

# **Airbus Defence and Space Limited**

Annual Report and Financial Statements  
for the year ended 31 December 2024

Registered number: 2449259

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## Corporate Information

### **Directors**

B.L. Bridge  
N.R. Ede  
K.E. Escott

### **Secretary**

A. Shaw

### **Auditors**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

### **Registered Office**

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Stevenage  
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## Strategic report

For the year ended 31 December 2024

The Directors of Airbus Defence and Space Limited (“the Company”) present their strategic report for the year ended 31 December 2024.

### Section 172 Statement

In line with the Companies Act requirement, the Directors set out below their key considerations and steps taken with regard to the ‘enlightened shareholder value’ requirements of s172 in performing their duties.

The Board continuously reviews which relationships support the generation and preservation of value in the Company. The Directors have identified the following parties who have an interest in, or are impacted by, the decisions taken by the Company: customers, suppliers, employees, pension scheme members, shareholders, tax authorities, regulators, Her Majesty’s Government, Welsh Assembly Government, tax authorities and local communities. All strategic decisions take into account these stakeholders’ interests and the Directors consider that they have acted in a way that is most likely to promote the success of the Company for the benefit of its members as a whole. In particular, the Directors have considered the following matters:

- Long term factors affecting the Company – the company aligns its development and production strategy with the order book and forecast global demand alongside other factors such as suppliers’ ability to ramp up supply, global economic conditions and sustainability targets.
- Interests of the Company’s employees and former employees who are pension scheme members.
- Business relationships with suppliers - which are crucial to the success of the Company and are constantly monitored.
- Business relationships with customers – the Company’s main customers are Her Majesty’s Government Ministry of Defence and other UK government departments, European Space Agency, Satellite Operators and Airbus subsidiaries.
- Business relationships with others – the Company has a number of other stakeholders with which it has business relationships, notably HMRC, the Department for Business, Energy and Industrial Strategy and other Government bodies. The Company is an important contributor to the UK economy through job creation, tax payments and Research and Development. The Company always aims to be transparent, provide information in a timely manner and operate in a collaborative manner.
- Impact of the Company’s operations on the community and the environment – Responsible behaviour is an integral part of everyday business decisions. We do this by making safety our top priority and integrating high standards of environmental performance at our sites and in our activities. We respect and value our employees, work closely with our suppliers and strive to maintain high standards of ethical conduct. We give back to our local communities and add significant value to the UK economy. We aim to be a trusted and responsible company and take pride in our reputation to strive for excellence

## Strategic report (continued)

For the year ended 31 December 2024

- Reputation for high standards of business conduct – Airbus has established a robust internal control framework and actively considers risks and opportunities that might impact in the long or short term.
- Acting fairly between members of the Company – the Airbus Values, which underpin the day-to-day working environment in which the Company operates, include ‘Respect’, ‘Integrity’ and ‘We Are One / Teamwork’. There is an expectation that all employees, at all levels in the Company, ‘live’ these Values.

### Climate-related Financial Disclosures

In the context of this report “Airbus” refers to Airbus SE and the “Company” refers to Airbus Defence and Space Limited (ADSL). The performance of the Company should be taken in context with the performance Airbus SE as a whole. These disclosures are made for ADSL in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

### Governance

*Description of the company governance arrangements in relation to assessing and managing climate-related risks and opportunities*

The Airbus SE Board of Directors has primary oversight of climate-related risks and opportunities.

The Board of Directors is supported by the Ethics, Compliance and Sustainability Committee (ECSC). In practical terms, the ECSC, as a committee of the Board of Directors, oversees strategic decision-making and the execution of the approved sustainability strategy, including areas such as innovation and environmental and climate action.

Since 1 January 2024, Airbus SE further strengthened sustainability-related activities, including climate-related risks and opportunities, with the creation of a Chief Sustainability Officer (CSO) position. The role includes ensuring the Airbus Executive Committee and the Ethics, Compliance and Sustainability Committee is informed and engaged on sustainability matters. In 2024, the ECSC met five times. The ECSC’s work during the year was evenly split between sustainability topics and compliance topics. On the sustainability side, the ECSC discussed key sustainability topics and provided guidance on a wide variety of climate-related topics, including sustainability-related disclosures, and internal strategy related to SBTi targets and Sustainable Aviation Fuel (SAF).

The Board of Directors delegates the day-to-day management of the Company to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of the Company, including sustainability.

To support the Executive Committee in environmental matters, including climate-related matters, an Environment Committee (“EnC”) was established in 2019. The EnC is composed of a member of the Executive Committee and senior executives, group wide, and responsible for environmental topics. It meets every two months to review progress and take decisions on all matters related to environmental strategy including reviewing progress on meeting objectives to reduce GHG emissions, the decarbonisation strategy and climate-related risks and opportunities.

## Strategic report (continued)

For the year ended 31 December 2024

Airbus Defence and Space Limited “ADSL” Company directors have oversight of climate-related risks and opportunities potentially impacting the Company. The Company directors escalate, where appropriate, climate-related risks and opportunities to the Airbus EnC.

### *Management's role in assessing and managing climate-related risks and opportunities*

Management and ownership of climate-related risks and opportunities are embedded throughout the Airbus group.

The Airbus group environmental strategy is implemented operationally by dedicated multi-functional teams at the Airbus and Company level. These teams cover topics such as industrial and site impact, product operation, supply chain and chemical substances. Material risks and opportunities are reviewed monthly by heads of functions and are collectively considered monthly by the Company's senior leadership team meeting, chaired by the Company Director.

The Company's senior management team has a key role in escalating material sustainability and climate-related risks and opportunities to the Airbus SE senior management for consideration within the Airbus SE Board agenda, governance framework, sustainability strategy, and where relevant, financial plans to progress opportunities or address climate-related risks.

ADSL Company Directors are also supported by the UK Sustainability team which provides awareness and clarification of applicable regulatory requirements, guidance and, where relevant, support to enable the effective integration of relevant Airbus sustainability functional requirements. The UK Sustainability team also provides oversight and review of the development of climate-related risk and opportunities with relevant functional leads. The most significant climate (and other sustainability) related risks and opportunities are escalated to the ADSL Company Directors and the Airbus Sustainability team for further consideration, and possible further escalation to the EnC.

## **Strategy**

### *Description of the climate-related risks and opportunities identified over the short, medium and long-term*

Following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Airbus has defined a range of temperature scenarios (1.5°C, well-below 2°C and >3°C) to represent different climate realities based upon the global scenarios of the Intergovernmental Panel on Climate Change (IPCC - Assessment Report 6 (AR6)) and the International Energy Agency (IEA).

The scenario analysis is used to identify financial and operational risks and opportunities related to climate change that may begin to impact Airbus in the short-term, medium-term and long-term so that Airbus can work to increase the resilience of its assets and operations in order to mitigate and adapt to climate change.

The short-term time horizon (ST, considering the current year and up to two years thereafter) focuses on the ongoing production and ramp-up plans to increase production to 75 single-aisle aircraft per month by 2027 whilst the mid-term time horizon (MT, around 2035) relates to the assets and activities linked to the transition period between the current and next generation of commercial aircraft products. The long-term time horizon (LT, around 2050) is used to anticipate future climate-related risks during the production of the next generation of products. Airbus uses Shared Socio-economic Pathways (SSPs) that were developed for the latest Assessment Report (AR6) of the IPCC. SSPs

## Strategic report (continued)

For the year ended 31 December 2024

are standard scenarios in climate science that describe coherent and internally consistent socio-economic futures based on drivers like population, economic growth, and technological advancement. e scenario analyses which, in turn, are aligned with the TCFD recommendations, and the Paris Agreement objectives.

The results of the Airbus climate scenario analysis led to the identification of the following risks applicable to Airbus and the Company:

### *Climate-related risks:*

- Transition - Technology: Emergence of disruptive technologies from competition

Delivering on existing commitments and potential future requirements to mitigate climate impacts will require significant investments in new technologies for both the commercial aircraft sector, and to a lesser extent to the Defence and Space sector, making the delivery of low-emission technologies a significant marker of future competitiveness. A competitor or new market participant could have access to technological developments unavailable to Airbus that offer significantly lower emissions at a faster pace than it and its partners, resulting in a loss of market share and competitiveness with resulting reduced revenue. Therefore Airbus needs to develop new technologies faster than other actors in the market. This will require substantial research and technology (R&T) and research and development investments.

Transition - Market: Impact of market measures and their development on demand for the Company's products

- Transition – Market: Low availability of renewable and low-carbon energy

Airbus has identified risks linked to the availability and affordability of renewable and low-carbon energy. First, there is the risk of low volumes in absolute terms, due to insufficient investments in renewable or low-carbon energy (including through the sustainable transformation of available biomass). Second, the risk that even if total volumes are approaching sufficiency in absolute terms, the aviation sector is unable to access sufficient volumes, leading to a risk of a slower than expected substitution of fossil fuel energy and low uptake of the new solutions and products to be developed by Airbus, and resulting in lower or longer returns on invested research and development.

- Transition – Policy and legal: Climate-related regulations and restrictions - divergence in regulatory framework.

Aviation and aerospace are complex industries, with long product development cycles and where change takes a long time to be implemented. A rapid evolution of climate-related policies (such as the UK Carbon Border Adjustment Mechanism) and regulatory frameworks (CO2 standards, sustainable finance, emissions trading systems, aircraft operation restrictions, among others) could generate fast-changing requirements and could obstruct new product development pathways. In particular for aviation, as it is a global industry, policies and regulations implemented at national or regional rather than international level, or these evolving at a different speed depending on the region, could result in a negative impact on the competitive conditions for manufacturers, aircraft operators and Defence and Space Companies. This could result in a loss of competitiveness for Airbus and reduced demand for its products.

