
MBDA UK LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024



MBDA UK LIMITED

COMPANY INFORMATION

Directors	C J Allam J Allibone E E A Béranger P H C Bols I D West G Soccodato (resigned 31 March 2025) L Mariani (appointed 1 April 2025)
Company secretary	G J Lock
Registered number	03144919
Registered office	MBDA UK Limited Six Hills Way Stevenage Hertfordshire SG1 2DA
Independent auditor	Ernst & Young LLP Statutory Auditor 400 Capability Green Luton Bedfordshire LU1 3LU

MBDA UK LIMITED

CONTENTS

	Page
Strategic Report	1 - 12
Directors' Report	13 - 17
Directors' Responsibilities Statement	18
Independent Auditor's Report	19 - 23
Consolidated and Company Statements of Profit or Loss	24 - 25
Consolidated and Company Statements of Other Comprehensive Income	26 - 27
Consolidated and Company Statements of Financial Position	28 - 31
Consolidated and Company Statements of Changes in Equity	32 - 33
Consolidated and Company Statement of Cash Flows	34 - 37
Notes to the Consolidated Financial Statements	38 - 82

MBDA UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

MBDA UK Limited (the "Company") financial statements have been prepared on a consolidated basis. The financial statements have been consolidated to include the Company's subsidiaries, MBDA Inc., Horizon Land Limited, UKAMS Limited and Currock Engineering Company Limited (the "UK Group").

Principal activities & business review

As part of the MBDA Group (term is defined on page 3), the UK Group's vision is to be a European expert and a global player in the field of missiles and missile systems. The UK Group revenue in 2024 was £1,322m (2023: £1,492m) and this revenue generated profit after tax of £127m (2023: £138m). As at 31 December 2024 the UK Group was in a healthy financial position, with a substantial profitable order book and cash, cash equivalents and balances on Treasury Pooling of £1,532m.

The principal resources that the UK Group uses to achieve its vision are its people, relationships with its suppliers and customers, intellectual property and infrastructure.

The number of employees of the UK Group excluding directors increased from 5,208 (Dec 2023) to 5,960 (Dec 2024). A breakdown of the employees is as follows:

	Male		Female	
	2024	2023	2024	2023
Directors of the Company	6	6	0	0
Senior Managers	458	437	101	85
Other employees	4,143	3,608	1,258	1,078

In 2022, the Company became a signatory of the Women in Defence 30% by 2030 Charter to demonstrate its commitment to increasing female representation. Between December 2023 and December 2024, female representation in the overall workforce has increased from 22% to 23%.

The Company works closely with the UK Ministry of Defence ("UK MOD") under a strategic partnering agreement which is designed to underpin UK sovereign capability in complex weapons. The UK Group operates in a highly competitive environment subject to export controls and other restrictions.

The UK Group maintains a substantial and continuing commitment to research and development. Such work covers technology, capability and processes; it is aimed at updating existing, and developing new technologies, in order to maintain a competitive edge, improve efficiency, safety, improve sustainability, and reduce costs.

Key Performance Indicators

	2024	2023
Revenue	£1,322m	£1,492m
Profit Before Taxation	£161m	£168m
Cash and Treasury Pooling	£1,532m	£823m
Year End Headcount	5,966	5,214

Future developments

Building upon the success of its strategic partnering agreement, in 2024 the Company signed a long term agreement with the UK MOD. This agreement ensures that the Company remains the UK MOD's preferred supplier of missiles and missile systems.

In export markets the Company is seeing a significant increase in the level of customer demand. In October 2024 the Company secured a further contract worth approximately £5bn with Poland for the supply of ground based air defence missiles and associated systems. As a result of this increased demand the UK Group will continue to invest in order to maintain and improve its capabilities and capacity.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Principal risks & uncertainties

Risks are identified based on the likelihood of occurrence and the potential impact on the UK Group. The principal risks and uncertainties facing the UK Group are identified below, together with an indication of how those risks are mitigated.

The UK Group is dependent on defence spending and any reduction could adversely affect the UK Group. Defence spending depends on a complex mix of political considerations and budgetary constraints which mean it may be subject to fluctuations. The UK Group is well placed to take advantage of any shift in countries' policy away from procuring equipments from the US.

Development projects are often undertaken on a collaborative basis with the domestic customers of other MBDA entities within the MBDA Group. There is a risk to our ability to take part in such collaborative development if our domestic customers are unable to align their future needs or where domestic economic or political pressures reduce defence budgets. We continue to work closely with both domestic and European bodies to strengthen our relationships. Our strong domestic and European relationships should reduce our risk exposure.

As a defence contractor we are required to obtain export licences to enable us to trade outside of our domestic market. Any changes to the approved markets in which we operate can impact our ability to deliver to customers outside of our domestic market. The UK Group continues to monitor potential risks before they arise and will work with both the UK Government and overseas governments to resolve any issues that may arise.

Credit risk on export contracts is mitigated through a variety of means including securing payment via Letters of Credit or UK Government-backed financing schemes.

The UK Group uses forward exchange contracts to hedge the vast majority of its currency exposures. The UK Group secures some of its customer contracts and procures goods and services in currencies other than sterling. The UK Group will always look to ensure that it only receives non sterling receipts to the extent that these will be subsequently passed to its supply chain. To the extent that this is not possible and to the extent that there are timing differences between the receipt of non sterling currencies and their subsequent disbursement to the supply chain currency, hedging is put in place such that the foreign exchange rate associated with each contract is fixed in advance, hence removing the potential impact on contracts from fluctuations in foreign exchange rates.

Working with the appropriate Governmental agencies, the UK Group continues to invest heavily in tools, systems and processes designed to ensure that our protections from cyber threats remain certifiably fit for purpose. This approach is equally applied to both the day to day operations of the business and the products that are produced.

The UK Group is very aware of its need to secure a reliable, long term supply of the components used in its products in order to ensure the smooth running of its operations. This topic is managed on a constant, proactive basis throughout the supply chain using a number of approaches. During the course of the year the Company acquired the share capital of one of its suppliers, Currock Engineering Company Ltd, in order to ensure its ongoing financial viability. To date the UK Group has not suffered any significant disruption due to the non availability of components.

Unforeseen technical and programmatic issues can arise in the course of performing our development and production contracts which can erode profitability and lead to delays. We aim to mitigate such risk by deploying strong project management and project governance disciplines.

MBDA UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANIES ACT SECTION 172(1) STATEMENT

The UK Group is a part of the MBDA Group, an international group of companies, the holding company of which is the Company's immediate parent, MBDA SAS, a French corporation (the "MBDA Group"), ultimately owned by BAE Systems PLC (37.5%), Airbus SE (37.5%) and Leonardo SpA (25%).

As required by Section 172 of the UK Companies Act 2006, the Directors of the UK entities within the UK Group must act in the way they consider, in good faith, will most likely promote the success of the business for the benefit of its members as a whole. In doing this, each Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the UK Group's employees;
- need to foster the UK Group's business relationships with suppliers, customers and others;
- impact of the UK Group's operations on the community and environment;
- UK Group's reputation for high standards of business conduct; and
- need to act fairly between members of the UK Group.

Overview of how the Directors perform their duties

As part of their induction, each director of the Company is briefed on their duties. The Directors are also guided as to these duties by the Company's Legal department and the Company Secretary. While the Directors are collectively responsible for the long-term success of the business, as is common in most large businesses, the Directors fulfil their duties partly through a delegated authority framework that delegates some day to day decision-making to employees of the Company (the "Delegated Authorities"). The Company mandates strict adherence to the Delegated Authorities, which provides governance on accountability for decision-making across the business. The Delegated Authorities framework empowers a network of talented and responsible individuals to support the Directors in their aims, and assists with ensuring that there is an effective two-way channel of communication and engagement relating to the operation of the Company.

The Directors further fulfil their duties by acting in accordance with the MBDA Group's Principles of Operation, which lays out the main roles and responsibilities of the two main operational Governance committees of the MBDA Group; the Executive Committee and the Management Committee. Currently, four of the six Directors of the Company are members of the MBDA Group Executive Committee. The Principles of Operation also detail the respective responsibilities, organisations and principles of each MBDA Group company. The Principles of Operation are regularly reviewed and amended to reflect any changes to perceived risks or the environment in which the Company operates.

Long term company success

Each year, the Company's Directors participate in and contribute to an in-depth review of the Company's strategy, both in terms of past performance and the future, by the generation of an Integrated Strategic Business Plan ("ISBP"), as part of an overall MBDA Group ISBP review. The ISBP is built on a foundation of knowledge and feedback gained through internal and external engagement with key stakeholders, including employees, customers, suppliers, industry working groups and Government organisations. Once ratified internally by the Company's Directors, the Company's ISBP is submitted for inclusion into the wider MBDA Group ISBP. Once confirmed, the Company's ISBP forms the basis of the Company's budget, resource and investment plans, and outlines the future strategic areas of focus for the Company. In underwriting the ISBP, the Company, through the Directors and others within the MBDA Group authorised by the Directors engages with key stakeholders, including its shareholders, employees, customers and suppliers to ensure that the focus of the business over this period is aligned with their expectations and is realistic, based on a wide pool of views about the likely future impact of decisions. Consideration is always given to the economic and social consequences of the Company's long-term decisions and reputation. Further detail on the main methods the Company uses to engage with its stakeholders is provided below.

Risk management is a fundamental part of how the Company operates. It is embedded into daily operations at all levels of the business, including aspects related to health and safety, security, environmental impact, product safety, contractual obligations, stakeholder relationships and financial consequences. The Company uses a risk management tool to collate and manage all identified risks. These risks, along with associated mitigation activity,

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

are reviewed regularly by management. In addition to the management of risks, the Company also undertakes operational assurance self-assessment by way of a bi-annual review by senior representatives from each function across the Company on all aspects of the Company's operations. The outcome of these functional reviews is used to inform the decision-making process of the Company.

Employees

To ensure the interests of the Company's employees are advanced and that employees are fully engaged in the strategic direction and operation of the Company, the MBDA Group has an employee engagement strategy in place to ensure regular, effective two-way communications between management and all employees. This includes an annual "state of the nation" briefing to employees by the members of the MBDA Executive Committee, frequent "Team Briefs" from the Chief Executive and UK Directors, alongside more informal use of internal social media channels. Additionally, there are regular employee "pulse surveys" undertaken on a variety of topics. The pulse surveys enable employees to anonymously express views over a range of themes such as ways of working, ethics, recognition and development. The responses of the pulse surveys are fully analysed and action plans are developed as appropriate.

"Dynamic Working" enables flexibility for the mutual benefit of our people and our business and has proven to be successful in terms of attracting and retaining talent as well as motivating the employee community.

The Company is clear upon its UK Equality, Diversity & Inclusion (ED&I) commitments and ambitions. These include an inclusive culture and environment, gender balance and disability inclusion as priority topics. A family friendly environment, neurodiversity, race/ethnicity and sexual orientation/gender identity are also priority topics. An ED&I Steering Committee has been established, with senior representatives from across the business meeting regularly to drive forward key initiatives. Employees continue to feedback via our employee led networks, with each network led by a member of our Executive team, and our Inclusion Forum.

The Company has well developed relationships, structures and processes through which it engages regularly with Trade Union representatives and officials to inform, consult and negotiate on relevant matters as necessary.

Customers

Customer-facing Directors and employees regularly engage with customers to provide a two-way flow of information, sharing requirements and progress against contractual and business milestones to promote mutual benefit and understanding of key priorities. These engagements take place in multiple formats, either one-to-one or with wider customer and business stakeholders as appropriate. Key information gathered as an output of these engagements is shared with Directors and employees as required to reach all appropriate individuals within the Company. The engagement activity assists the Company remaining culturally focussed on meeting customer priorities and engaging collaboratively to ensure that a strong relationship is built for the future success of the Company.

Suppliers

Company Directors meet regularly with representatives from the Company's procurement function in order to understand the relationship between the Company and its supply chain, the performance status of the Company's suppliers and key risks within the supply chain. Furthermore, they give due consideration to the potential for developing strategic partnerships with the supply chain. Ethics, cost, quality, performance, delivery and sustainability are all taken into account in the selection of goods and services. All suppliers go through a two stage vetting process. We deliver a Supply Chain Risk Management model that is based around seven key risk areas, creating a risk profile for each supplier at the earliest possible opportunity. This approach is aimed at improving the early identification, prevention and mitigation of supply chain risk in order to ensure a sustainable and high performing supply chain throughout the full lifecycle of our products. It achieves this by enhancing the levels of screening, risk understanding, mitigation and reporting across the MBDA Group. A risk registration process (fit for business) is followed before any business discussions can commence followed by supplier accreditation (fit for purpose).

The Company also aims to act responsibly and fairly in its engagement with suppliers. All suppliers are paid in accordance with their agreed terms.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Community and environment

The MBDA Group is committed to implementing policies and procedures that benefit the environment and communities within which we operate. An important aspect of the MBDA Group's commitment to responsible corporate behaviour is its ability to exercise social responsibility through Company giving and sponsorship. Over the course of the year, as part of our corporate and social responsibility aims, we sponsor and contribute to the activities of worthy charities and causes in the communities in which we operate.

MBDA UK is implementing its ESG (Environmental, Social and Governance) Sustainability and Social Value Strategy. This addresses a comprehensive range of sustainable development priorities, including decarbonisation and resilience to climate change. In 2024, we worked towards a commitment to net zero greenhouse gas emissions by 2050, and additional targets and KPIs established by MBDA Group's Environmental, Social Governance (ESG) Programme. We reported progress in our:

- MBDA Group Sustainability Report 2023
- MBDA UK Carbon Reduction Plan 2024

<https://www.mbda-systems.com/about-us/corporate-responsibility>

Standards of business conduct

Through the MBDA Group's framework of Corporate Social Responsibility initiatives, we ensure that our business operates in an ethical, sound and responsible manner to create a trustworthy environment for our stakeholders, both inside the Company with our employees and externally with our customers and suppliers. The Company has a well-established commitment to ethical business conduct, reflecting international best practices. MBDA Group has an established Code of Ethics that is central to all its operations and underpins the culture across the MBDA Group. The Code of Ethics can be found at: https://www.mbda-systems.com/sites/mbda/files/2024-05/MBDA-Code-of-Ethics-2020-report_UK-online.pdf

The Code of Ethics requires all employees across the MBDA Group to behave as an industry benchmark for innovation, operational excellence and ethical standards. The Code of Ethics is reviewed regularly to ensure that any changes to legislation are appropriately embedded so that the MBDA Group continues to conduct its business activities to the highest ethical standard.

