


MARTIN-BAKER AIRCRAFT COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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MARTIN-BAKER AIRCRAFT COMPANY LIMITED

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MARTIN-BAKER AIRCRAFT COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

J S Martin, CBE, BAI, BA
J W Martin, CBE, FEng, MA BAI, FRAeS, CEng
R J Martin, BEng (Hons), MSC (Eng), CEng, MIMechE
A J Martin, BA (Hons)
R K Morgan

REGISTERED OFFICE

Lower Road
Higher Denham
Near Uxbridge
Middlesex
England
UB9 5AJ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

The directors present the Strategic Report of Martin-Baker Aircraft Company Limited (the "Company") for the year ended 31 March 2025.

Review of the business and future developments

The results for the year and the financial position at the year-end are set out on pages 13 to 14 of these financial statements. Below are the key performance indicators in each of the last three financial years that are reviewed by senior management.

| | 2022/23 £m | 2023/24 £m | 2024/25 £m |
|-------------------------------|---------------|---------------|---------------|
| Order Intake 1 | 372.7 | 389.0 | 472.6 |
| Closing Order Book 1 | 666.7 | 736.6 | 827.1 |
| Pre-tax Operating Cash Flow 2 | 62.9 | 33.5 | 54.4 |
| Inventory 3 | 147.2 | 192.8 | 227.8 |

1 Order Intake and Order Book

The directors closely monitor the value of order intake each month and the overall value of the order book, as these are good indicators of the future state of the Company. The figures for the order intake include multi-year orders, not all of which will ship in the next financial year.

Last year, the directors stated that the level of the Company's order book meant that they were expecting turnover for this year to be higher than that of the previous year. This has been borne out with an increase in turnover of £58.2m from £324.5m to £382.7m this year, notwithstanding some increase in arrears. On time delivery remains a key focus of the business and the directors aim to improve the position going into 2025/26.

The profile of the order book currently means that the directors expect the revenue during the coming year to be higher than the current year. However, this is reliant on the Company's suppliers' capacity to meet demand and other production constraints which management will continue to monitor closely.

2 Pre-tax Operating Cash Flow

The directors regard the operating cash flow as a good indicator of the Company's health. The Company's pre-tax operating cash flow has increased by £20.9m, predominantly driven by increases revenues, offset by a continued increase in working capital. The directors regard this level of cash flow as satisfactory and will continue to invest in R&D and operational capabilities as deemed appropriate.

3 Inventory

Inventory levels have increased significantly due to the Company's inventory management strategy to mitigate supply constraints in order to meet the demands of a large future order book and as a consequence of production constraints.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company, and how these are mitigated, are listed below.

Loss of a single source supplier

The Company is reliant upon a range of single/sole source suppliers. In the event that they are no longer able to supply the Company, it will affect production timescales and it may not be possible to meet agreed delivery schedules. The global supply chain challenges have reduced over the year but remain elevated.

Stock buffers are held where required and appropriate. The Company continues to develop close working relationships with suppliers to ensure early warning signs of potential failure are disclosed and that their business continuity planning capabilities are appropriate.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Principal risks and uncertainties (continued)

Failure to comply with Health and Safety requirements

A safety defect has the potential to result in injury or death to seat occupants, bystanders and our employees. Failure to maintain high HSE standards could result in breach of regulations, financial loss and reputational damage. Financial penalties in respect of HSE incidents may also be incurred.

A Product Safety Committee exists with accountability for identification and management of risk. Risk assessments are conducted in support of the health and safety surveillance process and overseen by the Health and Safety Committee. Internally, health and safety training is provided at an early stage of an individual's employment. Training is refreshed as required.

Recruitment and knowledge transfer of skilled employees

The Company employs a large number of highly experienced and knowledgeable employees. There is a risk of loss of knowledge or capability if these employees leave and the Company may not be able to recruit sufficiently skilled replacements.

A succession planning process is in place along with department skills matrices and the focus on cross-skilling has been increased.

Ineffective programme execution

The inability to successfully deliver programmes in line with the agreed customer requirements may result in cost overruns, loss-making contracts, contractual disputes and reputational damage. Ineffective project delivery may also expose the Company to long-term obligations including legal action and additional costs to remedy solution shortfalls.

There is a dedicated programme management team in place to ensure successful delivery of projects. Regular, consistent communication is mandated with the customer to ensure each milestone schedule is safeguarded from overall delays. Both the customer and the Company are engaged and invested in the successful delivery of programmes.

Foreign exchange

The Company's revenues are geographically diverse (see note 4). The Company has limited vulnerability to a weakness in any one country's economy. The level of revenues and/or the Company's profitability can, however, be affected by exchange rate fluctuations. The variation of Sterling against the US Dollar and Euro during the year resulted in a gain on exchange of £1.6 million (2024: gain of £1.6 million). This has been included in net operating expenses (see note 5). Large, non-GBP sales contracts are generally hedged to mitigate this risk.

IT systems and Cyber-security

As a key supplier in the defence industry's supply chain, we must ensure that the organisation's security meets governments' and other relevant requirements worldwide. The Company faces cyber-security and related risks which are key areas of critical importance for all businesses, particularly for those involved in the defence and security sector. A breach of data security, cyber-attacks or IT systems failure, leading to loss of customer or company information could have an adverse impact on our reputation, customer confidence, operational delivery and lead to potential regulatory action and financial penalties.

We employ a holistic security threat approach through addressing the risk in the Information and Cyber space. Our changing and increasingly sophisticated threat environment is continuously reviewed, using appropriate tools and techniques, as part of our overarching security strategy such that new and emerging threats are removed or mitigated.

Stakeholder Engagement

The directors of the Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors as listed in section 172 (1) of the Companies Act 2006.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. We set out in the table below our key stakeholder groups, their material interests and how the Company and Board engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Stakeholder Engagement (continued)