- Transition - Reputation: Change in behaviours, perceptions and societal expectations

## Strategic report (continued)

For the year ended 31 December 2024

Reputational risks could be divided into several categories. Firstly, there is a risk that negative perceptions about the Airbus environmental performance could be used as key decision-making criteria for consumers, investors, or even new talents. Secondly, there is a risk that Airbus' reputation could be damaged by growing societal concerns about the climate change impact of aviation or by the lack of transparency on progress made to address climate-related issues. If the ambition is perceived as unattainable or if Airbus is not able to deliver on its ambition, this could result in reputational damage leading to less investment, loss of revenues and reduced attractiveness. A similar situation could occur if Airbus' environmental performance is not on par with its expressed ambition.

- Physical - Acute: Extreme weather events may impact the Company's products and its operations

The foreseen consequences of climate change include more frequent extreme weather events, such as drought, dust storms, extreme temperatures, extreme winds, flood, hail storms, landslides, hurricanes, tornadoes, cyclones and wildfires. These could negatively impact Airbus products and its operations (including but not limited to route delays and safe aircraft operations), land assets, access to resources, and infrastructure as well as employees' safety (and people's safety generally).

The above consequences and impacts may result in production or other operational disruption leading to lost revenues, reduced profits, and losses. This could result in the need for additional modifications to Airbus products in order to meet more stringent safety needs, as well as requiring changes to industrial operations and procurement strategy, leading to increased operational and production costs and the consequential costs of adapting the Airbus insurance coverage.

- Physical - Chronic: Consequences of long-term changing weather patterns may cause increase of infrastructure and operations costs, reduced labour productivity, loss of assets value, and negatively impact employee health.

The foreseen consequences of climate change include long-term shifts in climate patterns (e.g., change in precipitation patterns, sustained higher temperatures, flooding, water stress or chronic heat waves). Such changes may cause an accelerated degradation of the Company's industrial infrastructure and assets (buildings, tools, hardware), may reduce the availability of operational resources and may interrupt logistics flows, access to resources, therefore impacting Airbus manufacturing activities. In addition, the change in environmental conditions could also negatively impact the performance of products in operation and negatively impact the health and safety of the Company's employees. This may result in the need for additional modifications to the Airbus products, as well as to industrial operations and procurement strategy, leading to increased costs and the adaptation of the Company's insurance coverage.

During 2023 Airbus launched a detailed on-site based assessment of the Company's Portsmouth site. This was followed by an assessment of the Company's Stevenage site during 2024. Reports for both sites were finalised in 2024 with relevant risks to be entered and managed through the ERM system. This exercise will continue and extend from 2024 and include an assessment of the Airbus' supply chain, and its resilience. The focus is intended to be exploring the vulnerability to climate-hazards (heat and cold; wet and dry; wind; snow and ice; coastal and open ocean).



## Strategic report (continued)

For the year ended 31 December 2024

Based on a qualitative analysis, Airbus has estimated the probability of risk materialisation. It has also performed a preliminary internal assessment, using data from the Airbus group wide ERM system, to identify the climate-related risks that may have the most significant financial impacts in the future. The results (as of the publication date of this document) are displayed in the following table.

The scope and the assessment of risks and opportunities covered through this approach are subject to widening and revision, as the methodology and process further mature. Mitigation actions to address these risks and opportunities are presented in the 'Transition plan' section.

RISKS	Climate scenario / time horizon(s) where risk likelihood is considered medium or high		Potential financial impacts before mitigation	Key associated actions presented in the transition plan
	1.5°C	>3°C		
<b>Transition - Technology</b>	S,M,L	S, M, L	✓	<ul style="list-style-type: none"> <li>Supporting fleet renewal by delivering its latest generation aircraft</li> <li>Investing in technologies, including hydrogen, to reduce product emissions.</li> <li>Engage R&amp;D activity including with certification authorities on new climate model impacts on products.</li> <li>Deploy local adaptation measures following treats and vulnerabilities assessment.</li> <li>Embed climate change in industrial strategy</li> </ul>
<b>Transition - Market (Energy)</b>	M,L		✓	
<b>Transition - Market (Demand)</b>	M, L	M, L	✓	
<b>Transition - Policy and legal</b>	S, M, L	S, M,L		
<b>Transition - Reputation</b>	S, M	S, M		
<b>Physical - Acute</b>	L	M,L	✓	
<b>Physical - Chronic</b>	-	M, L	✓	

S = Short term, M = Medium term, L = Long term

### Climate-related opportunities

No material climate-related opportunities were identified from the climate scenario analysis conducted pursuant to the Corporate Sustainability Reporting Directive, but the methodology and process as described above for risks, is subject to future maturation.

### Transition plan

Based on identified risks and opportunities, Airbus has established a transition plan covering its industrial operations, product and service portfolio, its own operations, and in the Airbus value chain. A diverse range of factors of different climate scenarios have been considered to detect relevant environmental, societal, technology, market and policy-related developments and determine actions, including relevant targets, against which performance is monitored and

## Strategic report (continued)

For the year ended 31 December 2024

reported. For GHG emissions, this plan is based on a scientific approach and is consistent with the aviation sector's long-term aspirational decarbonisation goal of reaching net-zero carbon emissions by 2050. Its success will depend on coordinated cooperation across the sector. Airbus is engaging with various actors in the aviation sector to contribute to the transition towards a low-carbon economy. Airbus is working to embed just and inclusive transition principles in its decarbonisation plan. For example, social and human rights criteria are considered in Sustainable Aviation Fuel (SAF) standards, or have been included in the Airbus carbon offset strategy in order to safeguard communities that are in proximity to selected projects, or even create opportunities for them. It is also essential that the development of new technologies driving the sector's decarbonisation efforts takes into consideration any undesired environmental and social side effects, such as inappropriate land use impacting local communities, and human rights. Airbus will strive to consider and avoid these impacts, and to engage accordingly with relevant stakeholders in constant dialogue.

The required transformation of the sector also implies the emergence of new technologies and associated ecosystems, with expected impacts on jobs and required skills. Preparing the workforce for such changes will be both a social duty and an important success factor. Consequently, Airbus has updated its sustainability competencies strategy and is developing training, awareness, and engagement plans in a multifunctional team in order to drive culture change and support the workforce for the transformation. Airbus is also working with non-profit organisations that are engaging global young talent around topics of climate change to build their capacity and prepare them for transition.

The transition plan has been approved by the Airbus Executive Committee and the Board of Directors. Regular updates on the progress of this plan are presented to the Board's ECSC.

### **Resilience in the context of climate change**

#### *Industrial operational resilience*

Airbus is insured against the risks linked to climate-related events that could arise in the short term. The Company has subscribed a property damage and business interruption insurance policy including the impact of natural hazards, covering earthquake, wind and flood, and any other natural event not defined as earthquake, wind and flood, including but not limited to hail, avalanche, snowfall/weight of snow, and mudflow.

For the longer term, as set out above, the Company is evaluating physical risks linked to climate change for its industrial operations with reports for the Portsmouth and Stevenage sites received in 2024.

As described above, Airbus has also established a transition plan covering its industrial operations, product and service portfolio, its own operations, and in the Airbus value chain, including relevant targets, against which performance is monitored and reported. Concrete actions include engagement in a European Union Aviation Safety Agency (EASA) European working group to define a work programme aimed at enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change within the aviation sector. Life cycle assessments are required for the next generation of aircraft and the carbon footprint of some materials, performance of our logistics, introduction of the Airbus shadow carbon cost (€150/tCO<sub>2</sub>e) in the "make or buy" decision making process could be relevant projects.

## Strategic report (continued)

For the year ended 31 December 2024

### *Product resilience*

Airbus is collaborating with the North Atlantic Treaty Organization (NATO) and other defence industry players and organisations (in the so-called NATO Study Group 291) with the objective of developing recommendations on ensuring allied capabilities adaptation in the context of climate change. This is supported by inputs from the NATO Climate and Defence Task Force led by the Conference of National Armaments Directors (CNAD) the Company is also part of, together with the allied governments and other defence industry players. This collaboration aims at assessing, elaborating and deploying solutions to ensure technical capabilities still enable operational effectiveness in facing changing climatic conditions.

The climate-related assumptions in the climate scenarios described above were also used in the Company's Financial Statements.

### **Risk Management**

Description of how the company identifies, assesses, and manages climate-related risks and opportunities

Company climate-related risks and opportunities are managed following the Airbus Enterprise Risk Management (ERM) system. A specific sustainability and environment ERM plan integrates additional requirements, defined within the ISO14001:2015 certified Environmental Management System, and provides a set of rules applicable to the entire Airbus group, including the Company, to ensure consistent management of, amongst other things, climate-related risks and opportunities.

Relevant criteria for the evaluation of climate-related risks and opportunities include: financial impact, impact on environmental performance, and impact on EMS certification, as well as legal, supply chain and reputational aspects.

Material risks and opportunities are raised and managed at functional levels, and reviewed by the relevant functional leads, during quarterly ERM meetings. Top climate-related risks and opportunities, based on evaluation of their potential impact and likelihood of occurrence, are also reported quarterly to the Executive Committee of Airbus. Top risks are consolidated at the Airbus group level to be brought to the attention of the Airbus SE Board of Directors and reviewed semi-annually.

A dedicated team within the Airbus Chief Finance Officer's responsibility, Enterprise Risk Management Centre of Competence (ERM CoC) supervises the implementation and effectiveness of the Risk and Opportunity Management process, which applies to all Airbus companies activities worldwide. The overall ERM process is based on the ISO31000 standard and described in the "ERM Policy".