Training sessions are organised by the Legal and Compliance Directorate for managers and externally facing personnel. In addition, employees have access to additional guidelines. The Business Ethics Directorate are at any employees' disposal to answer questions relating to the Code of Ethics, and how this applies to internal and external dealings.

MBDA UK has a specific training segment on Business Ethics & Compliance. On joining MBDA UK, all employees are required to attend this mandatory session, which explains the policies, the importance of the Code of Ethics and how this underpins the culture within the MBDA Group.

The MBDA Group operates the MBDA Integrity Line. The Integrity Line is available to any employee, customer, supplier or stakeholder to report any potential violation of both our Code of Ethics or the law.

Fair dealings between the shareholders

The principal elements governing the relationship between the MBDA Group and the ultimate shareholders are encompassed in the agreement between the Company's parent MBDA SAS and the MBDA Group's ultimate shareholders (the "Shareholder's Agreement"). The Shareholder's Agreement includes various mechanisms, such as reserved matters, reporting requirements (including monthly financial reporting), financial approvals and board membership requirements which facilitate equal visibility of information relating to the Company and fair dealings by the Company as between the ultimate members.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

MBDA UK Climate-related Financial Disclosures (CFD) Report 2024

1. Introduction

This assessment and disclosure has been completed in compliance with The Companies (Strategic Report) (Climate-Related Financial Disclosure) (CFD) Regulations 2022 amended sections of the Companies Act 2006. This is the second Climate-Related Financial Disclosure provided by the MBDA UK Limited ("MBDA UK" hereafter).

2. Governance

The management of climate-related issues, risks and opportunities sits at the highest level of our Company, and that is with the UK Board. The UK Managing Director manages these risks on behalf of the Board through the UK CoDir ("Comite de Direction" or Management Committee), which is accountable for functional delivery across the business and works alongside our customers, suppliers and the UK Government.

Climate-related risks and opportunities identified in our qualitative 2023 disclosure were discussed as an agenda item at the May 2024 CoDir meeting.

The Deputy Managing Director (DMD) is a member of CoDir and the Executive Sponsor for ESG (Environmental, Social and Governance), Sustainability and Social Value. The DMD chairs the UK ESG Steering Board, which includes eight other members of CoDir and other business leaders. Its purpose is to provide strategic direction on the implementation of the MBDA UK ESG, Sustainability and Social Value Strategy. The Steering Board met six times in 2024. Risk was a standing agenda item. One key Steering Board decision was to initiate work to set Science-Based Targets Initiative (SBTi) aligned greenhouse gas emissions key performance indicators (KPIs) and targets.

The Head of UK Sustainability and Social Value is responsible for implementing the MBDA UK ESG, Sustainability and Social Value Strategy. The Strategy integrates MBDA Group ESG programme topics with the themes of the UK Social Value Model. Amongst the priorities of that Strategy are: extreme weather resilience; climate-related financial disclosure; and net carbon neutrality by 2050. The Head of UK Sustainability and Social Value is supported by a team of sustainability leads in key functions and programmes across the business.

3. How processes for identifying, assessing and managing climate-related risk are integrated into the Company's overall risk management process

The Company has an Enterprise Risk Management (ERM) system that is supported by risk management policies and processes. All risks, including climate-related risks, are managed using the ERM.

All colleagues are responsible for some form of risk management in the Company, and all managers are responsible for ensuring that the principles of the ERM are applied. Risk Champions, Risk Coordinators and Risk Owners are allocated across the business to ensure the effective identification and management of risks and opportunities.

ERM involves a six-phased approach of: objective identification; identification and documentation; assessment; response setting; design of controls; and reporting.

Teams and projects use the ARM (Associate in Risk Management) tool to apply the ERM system.

Top business risks are presented to the CoDir and/or the MBDA Group Executive Committee, on a bi-annual basis. These include climate-related risks as appropriate. The CoDir is then responsible for providing the strategic direction to enable the management of these ERM risks.

The UK Managing Director makes a statement of compliance to shareholders, in January and July annually, confirming implementation and effectiveness of controls within specific business areas, including the Risk Management Risk Register. Any highly scored climate-related risk is considered as part of this statement.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. How the Company identifies, assesses and manages climate-related risks and opportunities

Responsible leads within the Company's sustainability and social value team use the ERM system, including ARM, to manage their climate-related risks and opportunities. There are quarterly risk reviews with the UK Head of Sustainability and Social Value, but escalation is also possible through monthly reporting and one-to-one meetings.

Furthermore, responsible leads support other functional teams to integrate climate-related risk and opportunity into their use of ERM and ARM. We use climate scenario analysis to inform this.

Through 2024, the identified risk, "ESG impact on future business" has been managed at an enterprise level.

5. Process for identifying, assessing and managing climate-related risk

During 2024, the Company undertook a quantitative physical Climate Scenario Analysis (CSA), assessing climate-related risks and opportunities over three time horizons: short-term (2021 to 2040), medium-term (2041 to 2060) and long-term (2081 to 2100). These time horizons are chosen as per the Met Office's UKCP18 data climate projections data and agreed as aligning with MBDA UK's business and strategy planning, as well as the evolution of current and future MBDA products and portfolio.

CSA workshops for physical climate-related risks were conducted with colleagues responsible for and knowledgeable about the general management of each of our sites to assess exposure and vulnerability to specific physical risks and impacts, associated with the physical topography. These workshops used the climate-related risk themes raised from the 2023 CSA: flooding and extreme precipitation; heatwave events and high temperatures; storm and high wind. In addition for 2024, wildfires were added as a fourth prioritised climate theme risk due to similar possibilities that resulted in the UK 2022 heatwave. Climate projection modelling tools were used to identify key variables and metrics. This was underpinned by best publicly available climate modelling data and Fathom flood modelling which provides high-resolution flood inundation projections. Workshops also defined mitigation actions and responsibilities. This assessment used two climate scenarios, summarised in the table below. The Representative Concentration Pathways (RCPs) summarise future projections of emissions and radiative forcing pathways which lead to a range of warming levels.

Scenario 1	RCP 2.6: a projected pathway where GHG emissions are strongly reduced, resulting in a best estimate global average temperature rise of 1.6°C by 2100 compared to the pre-industrial period.
Scenario 2	RCP 8.5: a high risk scenario, with GHG concentrations in our atmosphere continuing to increase at the current or an accelerated rate due to no mitigation. Leading to a best estimate global average temperature rise of 4.3°C by 2100 .

Source: [Metoffice.gov.uk/research/UKCP18](https://www.metoffice.gov.uk/research/UKCP18) Guidance.

The Company's enterprise risk management approach was employed to assign probability and impact scores to the climate-related physical and transition risks and opportunities identified in the workshops.

Transition risks and opportunities were considered with colleagues responsible for and knowledgeable about these topics, and scores allocated using the same methodology applied to physical risks and opportunities.

Risks and opportunities identified are now being managed, by the appropriate team, within both ARM and site plans.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

6. Description of principal climate-related physical risks and opportunities arising in connection with the Company's operations including the time periods to which those risk and opportunities were assessed

6.1 Principal physical risks

Climate-related risks	Relevant scenarios and time periods	Risk Score	Summarised potential risk impacts and mitigations
Site 1 - Surface water flooding & extreme precipitation	RCP 2.6. In the 2030s	Moderate	Increased precipitation average by 2.5mm/day on site with existing high water table. Mitigations: Further Sustainable Urban Drainage Systems (SUDS) for site. Ensure against a 100 year storm event.
	RCP 8.5. Long term		By the end of the century there is likely an average precipitation increase of 4mm/day.
Site 1 - Extreme and prolonged temperatures	RCP 2.6. In the 2030s and 2080s	Moderate	Average temperatures increase >0.8°C by 2030. Week long heatwaves >26°C by 2080. Mitigations: Design new infrastructure to withstand an outdoor temperature to 35°C.
	RCP 8.5. By 2080		Average temperatures indicate 26 days a year >26°C.
Site 2 – Flooding & Extreme Precipitation	RCP 2.6. In the 2030s	High	Flood inundation at 0.20m, impact to the west edge of site and risk to bespoke equipment in buildings. Mitigations: Survey of storm drainage. Increase SUDS.
	RCP 8.5. By 2050s		3mm/day more intense in 2050, increasing to 5mm/day in 2080.
Site 2 - Extreme Heat	RCP 2.6. In the 2030s	Moderate	Increase from baseline temperatures in 2030 – 0.5 to 2.1 °C. Mitigations: upgrades to air conditioning to design to 31 or 35 °C. Future proof atrium areas.
	RCP 8.5. By 2050 & 2080		Mean average temperature increase by 2050 - 1 to 1.5°C. Then by 2080, 29 days a year >26°C. Long term – 2 days a year >40°C.
Site 3 - Flooding and Extreme precipitation – current issue and risk	RCP 2.6. Now and throughout	High	Increased precipitation intensity by 6mm/day throughout. High water table with increased high precipitation. Mitigations: Flood assessment and SUDS, including consideration of proximity to sewage plant and downstream buildings.
	RCP 8.5. Now and throughout		As above.
Site 3 - Extreme Heat	RCP2.6. Short term	Moderate	Mean and maximum temperatures over 25°C in the 2030s. Humidity concerns for this temperature controlled facility. Mitigations: New HVAC system.
	RCP8.5. Long term		By the 2080s - 24 days a year >25°C. With a mean temperature of 2.3°C by the 2080s.
Site 4 – Flooding and Extreme Precipitation	RCP 2.6. Now and throughout	High	Drainage issues with culvert known to site with flood risk to NW point of site and impact to equipment in buildings. Mitigations: Site redevelopment plans.
	RCP 8.5. Now and long term		End of century could see extreme intensity of 24.4mm/day.
Site 4 – Extreme Heat	RCP2.6. Peak by 2030	High	Average mean temperature increase of 1°C by 2030. The combination of warming and wetter climatic events could increase thunder and lightning. Mitigations: Building and HVAC surveys. Lightning detection.
	RCP 8.5. Long term		By the 2080s an increase of extreme temperatures for long period – 28 days a year, temperatures will exceed 26°C. 1.7 day expected to be above 41°C. Mitigations: Future assessments for the correlation between extreme temperatures and dry spells leading to potential wildfire.
Site 5 Extreme Heat	RCP2.6. Short term	Moderate	Increase in mean temperatures 0.6°C. Mitigations: Temperature control system.
	RCP8.5. Medium and long term		28 days a year at >26°C by 2080. Exponential temperature increases to the 2050s by an additional 1.3°C and 3.1°C by 2080. Mitigations: Fire break areas on land.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

6.2 Principal transition risks and opportunities

Category	Risk or opportunity	Relevant scenarios and time periods	Risk or Opportunity Score	Description
Legal and Policy	Risk	RCP2.6 Short term	Low	There is a risk of financial penalty if we fail to comply with new regulation or legislation
Market	Risk	RCP2.6 Short term	Low	There is a risk of revenue loss if not meeting customer expectations around climate-related topics.
Technology	Opportunity	RCP2.6 Short term	Moderate	There is opportunity to achieve competitive advantage through research and investment in new technologies and innovations improving product performance and programme delivery.
	Risk	RCP2.6 Short and medium terms	Low	There is risk of stranded assets if we fail to align with trends in global energy markets (e.g. move away from natural gas).
Reputation	Risk	RCP2.6 Short term	Moderate	There is a risk of reputational damage to business from perceived inaction on climate-related topics.
Climate mitigation	Opportunity	RCP2.6 Short and medium terms	Moderate	There is opportunity to save money through energy and material efficiency and renewable energy generation.

7. Actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy

By using best climate science practices, involving multiple scenarios and current climate projection models, the 2024 CSA robustly identifies climate-related risk to, and impacts on, our sites.

Mitigation actions identified are now being integrated into site plans, thus providing relevant teams with information and approaches needed to ensure climate resilience for all sites.

8. Resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios

The 2024 CSA, and identification of mitigation actions, provides confidence that the Company's business model and strategy is robust in the context of climate-related risk.

The CSA will be renewed every 3 years. Climate-related risks and opportunities will continue to be identified and managed within this timeframe, by the Head of UK Sustainability and Social Value and supporting team of functional leads.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

As our approach matures, aspects that might be integrated include carbon prices and specific geographical locations of key suppliers.

9. Targets and key performance indicators used by the Company to manage climate-related risk and realise climate-related opportunities

By measuring our emissions we will be able to understand priorities for emission reduction, respond better to emerging climate policy, and understand where we should adopt low carbon technologies and materials.

We recognise that the Company's own emissions contribute to climate change, therefore we have committed to achieve net zero greenhouse gas emissions by 2050. Our progress towards achieving that is recorded within our annual MBDA UK Ltd Carbon Reduction Plan.

The Company has across several years, measured and reported scope 1 and 2 emissions and subset categories of scope 3: upstream and downstream transportation and distribution, waste generated in operation, business travel and employee commuting.

Scope 1 consumption and emissions include stationary combustion emissions, fugitive emissions from refrigerants and mobile combustion emissions from company cars.

Scope 2 consumption and emissions include the consumption of purchased electricity for use on our estates and for use within electric company vehicles.

Emissions are calculated using the GHG Protocol Methodology and using the operational approach.

	Greenhouse Gas emissions (tCO ₂ e)			
	2024	2023	2022	2021 (Baseline year)
Scope 1	2,126	2,760	1,998	2,076
Scope 2	1,664	1,395	1,197	5,212
Scope 3	21,688	23,633	12,508	9,094

The percentage of MBDA UK's energy use that is derived from renewable sources is as follows:

	2024	2023	2022	2021
% energy use derived from renewable sources	64%	62%	59%	Not reported

We have recently worked to establish GHG emission KPIs and targets that are aligned with the Science-based Targets Initiative (SBTi) and that we can use to get even better at transitioning to a low-carbon economy and achieving climate resilience.

Streamlined Energy and Carbon Reporting (SECR)

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e) Totals

Each year we publish additional detail around our energy consumption and scope 1 and 2 emissions. The total consumption (mWh) figures for energy reportable by the Company are as follows:

	UK Consumption (mWh)	
	2024	2023
Gaseous & Other Fuels (Scope 1)	10,256	9,669
Grid-Supplied Electricity (Scope 2)	25,204	23,659
Total	35,460	33,328

In 2024, MBDA purchased 86% of its electricity from a renewable energy contract, backed by Renewable Energy Guarantee of Origin Certificates (REGOs).

MBDA UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Two types of emission factors can be applied to electricity provided by our renewable energy contract, to calculate emissions:

- Market-based emissions factor obtained from our suppliers Fuel Mix Disclosure
- Location-based grid average emissions factor.

In line with SECR requirements, we have used the former since 2021 and started, also, using the latter, in 2023.