| Stakeholder | Their interest | How we engage | How the Board engages |
|--|---|--|---|
| Employees | <ul style="list-style-type: none"> - Training, development and prospects - Health and safety - Working conditions - Diversity and inclusion - Fair pay and benefits | <ul style="list-style-type: none"> - Employee surveys - All staff emails - Workforce posters and communications - Whistleblowing procedures - Annual appraisal process - Employee handbook and policies available on shared drive - Sustained communication with workforce representation organisations | <ul style="list-style-type: none"> - Board receives periodic reports on employee matters - Monthly updates given by Vice President of HR in Business Management Team meetings |
| Customers | <ul style="list-style-type: none"> - Reputation - On time delivery - Price and pricing consistency - Range and product/service availability - Safety - Innovation and technology - Financial performance | <ul style="list-style-type: none"> - Customer surveys - Customer complaints - Industry events - Attendance at exhibitions/air shows - Direct marketing and communication - Service life leaflets distributed to all customers as and when required - Annual review of new technology developments | <ul style="list-style-type: none"> - Quarterly updates given by Vice Presidents of Engineering and Business Development. - Monthly Board meetings and updates on trading - Executive Director involvement with senior executives of customers |
| Suppliers | <ul style="list-style-type: none"> - Fair trading - Payment terms - Anti-bribery and corruption - Long term partnerships - Ethical behaviour in the supply chain - Financial performance | <ul style="list-style-type: none"> - Half yearly disclosures of Supplier Payment Practice Reporting - KPIs and feedback - Resolution of issues in a timely manner - Payment within agreed payment terms | <ul style="list-style-type: none"> - Monthly updates given by Vice President of Sourcing in Business Management Team meetings - Executive Director involvement with senior executives of suppliers |
| Investors | <ul style="list-style-type: none"> - Long term sustainability of the business - Reputation - Financial performance - Returns/dividends | <ul style="list-style-type: none"> - External audit - Non-executive directors in place for the Board, Risk and Audit Committees - Half year and Annual Shareholders Report - Quarterly presentation of subsidiary results by CFO | <ul style="list-style-type: none"> - Monthly Board meetings - Quarterly Board meeting for parent company - Audit and Risk Committee meetings throughout the year - AGM - Board review and approval of financial statements |
| Corporate Social Responsibility (CSR) | <ul style="list-style-type: none"> - Sustainability - Recycling and waste management - Energy usage and carbon emissions - Climate change - Road safety - Human rights - Education | <ul style="list-style-type: none"> - Direct engagement with local councils and community groups - Working with local schools, colleges and universities to offer placements and employment - Awarding scholarships and funding to help deserving applicants from deprived backgrounds study Engineering at university - Maintenance of our registration to the global ISO 14001 standard - Environment Steering Group meets monthly to manage, track and report on progress with environmental issues - Supporting a range of local projects and charities - Departmental Business Continuity Plans are reviewed and updated frequently | <ul style="list-style-type: none"> - Board oversight of Corporate Responsibility plans - Disclosure of key CSR events in the Annual Shareholders' Report - Board approval of all charitable donations - Board oversight and overall responsibility of Business Continuity Plans - SECR reporting in financial statements |

The Strategic Report was approved by the Board of Directors on 14 August 2025 and signed on its behalf by:



J S Martin
Director
14 August 2025

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The directors present their annual report and audited financial statements of Martin-Baker Aircraft Company Limited (the "Company") for the year ended 31 March 2025.

Principal activities

The Company offers a total design, development, manufacturing and sales facility for aerospace safety and escape systems. This facility is world leading and enables the Company to sustain a pre-eminent position in the global marketplace.

Results and dividends

The profit for the year, after taxation, amounted to £63,997,000 (2024: £66,029,000). The decrease in the current year's profit after tax arises from a combination of factors such as:

- A reduced gross margin in comparison to prior year driven by product mix and continued cost pressures on materials and labour;
- Expenditure of £2,337,000 (2024: nil) included within administrative expenses, incurred to implement a newer version of the Group's main ERP system which was approaching its end of support by the vendor;
- A past service cost expense of £7,606,000 (2024: £1,647,000) arising from discretionary pension increases in the defined benefit pension scheme, included within administrative expenses; and
- A higher corporation tax expense of £25,445,000 (2024: £20,079,000).

The closing net asset position was £343,273,000 (2024: £307,992,000).

Interim dividends of £35,000,000 were paid during the year ended 31 March 2025 (2024: nil).

No final dividend is recommended (2024: none).

Directors and directors' interests

The following persons served as directors during the year and up to the date of signing these financial statements:

J S Martin, CBE, BAI, BA
J W Martin, CBE, FEng, MA BAI, FRAeS, CEng
R J Martin, BEng (Hons), MSC (Eng), CEng, MIMechE
A J Martin, BA (Hons)
R K Morgan

Financial risk management

Foreign exchange risk

The Company's revenues are geographically diverse, with significant exposure to USD and EUR. Exchange rate fluctuations can materially affect both revenue and profitability. The Company actively manages this risk through:

- Natural hedging by matching revenues and costs in the same currency where possible.
- Forward foreign exchange contracts to hedge large non-GBP sales contracts.
- At 31 March 2025, the Company held forward contracts with a fair value asset of £3.1m (2024: £4.0m), as disclosed in Note 17.
- A gain of £1.6m (2024: £1.6m) was recognised in the year from exchange rate movements.

Credit risk

The Company's credit risk primarily arises from trade receivables. The risk is considered low due to the nature of the customer base, which includes government agencies and large multinational corporations. No significant concentrations of credit risk were identified at the reporting date. Key controls include:

- Credit checks on new customers.
- Ongoing monitoring of receivables ageing.

Liquidity risk

The Company maintains a strong liquidity position and does not currently utilise external borrowings. Liquidity risk is managed through:

- Regular cash flow forecasting and scenario planning.
- Maintenance of adequate cash reserves and short-term investments.
- Availability of cash from the parent company, Killinchy Aerospace Holdings Limited through an intercompany credit facility.

Price risk

The Company is exposed to price risk through inflationary pressures on materials and labour, particularly in long-term fixed-price contracts. Risk mitigation includes:

- Regular review of supplier pricing and contract term with inclusion of inflation clauses where feasible.
- Active monitoring of cost escalation and margin erosion.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025****Financial risk management (continued)****Interest Rate Risk**

The Company has no borrowings and is not exposed to interest rate risk on liabilities. Interest income on cash balances is subject to market rates, but the impact is not considered material.

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure. The Company is not subject to externally imposed capital requirements.

Health and safety of employees

The Company remains firmly committed to its health and safety responsibilities in providing a safe working environment for its workforce and the safest ejection seats in the world for its users. We continue to work towards or maintain a best practice approach in all areas, and regularly review, audit and risk assess our policies and procedures.

Employees

The Company holds regular consultations with its workforce on matters relating to current and future employment. Recruitment, training, career development and promotion policies within the Company provide equal opportunities for all employees and should, as far as is reasonably possible, be identical for disabled persons. Special facilities are granted for employees who become disabled whilst an employee of the Company to allow them to continue in their current role or to be trained for other suitable positions within the Company. Employees are provided with information about the Company performance through regular presentations by management.

Research and development activities

The Company is heavily committed to research and development activities so as to maintain its position as the market leader. Refer to note 5 for R&D expenditure charged to the income statement.