Sustainability specific aspects (such as roles and responsibilities and assessment criteria), including climate-related aspects, are elaborated upon in the "Sustainability Risk and Opportunities Management Plan".

The ERM system aims for early identification of short-term (0-3 years), medium-term (4-10 years) and long-term (11-30 years) risks and opportunities covering different time horizons and complement the time horizons under the TCFD.

## Strategic report (continued)

For the year ended 31 December 2024

Climate-related risks and opportunities are identified through regular “identification sessions” at local (team) level, before being consolidated at function, Company and group level. In order to ensure the robustness of climate-related risk and opportunities identification, additional climate-related risks and opportunities identifications sessions are held at Company level using climate scenarios to provide context on a number of key driving forces (environment, technology, social, political, economic), and covering Airbus' direct operations as well as Upstream and Downstream value chain. Identified risks and opportunities are categorised according to the TCFD nomenclature (physical, transitional, etc.).

Each climate-related risk and opportunity is assessed for probability of occurrence and severity of impact (or size of benefit for opportunities), resulting in a criticality level. Criticality levels are "low", "medium", "high", "very high".

The probability takes into account the likelihood for the risk to occur but also considers the time needed to act versus the estimated time of the risk occurrence as well as the confidence level on action plan success.

Severity of impact for climate-related risks (and the reverse for opportunities) is assessed through specific multi-disciplinary criteria including financial, environmental, social, legal, reputation or supply chain impact. These criteria are described in the company-wide “Sustainability Risk and Opportunities Management Plan”.

Once the risk criticality is assessed, a specific and detailed mitigation plan is developed, comprising clearly defined actions with timeline and owner. Mitigation plans are followed up and updated as required during regular (quarterly) risk reviews at the appropriate level of the company depending on the criticality level.

Risk response strategies include:

- Accepting the risk if the criticality level is low (either probability or impact or both) or if mitigation costs are higher than the impact.
- Transferring the risk to a third party (insurance, external contractor, supplier etc) if criticality includes high severity and low probability, and if the third party can more effectively mitigate the risk than Airbus could.
- Reducing the risk criticality by specific mitigation actions in order to lower probability, severity, or both.
- Avoiding the risk by reorienting the business strategy to areas where the risk is reduced or altogether eliminated.

Risks are assessed on a day-to-day basis and reviewed at the quarterly ERM meetings. Top risks and opportunities are also reported quarterly to the Executive Committee of Airbus.

The Board of Directors, with support of the Audit Committee, supervises the ERM system strategy and business risks and opportunities, as well as the design and effectiveness of the ERM system.

## Strategic report (continued)

For the year ended 31 December 2024

### Metrics and Targets

#### *Metrics used to assess climate-related risks and opportunities*

In order to assess and monitor climate related risks, Airbus relies on a set of metrics including GHG emissions (scopes 1, 2 and 3), Investment in research and development, and revenue from new products and more efficient aircraft contributing to decarbonising air transport.

Risk and opportunity	Metrics
Transition - Technology	Investment in research and development
Transition - Market	Revenue from new products and more efficient aircraft contributing decarbonizing air transport
Transition - Legal	Group and Company GHG footprint, energy consumption
Transition - Reputational	Airbus sustainability ratings eg. CDP, Moody's ESG, S&P Global, ISS

To evaluate physical risks linked to climate change for industrial operations, Airbus is conducting a more detailed assessment of the consequences on affected sites. The approach includes a preliminary vulnerability analysis with digital filtering to classify and prioritise risk areas, followed by field visits with the support of external experts. Four types of hazard areas are analysed related to temperature (frost and cold spells, extreme heat, cooling/heating requirements), the related windward (winter storm, cyclonic, hail/lightning/tornadoes), water (river flooding, coastal flooding, extreme precipitation, drought episodes) and land/ground movements (landslide). This analysis also considers the onset speed of such risks, which should enable the Company to better prioritise related mitigation plans.

The Company has two principal manufacturing sites in the UK, at Stevenage and Portsmouth. The Portsmouth site was assessed for climate impacts during late 2023. Stevenage was assessed during late 2024. The reports from these assessments were received during 2024 and action plans to address key risks are in progress for both sites, using the Airbus ERM system.

## Strategic report (continued)

For the year ended 31 December 2024

### Scope 1 and Scope 2 GHG emissions and risks

The Company's energy consumption and associated emissions data, together with our statement of alignment with the Government's Streamlined Energy and Carbon Reporting requirements, are set out within the Streamlined Energy and Carbon Reporting section of the "Directors Report". In summary, the Company is aligned with Airbus group commitments to reduce the environmental footprint of its activities globally by 2030. Airbus targets are set in absolute values compared to 2015 levels to reduce energy consumption from stationary sources by 20% and reduce Scope 1 and Scope 2 GHG emissions by 63% in line with a 1.5°C trajectory. These targets are cascaded to each site within the Company.

#### *Targets used to manage climate-related risks and opportunities, and performance against targets*

In line with the Airbus group purpose, and its aim to lead the transition of the air transport sector towards the goal set by IATA, ATAG and ICAO to reach 'net zero carbon emissions by 2050', Airbus' foremost ambition is to play a leading role in the decarbonisation of the aviation sector. This includes preparing technologies for the next generation of Single Aisle aircraft to be ready in the second half of the next decade, and bringing the first hydrogen-powered commercial aircraft into operation.

The main climate-related targets are:

- Scopes 1 & 2: -63% market based GHG by 2030\*
- Scope 3: -46% greenhouse gas emissions intensity by 2035\*
- Purchase grid electricity and other energy sources – 20% by 2030\*

\* Against 2015 baseline emissions

Climate-related targets are cascaded throughout Airbus, functions, and the Company through functional objectives, and site specific targets. The Company is responsible for implementing effective processes to monitor and assess progress against Airbus Group and site based targets. Targets and metrics are expected to evolve over time, for example, to address new climate-related risks and opportunities.

Targets and performance against metrics are set, monitored and reported in accordance with Greenhouse Gas Protocol, Task-Force on climate-related disclosures (TCFD), Science-based Target Initiative (SBTi), Sustainability Accounting Standards Board (SASB), and Global Reporting Initiative (GRI) standards.

## Strategic report (continued)

For the year ended 31 December 2024

Company reporting of Scope 1 and 2 energy and emissions, is reported in the SECR section of this report. Airbus SE reporting of emissions and metrics are reported below:

CLIMATE CHANGE	GRI	SASB			SDGs	Others
	302 Energy 305 Emissions	- Energy Management - Fuel Economy & Emissions in Use-Phase			9-12-13- 17	TCFD V
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Environment Committee					
Related corporate policies	Environmental Policy, Code of Conduct					
Management system certifications / labels	EMS - Environmental Management System, ISO14001 - 90% of workforce covered <b>SBTi-validated emission targets</b>					
KPIs	Target	2015 baseline	2023	2024	2024 vs. 2023	2024 vs. baseline
<b>CO<sub>2</sub>e Scope 1 &amp; 2<sup>(1)</sup></b> <i>(ktons) market-based</i>	<b>2030: -63% in line with 1.5°C pathway, and neutralising yearly residual emissions</b>	1,262	675	<b>614</b>	-9%	-51%
<b>Purchased Energy for stationary sources<sup>(2)</sup></b> <i>(GWh)</i>	<b>2030: -20%</b>	3,167	2,534	<b>2,597</b>	-13%	-18.3%

Scope 1. Calculation includes contractual instruments (Biomethane Guarantees of Origins) as part of Scope 1 emissions, calculated based on biomethane emission factors instead of natural gas. This approach will be refined as further related guidance is issued by the GHG protocol. Emissions factors used are based on national references for Airbus' core countries (France, Germany, Spain, UK) and on international references such as the IPCC for other countries.

Scope 2. Contractual instruments used to calculate Scope 2 market based GHG emissions are -1- Power Purchase Agreements (direct wire or sleeved PPAs), -2- energy attributes certificates (e.g. REC, GoO, IREC, ETC), -3- other renewable electricity contracts. The shared energy bundled with attributes or unbundled has been taken into account for all contractual instruments. All three above categories are used by Airbus. So far energy attributes certificates have been the vast majority. Their respective shares in total use vary over time. Emission factors were determined following the hierarchy recommended by the GHG protocol, prioritising contractual instruments or supplier emission factors when available over national or residual emission factors (from IEA and AIB databases).

## Strategic report (continued)

For the year ended 31 December 2024

### Business review

The loss for the year, after taxation is £238,587,000 (2023 loss £91,956,000).

The Company operates in the following principal areas of activity:

- the design, manufacture and supply of Telecoms and Earth Observation satellites and satellite ground stations.
- the provision of secure communications and cyber security services.
- the sale of geospatial products and services.
- delivering mobile voice communications, multimedia based communication and broadcast communications.

The Company's key financial and other performance indicators during the year were as follows:

	2024 £'000	2023 £'000	Change %
Turnover	532,501	645,948	-18
Operating (Loss)	(243,568)	(44,805)	-444
Shareholders' funds	818,212	398,083	+106
Order intake	943,640	522,936	+80
Net Cash / (Debt)	166,866	(251,869)	+166

The turnover for the business decreased by 18% during the year. This was mainly due to completion of a large UK contract in the Secure Connectivity business.

The business reported an operating loss in the year. This was mainly driven by revised estimates at completion on certain Onosat Telecoms contracts and lower profits in the Secure Communications business as a result of the lower turnover in the year

In order to strengthen the financial position of the company following the large losses and cash outflows experienced by the company a recapitalization of £616.25 Million was made by Airbus SE in December 2024. Overall shareholders' funds increased in the year by £420.1m. This is mainly due to the recapitalization mentioned above of £616.2m offset by the loss for the financial year in 2024 of £251.4m.