	UK Consumption Emissions (tCO ₂ e)			
	Market-Based Electricity Emission Factors		Location-based Electricity Emission Factors	
	2024	2023	2024	2023
Gaseous & Other Fuels (Scope 1)	2,126	2,760	2,126	2,760
Grid-Supplied Electricity (Scope 2)	1,664	1,395	5,220	4,895
Total	3,791	4,155	7,346	7,654

An intensity metric of tCO₂e of scope 1 and 2 emissions per full-time equivalent employee (FTE) has been calculated for the annual total emissions of the company, as shown below:

	Intensity Metric (tCO ₂ e Consumption Emissions / FTE)	
	2024	2023
Market-Based Electricity	0.65	0.80
Location-Based Electricity	1.26	1.48

The Company's 2024 total energy consumption (kWh) has increased since both 2023 and our baseline year of 2021. The Company has seen substantial business growth in this time. In 2024, headcount was 13% higher than 2023 and over a third higher than in 2021. The Company is in the process of delivering numerous infrastructure projects across our estates to facilitate this growth and to expand business capabilities.

Scope 1 energy consumption increased by 6% between 2023 and 2024. This was largely driven by increased natural gas and diesel use to support production activities. Scope 1 emissions, however, decreased by 23%. This was due to significant emission reductions associated with fluorinated gases.

Scope 2 energy consumption increased by 7% between 2023 and 2024, and Scope 2 emissions increased by 19%. These increases were driven by increased production activities, increasing headcount, site infrastructure projects, and an increase to the market based emission factor.

In support of our Net Zero target, the Company is replacing fossil fuel energy uses with energy efficient electric alternatives, such as air sourced heat pumps. As a result, scope 1 energy use and emissions are decreasing, but scope 2 energy use is increasing.

2024 SECR Reporting Methodology

For reporting purposes, the Company in this context refers to the MBDA UK Parent Company and its wholly owned UK Subsidiaries only. MBDA Inc. is not required to supply such data.

The Company's SECR publication has been produced in line with the 2019 UK Government Environmental Reporting Guidelines. Scope 1 and 2 energy consumption and GHG emission data has been calculated in accordance with the GHG Protocol - Corporate Standard using the 'Operational Control' approach.

Appropriate location-based UK Government 2024 greenhouse gas conversion factors were used. A market-based carbon emission factor provided by our electricity supplier was used to calculate electricity emissions.

Natural gas and purchased electricity consumption data is recorded via a combination of meter readings and utility bills and where actuals were unavailable, robust estimates were used.

Company car emissions have been calculated using data recorded by the Company's expenses system.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company's maintenance service provider records the fuel used within stationary emission sources.

The UK intensity metric has been calculated by dividing the total emissions (tCO₂e) by the reported full time equivalent employees (FTE).

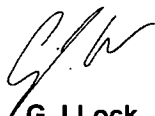
Carbon reduction initiatives

The Company is committed to demonstrating continual improvement in not only its operational energy efficiency, but also its equivalent carbon footprint. The Company is certified to the ISO 50001:2018 Energy Management System and ISO 14001:2015 Environmental Management System on its UK sites.

In 2024, the Company undertook initiatives to address energy consumption and carbon emissions. For example:

- To add to the 364kWp of solar photovoltaic cells already installed across our sites and buildings, we completed solar photovoltaic feasibility studies to inform future installations;
- Our maintenance service provider completed the second of a 5-year energy optimisation programme. The programme has implemented 258 energy saving measures and delivered 3.6GWh of cumulative energy savings;
- New procedures and guidance were put in place around the management of fluorinated gas;
- We continued to maintain and replace building service assets to maximise energy performance and to achieve decarbonisation. This includes the application of SFG20 maintenance principles, as well as replacing gas heating systems with electric alternatives;
- An e-learning module "Delivering Energy and Carbon Efficient Buildings" and other training material, has been made available to all colleagues;
- Multiple communications have been delivered to colleagues, for example through ESG Week, intranet news stories and on-line communities.

By order of the Board .



G J Lock
Secretary

Date: 24/7/25

MBDA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been included in the Strategic Report. SECR disclosures are included within the Climate Related Disclosure section of the Strategic Report.

Principal activity

The principal business of the UK Group is the design, development, production and support of missiles and missile systems to the UK Ministry of Defence (MOD) and export customers.

Results and dividends

The profit for the year, after taxation, amounted to £127m (2023 - £138m).

The Directors made an interim dividend payment in 2024 of £139m (2023 - £189m). The Directors do not recommend a final dividend payment.

Directors

The directors who served during the year were:

C J Allam
J Allibone
E E A Béranger
P H C Bols
I D West
G Soccodato (resigned 31 March 2025)

No Directors, or members of their immediate family, had any interests in shares or debentures, or options to purchase shares or debentures, of the Company at any point during the year.

Directors' insurance & indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company is permitted, pursuant to its Articles to provide and maintain qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope that comply with the requirements of the Companies Act 2006.

Employees

Employment policies include a commitment to equal opportunity and are designed to attract and retain the best employees regardless of gender and sexual identity, marital status, age, nationality, or disability, subject only to considerations of national security. The UK Group recognises its legal and social responsibilities towards people with disabilities and gives full and fair consideration to applications for employment made by them, having regards to their particular aptitudes and abilities. Where any employee becomes disabled or incapacitated, every reasonable effort is made to ensure that their employment is continued and that they receive the same opportunities for training, career development and promotion as other employees. Please refer to the Section 172(1) Statement for further details included in the Strategic Report.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Corporate Social Responsibility

Corporate and Social Responsibility (CSR) is recognised as part of MBDA Group's business foundation and how we do business. MBDA Group's CSR activities reflect our ongoing commitment to innovation and sound business practices and processes, whilst designing and producing missiles and missile systems that meet the whole range of current and future needs of our customers.

Through MBDA Group's framework of CSR initiatives, developed over the last decade, we ensure that our business operates in an ethical, sound and responsible manner. Whilst MBDA Group alone cannot tackle global issues, our responsibility is to act with integrity and to be a company that customers trust, that employees want to work for and ultimately act as a good corporate citizen. MBDA Group has a well-established commitment to ethical business conduct, reflecting international and sectorial best practices. MBDA Group's strong commitment to business ethics is critical to ensure we can successfully continue conducting our business activities. Please refer to the Section 172(1) Statement in the Strategic Report for further details.

Community & environment

We recognise our responsibility to the global community and through our business decisions we strive to reduce our carbon and environmental footprint wherever possible. In contribution to this important goal, we encourage our employees to understand our collective effort and to adopt individual environmentally friendly behaviours.

As a company, we aim to, whenever practically possible, across our locations:

- Minimise the use of natural resources
- Improve our energy efficiency
- Minimise the generation of waste whilst implementing and promoting recycling
- Consider the environmental impact relevant to our business decisions
- Minimise pollution and promote greener transport options for our employees
- Inform and encourage our employees to act in an environmentally responsible manner

Engagement with suppliers, customers and others in a business relationship with the Company

Please refer to the Section 172 Statement for details as to how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of the regard, including the principal decisions taken by the Company during the financial year.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Statement of Corporate Governance

The UK Group does not apply an externally produced corporate governance code, as the Company is part of an international group of companies, who have for many years been operating on the basis of an integrated group corporate governance framework.

1. MBDA Group operational framework

The MBDA Group corporate governance framework is intended to offer the flexibility to allow each member company to take into account any applicable local/national legal or regulatory requirements, as well as the needs of the business and stakeholder responsibilities. The principles of the corporate governance framework are set out in the "MBDA Operational Framework".

The MBDA Operational Framework has been developed so that all MBDA Group managers and employees have access to the rules that define the way the business is to be managed and the governance processes to be followed and it emphasises, amongst other matters, the importance of:

- managers taking responsibility for its promotion and for ensuring that its provisions are respected
- development of a culture that encourages disclosure of issues and concerns, so that where corrective actions may be necessary, timely actions can be agreed

The Operational Framework includes sections on:

- Organisation, mainly based upon Principles of Operations and Organisation, which sets out the roles and responsibilities of the key business directorates within the MBDA Group
- Management mechanisms, based upon fundamental control environment, which describes the principal committees, the main reviews and key policies of the MBDA Group
- Internal control framework, which underpins the MBDA Group culture and supports the integrity of all management information
- Business Management, which addresses the overall process the MBDA Group uses to manage its business and the main controls: Delegated Authorities, Financial control and Internal audit
- Ethics standards, as stated in the MBDA Group Code of Ethics, which is based on four principles: Compliance with Laws and Regulations; Commitment to Integrity; Seeking Guidance; and Reporting Concerns. The MBDA Group Code of Ethics is further organized around four key themes: Business Relationships; Our People; Protecting Assets and Information; and A Socially Responsible Company
- Remuneration, to review and approve the remuneration policy affecting MBDA executives

2. MBDA Group Board Governance

At the top of the MBDA Group management structure sits the President Board. The role of the President Board is to manage the entire MBDA Group. The President Board has eight directors with proportional representation from nominees of the MBDA Group's ultimate parent companies - BAE Systems PLC, Airbus SE and Leonardo S.p.A.

One of the directors of the President Board is the Chief Executive Officer (CEO). The CEO is the designated permanent representative of the President Board and conducts the overall management of the MBDA Group. The CEO is the only member of the President Board permitted to carry out executive functions in the MBDA Group.

The President Board meets at least every three months and its principal focus is on MBDA Group strategy, the ISBP, the approval of bids and contracts above certain thresholds and mergers and acquisitions.

3. MBDA Group Committees

The MBDA Group has set up a number of committees, to assist the CEO.

The CEO, with the support of an Executive Committee, has delegation from the President Board to manage the MBDA Group.

MBDA UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

In addition to the CEO, the Executive Committee comprises:

- the MBDA Executive Group Director Strategy & Managing Director MBDA Deutschland
- the MBDA Executive Group Director Sales & Business Development & Managing Director MBDA Italia
- the MBDA Executive Group Director Programmes & Managing Director MBDA France
- the MBDA Executive Group Director Engineering & Managing Director MBDA UK
- the MBDA Executive Group Director Technology and Performance
- the MBDA Executive Group Director Operations
- the MBDA Executive Group Director Human Resources
- the MBDA Executive Group Director Finance

In addition, a Management Committee, Remuneration Committee, Finance Committee, Strategic Advisory Committee, Treasury Committee and Audit Committee have been established pursuant to the MBDA Group shareholders agreement – being the agreement pursuant to which the MBDA Group was formed. Save for the Management Committee, the Finance Committee and the Strategic Advisory Committee, these additional committees include members who represent the ultimate shareholders.

4. *The MBDA UK Board of Directors*

The Company's current board of directors comprises six directors, being (i) the UK Managing Director and Executive Group Director Engineering, (ii) the Group Business Development Director, (iii) the CEO, (iv) the MBDA Executive Group Director Finance, (v) the MBDA Executive Group Director Sales & Business Development & Managing Director MBDA Italia, and (vi) the UK Finance Director.

Matters requiring the MBDA UK Board of Directors' notice, consideration and decision or approval are notified to the members of the board and matters requiring formal board decision or approval are recorded in the board minutes. The Company Secretary provides legal advice and prepares the agenda, board papers and administrative matters relating to the functioning of the board.

The day-to-day management of the Company is principally through the UK Managing Director's office, which comprises both direct reports and support through the MBDA Group directorate structure.

The UK Managing Director is further supported by the heads of the main operational and administrative directorates of the Company. This senior group of managers meets at least once a month and its principal functions are to ensure that the obligations taken on by the Company are properly managed, and provide support in providing coherence and focus on national topics across the MBDA Group.

There is an annual Quality Management Review ("QMR") held, focusing on the internal functioning of the UK Managing Director's Office quality actions, internal indicators and internal controls and processes. The QMR is prepared by the Chief of Staff to the Managing Director and chaired by the UK Managing Director.

5. *Strategy and Business Processes*

An MBDA Group Integrated Strategic Business Plan ("ISBP") encompassing the whole of the MBDA Group's future activity is prepared and updated annually. The ISBP incorporates the inputs from the Company and the other companies in the MBDA Group, and is ultimately approved by the President Board.

The ISBP aims at defining and sharing, within the MBDA Group and with the shareholders, a long-term strategic common vision. The ISBP provides a picture of MBDA Group's strategy, key issues and actions for implementation as well as future financial performance.

The various components of the ISBP are reviewed periodically throughout its preparation. The Executive Committee reviews the order intake scenarios. Functional strategies (e.g. Procurement, Technology etc.) are reviewed within the Strategic Advisory Committee. Financial data is reviewed within the Finance Committee. The Executive Committee reviews the overall plan before it is presented to the President Board, with the CEO's endorsement, for approval. Once the ISBP is approved, a detailed operating budget for the following year is prepared which forms the basis of reporting and control of the MBDA Group's activity for that year.

MBDA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

In addition to the various interactions with the shareholders referenced above, the UK Managing Director of the Company provides a Company Operational Assurance Statement to the CEO for consolidation into the overall MBDA Group Operational Assurance Statement reported to shareholders each January and July.

Political contributions

The UK Group made no political contributions during the year (2023: £nil).

Financial instruments

The global nature of the business means it is exposed to volatility in currency exchange rates. In order to protect itself against currency fluctuations, UK Group policy is to remove exchange rate risk by the placing of foreign currency exchange deals.

Going concern

After making detailed enquiries, the Board of Directors is confident that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis. The basis of preparation set out on Note 1 to the financial statements provides further detail on the Directors' assessment of going concern.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

In the case of each of the persons who were directors of the Company at the date of approval of this Directors' Report they confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Company is domiciled and incorporated in the UK with registered number 3144919 and its registered office is as shown below.

By order of the Board



G J Lock
Secretary

Date: 24/7/25

MBDA UK Limited
Six Hills Way
Stevenage
Hertfordshire
SG1 2DA

MBDA UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Group and parent Company financial statements in accordance with UK-adopted international accounting standards ("IFRSs").