Post balance sheet events

The defined benefit scheme entered into a £73.4m buy-in transaction covering all of the scheme members. The buy-in had an inception date of 8 May 2025 whereby assets of the plan were invested in a bulk purchase annuity policy with the insurer, Aviva, under which the benefits payable to defined benefit members covered under the scheme became fully insured. This has been treated as a non-adjusting post balance sheet event and, accordingly, has not impacted the recognition or measurement of the pension scheme assets and liabilities in the financial statements as at the reporting date.

Streamlined Energy and Carbon Report (SECR)

The Company is pleased to report its current and historic UK based annual energy usage and associated annual greenhouse gas emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019. In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. The annual reporting period is 1 April to 31 March each year.

Restatement of SECR Figures:

The Company has identified errors in the prior year's SECR disclosures where energy consumption from diesel usage was incorrectly omitted from the mandatory requirements and gas usage was understated due to the omission of usage at a Company site. The comparative figures for the year ended 31 March 2024 have been restated to reflect this.

The restatement reflects a more accurate representation of the Company's energy usage and emissions. The correction has no impact on the financial results.

Breakdown of energy consumption used to calculate emissions (kWh):

| | 2023/24 (As originally reported) | 2023/24 (Restated) | 2024/25 |
|---------------------------------|-------------------------------------|-----------------------|-------------------|
| Mandatory requirements: | | | |
| Gas | 2,905,692 | 3,227,206 | 3,508,953 |
| Purchased electricity | 10,462,129 | 10,462,129 | 11,600,195 |
| Transport fuel | 1,790,754 | 1,790,754 | 776,626 |
| Diesel | - | 666,147 | 830,580 |
| Total energy (mandatory) | 15,158,575 | 16,146,237 | 16,716,354 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025****Streamlined Energy and Carbon Report (SECR) continued**Breakdown of emissions associated with the reported energy use (tCO₂e)

| | 2023/24 (As originally reported) | 2023/24 (Restated) | 2024/25 |
|---|-------------------------------------|-----------------------|----------------|
| Mandatory requirements: | | | |
| <u>Scope 1</u> | | | |
| Gas | 536.2 | 604.9 | 664.7 |
| Company owned vehicles | 413.0 | 413.0 | 157.6 |
| Diesel | - | 167.9 | 209.3 |
| <u>Scope 2</u> | | | |
| Electricity (location based) | 2,166.4 | 2,166.4 | 2,401.8 |
| <u>Scope 3</u> | | | |
| Category 6: Business travel (employee-owned vehicles) | 27.6 | 27.6 | 31.4 |
| Total gross emissions (mandatory) | 3,143.2 | 3,379.8 | 3,464.9 |

Intensity ratios (mandatory emissions only)

| | 2023/24 (As originally reported) | 2023/24 (Restated) | 2024/25 |
|--|-------------------------------------|-----------------------|---------|
| Tonnes of CO ₂ e per million-pound turnover | 9.7 | 10.4 | 9.1 |
| Tonnes of CO ₂ e per employee | 2.8 | 3.0 | 2.8 |

Energy efficiency action during current financial year

In the year 1 April 2024 to 31 March 2025, the Company has undertaken the following actions to improve energy efficiency:

- Installed enhanced electrical metering for all three site distribution units and enabled live monitoring of electricity use across all circuits.
- Updated lighting and HVAC controls. These systems are programmed to switch off under certain conditions, operate in eco mode over a broader range, use solar gain during daylight hours and allow natural room temperature adjustment.
- Increased the number of PV (solar) cells installed across the site.
- The Company purchases its electricity for key manufacturing sites in the UK through a 100% renewable energy contract. This is not reflected in the Scope 2 emissions which use the location-based methodology to calculate emissions.

Political donations

There were no political donations during the year (2024: nil).

Qualifying third party indemnity provisions

The Company has arranged a Directors and Officers liability insurance policy which has been in force during the year and is currently in force as at the date of the approval of these financial statements.

Matters covered in the Strategic Report

The future developments of the Company and how the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and other stakeholders are discussed in the Strategic Report.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

Directors' confirmations

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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report and the financial statements on pages 13 to 32 were approved by the Board of Directors on 14 August 2025 and signed on its behalf by:



J S Martin
Director

14 August 2025

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTIN-BAKER AIRCRAFT COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Martin-Baker Aircraft Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2025; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTIN-BAKER AIRCRAFT COMPANY LIMITED

Reporting on other information (continued)

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Health and Safety Executive and anti-bribery and corruption legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Designing risk filters to search for journal entries, such as those posted with unusual account combinations, and testing those journal entries highlighted (if any); and
- Incorporating elements of unpredictability into the audit procedures performed.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTIN-BAKER AIRCRAFT COMPANY LIMITED

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
14 August 2025

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025**

| | Note | 2025 £'000 | 2024 £'000 |
|--|------|----------------|----------------|
| Turnover | 4 | 382,731 | 324,485 |
| Cost of sales | | (231,477) | (182,062) |
| Gross profit | | 151,254 | 142,423 |
| Administrative expenses | | (66,133) | (58,677) |
| Gain on foreign exchange | | 1,582 | 1,569 |
| Operating profit | 5 | 86,703 | 85,315 |
| Investment Income | | 1,000 | – |
| Interest receivable and similar income | 9 | 2,061 | 1,130 |
| Interest payable and similar expenses | 10 | – | (9) |
| Other finance costs | 11 | (322) | (328) |
| Profit before taxation | | 89,442 | 86,108 |
| Tax on profit | 12 | (25,445) | (20,079) |
| Profit for the financial year | | 63,997 | 66,029 |
| Other comprehensive (expense)/income: | | | |
| Movement of deferred tax on pension scheme | 23 | (2,095) | (499) |
| Total remeasurement gain on pension scheme | 28 | 8,379 | 1,994 |
| Other comprehensive income for the year | | 6,284 | 1,495 |
| Total comprehensive income for the year | | 70,281 | 67,524 |

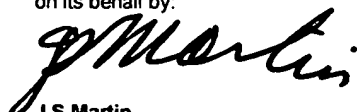
All results relate to continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

| | Note | 2025 £'000 | 2024 £'000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 14 | 846 | 639 |
| Property, plant and equipment | 15 | 48,512 | 45,731 |
| Investments | 16 | 2,088 | 2,088 |
| Total fixed assets | | 51,446 | 48,458 |
| Current assets | | | |
| Inventories | 17 | 227,779 | 192,800 |
| Trade and other receivables | 18 | 105,300 | 88,380 |
| Cash at bank and in hand | 19 | 17,915 | 8,468 |
| Restricted deposits | 19 | 210 | 15,420 |
| Total current assets | | 351,203 | 305,068 |
| Total assets | | 402,649 | 353,526 |
| Trade and other payables: amounts falling due within one year | 20 | (53,414) | (40,324) |
| Provisions for liabilities | 21 | (1,209) | (2,235) |
| Total assets less current liabilities | | 348,026 | 310,967 |
| Trade and other payables: amounts falling due after more than one year | 20 | - | (210) |
| Provisions for liabilities | 21 | (4,753) | (2,765) |
| Net assets | | 343,273 | 307,992 |
| Capital and reserves | | | |
| Called up share capital | 24 | 832 | 832 |
| Share premium account | 25 | 1,584 | 1,584 |
| Capital contribution | 25 | 1,197 | 1,197 |
| Retained earnings | 25 | 339,660 | 304,379 |
| Total shareholders' funds | | 343,273 | 307,992 |