The overall order intake in 2024 has increased by 80% this is mainly due to higher Telecommunications and Earth Observation orders.



## Strategic report (continued)

For the year ended 31 December 2024

Net cash at year end is made up as follows:

	Note	2024 £'000	2023 £'000
Loan to parent undertaking	15	166,865	61,528
Loan from parent undertaking	16	-	(313,445)
Cash at bank and in hand		<u>1</u>	<u>48</u>
Total Net Cash / (Debt)		<u>166,866</u>	<u>(251,869)</u>

### Future developments

The directors consider that during 2025 the overall satellite and related space industry will remain challenging.

### Principal risks and uncertainties

- Competitive Risks

The Company operates in a very competitive market in its main satellite, related equipment manufacture and supply operation, with strong competition from both European and American companies. The key competitive risk for the Company is the limited number of new potential orders each year and that each potential order will normally go through a competitive tender bid process.

The Ukraine conflict is expected to continue to impact the satellite business to some extent, mainly due to the difficulty to launch satellites and sourcing certain satellite parts as a result of sanctions imposed in various countries.

- Financial Instruments Risks

The Company uses forward foreign currency contracts provided by the parent company Airbus S.E. to reduce exposure to the variability of foreign exchange rates by fixing the rate of material receipts and payments in a foreign currency. The Company also uses interest rate swaps on loan securitization in place.

- Credit, liquidity, interest rate and cash flow risk

Company policies are aimed at minimising credit risk and require that deferred terms are only granted to customers who satisfy credit worthiness procedures. The Company's debtors are shown in Note 15 of the financial statements and includes some debtors with companies within the Airbus S.E. group where the credit risk is low.

The Company uses certain financial instruments to help manage the main operating risks. In particular, the Company utilises the cash and overdraft borrowing facilities provided by the Airbus S.E. group to manage the liquidity, interest rate and cash flow risks faced.

By order of the Board



A Shaw

Secretary

27 May 2025

## Directors' report

For the year ended 31 December 2024

### Registered Number: 2449259

The Directors present their report for the year ended 31 December 2024.

### Dividends

The Directors do not recommend the payment of a dividend (2023 – nil).

### Directors of the Company

The members of the Board who served during the year and subsequently are as follows:

B.L. Bridge

N.R. Ede

K.R. Escott

The Company has indemnified the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and at the date of approving the Directors' report.

### Financial Instruments

The Company finances its activities with a combination of group loans, and cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risk arising from the Company's operations and its sources of finance.

Financial instruments give rise to foreign currency, interest rate, credit, and liquidity risk, information on how these risks arise is set out in the Strategic Report, as are the objectives, policies and processes for their management.

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The Company also uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements. Hedge accounting is used for these derivatives when certain criteria are met as set out in the Accounting Policies Note 2.

### Research and development

The Company continues to be committed to research and development activities and total self-funded expenditure for the year under review amounted to £14,408,000 (2023 - £22,146,000).

## Directors' report

For the year ended 31 December 2024

### Employment of disabled people and employee involvement

The Company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training, career development and promotion and the retention of employees who become disabled. Senior management consults regularly with employees through their staff and trade union representatives and information is disseminated to staff following management communication meetings.

### Going Concern

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

The Company participates in the parent company, Airbus S.E, centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary undertakings. This includes an automatic cash pooling arrangement and the ability of the company to draw down funds from the treasury department to meet its operational requirements.

Airbus SE Treasury have issued a liquidity confirmation letter which confirms that for a period of at least the next 12 months from date of approval of the balance sheet, daily cash availability will be provided to settle liabilities as they fall due through this treasury arrangement, up to a limit of €480,000,000.

The net treasury position (included in loans to/from parent undertaking) at 31 December 2024 was £166,866,000 (€201,243,000).

The Directors have concluded that the going concern period runs to 31 May 2026. The business has established Budgets for the period to end May 2026 that demonstrate that net debt is not expected to exceed the overall credit limits with Airbus SE of €480,000,000.

These Budgets assume that the Telecom satellite business achieves the significantly updated Onesat business case assumptions included in the 2024 financial results. The Earth observation business is expected to continue at higher levels of revenues and profitability compared to 2024. The Secure Connectivity business revenues are budgeted to remain at a similar level during 2025.

The Directors have then run reverse stress tests on the budget to determine the point at which the treasury limit would be breached. These indicate that, for net debt to breach the agreed limit, both; profitability would need to be 4% lower than budgeted for the period to the end of May 2026, plus there would need to be an adverse working capital movement of more than (€137m). The Directors deem this scenario remote and note that this is also before controllable mitigating actions that could be taken in such a scenario such as the deferral of capital expenditure or reorganization efforts.

## Directors' report

For the year ended 31 December 2024

The Directors have concluded that Airbus S.E. will be able to provide such support due to Airbus S.E strong credit rating as assessed by external credit agencies.

As a result, the Directors' expect that the Company will be able to continue in operational existence for the foreseeable future, and the financial statements have been prepared on the going concern basis.

### Streamlined Energy & Carbon Reporting Framework

The Company is committed to improving its environmental footprint and is undertaking activities framed within the UN Sustainable Development Goals The Science Based Targets Initiative (SBTi) validated Airbus' near-term Scope 1 and Scope 2 emissions reduction target in 2023. In addition to annual targets for each site, local sustainability teams are set up at all large sites to develop initiatives and maintain progress. All UK sites are certified to ISO 14001.

In line with the Government's Streamlined Energy and Carbon Reporting requirements, the Board of Directors set out, below, details of emissions and actions undertaken.

UK Greenhouse gas emissions and energy use data for period 1 January 2024 to 31 December 2024:

	2024	2024	2023	2023
	Energy Consumption	CO2e	Energy Consumption	CO2e
	(kWh)	(tonnes)	(kWh)	(tonnes)
<b>Emissions Source</b>				
Scope 1 – Natural Gas and Company Vehicle Fuel	11,145,850	1,954	9,538,107	1,774
Scope 2 - Electricity	32,038,050	2,294	32,804,310	6,773
<b>Total (Scope 1+2)</b>	<b>43,183,900</b>	<b>4,248</b>	<b>43,342,417</b>	<b>8,547</b>
			2024	2023
<b>Revenue</b>			£532.50M	£645.95M
Intensity Ratio: tCO2e/revenue £m			8.0	13.23

## Directors' report

For the year ended 31 December 2024

In reviewing the 2020 data provided for the first year of Streamlined Energy Carbon Reporting, it was concluded that the emissions data reported for Scope 3 (personal car usage for business travel) were not material in context to Airbus Defence and Space Ltd as these accounted for 0.6% of the total emissions.

### Methodology and findings

The following methodologies have been used to calculate the above Co2 emissions:

The conversion factors used to calculate emissions due to natural gas and company vehicle fuel usage (Scope 1) are the IEA 2023 conversion factors (natural gas) and DEFRA UK Fuels Standard Set (Diesel Average Biofuel Blend) Scope 1 2023. The use of these conversion factors is in line with Airbus Group global reporting for carbon emissions and are used for consistency.

- The conversion factor used to calculate emissions due to natural gas (Scope 1) is the IEA 2024 conversion factor. This is used for consistency with Airbus group wide reporting.
- The conversion factor for vehicle fuel usage is the UK Department of Energy Security and Net Zero (DESNZ) Fuels Standard Set (Diesel Average Biofuel Blend) Scope 1, 2024.
- The conversion factors used for emissions due to electricity usage (Scope 2) are supplier specific.

The 2024 data set includes the sites at Newport, Stevenage and Portsmouth, these sites cover over 95% of the Airbus Defence and Space employees in the UK. Other sites were discounted as the energy usage was not material in context to the Company.

Reported emissions from electricity consumption decreased due to the consumption of electricity purchased from renewable sources and Renewable Energy Guarantees of Origin.

The methodology for electricity related emissions reported for 2024 has changed since the previous report (2023 figures), from location-based to market-based to align with the Airbus SBTi validated targets, and reflect Airbus efforts to increasingly source renewable energy. For reference, the electricity emissions on a location basis (Using the UK grid averages for SECR reporting) would provide an emission of 6,634 tCO<sub>2</sub>e.

The Intensity Ratio is reported as tCO<sub>2</sub>e per revenue £M to provide consistency and comparison with our global and national reporting of energy consumption and emissions data.

## Directors' report

For the year ended 31 December 2024

### Energy Efficiency

As part of its strategy to improve energy efficiency, Airbus is exploring specific energy improvement projects and maintenance replacements. Replacements under maintenance will be to the latest applicable energy standard.

Energy efficiency improvement at the Stevenage site included improved insulation to boiler steam pipes. At the Portsmouth site, improved roof insulation was installed on two buildings, representing about 30% of the total roof space on site. This is expected to decrease building heating requirements. At the Newport site, office areas were upgraded with LED lighting.

Newport, Portsmouth and Stevenage sites were subject to various efficiency improvements during 2024: LED lighting, Building Management System (BMS) upgrades and Heating, Ventilation, and Air Conditioning (known as "HVAC") upgrades and controls.

Airbus Defence and Space is also certified to the ISO50001 Energy Management Systems standard.

### Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that so far as that each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and that directors have taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the Board



A Shaw  
Secretary

Registered address:  
Gunnels Wood Road  
Stevenage  
Hertfordshire  
SG1 2AS  
27 May 2025

## Statement of Directors' responsibilities

For the year ended 31 December 2024

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- make judgements and 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 keeping proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Independent auditor's report to the members of Airbus Defence and Space Limited

## Opinion

We have audited the financial statements of Airbus Defence and Space Limited for the year ended 31st December 2024 which comprise the Income Statement, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 27, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31<sup>st</sup> December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included, confirming the Company's treasury arrangements and liquidity facilities with the parent, vouching its current indebtedness, rationalisation and challenge of assumptions used by management in their base case cash flow scenarios (which showed that they would be operating within the treasury limits for the going concern period) and performance of independent stress testing of the base case and assessed the availability of controllable mitigating actions available to the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 May 2026.