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 Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report and Statement of Corporate Governance that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBDA UK LIMITED

Opinion

We have audited the financial statements of MBDA UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Profit or Loss, the Company Statement of Profit or loss, the Consolidated Statement of Comprehensive Income, the Company Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes 1-31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2024 and of the Group's and parent Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the financial statements 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 Group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBDA UK LIMITED (CONTINUED)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the Directors' going concern assessment, including the cash flow forecasts for the going concern assessment period to 31 December 2026 ('the assessment period') and understanding management's process for the going concern assessment.
- reviewing the supporting cash flow forecasts, including challenging the assumptions made with respect to future order intake and profitability of the order book against our understanding of contracts.
- considering the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the calculations that the methods utilised were appropriate to be able to make an assessment for the Group and Company.
- assessing the appropriateness of the reasonably possible risks considered by the Directors as most likely to adversely affect the Group's and Company's available financial resources over the going concern assessment period, including the non-payment by customers and the failure to secure new profitable orders. We also assessed the risks we considered likely to adversely affect the available financial resources which included significant cost overruns on long-term contracts and the impact of the current macro-economic pressures resulting in cost inflation in labour and supply chain. This assessment is underpinned by our testing of key contracts and the expected costs at completion which span the going concern assessment period. We also considered sensitivities on the potential impact of delays of contracted cash inflows and the impact on liquidity.
- challenging the Directors' assumption of unrestricted access to their pooled funds through examining the terms of the treasury pooling and shareholder funding agreement with the MBDA Group's shareholders.
- considering mitigating factors that are within the control of the Company and evaluating the Company's ability to control the discretionary distributions to shareholders if required.
- assessing the going concern disclosures included in the Directors' Report and Basis of Preparation note in the financial statements, to ensure they were appropriate and in conformity with the reporting standards.

Our key observations were:

- The Group and Company have net current liabilities of £405.7m and £409.0m respectively. This is largely reflecting the deferred income arising from upfront receipts from customers.
- The Group and Company are profitable and cash generative. In addition to liquidity from these sources, the Group and Company have access to the cash pooling deposits of £1,479.7m and £1,471.0m respectively.
- The business operates long term contracts which provide good visibility of revenues and cash flows over the going concern assessment period and the order intake continues to increase.
- As a result, we concluded that there is adequate liquidity over the going concern assessment period.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBDA UK LIMITED (CONTINUED)

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBDA UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that related to the reporting framework (UK adopted international accounting standards and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal matters and compliance. We corroborated these enquiries through our review of policies and board meeting minutes. We observed the oversight of those charged with governance and management's entity level controls to understand the Company's culture, including the emphasis on fraud prevention.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through inquiry of management and those charged with governance to understand their assessment of the susceptibility of the accounts to fraud. We considered the procedures and controls that the Company has established to address the risks identified, or that otherwise prevent, deter or detect fraud and gain an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override and fraud risk over revenue recognition related to long term contract accounting. To address the fraud risk we considered the contract accounting judgements and estimates inherent in determining the total costs on completion and the impact on revenue recognition. Our procedures to address the risk of management override of controls included use of data analytics to sample from the entire population of journal entries, identifying transactions that did not meet our expectation based on specific criteria, to investigate, gain an understanding and agree to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of senior management and legal counsel, review of board minutes and challenging the judgements made by management through corroborating the basis for those judgements, considering contradictory evidence and reading financial statement disclosures.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBDA UK LIMITED (CONTINUED)

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.

Ernst & Young LLP

Lauren Houghton (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor
Luton, UK

Date: 25/07/2025

MBDA UK LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £M	2023 £M
Revenue	2	1,322.0	1,491.7
Raw materials and consumables used		(709.3)	(679.2)
Changes in inventories and work in progress		327.3	5.1
Staff costs	4,5	(462.1)	(383.8)
Depreciation and amortisation		(47.2)	(39.1)
Other external		(337.6)	(270.3)
Profit from operations	3	93.1	124.4
Finance income	6	62.8	36.0
Finance expense	6	(4.8)	(2.6)
Income from investments	6	10.2	10.2
Profit before tax		161.3	168.0
Taxation	7	(34.0)	(30.5)
Profit for the year		127.3	137.5

The notes on pages 38 to 82 form part of these financial statements.

All of the Group's activities are in respect of continuing operations.

MBDA UK LIMITED

**COMPANY STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £M	2023 £M
Revenue	2	1,296.9	1,463.9
Raw materials and consumables used		(657.5)	(658.3)
Changes in inventories and work in progress		299.9	11.0
Staff costs	4,5	(455.1)	(379.1)
Depreciation and amortisation		(45.6)	(38.7)
Other external charges		(341.7)	(275.3)
Profit from operations	3	96.9	123.5
Finance income	6	62.6	36.2
Finance expense	6	(2.0)	(1.0)
Income from investments	6	10.2	10.2
Profit before tax		167.7	168.9
Taxation	7	(34.4)	(30.6)
Profit for the year		133.3	138.3

The accompanying notes on pages 38 to 82 form part of the consolidated financial statements.

All of the Company's activities are in respect of continuing operations.

MBDA UK LIMITED

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024	2023
		£M	£M
Profit for the year		127.3	137.5
		<hr/>	<hr/>
Actuarial gains on defined benefit pension obligations	23	30.0	(90.2)
Withholding tax on defined benefit pension surplus		(2.5)	22.7
Tax on items that will not be reclassified to the statement of profit or loss	18	0.2	(0.2)
Items that may be reclassified to the statement of profit or loss:			
Hedging Reserves		-	6.1
Tax on items that may be reclassified to the statement of profit or loss	18	(0.1)	(1.6)
Exchange differences on translation of foreign operations		(0.5)	(0.6)
		<hr/>	<hr/>
Other comprehensive income for the year		27.1	(63.8)
		<hr/>	<hr/>
Total comprehensive income for the year		154.4	73.7
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED

**COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £M	2023 £M
Profit for the year		133.3	138.3
Actuarial gains on defined benefit pension obligations	23	30.0	(90.2)
Withholding tax on defined benefit pension surplus	18	(2.5)	22.7
Tax on items that will not be reclassified to the statement of profit or loss		0.2	(0.2)
Items that may be reclassified to the statement of profit or loss:			
Hedging Reserves		-	6.1
Tax on items that may be reclassified to the statement of profit or loss	18	-	(1.6)
Other comprehensive income for the year		27.7	(63.2)
Total comprehensive income for the year		161.0	75.1

The notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED
REGISTERED NUMBER: 03144919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £M	2023 £M
Assets			
Non-current assets			
Intangible assets	8	106.4	107.8
Investment property	9	10.9	11.0
Property, plant and equipment	11	301.7	258.1
Right of use assets	12	38.3	38.2
Other non-current investments	13	210.4	210.0
Derivative financial assets	25	58.5	31.6
Deferred tax assets	18	1.4	12.7
Employee benefit assets	23	99.9	54.3
Long term loan	28	7.8	-
Other non-current assets	29	17.0	17.0
		852.3	740.7
Current assets			
Inventories	14	1,553.6	1,218.1
Contract assets	2	41.3	35.3
Trade and other receivables	15	667.6	182.1
Corporation tax receivables	15	-	8.5
Cash and cash equivalents		51.8	65.4
Treasury pooling	26	1,479.7	757.6
		3,794.0	2,267.0
Total assets		4,646.3	3,007.7
Liabilities			
Non-current liabilities			
Long-term loan	28	19.6	25.5
Provisions	17	44.9	37.8
Trade & other payables	16	17.2	17.0
Derivative financial liabilities	25	46.2	19.7
Deferred tax liability	18	3.1	3.0
		131.0	103.0
Current liabilities			
Loans and overdrafts	28	1.5	1.5
Contract liabilities	2	3,629.1	2,124.1
Trade & other payables	16	205.0	143.2
Accruals		364.1	334.4
		4,199.7	2,603.2

MBDA UK LIMITED
REGISTERED NUMBER: 03144919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 £M	2023 £M
Total liabilities		4,330.7	2,706.2
Net assets		315.6	301.5
Issued capital and reserves attributable to owners of the parent			
Share capital	19	5.3	5.3
Reserves	27	(99.1)	(124.9)
Retained earnings		409.4	421.1
TOTAL EQUITY		315.6	301.5

The financial statements on pages 24 to 82 were approved and authorised for issue by the board of directors and were signed on its behalf by:

Ian West

I D West
 Director

The notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED
REGISTERED NUMBER: 03144919

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £M	2023 £M
Assets			
Non-current assets			
Intangible assets	8	106.2	107.7
Property, plant and equipment	11	258.8	217.0
Right of Use Assets	12	75.8	55.1
Long term loans	28	15.2	-
Other non-current investments	13	212.1	211.5
Derivative financial assets	25	58.5	31.6
Deferred tax assets	18	1.4	12.7
Employee benefit assets	23	99.9	54.3
		827.9	689.9
Current assets			
Inventories	14	1,514.4	1,213.2
Contract assets	2	41.3	35.3
Trade and other receivables	15	655.8	175.3
Corporation tax receivables	15	-	8.4
Cash and cash equivalents		50.4	64.4
Treasury pooling	26	1,471.0	790.9
		3,732.9	2,287.5
Total assets		4,560.8	2,977.4
Liabilities			
Non-current liabilities			
Provisions	17	44.9	37.8
Trade & other payables	16	18.1	34.3
Derivative financial liabilities	25	46.2	19.7
Deferred tax liability	18	3.1	3.0
		112.3	94.8
Current liabilities			
Trade & other payables	16	188.9	141.1
Accruals		345.1	332.7
Contract liabilities	2	3,607.9	2,123.7
		4,141.9	2,597.5
Total liabilities		4,254.2	2,692.3

MBDA UK LIMITED
REGISTERED NUMBER: 03144919

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 £M	2023 £M
Net assets		306.6	285.1
Issued capital and reserves attributable to owners of the parent			
Share capital	19	5.3	5.3
Reserves	27	(98.4)	(125.6)
Retained earnings		399.7	405.4
TOTAL EQUITY		306.6	285.1

The financial statements on pages 24 to 82 were approved and authorised for issue by the board of directors and were signed on its behalf by:

Ian West

I D West
Director

The notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2024

	Share Capital £M	Retained Earnings £M	Reserves £M	Total equity £M
At 1 January 2023	5.3	472.6	(62.4)	415.5
Effective portion of changes in fair value of cash flow hedges	-	-	4.5	4.5
Actuarial gains / (losses) on defined benefit obligations	-	-	(90.4)	(90.4)
Withholding tax on pension surplus	-	-	22.7	22.7
Exchange differences on translation of foreign operations	-	-	(0.6)	(0.6)
ILC and Henlow lease elimination from HLL to UK	-	-	1.3	1.3
Dividends paid	-	(189.0)	-	(189.0)
Retained profit for the year	-	137.5	-	137.5
At 31 December 2023	5.3	421.1	(124.9)	301.5
At 1 January 2024	5.3	421.1	(124.9)	301.5
Effective portion of changes in fair value of cash flow hedges	-	-	(0.2)	(0.2)
Actuarial gains / (losses) on defined benefit obligations	-	-	30.0	30.0
Withholding tax on pension surplus	-	-	(2.5)	(2.5)
Exchange differences on translation of foreign operations	-	-	(0.5)	(0.5)
ILC and Henlow Lease elimination from HLL to UK	-	-	(1.0)	(1.0)
Dividends paid	-	(139.0)	-	(139.0)
Retained profit for the year	-	127.3	-	127.3
At 31 December 2024	5.3	409.4	(99.1)	315.6

The accompanying notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2024**

	Share Capital £M	Retained Earnings £M	Reserves £M	Total equity £M
At 1 January 2023	5.3	456.1	(62.4)	399.0
Effective portion of changes in fair value of cash flow hedges	-	-	4.5	4.5
Actuarial gains / (losses) on defined benefit obligations	-	-	(90.4)	(90.4)
Withholding tax on pension surplus	-	-	22.7	22.7
Dividends paid	-	(189.0)	-	(189.0)
Retained profit for the year	-	138.3	-	138.3
At 31 December 2023	5.3	405.4	(125.6)	285.1
At 1 January 2024	5.3	405.4	(125.6)	285.1
Effective portion of changes in fair value of cash flow hedges	-	-	(0.2)	(0.2)
Actuarial gains / (losses) on defined benefit obligations	-	-	30.0	30.0
Withholding tax on pension surplus	-	-	(2.5)	(2.5)
Dividends paid	-	(139.0)	-	(139.0)
Retained profit for the year	-	133.3	-	133.3
At 31 December 2024	5.3	399.7	(98.4)	306.6

The accompanying notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £M	2023 £M
Cash flows from operating activities		
Profit for the year	127.3	137.5
Adjustments for		
Depreciation & amortisation	47.2	39.2
Interest received	(53.1)	(24.9)
Dividends received	(10.2)	(10.2)
Net pension interest	(4.9)	(8.5)
Income tax expense	34.0	30.4
	140.3	163.5
Movements in working capital:		
Movement in net inventories	(335.5)	(6.3)
Movement in contract assets	(6.0)	(22.6)
Movement in receivables	(506.4)	96.3
Movement in cash pooling	(722.1)	(541.0)
Movement in contract liabilities	1,505.0	546.9
Movement in payables	72.3	(32.9)
Movement in accruals	29.9	56.5
Movement in employee benefits	(13.3)	(17.3)
Movement in derivative	(0.4)	(0.1)
Movement in deferred tax	11.4	2.5
Movement in provisions	7.2	(13.0)
	182.4	232.5
Cash generated from operations	182.4	232.5
Income taxes paid	(10.6)	23.4
	171.8	255.9
Net cash from operating activities	171.8	255.9
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	0.1	-
Capital expenditure	(89.7)	(93.3)
Interest received	57.9	26.8
Dividends received	10.2	10.2
	(21.5)	(56.3)
Net cash used in investing activities	(21.5)	(56.3)
Cash flows from financing activities		
Long term loan (paid)/received	(13.6)	27.0
Interest paid	(4.8)	(1.8)
Dividends paid	(139.0)	(189.0)
Payment of lease liabilities	(6.5)	(5.5)

MBDA UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £M	2023 £M
Net cash used in financing activities	<u>(163.9)</u>	<u>(169.3)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(13.6)</u>	<u>30.3</u>
Cash and cash equivalents at the beginning of year	65.4	35.1
Cash and cash equivalents at the end of the year	<u><u>51.8</u></u>	<u><u>65.4</u></u>

The notes on pages 38 to 82 form part of these financial statements.