The financial statements on pages 13 to 32 were approved and authorised for issue on 14 August 2025 by the Board and were signed on its behalf by:



J S Martin
Director

The notes on pages 16 to 32 form part of these financial statements.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025**

| | Note | Called-up Share capital £'000 | Share premium account £'000 | Capital contribution £'000 | Retained earnings £'000 | Total shareholders' funds £'000 |
|--|------|--|-----------------------------------|----------------------------------|-------------------------------|--|
| At 1 April 2024 | | 832 | 1,584 | 1,197 | 304,379 | 307,992 |
| Profit for the year | | - | - | - | 63,997 | 63,997 |
| Other comprehensive (expense)/income: | | | | | | |
| Movement of deferred tax on pension scheme | | - | - | - | (2,095) | (2,095) |
| Total remeasurement gain on pension scheme | | - | - | - | 8,379 | 8,379 |
| Total comprehensive income for the year | | - | - | - | 70,281 | 70,281 |
| Transactions with owners | | | | | | |
| Dividends paid | 13 | - | - | - | (35,000) | (35,000) |
| At 31 March 2025 | | 832 | 1,584 | 1,197 | 339,660 | 343,273 |

FOR THE YEAR ENDED 31 MARCH 2024

| | Note | Called-up Share capital £'000 | Share premium account £'000 | Capital contribution £'000 | Retained earnings £'000 | Total shareholders' funds £'000 |
|--|------|--|-----------------------------------|-------------------------------|-------------------------------|--|
| At 1 April 2023 | | 832 | 1,584 | 1,197 | 236,855 | 240,468 |
| Profit for the year | | - | - | - | 66,029 | 66,029 |
| Other comprehensive (expense)/income: | | | | | | |
| Movement of deferred tax on pension scheme | | - | - | - | (499) | (499) |
| Total remeasurement gain on pension scheme | | - | - | - | 1,994 | 1,994 |
| Total comprehensive income for the year | | - | - | - | 67,524 | 67,524 |
| Transactions with owners | | | | | | |
| Dividends paid | 13 | - | - | - | - | - |
| At 31 March 2024 | | 832 | 1,584 | 1,197 | 304,379 | 307,992 |

The notes on pages 16 to 32 form part of these financial statements.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Martin-Baker Aircraft Company Limited is a private company limited by shares which is domiciled and incorporated in the United Kingdom. The registered office is Lower Road, Higher Denham, Near Uxbridge, Middlesex, UB9 5AJ, England.

The Company offers a total design, development, manufacturing and sales facility for aerospace safety and escape systems. This facility is without equal in the industry and enables the Company to sustain a pre-eminent position in the global marketplace.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention modified by revaluation of financial assets and liabilities held at fair value through profit and loss, unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption to prepare a statement of cash flows, on the basis that it is a qualifying entity and its cash flows are included in the consolidated group financial statements, which are available from Companies House.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group accounting policies (see note 3).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41 (f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Killinchy Aerospace Holdings Limited as at 31 March 2025. Details on how to obtain the consolidated financial statements are provided in note 30.

Consolidation

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This takes into account review of the liquidity of the Company and the Company's forecasts and projections, including closing order book. Therefore, the Company continues to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All equipment delivered or accepted for delivery is invoiced before the year end and the value included at sales price. Equipment manufactured but where title has not passed to the customer is included in inventories at standard cost.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****2. Accounting policies (continued)****Sale of services**

Turnover from the sale of services is recognised based on the level of completion as at the year end. The Company uses the percentage of completion method based on actual costs incurred to date as a percentage of total expected costs. This input-based method recognises turnover over time based on costs incurred to date to the satisfaction of the contract performance obligation relative to the total forecast costs to complete the performance obligation. This position is reviewed and updated by management as the contract runs through its term. When it is probable total contract costs will exceed total contract price, the expected future loss is recognised immediately as an expense.

Royalties and commissions

Royalties and commissions from licensees are included in the financial statements within administrative expenses on an accruals basis, unless these represent costs to obtain a contract, in which case they are capitalised and presented with other receivables.

Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the year in which they are incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values using the straight-line method over their useful lives on the following bases:

| | |
|---------------------------|---------------------------------|
| Rocket track | - 6.7% |
| Assets under construction | - Not depreciated |
| Plant & machinery | - 10% to 25% depending on usage |
| Motor vehicles | - 20% |
| Fixtures & fittings | - 20% |
| Aircraft | - 10% |
| Computer equipment | - 25% |
| Freehold land & buildings | - 4% |

Freehold land is not depreciated. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Expenditure on low value items of fixed assets is charged to the Statement of Comprehensive Income in the year in which it is incurred.

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

Assets under construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Intangible assets

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised using the straight-line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year.

The following useful life is applied:

| | |
|----------|-------|
| Software | - 25% |
|----------|-------|

Investments

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

Impairment of non-financial assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each Statement of Financial Position date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolescence based on future usage, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. Foreseeable future losses arising on fixed price manufacturing contracts are provided for in full.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Debtors

With the exception of derivative financial instruments, short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, where applicable, are shown within borrowings within current liabilities.

Restricted deposits

Restricted deposits, being cash balances held in a pension escrow account, are excluded from cash and cash equivalents in note 19.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives. Derivatives are only entered into for the purpose of risk management and are not utilised for speculative purposes.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Amounts are classified as current if payment is due within one year or less. If not, they are presented as non-current.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions in currencies other than the functional currency of each component business and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, other than the functional currency of the relevant business unit, are recognised in the Statement of Comprehensive Income.

Interest receivable and similar income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Investment Income

Investment income is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established.

Interest payable and similar expenses

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are only disclosed in the financial statements when an inflow of economic benefits is probable. However, when the flow of future economic benefits to the entity is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

Onerous contracts

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The present obligation under the contract shall be recognised and measured as a provision.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

Research and development

In the research phase of a project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years. If it is not possible to distinguish between the research phase and the development phase of a project, the expenditure is treated as if it were all incurred in the research phase only.

The cost of fixed assets acquired or constructed in order to provide facilities for research and development over a number of years is capitalised.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the year in which they are incurred.