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



# Independent auditor's report to the members of Airbus Defence and Space Limited

## Other information

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

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

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

# Independent auditor's report to the members of Airbus Defence and Space Limited

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, International Financial Reporting Standards, Financial Reporting Standards FRS 101 and UK tax legislation. In addition, the Company has to comply with laws and regulations relating to General Data Protection Regulations, the UK Bribery Act, Anti-Money Laundering Legislation, The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, Competition Laws and Health & Safety Laws:

## Independent auditor's report to the members of Airbus Defence and Space Limited

- We understood how Airbus Defence and Space Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance and the Company secretary to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and correspondence with relevant authorities, including HMRC where applicable.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and through assessing revenue as a fraud risk – either through the manipulation of costs to complete and estimation of margins on long term contracts, or via recognising revenue in the incorrect period for 'point in time' sales. Our procedures to address this involved:

- Understanding the revenue recognition process, policy and how it is applied, including relevant controls;
  - Selecting a sample of key contracts to test based on various risk criteria and testing a sample of costs incurred to supporting documentation to assess their accuracy and that they were recorded to the appropriate contract. For the same contracts we performed detailed contract reviews; corroborating the conclusions reached in the 5 step model for IFRS 15 and challenging management assumptions on costs to complete and contingencies held on contracts;
  - Testing of revenue cut-off at the year end by selecting a sample of revenue transactions and testing whether revenue was recorded in the correct period through agreement to proof of delivery to confirm the period that the revenue relates to, and
  - We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition, investigating journals posted to revenue as part of our journal entry testing work, with focus on transaction recorded at or close to the year-end date.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes and correspondence with relevant authorities, inquiries of management and those charged with governance and legal counsel. Where the risk was considered higher, we performed audit procedures to address each fraud risk. These procedures included testing journals identified by specific risk criteria, and testing specific transactions back to source documentation or independent confirmation.

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

# Independent auditor's report to the members of Airbus Defence and Space Limited

## Use of our report

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

Signed by:

Ernst & Young LLP

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Eleri James (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date : 27 May 2025

## Income statement

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
<b>Turnover</b>	3	532,501	645,948
Cost of sales		(718,414)	(636,452)
<b>Gross (Loss) / profit</b>		(185,913)	9,496
Other operating expenses:			
- administration expenses		(44,202)	(37,914)
- distribution costs		(13,453)	(16,387)
<b>Operating (Loss)</b>		(243,568)	(44,805)
Interest receivable and similar income	7	4,831	6,501
Interest payable and similar cost	8	(24,265)	(13,091)
Impairment charge against investments	13	(10,311)	(59,208)
Other income and gains	13	1,964	1,551
Dividend income received	13	2,633	1,955
		(25,148)	(62,292)
<b>Loss on ordinary activities before taxation</b>		(268,716)	(107,097)
Tax on Loss on ordinary activities	9	30,129	15,141
<b>Loss for the financial year</b>		(238,587)	(91,956)

All of the above are derived from the continuing activities of the Company.

The accompanying notes form an integral part of this profit and loss account.

## Statement of comprehensive income

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
<b>Loss for the financial year</b>		(238,587)	(91,956)
<b>Other comprehensive income:</b>			
Actuarial gain / (loss) relating to pension scheme	20	51,100	(6,300)
Cash flow hedges		4,141	(7,688)
Tax on items relating to other comprehensive income		(12,775)	-
<b>Other comprehensive gain / (loss) for the year</b>		<u>42,466</u>	<u>(13,988)</u>
<b>Total comprehensive (Loss) for the year</b>		<u>(196,121)</u>	<u>(105,944)</u>

## Statement of changes in equity

For the year ended 31 December 2024

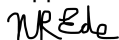
	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	29,282	41,100	8,342	425,303	504,027
Loss for the financial year	-	-	-	(91,956)	(91,956)
Actuarial Loss recognised in pension scheme	-	-	-	(6,300)	(6,300)
Movement on cash flow hedges	-	-	(7,688)	-	(7,688)
At 31 December 2023	<u>29,282</u>	<u>41,100</u>	<u>654</u>	<u>327,047</u>	<u>398,083</u>
Loss for the financial year	-	-	-	(238,587)	(238,587)
Actuarial gain recognised in pension scheme	-	-	-	51,100	51,100
Movement on cash flow hedges	-	-	4,141	-	4,141
Deferred tax	-	-	-	(12,775)	(12,775)
Recapitalisation	-	616,250	-	-	616,250
At 31 December 2024	<u>29,282</u>	<u>657,350</u>	<u>4,795</u>	<u>126,785</u>	<u>818,212</u>

## Balance Sheet

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
<b>Fixed assets</b>			
Intangible assets	10	1,984	97,002
Tangible assets	11	109,107	95,699
Right-of-Use assets	12	25,081	24,858
Investments	13	102,199	86,967
		<u>238,371</u>	<u>304,526</u>
<b>Current assets</b>			
Stocks	14	289,728	245,801
Debtors due within one year	15	431,652	206,278
Contract assets	18	143,379	140,051
Cash at bank and in hand		1	48
		<u>864,760</u>	<u>592,178</u>
<b>Creditors: amounts falling due within one year</b>	16	(432,411)	(555,755)
Contract liabilities	18	(145,895)	(168,698)
		<u>286,454</u>	<u>(132,275)</u>
<b>Net current assets / (liabilities)</b>			
<b>Total assets less current liabilities</b>		524,825	172,251
<b>Creditors: amounts falling due after more than one year</b>	17	(23,302)	(23,594)
Provisions for liabilities and charges	19	(5,411)	(1,574)
		<u>496,112</u>	<u>147,083</u>
<b>Net assets before pension surplus</b>			
Pension surplus	20	322,100	251,000
		<u>818,212</u>	<u>398,083</u>
<b>Net assets including pension surplus</b>			
<b>Capital and reserves</b>			
Called-up share capital	21	29,282	29,282
Share Premium	21	657,350	41,100
Cash flow hedge reserve		4,795	654
Retained earnings		126,785	327,047
		<u>818,212</u>	<u>398,083</u>
<b>Shareholders' funds</b>			

Approved by the Board of Directors on 27 May 2025 and signed on its behalf by:



N Ede  
Director

The accompanying notes form an integral part of this balance sheet.



# Notes to the financial statements

For the year ended 31 December 2024

## 1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Airbus Defence and Space Limited (the “Company”) for the year ended 31 December 2024 were authorised for issue by the board of directors on 27 May 2025 and the balance sheet was signed on the board’s behalf by Nigel Ede. Airbus Defence and Space Limited is incorporated and domiciled in England and Wales. The address of the registered office is given on page 1. The nature of the Company’s operations and its principal activities are set out on page 15.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS101) and in accordance with applicable accounting standards.

## 2 Accounting policies

The principal accounting policies are summarised below to facilitate the interpretation of the financial statements.

### 2.1 Basis of preparation

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Airbus S.E.

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

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- d) the requirement in paragraph 38 of IAS1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - iii. paragraph 118(e) of IAS 38 Intangible Assets;
- e) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
- f) the requirements of IAS 7 Statement of Cash Flows;
- g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

## Notes to the financial statements

For the year ended 31 December 2024

### 2.1 Basis of preparation (continued)

- h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

### 2.2 Going Concern

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

The Company participates in the parent company, Airbus S.E, centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary undertakings. This includes an automatic cash pooling arrangement and the ability of the company to draw down funds from the treasury department to meet its operational requirements.

Airbus SE Treasury have issued a liquidity confirmation letter which confirms that for a period of at least the next 12 months from date of approval of the balance sheet, daily cash availability will be provided to settle liabilities as they fall due through this treasury arrangement, up to a limit of €480,000,000.

The net treasury position (included in loans to/from parent undertaking) at 31 December 2024 was £166,866,000 (€201,243,000).

The Directors have concluded that the going concern period runs to 31 May 2026. The business has established Budgets for the period to end May 2026 that demonstrate that net debt is not expected to exceed the overall credit limits with Airbus SE of €480,000,000.

These Budgets assume that the Telecom satellite business achieves the significantly updated Onesat business case assumptions included in the 2024 financial results. The Earth observation business is expected to continue at higher levels of revenues and profitability compared to 2024 . The Secure Connectivity business revenues are budgeted to remain at a similar level during 2025.

The Directors have then run reverse stress tests on the budget to determine the point at which the treasury limit would be breached. These indicate that, for net debt to breach the agreed limit, both; profitability would need to be 4% lower than budgeted for the period to the end of May 2026, plus there would need to be an adverse working capital movement of more than (€137m). The Directors deem this scenario remote and note that this is also before controllable mitigating actions that could be taken in such a scenario such as the deferral of capital expenditure or reorganization efforts.

## Notes to the financial statements

For the year ended 31 December 2024

The Directors have concluded that Airbus S.E. will be able to provide such support due to Airbus S.E strong credit rating as assessed by external credit agencies.

The Directors conclude that the requirement of the UK business continues. It is strategically important to the Airbus Group as well as UK national defence capability.

As a result, the Directors' expect that the Company will be able to continue in operational existence for the foreseeable future, and the financial statements have been prepared on the going concern basis.