MBDA UK LIMITED

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £M	2023 £M
Cash flows from operating activities			
Profit for the year		133.3	138.2
Adjustments for			
Depreciation and amortisation		45.6	38.8
Loss on disposal of fixed assets		(0.8)	-
Interest received		(60.6)	(27.6)
Dividends received		(10.2)	(10.2)
Income tax expense		34.4	30.6
		<u>141.7</u>	<u>169.8</u>
Movements in working capital:			
Movement in net inventories		(301.2)	(11.0)
Movement in contract assets		(6.0)	(22.6)
Movement in receivables		(494.5)	98.8
Movement in cash pooling		(680.1)	(555.7)
Movement in contract liabilities		1,484.2	546.5
Movement in payables		32.0	(17.7)
Movement in accruals		12.4	56.4
Movement in net pension interest		-	(8.5)
Movement in employee benefits		(13.3)	(17.0)
Movement in deferred tax		11.4	2.5
Movement in provisions		7.2	(13.0)
		<u>193.8</u>	<u>228.5</u>
Cash generated from operations		193.8	228.5
Taxation (paid)/received		(10.7)	23.4
		<u>183.1</u>	<u>251.9</u>
Net cash from operating activities			
Cash flows from investing activities			
Investments		(0.7)	-
Capital expenditure		(105.8)	(74.0)
Interest received		57.6	27.8
Dividends received		10.2	10.2
		<u>(38.7)</u>	<u>(36.0)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Long-term loan (paid)/received		(15.2)	9.4
Interest paid		(2.0)	(0.2)
Dividends paid		(139.0)	(189.0)
Payment of lease liabilities		(2.2)	(5.5)

MBDA UK LIMITED

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £M	2023 £M
Net cash used in financing activities	<u>(158.4)</u>	<u>(185.3)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(14.0)</u>	<u>30.6</u>
Cash and cash equivalents at the beginning of year	64.4	33.8
Cash and cash equivalents at the end of the year	<u><u>50.4</u></u>	<u><u>64.4</u></u>

The notes on pages 38 to 82 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies

The Company is incorporated, domiciled and registered in England in the UK. The registered number is 3144919 and the registered address is PO Box 19, Six Hills Way, Stevenage, Herts SG1 2DA.

1.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and applicable law, and under the historical cost accounting rules.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the UK Group's financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors consider appropriate for the following reasons.

The UK Group position shows net current liabilities of £405.7m as at 31 December 2024, the UK Group generated a profit for the year ended 31 December 2024 of £127.3m and had net operating cash inflows of £171.8m. As at 31 December 2024 the UK Group's cash balance stood at £51.8m and the UK Group had access to pooled funds of £1,479.7m deposited in the Group Treasury cash pooling arrangement.

The Company position shows net current liabilities of £409.0m as at 31 December 2024, the Company generated a profit for the year ended 31 December 2024 of £133.3m and had net operating cash inflows of £183.1m. As at 31 December 2024, the Company's cash balance stood at £50.4m and the Company had access to pooled funds of £1,471.0m deposited in the Group Treasury cash pooling arrangement.

The UK Group and Company is funded by its operating profits and has unrestricted access to cash and deposits in the Group Treasury cash pooling arrangements held by MBDA Treasury Company Limited. The pooling arrangement is supported through a funding agreement with MBDA Group's shareholders.

The Directors have prepared cash flow forecasts until the end of 2026 taking account of both the significant, profitable order backlog and the orders expected to be secured in the short term. These forecasts show that the Company will be significantly cash generative for the period under review. As part of the cash forecasting exercise the Directors also considered reasonably possible risks to these forecasts. These risks predominantly related to the non-payment of invoices by customers and the failure to secure new orders as envisaged. Historically the Company has a strong record of recovering receivables in full and to terms, this position has continued since the year and there is no reason to believe it will not remain the case. With regard to the ability to secure new orders, since the year end the volume of orders secured has been strong and demand continues to grow. Additionally the Company has the ability to vary discretionary shareholder distributions should the liquidity position require this. The Group's financial strength means it is well positioned to withstand unexpected challenges in contract delivery.

Consequently, the Directors are confident that the UK Group and Company will continue to have access to sufficient funds to continue to meet its liabilities as they fall due to the period ending 31 December 2026 and therefore have prepared the financial statements on a going concern basis. In forming their conclusion, the Directors have made appropriate inquiries of the parent and treasury company, they have not identified any matters that impact its conclusions regarding the ability of the Company to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the UK Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the UK Group are eliminated on consolidation.

1.3 Key accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of MBDA's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively. The main accounting judgements and estimates relate to revenue recognition and employee benefits.

1.4 Revenue Recognition and Contract Margin

Revenue recognition on overtime contracts is recognised upon percentage completion based upon contract Estimate at Completion (EAC).

Contract margin is calculated by reference to the contract EAC which includes reliable estimates of contract revenue and forecast costs after making suitable allowance for technical and other risks related to performance milestones yet to be achieved. Material changes in one or more of these EACs would affect the profitability of individual contracts.

1.5 Employee benefits

The valuation of the defined benefit pension obligation is dependent on a number of judgemental assumptions and estimates. These include the discount rate used to calculate the current value of future payments to pensioners, the inflation rate incorporated in the estimate of future payments and the mortality rate of pension scheme members. Estimation and judgement is involved in setting these assumptions. Given the size of the obligation, a small change in these assumptions and estimates could result in a material change in the defined benefit obligation.

Estimation is also required for the valuation of unquoted plan assets. As no market-observable inputs are available, estimation is required in determining the fair value of the assets including the valuation methodology applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.6 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Group to customers in exchange for consideration. The Group accounts for revenue recognition under IFRS 15 Revenue from Contracts with Customers. IFRS 15 outlines principles for the measurement and recognition of revenue from contracts with customers, with the core principle being that revenue should be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods and services to the customer. In order to achieve this objective, the standard sets out a five-step model:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue when or as the entity satisfies a performance obligation.

The standard also covers the accounting for the incremental costs of obtaining a contract and the costs to fulfil a contract, together with presentation and disclosure requirements.

Performance obligations and revenue recognition policies

Revenue is recognised based on the consideration specified in a contract with a customer. The UK Group recognises revenue when it transfers control of a good or services to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies are set out below.

Development activities

Development activities refer to customer funded development of new missiles and missile systems. Customers generally obtain control of development over time, as the UK Group performance does not generally create an asset with an alternative use and has enforceable right to payment from the customer for the performance completed to date.

Revenue is generally recognised over time. Progress is measured on the basis of cost incurred in the period.

Production goods

Production goods refer to the manufacture of new missiles and missile systems. Customers generally obtain control of production goods when the customer has legal title to the goods.

Revenue is generally recognised at a point in time that control is transferred to the customer, which is usually when the customer has legal title to goods. Legal title depends on the customer's contracts' terms and conditions. Legal title generally passes to the customer either upon delivery of the goods, or upon customer acceptance.

Support goods and services

Customers generally obtain control of support goods when the customer has legal title to the goods. Customers generally obtain control of services as they are provided. For support goods, revenue is generally recognised at a point in time, when the customer has legal title to the goods.

For support services, revenue is generally recognised over time, as the customer receives the service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.7 Finance income

Finance income comprises of interest receivable on funds invested. It is recognised in the statement of profit or loss as it accrues.

1.8 Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.9 Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. Goodwill is stated at cost less any accumulated impairment losses and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1 January 2005, goodwill is included at 1 January 2004 on the basis of its deemed cost, which represents the amount previously recorded under UK GAAP.

Expenditure on research activities is recognised in the statement of profit or loss as incurred.

Development costs are capitalised when the activity is commercially and technically feasible and the UK Group has sufficient resources to complete the development and from which the group expects to generate economic benefits. These are amortised over the estimated number of units produced and are reviewed for impairment annually, when the asset is not in use and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Other development expenditure is recognised in the statement of profit or loss as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	-	3 years to 5 years
-------------------	---	--------------------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.10 Investment Property

Land and buildings owned by the UK Group leased to a non-UK Group entity are classified as investment property.

Buildings

Buildings are valued at cost less accumulated depreciation and impairment losses.

Land

Land is valued at cost less impairment losses

The UK Group uses the cost model to measure the value of the properties in its books.

The Directors are confident that the valuations of the investment properties taken together with publically available market analysis is sufficient evidence that the market value remains in excess of the book value.

1.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis and is charged to the statement of profit or loss over the estimated useful economic life as follows:

Freehold land	-	Not depreciated
Buildings	-	25 to 50 years
Plant & machinery	-	5 to 10 years*
Office equipment	-	5 to 10 years*
Computing equipment	-	3 to 5 years

*By exception this may be reduced if a shorter economic life is anticipated at purchase date

1.12 IFRS 16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently depreciated using the straight line method from the commencement date to the date of the end of the lease term.

The lease liability is initially measured at present value of the outstanding lease payments, discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate.

Short term leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use assets are presented in "Land and buildings", "Plant and equipment" and "Fixtures, Fittings, Tools and Equipment". Lease liabilities are presented in "Trade and other payables".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.14 Trade and other receivables

Trade and other receivables are stated at their nominal amount less impairment losses.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Monies deposited with the MBDA Group treasury company are not treated as cash or cash equivalents as they do not meet the criteria for being classified as such under the definitions set out in IAS 7. Such monies are shown as Treasury Pooling on the face of the balance sheet.

1.16 Impairment

The carrying amounts of the UK Group's non-financial assets, inventories and deferred tax assets are reviewed at each statement of financial position date to determine whether there is any indication of an impairment being required. If any such indication exists, the asset's recoverable amount is assessed, estimated and compared to its current carrying value. If the recoverable amount is lower than the current carrying value then the carrying value is impaired down to the assessed recoverable amount and an impairment loss is recognised in the profit and loss account.

1.17 Foreign currencies

Transactions in foreign currencies are translated to GBP at the foreign exchange rate ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to GBP at foreign exchange rates ruling at the dates the values were determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to GBP at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to GBP at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

1.18 Derivative financial instruments and hedging

The UK Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the UK Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged. The fair values are determined based on current market exchange rates at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies (continued)

1.19 Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity in the hedging reserve. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognised in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognised in the income statement immediately.

No derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability.

1.20 Employee benefits

The calculation of employee benefits is made in accordance with IAS 19 (Revised) Employee Benefits.

1.21 Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

1.22 Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined periodically by independent actuaries and charged to the statement of profit or loss in the period in which those benefits are earned by the employees. Actuarial gains and losses are recognised in full in the period in which they occur, and are recognised in the statement of other comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligations as reduced by the fair value of scheme assets. As at December 2024 the present value of these assets exceeded the present value of the associated obligations. The rules of the pension fund state that any surplus should be returned to the Company in the event of the pension fund being closed down. As a result, this surplus, net of withholding tax has been recognised as an asset within the financial statements.

1.23 Provisions

A provision is recognised in the statement of financial position when the UK Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Contract Revenue

Consolidated Contract Balances

Disaggregation of revenue from contracts with customers:

Primary Geographical Markets	2024	2023
	£M	£M
Europe (including UK)	1,049.2	927.0
Rest of world	272.8	564.7
Revenue	1,322.0	1,491.7

Timing of Revenue Recognition	2024	2023
	£M	£M
OT (Over Time)	764.0	627.3
PiT (Point in Time)	558.0	864.4
Revenue	1,322.0	1,491.7

Company

Disaggregation of revenue from contracts with customers:

Primary Geographical Markets	2024	2023
	£M	£M
Europe (including UK)	1,047.9	927.0
Rest of world	249.0	536.9
Revenue	1,296.9	1,463.9

Timing of Revenue Recognition	2024	2023
	£M	£M
OT (Over Time)	740.1	599.5
PiT (Point in Time)	556.8	864.4
Revenue	1,296.9	1,463.9

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Contract Revenue (continued)

Consolidated Contract Balances

The following tables provides consolidated and company information about receivables, contract assets and contract liabilities from contracts with customers.

	2024	2023
	£M	£M
Receivables, which are included within 'trade and other receivables'	117.5	96.3
Contract assets	41.3	35.3
Contract liabilities	(3,629.1)	(2,124.1)

Company Contract Balances

	2024	2023
	£M	£M
Receivables, which are included within 'trade and other receivables'	111.2	90.5
Contract assets	41.3	35.3
Contract liabilities	(3,607.9)	(2,123.7)

The contract assets primarily relate to the UK Group's right to consideration for work completed but not invoiced at the reporting date. There was no impairment charge on contract assets during the year ended 31 December 2024 (2023: £nil). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the UK Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for obligations which are not yet performed.

Transaction price allocated to the remaining performance obligations

As at 31 December 2024, the total transaction price allocated to unsatisfied and partially satisfied performance obligations was approximately £13bn (2023 ~£7bn). The UK Group expects this balance to be largely recognised as revenue over the next six years. The Company has entered into a commitment with the UK MOD to provide discounts against future performance obligations totalling £45m assuming the UK MOD in turn meet certain obligations. Management's expectation is that discounts would be applied to future contracts at dates still to be confirmed, however if new contracts do not materialise, the discount may be applied to existing contracts. This is considered unlikely by management, and therefore the transaction price allocated to current remaining performance obligations has not been modified.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3. Consolidated Operating profit

	2024	2023
	£M	£M
Operating profit is stated after charging:		
Auditor's remuneration	0.5	0.6
Depreciation of property, plant & equipment	30.4	27.5
Depreciation of investment property	0.2	0.3
Depreciation of right of use assets	8.5	5.2
Profit on disposal of property, plant & equipment	(0.8)	-
Intangible amortisation	8.1	6.1
Research and development expenditure in the year	24.6	27.4
Lease interest	0.8	0.8
Write off of goodwill on acquisition of Currock Engineering Company Ltd	2.1	-
Exchange (gain) / loss	3.8	(0.7)

3. Company Operating profit

	2024	2023
	£M	£M
Operating profit is stated after charging:		
Auditor's remuneration	0.5	0.6
Depreciation of property, plant & equipment	29.2	27.4
Depreciation of right of use assets	8.3	5.2
Profit on disposal of property, plant & equipment	(0.8)	-
Intangible amortisation	8.1	6.1
Research and development expenditure in the year	24.6	27.4
Lease interest	0.8	0.8
Exchange (gain) / loss	3.8	(0.7)

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. Staff costs and numbers

Consolidated

	2024	2023
	£M	£M
The aggregate payroll costs were as follows:		
Wages and salaries	371.1	304.5
Social security costs	36.6	29.4
Pension costs	54.4	47.8
	462.1	381.7
	462.1	381.7

The average number of persons employed by the UK Group (including directors) during the year, was as follows:

	2024	2023
	No.	No.
Greater Engineering	4,380	3,803
Business Support	1,208	1,051
	5,588	4,854
	5,588	4,854

Company

	2024	2023
	£M	£M
The aggregate payroll costs were as follows:		
Wages and salaries	364.8	300.4
Social security costs	36.2	29.0
Pension costs	54.1	47.5
	455.1	376.9
	455.1	376.9

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

	2024	2023
	No.	No.
Greater Engineering	4,319	3,759
Business Support	1,191	1,051
	5,510	4,810
	5,510	4,810

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

5. Directors' remuneration

	2024	2023
	£M	£M
Allocation of directors qualifying services to the Company		
Wages and salaries	0.6	0.9
Company contribution to pension plan	0.1	0.1
	0.7	1.0
	0.7	1.0

The Directors of this Company provide services to this Company and a number of other group companies. The amounts above relate to the share of qualifying services that have been allocated to this Company. The above amounts do not include an allocation of emoluments in respect of four (2023: three) of the Directors whose position on the Board is part of their wider role in the Group. It is considered that the level of qualifying services to the Company is negligible compared to their main roles. Consequently, they determine that given the level of services required, the proportion of their salary relating to services provided to this Company is immaterial. Therefore a £nil apportionment is made.

