingdom, GL52 8TW
Ontic Engineering and Manufacturing Asia-Pacific Pte - 1075 West Camp Road, Seletar Airport, Singapore (797800)
Bleriot US Bidco Inc. - c/o Maples Fiduciary Services (4001 Kennett Pike, Suite 302, Wilmington, DE 19807, USA)
Ontic Engineering and Manufacturing Inc. - 20400 Plummer Street, Chatsworth, CA 91311, USA
Firstmark Aerospace Corporation - 1176 Telecom Drive, Creedmoor, N.C. 27522, USA
FirstMark Service Corporation - 1176 Telecom Drive, Creedmoor, N.C. 27522, USA
FirstMark Corporation - 1176 Telecom Drive, Creedmoor, N.C. 27522, USA
Twin Commander Aircraft LLC - 1176 Telecom Drive, Creedmoor, N.C. 27522, USA
Aircraft Belts Inc. - 1176 Telecom Drive, Creedmoor, N.C. 27522, USA
Centroid Inc. - 111 Ames Court, Plainview, New York 11803, USA
Aviation Occupant Safety LLC – 1176 Telecom Drive, Creedmoor, N.C. 27522, USA