### **2.3 Judgements and key sources of estimation uncertainty**

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

#### *Long term contract accounting*

The key judgement in recognition of revenue is the estimated costs to complete long term contracts. The estimation arises in forecasting the costs yet to be incurred on the contract and the likelihood of liquidated damages and therefor the expected final margin of the project.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of work carried out at the year end, by recording turnover and related costs as contract activity progresses compared to the estimated total costs of the contract. Full provision is made for losses on all contracts in the year in which they are first foreseen. Turnover in respect of long-term contracts is calculated to fairly reflect the level of completion of the contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer.

Revenue is based on the transaction price ascribed to each performance obligation within a contract and includes an assessment of the variable elements of consideration including discounts, price escalations and liquidated damages. Variable consideration included in the selling price is only taken into account to the extent that it is highly probable that a significant reversal in the amount of revenue already recognised will not occur. Liquidated damages are recognised as a reduction in revenue.

## Notes to the financial statements

For the year ended 31 December 2024

### **Judgements and key sources of estimation uncertainty (continued)**

Contracts that contain distinct goods and services are unbundled and the transaction price allocated to the performance obligations as stand-alone values. Judgement is exercised where a series of goods and services are substantially the same and create an asset with no alternative use and in this instance one performance obligation is recognised.

Advance payments received from customers are shown as payments received on account in creditors until there is a right of set-off against the value of work undertaken. Progress payments received are deducted from the value of work carried out, any excess being included within payments received on account.

#### *Taxation*

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 9.

#### *Pension*

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to uncertainty. In determining the appropriate discount rate, management considers the interest rates of UK corporate bonds with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in Note 20.

#### *Impairment of subsidiary investments*

The Company determines whether there are indicators of impairment of the Company's tangible and intangible and other assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. If impairment indicators are identified, a valuation exercise will be undertaken to calculate the impairment

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies

#### *a) Foreign currency translation*

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

#### *b) Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the aggregate amount paid and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the criteria in IAS 23 are capitalised as part of the cost of the asset.

Depreciation is provided on all property, technical and office equipment, other than land, on a straight line basis over its expected useful life as follows:

Freehold and Leasehold buildings – over 25 years

Technical equipment and office equipment – over 3 – 15 years

Assets Under Construction are not subject to depreciation.

The carrying values of property, technical equipment and office equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

#### *c) Intangible assets*

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method as appropriate, and are treated as changes in accounting estimates.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

#### *Research and development costs*

Research costs are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the assets will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Development expenditure capitalised is mainly amortised over the useful economic life of the related assets, up to a maximum of 10 years. For one specific project amortisation is based on apportionment against units sold.

#### *Software*

Software costs are amortised over a period of 3-5 years.

#### *d) Investments*

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Other equity Investments in level 3 hierarchy investments are held at historical cost. Other equity investments in level 1 hierarchy investments are held at fair value, and subsequently measured annually at fair value through the income statement (FVTIS).

#### *e) Stocks and long term contracts in progress*

Stocks are stated at the lower of cost and net realisable value. Cost includes all cost incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – purchase cost

Work in progress and finished goods – costs of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

#### *f) Taxation*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax is reviewed at each balance sheet date. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### *g) Provisions for liabilities*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions for loss making contracts are also considered as detailed in revenue.

#### *h) Derivative financial instruments and hedging*

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is designated and documented at its inception. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an regular basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

For the purpose of hedge accounting, hedges are classified as cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs

#### *i) Pensions*

The Company operates a defined benefit pension plan. This scheme also provides defined benefit pension arrangements to other contributing Airbus subsidiary undertakings in the UK, including Airbus Group Limited, Airbus Helicopters Limited, Airbus Operations Limited, and Surrey Satellite Technology Limited.

The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership for a reduction in future entitlement) occurs, the obligation and related plan assets are re measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance income or cost. The discount rate is the yield at the balance sheet date on AA credit rated corporate bonds (excluding government backed) denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations.

Re-measurements, comprising actuarial gains and losses, the effect of any asset ceiling and the actual return on the net assets (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur.



## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or agreed reductions in future contributions.

#### *j) Revenue recognition*

Airbus Defence and Space Limited has recognised revenue under IFRS 15.

Revenue from the design, manufacture and supply of Telecoms and Earth Observation satellite equipment and satellite ground stations is recognised over time as control of produced goods or rendered services is transferred over time to the customer, i.e. under the percentage of completion method.

The company transfers control over time when:

- It produces a good with no alternative use and the Company has an irrevocable right to payment (including a reasonable margin) for the work completed to date, in the event of contract termination at the convenience of customers; or
- The customer simultaneously received and consumes the benefits provided by the Company (e.g maintenance contracts).

For the application of over time method, the measurement of progress towards complete satisfaction of a performance obligation is based on inputs (i.e. cost incurred).

When none of the criteria above has been met, revenue is recognised at a point in time.

Revenue from the design, manufacture and supply of Telecoms and Earth Observation satellite equipment and satellite ground stations is invoiced by the achievement of contractually defined technical milestones and recognised by percentage of completion.

The principal activities of the Secure Communications business is to service military, defence and government organisations with specialized military satellite communications. Revenue from this is measured and recognised based on the delivery of the communication services provided.

Revenue from the Intelligence and Cyber business, relates to the provision of geospatial products and cyber services, is measured and recognised based on the timing of the delivery of the product to the customers or the provision of the related services.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

#### *k) Financial assets and financial liabilities*

The Company applies IFRS 9 to all financial assets and liabilities which form part of the overall hedging strategy.

#### *Financial Assets*

Financial assets are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; held-to-maturity financial assets; or as available-for-sale financial assets, as appropriate. Financial assets include cash and cash equivalents, trade receivables, other receivables, loans, other investments, and derivative financial instruments. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification, as follows:

#### *Loans and receivables*

Loans and receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

Other equity investments are initially recognized at fair value and are subsequently recognized at fair value through profit and loss (FVTPL).

#### *Derivatives designated as hedging instruments in an effective hedge*

These derivatives are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

#### *Financial Liabilities*

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortized cost, as appropriate.

Financial liabilities include trade and other payables, accruals, finance debt and derivative financial instruments. The group determines the classification of its financial liabilities at initial recognition.

The measurement of financial liabilities depends on their classification, as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

#### *Derivatives designated as hedging instruments in an effective hedge*

These derivatives are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

#### *Financial liabilities measured at amortised cost*

All other financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest and other income and finance costs.

The Company recognises the obligation as a lessor in line with IFRS 16: Leases.

This category of financial liabilities includes trade and other payables and finance debt.

## Notes to the financial statements

For the year ended 31 December 2024

### 2.4 Significant accounting policies (continued)

#### *l) Leases*

##### Right of use assets

The Company leases real estate assets, cars and equipment.

The Company recognises a right-of-use asset at the lease commencement date. The discount rate used to determine the right of use asset is calculated based on the incremental borrowing rate at inception of the lease. The Company calculated the rate applicable to each lease contract on the basis of the lease duration. Right of use assets are depreciated using a straight line method from commencement date to the earlier of the end of the useful life or the end of the lease terms.

##### Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities at the present value of lease payments paid over the lease term. Discount rates applied are based on incremental borrowing rates to take account of any specific economic environment. These discount rates are determined with respect to the remaining terms of leases from the date of first time application.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low-value assets less than £5,000. The expense in relation to short-term and low-value assets is insignificant. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

## Notes to the financial statements

For the year ended 31 December 2024

### 3 Turnover

Turnover represents the amounts derived from the provision of services which fall within the Company's ordinary activities, stated net of value added tax.

The Company operates in four principal areas of activity. Firstly the design, manufacture and supply of Telecoms and Earth Observation satellite equipment and satellite ground stations. Secondly for the Intelligence business, the sale of geospatial products and services. For the Secure Communications business, the delivery of satellite related services includes delivering mobile voice communications, multimedia based communication and broadcast communications. Finally, the provision of secure ground communications and cyber security services.

Analysis of turnover by geographical market was as follows:

	2024 £'000	2023 £'000
United Kingdom	251,674	427,823
Europe	269,702	197,697
The Americas	7,449	14,092
Rest of the World	3,676	6,336
	<u>532,501</u>	<u>645,948</u>

## Notes to the financial statements

For the year ended 31 December 2024

### 4 Operating Loss

This is stated after charging/(crediting):

	2024 £'000	2023 £'000
Depreciation of tangible fixed assets:		
- owned assets	10,680	9,576
Amortisation of intangible assets	4,491	4,721
Impairment of Onesat Intangible asset	125,657	-
Research and development costs	14,408	22,146
Operating lease charges:		
- plant and machinery/office equipment	168	1,728
R&D tax credit	<u>(15,410)</u>	<u>(11,856)</u>

### 5 Auditors remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

	2024 £'000	2023 £'000
Audit of the financial statements	<u>525</u>	<u>479</u>

## Notes to the financial statements

For the year ended 31 December 2024

### 6 Staff costs and directors' remuneration

a) <i>Staff costs</i>	2024 £'000	2023 £'000
Wages and salaries	163,511	160,982
Social security costs	19,271	18,559
Pension costs (see note 20):		
- Current service costs	34,100	30,800
	<u>216,882</u>	<u>210,341</u>

The average monthly number of persons employed by the Company (including directors) during the year was made up as follows:

	2024 Number	2023 Number
Engineering and project staff	2,199	2,145
Administration, contracts and finance staff	493	623
	<u>2,692</u>	<u>2,768</u>

#### b) *Directors' remuneration*

	2024 £'000	2023 £'000
Aggregate emoluments	399	1,053
Company contributions payable to pension schemes	82	75
	<u>481</u>	<u>1,128</u>

Amounts in respect of highest paid director:

- Emoluments	223	725
- Compensation for loss of office	-	110
- Company contributions payable to pension schemes	64	10
-value of accrued pension	116	-