The allocated aggregate emoluments of the highest paid director during the year were £392.5k (2023: £365.9k) of which £26.3k (2023: £24.6k) relates to employer contributions to pension schemes. During the year, retirement benefits were accruing to the following number of directors in respect of qualifying services:

	2024	2023
Defined benefit schemes (Note 23)	2	2
	2	2

No directors have any rights to subscribe in shares of the Company or its subsidiaries.

6. Consolidated net finance income

	2024	2023
	£M	£M
Dividends received	10.2	10.2
Lease interest paid	(0.8)	(0.8)
Interest payable	(4.0)	(1.8)
Interest received	62.8	36.0
	68.2	43.6
	68.2	43.6

Company net finance income

	2024	2023
	£M	£M
Dividends received	10.2	10.2
Lease interest paid	(0.8)	(0.8)
Interest payable	(1.2)	(0.2)
Interest received	62.6	36.2
	70.8	45.4
	70.8	45.4

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Consolidated taxation recognised in the statement of profit or loss

	2024 £M	2023 £M
Current tax		
Current tax charge for period	32.5	27.2
Adjustment for prior years	(10.0)	0.1
	<u>22.5</u>	<u>27.3</u>
Deferred tax (Note 18)		
Origination and reversal of temporary differences	2.8	2.5
Recognition of previously unrecognised tax losses	8.7	0.7
	<u>34.0</u>	<u>30.5</u>
Reconciliation of effective tax rate		
	2024 £M	2023 £M
Profit before tax	<u>161.3</u>	<u>167.9</u>
Tax charge on profit at UK rate of 25% (2023: 23.5%)	40.3	39.6
Non-deductible expenses	1.3	0.3
Non-taxable income	(2.5)	(4.8)
Depreciation (ineligible)	0.7	0.7
Effect of tax rates in foreign jurisdictions	-	(0.1)
Rate change difference	-	0.1
Other movement on pension surplus not recognised to DT	(4.5)	(6.1)
Prior year adjustment	(10.0)	(0.1)
Recognition of previously unrecognised tax losses	8.7	0.9
	<u>34.0</u>	<u>30.5</u>

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Company taxation recognised in the statement of profit or loss

	2024 £M	2023 £M
Current tax		
Current tax charge for period	32.9	27.5
Adjustment for prior years	(10.0)	0.1
	<u>22.9</u>	<u>27.6</u>
Deferred tax (Note 18)		
Origination and reversal of temporary differences	2.8	2.1
Recognition of previously unrecognised tax losses	8.7	0.9
	<u>34.4</u>	<u>30.6</u>

Reconciliation of effective tax rate

	2024 £M	2023 £M
Profit before tax	167.7	168.7
Tax charge on profit at UK rate of 25% (2023: 23.5%)	41.9	39.7
Non-deductible expenses	0.1	0.2
Non-taxable income	(2.5)	(4.8)
Depreciation (ineligible)	0.7	0.7
Effect of tax rates in foreign jurisdictions	-	(0.1)
Rate change difference	-	0.1
Other movement on pension surplus not recognised to DT	(4.5)	(6.1)
Prior year adjustment	(10.0)	-
Recognition of previously unrecognised tax losses	8.7	0.9
	<u>34.4</u>	<u>30.6</u>

An increase in the UK corporation rate from 19% to 25% was substantively enacted on 1 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Intangible assets

Consolidated

	Goodwill £M	Computer software £M	Total £M
Cost			
At 1 January 2023	98.3	59.6	157.9
Additions - external	-	10.8	10.8
Disposals	-	(0.1)	(0.1)
Transfer from Property, Plant and Equipment	-	0.4	0.4
Transfer to Property, Plant and Equipment	-	(3.7)	(3.7)
At 31 December 2023	98.3	67.0	165.3
Additions - external	2.1	6.7	8.8
Disposals	-	(3.6)	(3.6)
At 31 December 2024	100.4	70.1	170.5
Accumulated amortisation and impairment			
At 1 January 2023	-	51.9	51.9
Amortisation	-	6.2	6.2
Disposals	-	(0.1)	(0.1)
Transfer to Property, Plant and Equipment	-	(0.5)	(0.5)
At 31 December 2023	-	57.5	57.5
Amortisation	-	8.1	8.1
Disposals	-	(3.6)	(3.6)
Impairment charge	2.1	-	2.1
At 31 December 2024	2.1	62.0	64.1
Net book value			
At 1 January 2023	98.3	7.7	106.0
At 31 December 2023	98.3	9.5	107.8
At 31 December 2024	98.3	8.1	106.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Intangible assets (continued)

The brought forward goodwill arose from the formation of Matra BAe Dynamics Limited along with the purchase of both UKAMS Limited and AMS Dynamics Limited.

During 2024, the Group acquired 100% of the share capital of Currock Engineering Company Limited. Goodwill arising on the acquisition of £2.1m was fully impaired and recognised in the Statement of Profit or Loss.

Amortisation and impairment charges are recognised in the Statement of profit or loss, 'Depreciation and Amortisation'. Goodwill is tested annually for impairment based on the ISBP. Value in use was determined by discounting the future post-tax cash flows generated from the continued use of the assets and was based on the following key assumptions: cash flows from the ISBP, as approved by the Board; terminal value based on average operating results extrapolated into perpetuity with no growth; post-tax discount rate of 6.3% (2023: 6.1%). The terminal value is justified due to the long term nature of the business. There are no reasonably possible sensitivities that could arise in the next 12 months that could result in a significant impairment charge arising.

For illustration, the following specific individual sensitivities have been considered:

- a 20% increase in the post-tax discount rate applied to the business would result in £nil impairment
- if the cash flow projections of the business were reduced by 25%, no impairment would arise.

There was no impairment of computer software in the year (2023: £nil).

At 31 December 2024, included in cost were intangible assets with a net book value of £nil: Computer Software £50.6m (2023: £49.1m).

During 2023, reassessments of initial asset categorisations resulted in some transfers of assets being made from intangible assets into property, plant and equipment, and some transfers into intangible assets from property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Intangible assets (continued)

Company

	Goodwill £M	Computer software £M	Total £M
Cost			
At 1 January 2023	98.3	59.5	157.8
Additions - external	-	10.8	10.8
Disposals	-	(0.1)	(0.1)
Transfer from Property, Plant and Equipment	-	0.4	0.4
Transfer to Property, Plant and Equipment	-	(3.7)	(3.7)
At 31 December 2023	98.3	66.9	165.2
Additions - external	2.1	6.7	8.8
Disposals	-	(3.6)	(3.6)
At 31 December 2024	100.4	70.0	170.4
Accumulated amortisation and impairment			
At 1 January 2023	-	51.9	51.9
Charge for the year	-	6.2	6.2
Disposals	-	(0.1)	(0.1)
Transfer to Property, Plant and Equipment	-	(0.5)	(0.5)
At 31 December 2023	-	57.5	57.5
Charge for the year	-	8.1	8.1
Disposals	-	(3.6)	(3.6)
Impairment charge	2.1	-	2.1
At 31 December 2024	2.1	62.0	64.1
Net book value			
At 1 January 2023	98.3	7.6	105.9
At 31 December 2023	98.3	9.4	107.7
At 31 December 2024	98.3	7.9	106.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

9. Investment Property

Consolidated

	Investment Land £M	Investment Property £M	Total £M
Cost			
Balance at 1 January 2023	9.5	3.1	12.6
Balance at 31 December 2023	9.5	3.1	12.6
Balance at 1 January 2024	9.5	3.1	12.6
Additions	-	0.1	0.1
Balance at 31 December 2024	9.5	3.2	12.7
Accumulated depreciation and impairment losses			
Balance at 1 January 2023	-	1.3	1.3
Depreciation charge for the year	-	0.3	0.3
Balance at 31 December 2023	-	1.6	1.6
Balance at 1 January 2024	-	1.6	1.6
Depreciation charge for the year	-	0.2	0.2
Balance at 31 December 2024	-	1.8	1.8
Carrying Amounts			
Balance at 1 January 2023	9.5	1.8	11.3
Balance at 31 December 2023	9.5	1.5	11.0
Balance at 1 January 2024	9.5	1.5	11.0
Balance at 31 December 2024	9.5	1.4	10.9

The fair value of the investment properties is £19.2m. The Directors are confident that the valuations of the investment properties taken together with publicly available market analysis and is sufficient evidence that the market value remains in excess of the book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

10. Business combinations during the year

Assets acquired and liabilities recognised at the date of acquisition

On 5 September 2024, the Group acquired 100% of the share capital of Currock Engineering Company Limited. Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book Value & Fair Value £M
Non-current assets	
Property, plant and equipment	3.7
Current assets	
Cash and cash equivalents	0.3
Trade and other receivables	1.7
Inventories	4.4
Non-current liabilities	
Current liabilities	
Trade and other liabilities	(7.0)
Loans and borrowings	(5.0)
	<u>(1.9)</u>

Goodwill arising on acquisition

	Total £M
Consideration paid	0.2
Fair value of identifiable net liabilities acquired	1.9
Goodwill arising on acquisition	<u>2.1</u>

Net cash inflow on acquisition

	2024 £M
Consideration paid in cash	0.2
Less: cash and cash equivalent balances acquired	(0.3)
Net cash inflow on acquisition	<u>(0.1)</u>

Impact of acquisition on the results of the Group

The goodwill arising on acquisition has been written off during the year.

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Property, plant and equipment

Consolidated

	Freehold property £M	Plant and machinery £M	Fixtures, fittings, tools & equipment £M	Assets under construction £M	Total £M
Cost or valuation					
At 1 January 2023	113.8	125.0	178.0	17.9	434.7
Additions	36.2	9.3	22.8	23.9	92.2
Disposals	-	(0.2)	(0.6)	-	(0.8)
Transfer to Intangibles	-	1.2	3.2	(4.9)	(0.5)
Transfer from Intangibles	-	-	3.0	-	3.0
At 31 December 2023	150.0	135.3	206.4	36.9	528.6
Additions	0.4	10.7	19.0	42.0	72.1
Acquisition of subsidiary	-	2.3	0.1	-	2.4
Disposals	(0.1)	(1.4)	(8.5)	(0.3)	(10.3)
Transfers between classes	(0.8)	4.3	0.1	(3.6)	-
At 31 December 2024	149.5	151.2	217.1	75.0	592.8
Accumulated depreciation and impairment					
At 1 January 2023	33.0	91.6	118.4	-	243.0
Depreciation charge for the year	3.3	6.3	18.2	-	27.8
Disposals	(0.1)	(0.3)	(0.3)	-	(0.7)
Transfer from Intangibles	-	-	0.4	-	0.4
At 31 December 2023	36.2	97.6	136.7	-	270.5
Depreciation charge for the year	4.0	7.5	18.9	-	30.4
Disposals	(0.1)	(1.3)	(8.4)	-	(9.8)
At 31 December 2024	40.1	103.8	147.2	-	291.1
Net book value					
At 1 January 2023	80.8	33.4	59.6	17.9	191.7
At 31 December 2023	113.8	37.7	69.7	36.9	258.1
At 31 December 2024	109.4	47.4	69.9	75.0	301.7

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Property, plant and equipment (continued)

Company

	Land & buildings £M	Plant & machinery £M	Fixtures, fittings, tools & equipment £M	Assets under construction £M	Total £M
Cost or valuation					
At 1 January 2023	107.4	124.5	176.6	17.9	426.4
Additions	1.4	9.2	22.8	23.9	57.3
Disposals	-	(0.2)	-	-	(0.2)
Transfer to Intangibles	-	1.2	3.2	(4.9)	(0.5)
Transfer from Intangibles	-	-	3.0	-	3.0
At 31 December 2023	108.8	134.7	205.6	36.9	486.0
Additions	0.3	10.7	18.8	41.3	71.1
Disposals	(0.1)	(1.4)	(8.5)	-	(10.0)
Transfers between classes	-	3.5	0.1	(3.6)	-
At 31 December 2024	109.0	147.5	216.0	74.6	547.1
Accumulated depreciation and impairment					
At 1 January 2023	33.0	91.1	117.3	-	241.4
Depreciation charge for the year	2.8	6.3	18.2	-	27.3
Disposals	-	(0.2)	-	-	(0.2)
Transfer from Intangibles	-	-	0.4	-	0.4
At 31 December 2023	35.8	97.2	135.9	-	268.9
Depreciation charge for the year	2.9	7.5	18.8	-	29.2
Disposals	(0.1)	(1.3)	(8.4)	-	(9.8)
At 31 December 2024	38.6	103.4	146.3	-	288.3
Net book value					
At 1 January 2023	74.4	33.4	59.3	17.9	185.0
At 31 December 2023	73.0	37.5	69.7	36.9	217.1
At 31 December 2024	70.4	44.1	69.7	74.6	258.8

Land and buildings contains land with a cost of £8.6m that does not attract any depreciation (2023: £8.6m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Right of Use Assets

Consolidated

	Land & buildings £M	Plant & machinery £M	Fixture, fittings, tools & equipment £M	Total £M
Cost				
Balance at 1 January 2023	63.0	1.7	7.5	72.2
Additions	2.5	-	3.4	5.9
Disposals	(19.5)	-	-	(19.5)
Balance at 31 December 2023	46.0	1.7	10.9	58.6
Additions	1.2	4.1	-	5.3
Acquisition of subsidiary	-	1.4	-	1.4
Disposals	(1.0)	-	(0.9)	(1.9)
Balance at 31 December 2024	46.2	7.2	10.0	63.4
Depreciation & impairment				
Balance at 1 January 2023	10.7	1.5	7.4	19.6
Depreciation charge for the year	2.7	0.5	2.0	5.2
Disposal	(4.4)	-	-	(4.4)
Balance at 31 December 2023	9.0	2.0	9.4	20.4
Depreciation charge for the year	3.4	2.5	2.6	8.5
Disposals	-	-	(3.8)	(3.8)
Balance at 31 December 2024	12.4	4.5	8.2	25.1
Net book value				
Net Book value at 31 December 2023	37.0	(0.3)	1.5	38.2
Net Book value at 31 December 2024	33.8	2.7	1.8	38.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Right of Use Assets (continued)