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

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

Retirement benefits

The Company, jointly with Killinchy Aerospace Holdings Limited (the participating employers), operates a defined benefit scheme in the UK known as The Martin-Baker Pension Scheme. This Scheme provides pension benefits for the majority of the UK employees of the group who joined before 1 October 2012. The funds of the Scheme are administered by Trustees and are separate from those of the Company. An independent actuary completes a valuation at least every three years and, in accordance with their recommendations, annual contributions are paid to the Scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions.

The Company is the principal employer and the entity legally responsible for the plan and has applied defined benefit accounting. The defined benefit obligation is calculated using the projected unit credit method. Annually, the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in GBP and that have terms approximating the estimated period of the future payments ("discount rate"). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy.

If the Scheme is in a net deficit position, a liability is recognised on the Statement of Financial Position in the financial statements of the Company. If the Scheme is in a net surplus position, this is restricted to nil and no asset is recognised on the statement of financial position, unless there is clear evidence that the Company will benefit from the surplus. Adjustments to restrict a net surplus position in conjunction with actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income.

The cost of the defined benefit plan, recognised in profit or loss as 'pension costs', comprises:

- The increase in pension benefit liability arising from employee service during the period; and
- The cost of past service costs, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. This cost is recognised in profit or loss as "Other Interest payable and similar expenses" or "Other interest receivable and similar income", as appropriate.

The Scheme was closed to future pension accrual with effect from 30 September 2013, because it did not satisfy the requirements for auto-enrolment. However, the accrued benefits earned to that date will continue to increase in line with the employees' salaries.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

Retirement benefits (continued)

The Company contributes to a Group SIPP arrangement administered by Hargreaves Lansdown in order to comply with the requirements for auto-enrolment. The pension cost charge represents contributions payable by the Company to these funds.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

a) Critical judgements in applying the Company's accounting policies

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

i) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The cost and the obligation of the Company's defined benefit pension scheme is based on a number of key assumptions. Further details are provided in note 28.

If the pension scheme is in a deficit position, this is recognised in full and presented on the face of the statement of financial position. In the event of a surplus, the Company has made the judgement not to recognise this as it is unlikely that any surplus in the scheme will be available for the use of the Company.

ii) Contingent liabilities and provisions

Judgement is applied in assessing the Group's exposure to ongoing litigations and claims. This involves evaluating whether a present obligation exists, the likelihood of an outflow of economic resources, and the reliability of estimating such outflow. These judgments are based on current legal advice, historical outcomes of similar cases, and anticipated future impacts. In cases where the obligation or outcome is uncertain, the probability of adverse results and the potential financial implications is considered in order to determine whether disclosure or recognition of a provision is appropriate. Regular reviews are conducted to incorporate new information or changes when available.

b) Critical accounting estimates and assumptions

The key assumptions affected by future uncertainty that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are:

i) Inventory obsolescence

Provisions are made to cover the excessive loss in the value of inventory held, likely to arise through obsolescence, damage, expired shelf life or a lack of future demand. The Company makes a 100% provision against inventory meeting these criteria.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****4. Turnover**

An analysis of turnover by class of business is as follows:

| | 2025 £'000 | 2024 £'000 |
|------------------|----------------|----------------|
| Sale of goods | 358,603 | 304,680 |
| Sale of services | 24,128 | 19,805 |
| | 382,731 | 324,485 |

An analysis of the Company's turnover by geographical area is as follows:

| | 2025 £'000 | 2024 £'000 |
|-------------------|----------------|----------------|
| United Kingdom | 67,874 | 57,301 |
| North America | 143,839 | 138,168 |
| Europe | 68,167 | 59,490 |
| Rest of the world | 102,851 | 69,526 |
| | 382,731 | 324,485 |

5. Operating profit

The operating profit is stated after charging/(crediting):

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Research and development expenditure | 31,014 | 31,976 |
| Gain on foreign exchange | (1,582) | (1,569) |
| Operating lease – rental from parent | 2,450 | 2,450 |
| Operating lease – others (note 22) | 215 | 150 |
| Research and development expenditure tax credit (RDEC) | (3,215) | (4,164) |
| Depreciation and amortisation (note 14,15) | 6,279 | 5,188 |
| Profit on disposal of tangible assets (note 15) | (10) | (341) |
| Royalties receivable | (1,823) | (1,498) |
| Defined benefit pension scheme past service costs (note 28) | 7,606 | 1,647 |
| Impairment of inventory (note 17) | 5,543 | 2,585 |

Included within research and development expenditure are staff costs of £24,162,000 (2024: £21,606,000), which are included within note 7.

6. Auditors' remuneration

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Fees paid to the Company's auditors and associates for: | | |
| The audit of the Company's annual financial statements | 154 | 150 |

Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed in the consolidated financial statements of the parent company, Killinchy Aerospace Holdings Limited.

The directors have agreed with the Company's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the Company's financial statements for the year to 31 March 2025 should be limited to the greater of £5 million or 5 times the auditors' fees, and that in any event the auditors' liability for damages should be limited to that part of any loss suffered by the Company as is just and equitable having regard to the extent to which the auditors, the Company and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 5 March 2025.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****7. Employees**

Staff costs during the year were as follows:

| | 2025 £'000 | 2024 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 63,033 | 56,983 |
| Social security costs | 6,937 | 6,217 |
| Other pension costs | 5,766 | 5,075 |
| | 75,736 | 68,275 |

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

| | 2025 Number | 2024 Number |
|-----------------------|----------------|----------------|
| Production and sales | 639 | 616 |
| Office and management | 574 | 524 |
| | 1,213 | 1,140 |

8. Directors' remuneration

| | 2025 £'000 | 2024 £'000 |
|-----------------------------------|---------------|---------------|
| Aggregate directors' remuneration | 1,645 | 1,605 |
| Pension costs | 37 | 35 |
| | 1,682 | 1,640 |

During the year, retirement benefits were accruing to one director (2024: one) in respect of defined contribution pension schemes.

Whilst the directors of the Company are remunerated by the parent company, Killinchy Aerospace Holdings Limited, the remuneration of all the directors are apportioned for services rendered to the Company and their total remuneration for the year is disclosed above.

The highest paid director received remuneration of £383,000 (2024: £383,000). There were no contributions to money purchase schemes made in respect of the highest paid director. The Company does not operate share options or long-term share incentive schemes.