Number of directors in company pension schemes	2	2
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## Notes to the financial statements

For the year ended 31 December 2024

### 7 Interest receivable

	2024 £'000	2023 £'000
Amounts receivable from parent undertaking	<u>4,831</u>	<u>6,501</u>

### 8 Interest payable

	2024 £'000	2023 £'000
Amounts payable to parent undertaking	23,217	11,143
Other interest costs	114	1,023
Interest on Lease Liabilities	<u>934</u>	<u>925</u>
Total interest expense	<u>24,265</u>	<u>13,091</u>



## Notes to the financial statements

For the year ended 31 December 2024

### 9 Taxation

	2024 £'000	2023 £'000
<i>(a) Tax charged in the income statement</i>		
<b>Current income tax:</b>		
UK corporation tax	(117)	(1,581)
Losses surrendered for group relief for partial payment	26,517	20,874
Prior year losses surrendered for group relief for partial payment	(8,964)	1,224
Amounts (under) provided in previous years	(82)	(5,376)
Total current income tax	<u>17,354</u>	<u>15,141</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	<u>12,775</u>	<u>-</u>
Total deferred tax	<u>12,775</u>	<u>-</u>
Total tax charge in the income statement	<u>30,129</u>	<u>15,141</u>

*(b) Tax relating to items charged or credited to other comprehensive income:*

#### Deferred tax:

Actuarial gain on defined benefit pension scheme	<u>(12,775)</u>	<u>-</u>
Total deferred tax	<u>,(12,775)</u>	<u>-</u>
<b>Total deferred tax in the statement of other comprehensive income</b>	<u>(12,775)</u>	<u>-</u>

## Notes to the financial statements

For the year ended 31 December 2024

### 9 Taxation (continued)

#### *(c) Reconciliation of the total tax charge*

The tax expense in the income statement for the year differs from the standard rate of corporation tax of 25% (2023: 23.50%).

The differences are reconciled below:

	2024 £'000	2023 £'000
Accounting Loss before tax	<u>(268,716)</u>	<u>(107,097)</u>
Tax calculated at UK standard rate of corporation tax in the UK of 25% (2023: 23.50%)	67,179	25,168
Disallowed expenses and non-taxable income	(7,214)	(10,584)
Research and development relief	-	1,486
Losses surrendered for group relief	(26,517)	(20,874)
Amounts (under) provided in previous years	(82)	(5,376)
Overseas taxes	(117)	(94)
Movement in unrecognised deferred Tax asset	5,844	24,191
Prior year losses surrendered for group relief	<u>(8,964)</u>	<u>1,224</u>
Total tax credit reported in the income statement	<u>30,129</u>	<u>15,141</u>

#### *(d) Change in Corporation Tax rate*

The corporation tax rate for the year is 25%. No future changes to the tax rate have been announced..

## Notes to the financial statements

For the year ended 31 December 2024

### 9 Taxation (continued)

(e) The deferred tax assets included in the balance sheet is as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	35,836	-
General provisions	2,805	-
Pensions	(80,205)	-
Tax losses carried forward	41,564	-
	<u>-</u>	<u>-</u>

(f) The company has an unrecognised deferred tax asset due to uncertainty over recoverability calculated at 25% which is comprised as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	-	38,791
General provisions	-	3,782
Pensions	-	(54,917)
Tax losses carried forward	86,129	90,065
	<u>86,129</u>	<u>77,721</u>

The company has an unrecognised deferred tax asset of £86m, due to the group's policy of partial payment for group relief of losses against future taxable profits in the overall UK group, and due to £65m of the unrecognised deferred tax asset being in respect of tax losses transferred into the company in a prior year when a division was transferred in. Whereas all tax losses may be carried forward indefinitely, the use of this £65m of tax losses is restricted.

## Notes to the financial statements

For the year ended 31 December 2024

### 10 Intangible fixed assets

	Software costs	Development expenditure	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2024	7,290	118,370	125,660
Additions (1)	105	34,950	35,055
Impairment (2)	-	(151,201)	(151,201)
Reclassification (3)	75	-	75
At 31 December 2024	7,470	2,119	9,589
<b>Amortisation</b>			
At 1 January 2024	7,093	21,565	28,658
Charge for the year	205	4,286	4,491
Impairment (2)	-	(25,544)	(25,544)
Transfer (3)	-	-	-
At 31 December 2024	7,298	307	7,605
<b>Net book value</b>			
At 31 December 2024	172	1,812	1,984
At 31 December 2023	197	96,805	97,002

(1) Additions during 2024 include £33.4m of development expenditure for a project amortised from 2022.

(2) Impairment mainly relates write off of Development costs of a project that are considered non progress relevant.

(3) Reclassification relates to items reclassified from tangible to intangible

A significant proportion of the development costs above relate to the design and build of the “OneSat” telecommunications satellite product. The decision this year was taken to write down these costs and consider research and development to be expensed..

## Notes to the financial statements

For the year ended 31 December 2024

### 11 Tangible fixed assets

	Land and buildings £'000	Technical equipment £'000	Office equipment £'000	Assets under the course of construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2024	54,169	109,910	65,800	33,289	263,168
Additions	739	14,865	1,616	6,943	24,163
Disposals (1)	(44)	(868)	(745)	-	(1,657)
Transfers (2)	1,005	4,160	2,926	(8,166)	(75)
At 31 December 2024	<u>55,869</u>	<u>128,067</u>	<u>69,597</u>	<u>32,066</u>	<u>285,599</u>
<b>Depreciation</b>					
At 1 January 2024	14,271	97,118	56,080	-	167,469
Charge for the year	2,031	4,759	3,890	-	10,680
Disposals (1)	(44)	(868)	(745)	-	(1,657)
At 31 December 2024	<u>16,258</u>	<u>101,009</u>	<u>59,225</u>	<u>-</u>	<u>176,492</u>
<b>Net book value</b>					
At 31 December 2024	<u>39,611</u>	<u>27,058</u>	<u>10,372</u>	<u>32,066</u>	<u>109,107</u>
At 31 December 2023	<u>39,898</u>	<u>12,792</u>	<u>9,720</u>	<u>33,289</u>	<u>95,699</u>

(1) Disposals relate to write off of retired assets

(2) Within transfers are reclassification to intangible assets corrected from tangible.

## Notes to the financial statements

For the year ended 31 December 2024

### 12 IFRS 16 Right-of-Use assets

	Right-of-Use Land and buildings £'000	Right-of-Use Technical equipment £'000	Right-of-Use Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2024	25,501	1,662	1,349	28,512
Additions	594	-	2,761	3,355
Disposals (1)	(55)	(956)	(42)	(1,053)
At 31 December 2024	26,040	706	4,068	30,814
<b>Depreciation</b>				
At 1 January 2024	2,193	1,171	290	3,654
Charge for the year	1,847	201	1,205	3,253
Disposals (1)	(147)	(959)	(68)	(1,174)
At 31 December 2024	3,893	413	1,427	5,733
<b>Net book value</b>				
At 31 December 2024	22,147	293	2,641	25,081
At 31 December 2023	23,308	491	1,059	24,858

(1) Disposal value relate to updates on leases and terminations to car leases

## Notes to the financial statements

For the year ended 31 December 2024

### 13 Investments

	Total £'000
<b>Shares in subsidiary undertakings:</b>	
1 January 2024	83,948
Additions (1)	23,579
Impairments (2)	(10,176)
At 31 December 2024	<u>97,351</u>
<b>Other investments:</b>	Level 1 Investment
At 1 January 2024	3,019
Fair value loss on impairment	(135)
Fair value profit on investment	1,964
At 31 December 2024	<u>4,848</u>
Total investments At 31 December 2024	<u>102,199</u>

(1) During the year, Airbus Defence and Space Limited made an investment of £23,579,000 (\$30,000,000) in Aalto HAPS Limited for the allotment of 5,066,467 ordinary shares.

(2) During the year Airbus Defence and Space Limited impaired its total investment in Aalto HAPS Limited by £10,176,000 to equal the value of the net assets held at Aalto HAPS Limited.

The Directors believe that the carrying value of the investments is supported by the value of the underlying assets.

## Notes to the financial statements

For the year ended 31 December 2024

<b>13 Investments (continued)</b>	<i>Business activity</i>	<i>Registered address</i>	<i>Proportion of nominal value of ordinary issued shares held</i>	<i>Country of incorporation</i>
<i>Subsidiary investments:</i>				
Paradigm Services Limited	Non-trading	1	100 percent	England
Airbus Defence and Space AS	Satellite Communications	2	100 percent	Norway
GPT Special Project Management Limited	Project management	1	100 percent*	England
Surrey Satellite Technology Limited	Satellite Communications	3	100 percent	England
Airbus DS (Satcom Australia) Pty Ltd	Satellite Communications	4	100 percent	Australia
Airbus Military UK Limited	Maintenance of aircraft and related services	5	100 percent	England
Airbus HAPS Connectivity Solutions Limited (Renamed Aalto HAPS Limited on 12 January 2023)	Satellite Communications	1	91.7 percent	England

\* Investment is held indirectly via Paradigm Services Limited.

1 – Registered address: Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2AS

2 – Registered address: Lysaker Torg 8, PO Box 518, 1327 Lysaker, Norway

3 – Registered address: Tycho House, 20 Stephenson Road, Surrey Research Park, Guildford, Surrey, GU2 7YE

4 – Registered address: Case Governance Pty Ltd, Level 13, 41 Exhibition Street, Melbourne, Vic 3000, Australia

5 – Registered address: Britannia House, West Oxfordshire Business Park, Unit 10, Wavers Ground, OX183YJ

Dividends were received in 2024 from Airbus Defence and Space AS £1,513,491 (2023: £1,954,810) and from Airbus Military UK Limited £1,120,000 (2023: £nil).