Company

	Land & buildings £M	Plant & machinery £M	Fixture, fittings, tools & equipment £M	Total £M
Cost				
Balance at 1 January 2023	65.2	1.7	7.5	74.4
Additions	2.5	-	3.4	5.9
Balance at 31 December 2023	67.7	1.7	10.9	80.3
Additions	39.9	4.2	-	44.1
Disposals	(22.3)		(0.9)	(23.2)
Balance at 31 December 2024	85.3	5.9	10.0	101.2
Depreciation & impairment				
Balance at 1 January 2023	11.1	1.5	7.4	20.0
Depreciation charge for the year	2.7	0.5	2.0	5.2
Balance at 31 December 2023	13.8	2.0	9.4	25.2
Depreciation charge for the year	3.4	2.3	2.6	8.3
Disposals	(4.3)		(3.8)	(8.1)
Balance at 31 December 2024	12.9	4.3	8.2	25.4
Net book value				
Net Book value at 31 December 2023	53.9	(0.3)	1.5	55.1
Net Book value at 31 December 2024	72.4	1.6	1.8	75.8

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

13. Investments

Consolidated

	2024 £M	2023 £M
Investments in subsidiary companies	210.4	210.0
	<u>210.4</u>	<u>210.0</u>

Company

	2024 £M	2023 £M
Investments in subsidiary companies	212.1	211.5
	<u>212.1</u>	<u>211.5</u>

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. Investments (continued)

Company Name	% Shareholding	Company Activity	Country of Incorporation	Registered Address
UKAMS Limited	100	Agent for MBDA UK Limited	UK	MBDA UK Ltd Six Hills Way Stevenage Herts SG1 1 2DA
Horizon Land Limited	100	Landowner	UK	MBDA UK Ltd Six Hills Way Stevenage Herts SG1 1 2DA
MBDA Inc.	100	Supply, install and commission military equipment	USA	1300 Wilson Boulevard, Suite 550 Arlington, Virginia 22209, United States of America
Horizon Technology Park Management Company Limited	97	Management of real estate	UK	MBDA UK Ltd Six Hills Way Stevenage Herts SG1 1 2DA
Logistics North MC Limited	4	Management of real estate	UK	c/o Harworth Estates Property Group Limited Advantage House Poplar Way, Catcliffe Rotherham S60 5TR
Aquark Technologies Limited	2.5	Technology development	UK	Venture House, The Tanneries, East Street, Titchfield, Fareham, Hampshire PO14 4AR
Currock Engineering Company Limited	100	Machining	UK	Unit 9 Tattersall Way, Widford Industrial Estate, Chelmsford, Essex CM1 3UB

The Company holds 210,000 sterling cumulative preferred shares in MBDA Treasury Company Limited, a subsidiary of the MBDA SAS group. The operations of MBDA Treasury Company Limited are based in Dublin, Republic of Ireland, and its principal activities are to manage the MBDA Group's core funding and liquidity, to manage the banking relationships of the MBDA Group, and to control and monitor bank credit risk and credit capacity utilisation.

On 5 September 2024, the Group acquired 100% of the share capital of Currock Engineering Company Limited for consideration of £0.2m.

The above investments are accounted for at cost less cumulative impairments. All shareholdings are in ordinary shares unless otherwise stated.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. Inventories

Consolidated

	2024	2023
	£M	£M
Raw materials and consumables	208.0	158.1
Work in progress	1,333.4	1,048.4
Finished goods and goods for resale	12.2	11.6
	1,553.6	1,218.1
	1,553.6	1,218.1

Company

	2024	2023
	£M	£M
Raw materials and consumables	201.4	155.5
Work in progress	1,300.8	1,046.1
Finished goods and goods for resale	12.2	11.6
	1,514.4	1,213.2
	1,514.4	1,213.2

Included within work in progress is an inventory provision of £3.2m (2023: £4.6m).

15. Trade and other receivables

	2024	2023
	£M	£M
Consolidated		
Trade receivables – amounts recoverable on contracts	117.5	96.3
Amounts owed by group undertakings	84.3	23.8
Other receivables	428.0	44.4
Prepayments & accrued income	37.8	17.6
Corporation tax receivables	-	8.5
	667.6	190.6
	667.6	190.6

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

15. Trade and other receivables (continued)

	2024	2023
	£M	£M
Company		
Trade receivables – amounts recoverable on contracts	111.2	90.5
Amounts owed by group undertakings	86.3	23.3
Other receivables	426.4	44.3
Prepayments & accrued income	31.9	17.2
Corporation tax receivables	-	8.4
	655.8	183.7
	655.8	183.7

Intercompany receivables are non-interest bearing and are generally on terms of 30 to 90 days. See note 24 for related party disclosure.

Other receivables includes £338.8m advance supplier payments (2023: nil).

16. Trade and other payables

	2024	2023
	£M	£M
Consolidated		
Trade payables	132.6	74.5
Lease liabilities (note 20)	4.2	1.4
Amounts owed to group undertakings	33.6	28.4
Other creditors	30.2	38.9
Corporation tax payables	4.4	-
	205.0	143.2
	205.0	143.2

	2024	2023
	£M	£M
Company		
Trade payables	121.3	74.1
Lease liabilities (note 20)	3.5	2.3
Amounts owed to group undertakings	33.6	26.4
Other creditors	26.7	38.3
Corporation tax payables	3.8	-
	188.9	141.1
	188.9	141.1

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

16. Trade and other payables (continued)

	2024 £M	2023 £M
Due within more than one year		
Consolidated		
Lease liabilities	17.2	17.0
	<u>17.2</u>	<u>17.0</u>
	<u><u>17.2</u></u>	<u><u>17.0</u></u>
	2024 £M	2023 £M
Due within more than one year		
Company		
Lease liabilities	18.1	34.3
	<u>18.1</u>	<u>34.3</u>
	<u><u>18.1</u></u>	<u><u>34.3</u></u>

Intercompany payables are non-interest bearing and are generally on terms of 30 to 90 days. See note 24 for related party disclosure.

17. Provisions

Consolidated and Company	Contract £M
At 1 January 2023	(50.8)
Created	(23.8)
Utilised and released	36.8
	<u>(37.8)</u>
At 31 December 2023	(37.8)
	Contract £M
At 1 January 2024	(37.8)
Created	(25.4)
Utilised and released	18.3
	<u>(44.9)</u>
At 31 December 2024	(44.9)

In respect of ongoing contracts, in assessing profitability, provisions are made to cover costs and losses identified where there is a likelihood of crystallisation. The associated outflows are estimated to occur over the period of the contract, normally between 1 and 5 years.

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. Deferred tax

An analysis of the deferred tax balance is shown below:

Consolidated	1 January 2023 £M	Recognised in income £M	Recognised in equity £M	31 December 2023 £M
Deferred Tax Asset				
Accelerated capital allowances	9.1	0.3	-	9.4
Accounting policy change	0.2	-	-	0.2
Employee benefits	6.2	(2.9)	(0.2)	3.1
Net tax asset	15.5	(2.6)	(0.2)	12.7
Deferred Tax Liability				
IAS 39 fair value adjustment	(1.3)	-	(1.7)	(3.0)
Net tax liability	(1.3)	-	(1.7)	(3.0)
	1 January 2024 £M	Recognised in income £M	Recognised in equity £M	31 December 2024 £M
Deferred Tax Asset				
Accelerated capital allowances	9.4	(11.7)	-	(2.3)
Accounting policy change	0.2	-	-	0.2
Employee benefits	3.1	0.2	0.2	3.5
Net tax asset	12.7	(11.5)	0.2	1.4
Deferred Tax Liability				
IAS 39 fair value adjustment	(3.0)	-	(0.1)	(3.1)
Net tax liability	(3.0)	-	(0.1)	(3.1)

The UK Group has not recognised deferred tax assets in respect of losses arising in MBDA Inc. amounting to £19.5m (2023: £17.9m).

An increase in the UK corporation rate from 19% to 25% became effective on 1 April 2023..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. Deferred tax (continued)

An analysis of the deferred tax balance is shown below:

Company	1 January 2023 £M	Recognised in income £M	Recognised in equity £M	31 December 2023 £M
Deferred Tax Asset				
Accelerated capital allowances	9.2	0.3	-	9.5
Employee benefits	6.3	(2.9)	(0.2)	3.2
Net tax asset	15.5	(2.6)	(0.2)	12.7
Deferred Tax Liability				
IAS 39 fair value adjustment	(1.3)	-	(1.7)	(3.0)
Net tax liability	(1.3)	-	(1.7)	(3.0)
	1 January 2024 £M	Recognised in income £M	Recognised in equity £M	31 December 2024 £M
Deferred Tax Asset				
Accelerated capital allowances	9.5	(11.7)	-	(2.2)
Employee benefits	3.2	0.2	0.2	3.6
Net tax asset	12.7	(11.5)	0.2	1.4
Deferred Tax Liability				
IAS 39 fair value adjustment	(3.0)	-	(0.1)	(3.1)
Net tax liability	(3.0)	-	(0.1)	(3.1)

An increase in the UK corporation rate from 19% to 25% became effective on 1 April 2023.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

19. Called up share capital

Authorised, Allotted, Called Up and Fully Paid

	2024 Number	2024 £M	<i>2023 Number</i>	<i>2023 £M</i>
Ordinary shares of £1 each				
At 1 January and 31 December	<u>5,339,292</u>	<u>5.3</u>	<u>5,339,292</u>	<u>5.3</u>
Preferred ordinary shares of £1 each				
At 1 January and 31 December			<u>6,000</u>	<u>6,000</u>

Ordinary shares carry one vote per share. Preferred ordinary shares do not attract any voting right. Dividend paid in the year £139m (2023: £189m).

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

20. Lease liabilities

Consolidated	£M
At 1 January 2023	(35.1)
Lease liabilities created	(4.9)
Lease liabilities utilised	21.6
At 31 December 2023	(18.4)
At 1 January 2024	(18.4)
Lease liabilities created	(8.7)
Lease liabilities utilised	5.7
At 31 December 2024	(21.4)

Lease liabilities relate to land, buildings, plant and machinery, fixtures and fittings and vehicles.

Total commitment of future minimum lease payments:

	2024	2023
	£M	£M
Due in		
1 year	(4.2)	(1.4)
2-5 years	(11.1)	(11.8)
After 5 years	(6.1)	(5.2)
Total	(21.4)	(18.4)

Company	£M
At 1 January 2023	(37.2)
Lease liabilities created	(4.9)
Lease liabilities utilised	5.5
At 31 December 2023	(36.6)
At 1 January 2024	(36.6)
Lease liabilities created	(7.5)
Lease liabilities utilised	22.5
At 31 December 2024	(21.6)

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

20. Lease liabilities (continued)

Lease liabilities relate to land, buildings, plant and machinery, fixtures and fittings and vehicles.

Total commitment of future minimum lease payments:

	2024	2023
	£M	£M
Due in		
1 year	(3.5)	(2.3)
2-5 years	(10.5)	(15.8)
After 5 years	(7.6)	(18.5)
Total	(21.6)	(36.6)

21. Leases as Lessor

The UK Group leases out its investment properties to Roxel (UK Rocket Motors) Limited and Meggitt Properties PLC.

During the year £1.4m (2023: £1.4m) was recognised as rental income by the UK Group. This is credited to other external charges within the statement of profit and loss.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

Operating leases under IFRS 16

	2024	2023
	£M	£M
Less than one year	1.4	1.4
One to two years	1.4	1.4
Two to three years	1.4	1.4
Three to four years	1.4	1.4
Four to five years	1.4	1.4
More than five years	12.8	14.2

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

22. Commitments

There are no unrecognised contractual commitments at the year-end (2023: £nil). Commitment for capital expenditure at 31 December 2024 was £27.8m (2023: £10.8m).

23. Employee benefits

Consolidated and Company	2024	2023
	£M	£M
Recognised liability for defined benefit obligation	(1,477.9)	(1,667.0)
Liability for long service award	(0.6)	(0.7)
Fair value of plan assets	1,578.4	1,722.0
Total	99.9	54.3

Assets of defined benefit pensions plans:

	2024	2024	2023	2023
	£M	%	£M	%
Equities	5.1	0.3	18.5	1.1
Pooled investment vehicles	599.2	38.0	630.8	36.6
Fixed interest securities	686.0	43.4	717.3	41.6
Index-linked securities	87.2	5.5	155.2	9.0
Property	108.5	6.9	118.4	6.9
Cash	92.4	5.9	81.8	4.8
	1,578.4	100.0	1,722.0	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

23. Employee benefits (continued)

Defined benefit pension plan amounts for the current and previous 4 years

	2024 £M	2023 £M	2022 £M	2021 £M	2020 £M
Defined benefit obligations	(1,477.9)	(1,667.0)	(1,611.8)	(2,333.9)	(2,345.2)
Plan assets at bid value	1,578.4	1,722.0	1,708.4	2,136.6	1,956.6
Total surplus / (deficit) before tax	100.5	55.0	96.6	(197.3)	(388.6)
Actuarial gain / (loss) on plan liabilities	181.2	(53.4)	700.2	(14.5)	(167.5)
Actuarial gain / (loss) on plan assets (at bid value)	(151.2)	(36.8)	(343.7)	193.3	26.0

The Company is a member of several multi-employer defined benefit pension schemes operated by BAE Systems Plc. For the largest scheme, the defined benefit obligation is calculated for a subset of members of the scheme that have been allocated on a last employer basis.

The proportion of the total scheme liability these members represent is used to determine the Company's share of scheme assets.

All other schemes in which the Company participates are allocated on a proportion of contributions basis. This is considered a reasonable and consistent allocation method intended to reflect a reasonable approximation of the Company's share of the deficit. Any movement in the level of the deficit due to changes in the level of contributions is taken to equity.

Financial assumptions used for the Company's pension schemes	2024 £M	2023 £M
Inflation rate	2.9%	2.8%
Discount rate	5.5%	4.6%
Increase for salaries	2.9%	2.8%
Pension increase	2.3%-2.9%	2.1%-2.8%

Movement in present value of obligations	2024 £M	2023 £M
Defined benefit obligation 1 January	(1,667.0)	(1,611.8)
Current service cost	(13.2)	(14.2)
Interest on obligation	(72.9)	(75.7)
Actuarial (losses)/ gains recognised in equity	181.1	(53.4)
Benefits paid	93.7	87.7
Member contributions	0.4	0.4
Defined benefit obligation at 31 December	(1,477.9)	(1,667.0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

23. Employee benefits (continued)

Movement in present value of plan assets	2024	2023
	£M	£M
Fair value of plan assets at 1 January	1,722.0	1,708.4
Contributions paid into plan	23.0	23.5
Lump sum contributions	4.5	9.8
Scheme expenses	(1.1)	(1.6)
Expected return on plan assets	77.8	84.1
Actuarial (losses)/gains recognised in equity	(151.2)	(36.8)
Benefits paid	(93.7)	(87.7)
Withholding tax	(2.5)	22.7
Member contributions	(0.4)	(0.4)
Fair value of plan assets at 31 December	1,578.4	1,722.0

For more details regarding the relevant schemes, including sensitivity analysis for key assumptions, please refer to Note 25 Retirement Benefits in the BAE Systems plc Annual Report 2022.