9. Interest receivable and similar income

| | 2025 £'000 | 2024 £'000 |
|---------------------------|---------------|---------------|
| Other interest receivable | 2,061 | 1,130 |
| | 2,061 | 1,130 |

10. Interest payable and similar expenses

| | 2025 £'000 | 2024 £'000 |
|------------------------|---------------|---------------|
| Other interest payable | - | 9 |
| | - | 9 |

11. Other finance costs

| | 2025 £'000 | 2024 £'000 |
|---------------------|---------------|---------------|
| Other finance costs | 322 | 328 |
| | 322 | 328 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****12. Tax on profit**

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Current tax | | |
| Current tax on profits for the year | 24,691 | 19,700 |
| Adjustments in respect of prior years | 1,229 | (2,415) |
| Foreign tax relief/other relief | (42) | (162) |
| Foreign tax suffered | 139 | 186 |
| Total current tax | 26,017 | 17,309 |
| Deferred tax | | |
| Origination and reversal of timing differences | (2,316) | 27 |
| Effect of changes to tax rates | - | - |
| Adjustments in respect of prior years | 1,744 | 2,743 |
| Total deferred tax | (572) | 2,770 |
| Tax on profit | 25,445 | 20,079 |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2024: lower than) the standard rate of corporation tax in the UK of 25.0% (2024: 25.0%).

The differences are explained below.

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Profit before tax | 89,442 | 86,108 |
| PBT multiplied by standard rate of UK corporation tax of 25.0% (2024: 25.0%) | 22,360 | 21,527 |
| Expenses not deductible for tax purposes | 289 | 250 |
| Patent box deduction | - | (2,043) |
| Adjustments to tax charge in respect of prior years | 2,973 | 328 |
| Income not taxable | (250) | - |
| Effect of overseas tax rates | 73 | 17 |
| Tax charge for the year | 25,445 | 20,079 |

13. Dividends

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Interim dividends for the year of £42.07 (2024: £nil) per share | 35,000 | - |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****14. Intangible assets**

| Cost | Software £'000 |
|---------------------------------|-------------------|
| At 1 April 2024 | 3,012 |
| Additions | 357 |
| Transfers between asset classes | 250 |
| At 31 March 2025 | 3,619 |
| Accumulated amortisation | |
| At 1 April 2024 | 2,373 |
| Charge for the year | 400 |
| At 31 March 2025 | 2,773 |
| Net book value | |
| At 31 March 2025 | 846 |
| At 31 March 2024 | 639 |

15. Property, plant and equipment

| Cost | Plant & Machinery £'000 | Freehold Land & buildings £'000 | Motor vehicles £'000 | Fixtures & fittings £'000 | Aircraft £'000 | Computer equipment £'000 | Rocket track £'000 | Assets under construction £'000 | Total £'000 |
|---------------------------------|-------------------------------|--|----------------------------|---------------------------------|-------------------|--------------------------------|-----------------------|---------------------------------------|----------------|
| At 1 April 2024 | 40,221 | 14,113 | 1,039 | 9,471 | 4,948 | 4,608 | 242 | 14,204 | 88,846 |
| Additions | 2,157 | 1,510 | 35 | 1,651 | - | 839 | - | 3,600 | 9,791 |
| Disposals | (842) | (0) | (87) | (1) | - | (0) | - | (66) | (996) |
| Transfers between asset classes | 5,406 | 6,264 | - | 1,032 | - | 223 | - | (13,175) | (250) |
| At 31 March 2025 | 46,941 | 21,887 | 988 | 12,153 | 4,948 | 5,669 | 242 | 4,563 | 97,391 |
| Accumulated depreciation | | | | | | | | | |
| At 1 April 2024 | 27,722 | 2,481 | 662 | 6,197 | 2,074 | 3,755 | 224 | - | 43,115 |
| Charge for the year | 2,633 | 799 | 113 | 1,324 | 464 | 543 | 5 | - | 5,879 |
| Disposals | (28) | (0) | (87) | (0) | - | (0) | - | - | (115) |
| At 31 March 2025 | 30,327 | 3,280 | 688 | 7,521 | 2,537 | 4,297 | 228 | - | 48,879 |
| Net book value | | | | | | | | | |
| At 31 March 2025 | 16,614 | 18,606 | 300 | 4,632 | 2,411 | 1,372 | 14 | 4,563 | 48,512 |
| At 31 March 2024 | 12,499 | 11,632 | 377 | 3,273 | 2,874 | 853 | 18 | 14,204 | 45,731 |

During the year, sales proceeds of £891,000 (2024: £659,000) were received from the disposal of tangible assets with a net book value of £881,000 (2024: £318,000), resulting in a profit on disposal of £10,000 (2024: £341,000 profit) as shown within note 5.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****16. Investments**

| Cost | Investment in subsidiary companies £'000 |
|--|--|
| At 1 April 2024 and 31 March 2025 | 2,170 |
| Accumulated impairment | |
| At 1 April 2024 and 31 March 2025 | 82 |
| Net book value | |
| At 31 March 2025 | 2,088 |
| At 31 March 2024 | 2,088 |

Direct subsidiary undertakings

The following are direct subsidiary undertakings of the Company and are owned 100% by Martin-Baker Aircraft Company Limited.

| Name | Country of incorporation | Ownership % | Class of shares | Registered address | Principal activity |
|-----------------------------|-----------------------------|----------------|-----------------|---|--|
| J. Martin Armaments Limited | UK | 100 | Ordinary | Armaments Works, Southlands Rd, Denham, Uxbridge, Middlesex | Dormant |
| Hydramec Limited | UK | 100 | Ordinary | Haverscroft Industrial Estate, New Rd, Attleborough, Norfolk | Aerospace safety and escape systems |

17. Inventories

| | 2025 £'000 | 2024 £'000 |
|-------------------------------|----------------|---------------|
| Raw materials and consumables | 190,956 | 157,105 |
| Work in progress | 36,823 | 35,695 |
| | 227,779 | 192,800 |

An impairment loss of £5,543,000 (2024: £2,585,000) was recognised in cost of sales during the year due to slow-moving and obsolete inventory. The replacement cost is not deemed to be substantially different from the book value.

18. Trade and other receivables

| Amounts falling due within one year | 2025 £'000 | 2024 £'000 |
|-------------------------------------|----------------|---------------|
| Trade receivables | 62,953 | 51,277 |
| Amounts owed by Group undertakings | 4,261 | 4,834 |
| Other receivables | 12,033 | 6,783 |
| Corporation tax recoverable | 1,165 | 5,496 |
| Derivative financial assets | 3,115 | 4,040 |
| Prepayments and accrued income | 21,773 | 15,950 |
| | 105,300 | 88,380 |

The amounts owed by Group undertakings are unsecured and are repayable on demand. Interest is paid on the balance based on the SONIA interest rate plus a margin. All amounts are measured at amortised cost.