## Notes to the financial statements

For the year ended 31 December 2024

### 14 Stocks

	2024 £'000	2023 £'000
Finished goods available for resale	271,635	213,537
Raw materials and consumables	6,687	6,522
Work in progress balances	11,406	25,742
	<u>289,728</u>	<u>245,801</u>

### 15 Debtors due within one year

	2024 £'000	2023 £'000
Trade debtors	60,190	44,176
Financial instruments	872	-
Amounts due from fellow subsidiary undertakings	47,970	47,054
Advance payments made	7,711	1,903
Accrued income	1,764	2,056
Loan to parent undertaking	166,865	61,528
Other debtors	47,400	27,839
Prepayments	98,880	21,722
	<u>431,652</u>	<u>206,278</u>

Amounts due from group undertakings are unsecured, interest free and have no fixed date of repayment.

## Notes to the financial statements

For the year ended 31 December 2024

### 15 Debtors (continued)

Loans to the parent undertaking Airbus S.E. are unsecured, have no fixed date of repayment and attract the following interest rates.

Euro balances	ECB Deposit Rate - 0.05%
US Dollar balances	Federal Funds Rate - 0.05%
Sterling Pound balances	BoE rate - 0.05%
Other currency balances	IBOR 1 month - 0.05%

Financial instruments above include the fair value forward currency contracts of £872k (2023: £nil)

### 16 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Payments received on account	246,823	56,272
Trade creditors	83,994	101,734
Amounts due to fellow subsidiary undertakings	13,568	11,941
Loan from parent undertaking	-	313,445
Other taxation and social security	9,980	14,870
Other creditors and accruals	78,046	57,493
	<u>432,411</u>	<u>555,755</u>

## Notes to the financial statements

For the year ended 31 December 2024

### 16 Creditors: amounts falling due within one year (continued)

Loans due to the parent undertaking Airbus S.E. are unsecured, have no fixed date of repayment and attract the following interest rates.

Euro balances	ECB Deposit Rate	+ 0.55%
US Dollar balances	Federal Funds Rate	+ 0.55%
Sterling Pound balances	BoE rate	+ 0.55%
Other currency balances	IBOR 1 month	+ 0.55%

Amounts due to other group undertakings are unsecured, interest free and have no fixed date of repayment.

### 17 Creditors: amounts falling due after one year

	2024 £'000	2023 £'000
Lease Liabilities	23,302	23,594
	<u>23,302</u>	<u>23,594</u>

#### Lease Maturity

	£'000
Between 1 and 2 years	3,482
Between 2 and 5 years	8,075
Over 5 years	20,463
	<u>32,020</u>

## Notes to the financial statements

For the year ended 31 December 2024

### 18 Contract asset and liability

	2024 £'000	2023 £'000
Contract asset	143,379	140,051
Contract liability	(145,895)	(168,698)
Revenue recognised in the period from:		
Amounts included in contract liability at the beginning of the period	125,235	154,579
Amounts billed in the current period appearing as contract assets at the start of the year	(101,001)	(53,524)

### 19 Provisions for liabilities and charges

	Total £'000
At 1 January 2024	1,574
Provisions arising during the year	4,953
Provisions utilised during the year	(869)
Provisions released during the year	(247)
	<hr/>
At 31 December 2024	5,411

Provisions comprise £334,000 (2023: £706,000) in respect of future liabilities under Airbus employee Long Term Incentive Plan scheme (a cash settled scheme), and £3,595,000 (2023: £868,000) in respect of contract loss and contract warranty provisions and £1,482,000 in respect of restructuring.

## Notes to the financial statements

For the year ended 31 December 2024

### 20 Pensions

Pension contributions are determined with the advice of independent qualified actuaries, Willis Towers Watson, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective Balance Sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. The plan is exposed to interest rate and inflation risk, however this is very largely mitigated by hedging contracts taken out by the pension plan.

The assets and liabilities of the scheme are shown below:

	2024 £'000	2023 £'000
Equities	105,000	152,100
Infrastructure	115,300	153,300
Illiquid credit and inflation opportunities	76,300	78,700
LDI / Index-linked gifts	610,300	545,700
Property	132,500	129,400
Schedule 1 retirement accounts	128,100	110,600
Cash and other assets	89,800	109,000
	<hr/>	<hr/>
Fair value of scheme assets	1,257,300	1,278,800
	<hr/>	<hr/>
Present value of scheme liabilities	(935,200)	(1,027,800)
	<hr/>	<hr/>
Defined benefit pension plan asset	322,100	251,000
	<hr/>	<hr/>

The pension scheme has not invested in any of the Company's own financial instruments nor in the properties or other assets used by the Company. The Company has recognised the Pension asset in line with IFRIC 14 because any surplus would be returned to them in the event of winding up the Pension Scheme.

## Notes to the financial statements

For the year ended 31 December 2024

### 20 Pensions (continued)

The amounts recognised in the Income Statement for the year are analysed as follows:

#### Recognised in the Income Statement

	2024	2023
	£'000	£'000
Current service cost	(34,100)	(30,800)
Net interest on net defined benefit asset	12,100	11,900

#### Taken to the Statement of Comprehensive Income

	2024	2023
	£'000	£'000
Return on plan assets (excluding amounts included in net interest)	(104,000)	(14,700)
Actuarial changes arising from changes in financial assumptions	155,100	8,400
Gain / (Loss) recognised via the Statement of Comprehensive Income	51,100	(6,300)

Changes on the present value of the defined benefit pension obligations are analysed as follows:

#### Defined benefit obligation

	2024	2023
	£'000	£'000
Surplus / (Deficit) benefit liability at the end of the prior year	251,000	227,000
Net benefit expense for the year	(22,000)	(18,900)
Employer contributions	42,000	49,200
Gain / (Loss) recognised via the statement of comprehensive income	51,100	(6,300)
Defined benefit asset at the end of the current year	322,100	251,000

## Notes to the financial statements

For the year ended 31 December 2024

### 20 Pensions (continued)

The principal assumptions used to measure the scheme liabilities are set out below:

	2024	2023	2022
Main year-end assumptions used:			
Rate of salary increases	3.30%	3.15%	3.30%
Rate of increase in pensions in payment	2.95%	2.90%	3.00%
Rate of increase for deferred pensioners	2.55%	2.40%	2.55%
Discount rate	5.55%	4.50%	4.75%
Rate of inflation (RPI)	3.10%	3.00%	3.15%
Rate of inflation (CPI)	2.55%	2.40%	2.55%
Post retirement mortality:			
	Males: 110% (Sch1), 89% (Sch 2 and 3) x S3PFA Females: 103% (Sch1), 92% (Sch 2 and 3) x S3PFA	Males: 110% (Sch1), 89% (Sch 2 and 3) x S3PFA Females: 103% (Sch1), 92% (Sch 2 and 3) x S3PFA	113% (Schedule1), 87% (Schedule 2 and 3) x S2PXA
- current rates			
- allowance for future improvements	CMI 2023 improvements with a long term rate of 1.25% pa,	CMI 2022 improvements with a long term rate of 1.25% pa,	CMI 2020 improvements with a long term rate of 1.25% pa,

An indication of the sensitivity of the above key assumptions include:

- 0.1% p.a. increase to the discount rate would reduce the gross pension liability by 1.75%,
- 0.1% p.a. increase to RPI inflation would increase the pension liability by 1.00%,
- 0.1% p.a. increase in the gap between RPI and CPI inflation would reduce the pension liability by 0.25%,
- 0.1% p.a. increase to the salary increases would increase the gross pension liability by 0.5%,

## Notes to the financial statements

For the year ended 31 December 2024

### 21 Share capital & Share Premium

Share Capital	2024	2023
	£'000	£'000
<i>Allotted and fully paid</i>		
Ordinary shares of £1 each	27,115	27,115
Income shares of £1 each	2,167	2,167
	<u>29,282</u>	<u>29,282</u>

Ordinary shares and income shares rank *pari passu*. the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital

Share Premium	2024	2023
	£'000	£'000
Issue of shares	41,100	41,100
Re-capitalisation	616,250	-
	<u>657,350</u>	<u>41,100</u>



Notes to the financial statements

For the year ended 31 December 2024

22 Reserves

Movements on reserve account balances during the year are disclosed in the Statement of Changes in Equity. Other reserve balances comprise:

Cash flow hedge reserve: This is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge at the year-end date.

23 Capital commitments

	2024 £'000	2023 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	17,773	18,424

24 Contingent liabilities

Airbus Defence and Space Limited has resolved to provide up to 130 MSAR ( 28 MGBP) financial support to GPT Special Management Limited in the event that this company is unable to meet its liabilities as they fall due. No such financial support has had to be provided at the balance sheet date.

## Notes to the financial statements

For the year ended 31 December 2024

### **25 Share based payments**

#### **Long-term incentive plan**

Annually from 2008 to 2024 the board of directors of Airbus S.E. has approved long term incentive plans to grant performance and restricted units. The performance and restricted units will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of performance units, upon achievement of mid-term business performance. The shares vest in equal amounts every 6 months, commencing in the May following the third anniversary of the grant date.

### **26 Related party transactions**

As the Company is a wholly owned subsidiary of Airbus S.E. it has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

There are no other related party transactions that require disclosure.

### **27 Parent undertakings and controlling party**

The Company's ultimate parent company and controlling party is considered by the Directors to be Airbus S.E. which is registered in The Netherlands. Airbus S.E. is the parent undertaking of the largest and smallest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared. Copies of the financial statements of Airbus S.E. are available from The Secretary, Airbus S.E. Mendelweg 30, 2333 CS Leiden, The Netherlands.