24. Related party disclosures

The UK Group undertook the following transactions with group companies and shareholder entities, all transactions are on an arm's length basis. Sales and Purchases with related parties, as disclosed below, include amounts paid in advance for goods and services which may be due for delivery in future periods, and accordingly these figures may not align with revenue recognition for accounting purpose:

MBDA France S.A.S.	2024	2023
	£M	£M
Sales	122.2	94.2
Purchases	(134.6)	(192.4)
Owed to	(5.8)	(6.5)
Receivable from	3.6	20.8
MBDA Italia S.p.A.	2024	2023
	£M	£M
Sales	30.4	29.5
Purchases	(410.5)	(104.4)
Owed to	(50.9)	(14.7)
Receivable from	27.4	0.2

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. Related party disclosures (continued)

MBDA Deutschland GmbH	2024	2023
	£M	£M
Sales	2.9	0.1
Purchases	(6.3)	(4.3)
Owed to	(0.6)	(1.4)
Receivable from	0.7	-
MBDA Espana SL	2024	2023
	£M	£M
Purchases	(0.1)	(0.4)
MBDA Services S.A.S.	2024	2023
	£M	£M
Purchases	(81.9)	(55.0)
Owed to	(23.5)	(11.5)
Receivable from	16.8	11.9
Bayern Chemie GmbH	2024	2023
	£M	£M
Purchases	(65.4)	(44.4)
Owed to	(8.1)	(9.7)
Roxel UK Rocket Motors Limited	2024	2023
	£M	£M
Purchases	(70.4)	(51.9)
Owed to	(10.2)	(1.7)
TDW GmbH.	2024	2023
	£M	£M
Purchases	(13.1)	(10.9)
Owed to	(2.9)	(0.6)
Matra Electronique	2024	2023
	£M	£M
Purchases	(7.2)	(1.0)
Owed to	(1.4)	(1.4)
Receivable from	-	0.7

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. Related party disclosures (continued)

MBDA UAE Limited	2024	2023
	£M	£M
Sales	-	2.4
Receivable from	0.7	1.3

The Company received a dividend from MBDA Treasury Company Limited of £10.2m (2023: £10.2m) and was due £nil (2023: £nil) in interest.

The Company undertook the following transactions with its ultimate shareholders and their subsidiaries in the year:

BAE Systems Plc	2024	2023
	£M	£M
Sales	70.1	62.7
Purchases	(24.0)	(38.8)
Owed to	(0.1)	(0.3)
Receivable from	9.4	1.4

Leonardo Finmeccanica SpA	2024	2023
	£M	£M
Sales	7.5	4.7
Purchases	(26.7)	(37.3)
Owed to	(2.0)	-
Receivable from	0.2	0.2

Details of transactions with key management personnel are disclosed in Note 5.

25. Financial instruments

Exchange risk

The UK Group is exposed to movements in foreign currency exchange rates in respect of foreign currency denominated transactions. All material firm transactional exposures are hedged and the UK Group aims, where possible, to apply hedge accounting to these transactions.

The UK Group is exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries. The UK Group does not hedge the translation effect of exchange rate movements on the income statements or balance sheet of foreign subsidiaries.

The UK Group treats forward currency deals under hedge accounting as permitted by IFRS 9.

Interest risk

MBDA UK Limited loans its cash to MBDA Treasury Company Limited through its Cash Pooling Facility on which interest is received and paid on Bank of England base rate plus bank margin.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

25. Financial instruments (continued)

Credit risk

Committed Cash is ring fenced and applies to a joint venture bank account held with the UK Ministry of Defence.

MBDA UK Limited is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions.

MBDA UK Limited is exposed to counterparty credit risk on cash and cash equivalent balances. This is managed on behalf of the MBDA Group by MBDA Treasury Company Limited.

MBDA UK Limited holds its cash with cash deposits with principal bankers and also with MBDA Treasury Company Limited through its Cash Pooling Facility.

Due to the nature of the UK Group's debtors there is minimal credit risk.

Liquidity risk

Liquidity risk is managed by MBDA Treasury Company Limited's cash pooling facility.

MBDA UK Limited is subject to risk that it will not have sufficient liquid resources to fund its on-going business. MBDA UK Limited manages its liquidity requirements with the use of operating cash flows, cash balances and participation in MBDA Treasury Company Limited Cash Pooling Facility.

Forward currency deals

Forward currency deals are carried at fair value on the statement of financial position.

Consolidated and Company

	2024			2023		
	Asset £M	Liability £M	Net £M	Asset £M	Liability £M	Net £M
USD Purchase	1.4	(0.2)	1.2	0.7	(0.7)	-
USD Sale	1.2	(1.0)	0.2	2.9	(0.1)	2.8
EUR Purchase	2.9	(38.4)	(35.5)	0.2	-	0.2
EUR Sale	52.3	(5.2)	47.1	27.0	-	27.0
SEK Purchase	-	(0.9)	(0.9)	0.1	(17.8)	(17.7)
SEK Sale	0.6	-	0.6	0.6	(0.1)	0.5
PLN Purchase	-	(0.3)	(0.3)	-	(0.9)	(0.9)
PLN Sale	-	-	-	-	-	-
CHF Purchase	-	(0.2)	(0.2)	0.1	-	0.1
CHF Sale	-	-	-	-	-	-
	<u>58.5</u>	<u>(46.2)</u>	<u>12.3</u>	<u>31.6</u>	<u>(19.6)</u>	<u>12.0</u>

The £12.3m net financial asset (2023 asset: £12.0m) gives rise to a deferred tax liability of £3.1m (2023: £3.0m). The credit effect on the fair value reserve in equity is £1.0m (2023: £4.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

25. Financial instruments (continued)

There is no hedge ineffectiveness recognised in the statement of profit or loss (2023: £nil).

The fair value of the financial instrument is the price at which one party would assume the rights and duties of another party and reflects the future gain or loss that would have occurred should the hedge have not been in place. The fair values are determined based on current market exchange rates at the balance sheet date.

Maturity of the net forward currency deals is as shown below.

	2024			Total £M	2023			Total £M
	Less than one year £M	One to five years £M	More than five years £M		Less than one year £M	One to five years £M	More than five years £M	
EUR	7.3	6.1	(1.8)	11.6	5.4	4.0	(0.2)	9.2
USD	0.8	0.8	(0.2)	1.4	0.5	2.3	-	2.8
Other	(0.5)	(0.2)	-	(0.7)	(0.2)	0.1	-	(0.1)
	<u>7.6</u>	<u>6.7</u>	<u>(2.0)</u>	<u>12.3</u>	<u>5.7</u>	<u>6.4</u>	<u>(0.2)</u>	<u>11.9</u>

The Group holds assets and liabilities (derivatives used for hedging) which are fair valued under the IFRS7 fair value hierarchy at Level 2 at 31 December 2024 as follows: Assets £58.4m (2023: £36.1m), Liabilities (£46.1m) (2023: (£19.7m)).

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable units).

There are no assets or liabilities fair valued under Level 1 or Level 3 (2023: nil).

MBDA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

25. Financial instruments (continued)

The following table presents the sterling nominal amounts of the foreign currency contracts used to hedge foreign currency risk, split by maturity profile, along with the exchange rate:

(Purchase) / sale	Maturity date years	2024				2023			
		Currency purchased		Currency sold		Currency purchased		Currency sold	
		Weighted average hedged rate	Notional value £M	Weighted average hedged rate	Notional value £M	Weighted average hedged rate	Notional value £M	Weighted average hedged rate	Notional value £M
GBP/EUR	< 1	1.19	(977.1)	1.19	824.0	1.14	(352.5)	1.14	331.3
	1 - 5	1.14	(737.0)	1.14	766.2	1.12	(339.5)	1.11	420.6
	> 5	1.07	(584.0)	1.06	850.7	1.06	(15.7)	1.08	7.8
GBP/USD	< 1	1.27	(77.8)	1.26	59.6	1.25	(50.1)	1.25	40.4
	1 - 5	1.28	(19.4)	1.28	69.7	1.24	(20.3)	1.23	57.9
	> 5	n/a	-	1.30	9.5	n/a	-	n/a	-
Other	< 1	n/a	(30.8)	n/a	15.0	n/a	(14.2)	n/a	2.5
	1 - 5	n/a	(20.3)	n/a	6.3	n/a	(4.9)	n/a	5.5
Cash flow hedges			<u>(2,446.4)</u>		<u>2,601.0</u>		<u>(797.2)</u>		<u>866.0</u>

Consolidated Deposits include balances recorded for Treasury Pooling

Deposits are carried at historic value as below:

	2024 £M	2023 £M
GBP LIBOR	1,508.6	854.0
USD LIBOR	-	14.3
EUR EURIBOR	33.8	-
Other LIBOR	3.6	7.6
	<u>1,546.0</u>	<u>875.9</u>

Company Deposits include balances recorded for Treasury Pooling

Deposits are carried at historic value as below:

	2024 £M	2023 £M
GBP LIBOR	1,509.8	887.4
USD LIBOR	-	13.2
EUR EURIBOR	33.8	-
Other LIBOR	3.6	7.6
	<u>1,547.2</u>	<u>908.2</u>

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

25. Financial instruments (continued)

Consolidated Overdrawn include balances recorded for Treasury Pooling

		2024 £M	2023 £M
EUR	EURIBOR	-	(52.9)
USD	LIBOR	(14.5)	-
		(14.5)	(52.9)
		(14.5)	(52.9)

Company Overdrawn include balances recorded for Treasury Pooling

		2024 £M	2023 £M
EUR	EURIBOR	-	(52.9)
USD	LIBOR	(25.8)	-
		(25.8)	(52.9)
		(25.8)	(52.9)

26. Treasury Pooling

		2024 £M	2023 £M
Consolidated			
Cash Pooling		1,479.7	757.6
		1,479.7	757.6
		1,479.7	757.6
Company			
Cash Pooling		1,471.0	790.9
		1,471.0	790.9
		1,471.0	790.9

The UK Group have full access to a group cash pooling arrangement.

Interest rates

EURO

The Intercompany Loans shall bear interest at the rate of where MBDA Treasury is the borrower, one month EURIBOR less 0.1% per annum and where MBDA Treasury is the lender, one month EURIBOR plus 0.4% per annum.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

26. Treasury Pooling (continued)

GBP

The Intercompany Loans shall bear interest at the rate of where MBDA Treasury is the borrower, Bank of England Base rate less spread on fall back rates less 0.1% per annum, with a threshold at zero and where MBDA Treasury is the lender, Bank of England Base Rate less spread on fall back rates plus 0.4% per annum.

USD

The Intercompany Loans shall bear interest at the rate of where MBDA Treasury is the borrower, one month USD LIBOR less 0.1% per annum and where MBDA Treasury is the lender, one month USD LIBOR plus 0.4% per annum.

27. Reserves

Consolidated	2024	2023
	£M	£M
Hedging reserves	8.1	8.3
Translation reserve	(1.1)	(0.6)
Other reserves	0.3	1.3
Retirement benefit reserves	(106.4)	(133.9)
	<u>(99.1)</u>	<u>(124.9)</u>
	<u><u>(99.1)</u></u>	<u><u>(124.9)</u></u>
Company	2024	2023
	£M	£M
Hedging reserves	8.0	8.3
Other reserves	-	-
Retirement benefit reserves	(106.4)	(133.9)
	<u>(98.4)</u>	<u>(125.6)</u>
	<u><u>(98.4)</u></u>	<u><u>(125.6)</u></u>

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net difference in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Translation reserve

The translation reserve relates to the translation of the financial results and position of the Group's overseas subsidiary into the Group's presentation currency.

Retirement benefit reserves

The retirement benefit reserves comprise the Company's share of cumulative actuarial gains and losses on the plan liabilities and assets net of withholding tax (Note 23 above).

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28. Long term loan

Consolidated

	2024	2023
	£M	£M
Loan from MBDA Treasury Company Limited	(19.6)	(25.5)
	(19.6)	(25.5)

	2024	2023
	£M	£M
Loan to MBDA Polska SP. Z.O.O	7.8	-
	7.8	-

Company

	2024	2023
	£M	£M
Loan to Currock Engineering Company Limited	7.4	-
Loan to MBDA Polska SP. Z.O.O	7.8	-
	15.2	-

In 2014, a loan of £12.2m was advanced to Horizon Land Limited by MBDA UK Limited for the purchase of the Summerfield property, which was due to be fully repaid in April 2026. In September 2023, this loan was novated to MBDA Treasury Company Limited, who took over as the lender. The interest is calculated in advance on a quarterly basis at ICE LIBOR plus 200 base points. The amount of £1,300,000 was repaid on 09 October 2024.

In 2023, a second loan was advanced to Horizon Land Limited by MBDA Treasury Company Limited for the purchase from BAE Systems Pension Funds Trustees Limited of the long leasehold title of the property at Bristol. The loan was for £19.0m and commenced in November 2023 and is due to be fully repaid on the 1 December 2050. The interest is calculated on a quarterly basis at the percentage rate per annum of the Bank of England's base rate plus 109 basis points fixed on the first date of each quarterly interest period.

During 2024, the Company made working capital loans to Currock Engineering Company Limited and MBDA Polska SP.Z.O.O. The loan to Currock Engineering Limited is eliminated on consolidation. Interest is charged on the loan to MBDA Polska SP. Z.O.O at 7.67%. No interest has been charged on the loan to Currock Engineering Company Limited since its acquisition.

MBDA UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

29. Other non-current assets

	2024	2023
	£M	£M
Advance payment to secure lease	17.0	17.0
	17.0	17.0

30. Subsequent events

There have been no events occurring after 31 December 2024 which require adjustment to in these financial statements.

31. Parent undertaking and ultimate parent companies

The Company is wholly owned within the MBDA SAS group of companies, headed by MBDA SAS 1, Avenue Reaumur - 92350 Le Plessis Robinson, Paris, France (incorporated in France). MBDA SAS is owned by BAE Systems plc, Registered office 6 Carlton Gardens London SW1Y 5AD (incorporated in England, 37.5% shareholding), Airbus SE B80 Building 2, Rond-Point Dewoitine BP 90112 31703 Blagnac Cedex France (incorporated in The Netherlands, 37.5% shareholding), and Leonardo SpA Piazza Monte Grappa n. 4 00195 Rome Italy (incorporated in Italy, 25% shareholding).