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****18. Trade and other receivables (continued)**

The derivative financial instruments are made up of foreign currency forward contracts. The foreign currency contracts are measured at fair value through profit or loss, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for the relevant currencies. All other amounts are at amortised cost.

During the year, a loss of £925,000 (2024: gain of £2,645,000) was recognised in the Statement of Comprehensive Income for changes in the fair value of foreign currency contracts.

19. Cash at bank, in hand and restricted deposits

| | 2025 £'000 | 2024 £'000 |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 17,915 | 8,468 |
| | 17,915 | 8,468 |
| | 2025 £'000 | 2024 £'000 |
| Restricted deposits | 210 | 15,420 |
| | 210 | 15,420 |

Restricted deposits relate to contingent consideration payable for the acquisition of Hydramec Limited.

20. Trade and other payables

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Trade payables | 17,704 | 8,549 |
| Amounts owed to Group undertakings | 4,783 | 37 |
| Other taxation and social security | 1,807 | 1,623 |
| Other payables | 2,843 | 2,483 |
| Accruals | 6,219 | 13,114 |
| Deferred income and payments received on account | 20,058 | 14,518 |
| | 53,414 | 40,324 |

The amounts owed to Group undertakings are unsecured and are repayable on demand. Interest is paid on the balance based on the SONIA interest rate plus a margin. All amounts are measured at amortised cost.

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Amounts falling due after more than one year | | |
| Other payables | - | 210 |
| | - | 210 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****21. Provisions for liabilities**

| | Onerous contract provisions | Deferred tax provision (note 23) | Other provisions | Total |
|---|-----------------------------|----------------------------------|------------------|--------------|
| At 1 April 2024 | 1,675 | 2,275 | 1,050 | 5,000 |
| Utilised | (2,595) | – | – | (2,595) |
| Charged/(credited) to the Statement of Comprehensive Income | 1,909 | (572) | 125 | 1,462 |
| Charged to Other Comprehensive Income | – | 2,095 | – | 2,095 |
| At 31 March 2025 | 989 | 3,798 | 1,175 | 5,962 |

Ageing of provision

| | 2025 £'000 |
|-----------------------|---------------|
| Current provision | 1,209 |
| Non-current provision | 4,753 |
| | 5,962 |

Onerous contracts

A provision is recorded for onerous contracts where there is an expectation that the contract costs are likely to exceed revenues in future years. Inherent uncertainties in measuring the provision relate to estimates of the future costs expected to be incurred and of revenues expected to be received. A provision for onerous contracts of £989,000 (2024: £1,675,000) is recorded at 31 March 2025.

22. Obligations under operating leases

At 31 March 2025 and 31 March 2024, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2025 £'000 | 2024 £'000 |
|--------------------------|---------------|---------------|
| Within one year | 215 | 150 |
| Within two to five years | 268 | 334 |
| | 483 | 484 |

A charge of £215,000 (2024: £150,000) was taken to the Statement of Comprehensive Income in the year ended 31 March 2025, as disclosed in note 5.

23. Deferred taxation

| | 2025 £'000 | 2024 £'000 |
|--|----------------|----------------|
| Deferred tax (liability)/asset at the beginning of the year | (2,275) | 994 |
| Adjustments in respect of prior years charged to Statement of Comprehensive Income | (1,744) | (2,743) |
| Credited/(charged) to Statement of Comprehensive Income | 2,316 | (27) |
| Charged to Other Comprehensive Income | (2,095) | (499) |
| Deferred tax liability at the end of the year | (3,798) | (2,275) |

The deferred tax (liability)/asset is made up as follows:

| | 2025 £'000 | 2024 £'000 |
|--------------------------------|----------------|----------------|
| Fixed asset timing differences | (3,800) | (2,345) |
| Other timing differences | 2 | 70 |
| At end of year | (3,798) | (2,275) |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****23. Deferred taxation (continued)**

The deferred taxation balance comprises of:

| | 2025 £'000 | 2024 £'000 |
|---|----------------|----------------|
| Asset due in more than one year | 2 | 70 |
| Liability due in more than one year | (3,800) | (2,345) |
| Net deferred tax (liability)/asset | (3,798) | (2,275) |

24. Called up share capital

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 832,016 (2024: 832,016) ordinary shares of £1 (2024: £1) each | 832 | 832 |

25. Reserves**Share premium account**

The share premium account reflects proceeds generated on issue of shares in excess of their nominal values and is a non-distributable reserve.

Capital contribution

Capital contribution represents contributions to the equity capital of the Company, but is not made in exchange for shares issued to the contributor and it does not constitute a separate asset in its own right.

Retained earnings

Retained earnings represent the accumulated profits and losses made by the Company less any distributions made.

26. Contingent liabilities

At 31 March 2025, the Company had contingent liabilities relating to performance guarantees totalling £ 20,060,000 (2024: £19,761,000).

The Company has on occasion been required to take legal action to protect and enforce its rights, or otherwise and similarly to defend itself against proceedings brought by other parties. Associated legal contingencies may include, but are not limited to, the following:

- Patent litigation, which typically involves challenges to the coverage and/or validity of patents on various products, processes or systems. An adverse outcome could result in loss of patent protection for a product, a significant loss of revenues from a product, impairment of the value of associated assets and/or injunction or payment of damages relating to a product.
- Product liability and other product-related litigation related to current or former products, which often involves highly complex issues relating to technical, scientific evidence and findings, actual, provable injury or damages and other matters.
- Commercial, contractual and other asserted or unasserted matters, which can include acquisition-, licensing- or intellectual property-related claims and proceedings, and can involve complexities that will vary from matter to matter.
- Government investigations, which often are related to the extensive regulation of defence sector and aerospace companies by national, state and local government agencies across various international jurisdictions.

Contingent liabilities associated with such proceedings have been identified but the directors are of the opinion that any associated claims that have been or might be brought can be resisted successfully. No provision has been made for these proceedings unless management, taking into account professional advice received, assesses that it is more likely than not that such proceedings may lead to a material outflow in settlement.

27. Capital commitments

At 31 March, the Company had capital commitments as follows:

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Capital commitments authorised, contracted but not provided for at 31 March | 3,794 | 5,455 |
| | 3,794 | 5,455 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****28. Pension and post-retirement benefits****Defined benefit**

The Company, jointly with Killinchy Aerospace Holdings Limited ("the participating employers"), operates a defined benefit scheme in the UK known as The Martin-Baker Pension Scheme. This Scheme provides pension benefits for the majority of the UK employees of the group who joined before 1 October 2012. The funds of the Scheme are administered by Trustees and are separate from those of the Company.

An independent actuary completes a valuation at least every three years and, in accordance with their recommendations, annual contributions are paid to the Scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions.

The Scheme was closed to future pension accrual with effect from 30 September 2013, because it did not satisfy the requirements for auto-enrolment. However, the accrued benefits earned to that date will continue to increase in line with the employees' salaries.

A full actuarial valuation was carried out in October 2023 and updated to 31 March 2025 by a qualified independent actuary.

The defined benefit scheme held by the main operating subsidiary, Martin-Baker Aircraft Company Limited, entered into a £73.4m buy-in transaction covering all of the scheme members. The buy-in had an inception date of 8 May 2025 whereby assets of the plan were invested in a bulk purchase annuity policy with the insurer, Aviva, under which the benefits payable to defined benefit members covered under the scheme became fully insured. This has been treated as a non-adjusting post balance sheet event and, accordingly, has not impacted the recognition or measurement of the pension scheme assets and liabilities in the financial statements as at the reporting date.

As a result of inducements offered to scheme members as part of the buy-in process this year, significantly higher past service costs of £7,606,000 (2024: £1,647,000) has been charged to the consolidated statement of comprehensive income. The link to the future salary increases for members has been removed from the scheme and this has been reflected in the actuarial assumptions adopted.

| Reconciliation of present value of plan liabilities | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Beginning of year | 68,512 | 68,050 |
| Interest expense | 3,137 | 3,107 |
| Past service costs | 7,606 | 1,647 |
| Benefits paid | (5,001) | (3,948) |
| Actuarial gain | (6,440) | (734) |
| Experience (gain)/loss on liabilities | (70) | 881 |
| Changes to demographic assumptions | (160) | (491) |
| End of year | 67,584 | 68,512 |

| Reconciliation of fair value of plan assets | 2025 £'000 | 2024 £'000 |
|--|---------------|----------------|
| Beginning of year | 103,404 | 107,180 |
| Interest income | 4,777 | 4,938 |
| Benefits paid | (5,001) | (3,948) |
| Administration expense | (756) | (339) |
| Return on assets less interest | (8,287) | (4,427) |
| End of year | 94,137 | 103,404 |

| Composition of plan assets | 2025 £'000 | 2024 £'000 |
|-----------------------------------|---------------|----------------|
| Corporate bonds | 39,006 | 41,066 |
| Property | 1,348 | 1,544 |
| Cash | 8,151 | 12,493 |
| Gilts | 45,632 | 48,301 |
| Total plan assets | 94,137 | 103,404 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****28. Pension and post-retirement benefits (continued)**

The amounts recognised in the Statement of Financial Position are determined as follows:

| | 2025 £'000 | 2024 £'000 |
|-----------------------------------|---------------|---------------|
| Fair value of plan assets | 94,137 | 103,404 |
| Present value of plan liabilities | (67,584) | (68,512) |
| Surplus in scheme | 26,553 | 34,892 |
| Restriction of surplus | (26,553) | (34,892) |
| Net pension liability | - | - |

The amounts recognised in the Statement of Comprehensive Income are as follows:

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Administrative expense | 756 | 339 |
| Past service costs | 7,606 | 1,647 |
| Interest income on plan assets | (4,777) | (4,938) |
| Interest expense on liabilities | 3,137 | 3,107 |
| Interest on effect of asset ceiling | 1,657 | 1,839 |
| Total charge to Statement of Comprehensive Income | 8,379 | 1,994 |

The amounts recognised in Other comprehensive (expense)/income are as follows:

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Loss on assets in excess of interest | (8,287) | (4,427) |
| Experience loss on liabilities | 70 | (881) |
| Gain from changes to demographic assumptions | 160 | 491 |
| Gain from changes to financial assumptions | 6,440 | 734 |
| Gain/(loss) from change in effect of asset ceiling | 9,996 | 6,077 |
| Total remeasurement gain | 8,379 | 1,994 |

The principal actuarial assumptions used were as follows:

| | 2025 | 2024 |
|-------------------------|-------|-------|
| Discount rate | 5.60% | 4.75% |
| Future salary increases | Nil | 3.75% |
| RPI Inflation rate | 3.50% | 3.50% |
| CPI Inflation rate | 3.05% | 3.00% |

Mortality rate

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and scheme experience.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date (aged 65 now) is as follows:

| | 2025 Years | 2024 Years |
|--------|---------------|---------------|
| Male | 86.4 | 86.4 |
| Female | 88.6 | 88.5 |

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date (aged 45 now) is as follows:

| | 2025 Years | 2024 Years |
|--------|---------------|---------------|
| Male | 88.0 | 88.0 |
| Female | 90.3 | 90.2 |

MARTIN-BAKER AIRCRAFT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025****28. Pension and post-retirement benefits (continued)**

A quantitative sensitivity analysis on the value placed on the liabilities, for significant assumptions and their approximate effect on the liabilities, is as shown below:

| | 2025 £'000 | 2024 £'000 |
|----------------------|---------------|---------------|
| Discount rate -0.25% | 1,907 | 2,030 |
| Inflation +0.25% | 968 | 868 |
| Mortality 90% SP3XA | 2,169 | 2,010 |

Defined contribution

The Company contributes to a Group SIPP arrangement administered by Hargreaves Lansdown in order to comply with the requirements for auto-enrolment. The pension cost charge for the year amounted to £5,766,000 (2024: £5,075,000) as disclosed in note 7.

29. Related party transactions

Refer to Note 8 'Directors' Remuneration' for details of directors' remuneration for the year.

In the year to 31 March 2025, the Company had, in aggregate, the under noted values of transactions with Safran Martin-Baker France SA ("SMBF") and SICAMB S.p.A. ("SICAMB").

All balances are unsecured and are settled in cash.

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Turnover | 23,802 | 20,779 |
| Purchases | (559) | (615) |
| Royalties receivable | 154 | 89 |
| Commission expense for the year | (1,669) | (2,975) |
| Interest receivable | - | - |
| Net balance owed to the Company at the year end | 9,827 | 7,502 |
| Provision for bad debt | - | - |

Safran Martin-Baker France SA ("SMBF")

The parent company, Killinchy Aerospace Holdings Limited, has a 50% share in SMBF, a company incorporated in France.

SICAMB S.p.A. ("SICAMB")

The parent company, Killinchy Aerospace Holdings Limited, has a 23.23% share in SICAMB, a company incorporated in Italy.

30. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Killinchy Aerospace Holdings Limited, a company registered in England and Wales and the immediate and ultimate holding company of the Killinchy Aerospace Holdings Limited Group. This is the largest, and also the smallest, group of which the company is a member and for which group financial statements are prepared.

Consolidated financial statements are prepared by the ultimate holding company and are available from Companies House or from the Company Secretary, Higher Denham, Lower Road, Uxbridge, UB7 7PS.

No one party has overall control of Killinchy Aerospace Holdings Limited.