

Company registration number 00432989 (England and Wales)

**MEGGITT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2023**



# MEGGITT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J P Bramble J Weir J A D Elsey C P Mason
<b>Company number</b>	00432989
<b>Registered office</b>	Pilot Way Ansty Business Park Coventry CV7 9JU
<b>Auditor</b>	Deloitte LLP Statutory Auditor Four Brindleyplace Birmingham United Kingdom B1 2HZ

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# MEGGITT LIMITED

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# MEGGITT LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 30 JUNE 2023

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The directors present the strategic report for the Period ended 30 June 2023. The financial year end was changed from 31 December to 30 June to align with the parent company Parker Hannifin Corporation, resulting in an 18 month reporting period therefore the amounts presented in the financial statements will not be entirely comparable with prior period numbers.

#### Review of the business

The company made a loss for the financial period of £119,437,000 (2021: profit of £31,529,000) and has net assets as at 30 June 2023 of £2,895,092,000 (2021: £2,988,102,000).

On 13 September 2022 Parker Hannifin Corporation completed the acquisition of the company. From that date Parker Hannifin Corporation, a company incorporated in the state of Ohio, United States of America, is the ultimate parent undertaking and controlling party of the company.

As a result of the acquisition the company incurred merger and acquisition costs of £86,974,000 (included in other gains and losses) and integration costs of £19,452,000 (included in exceptional items).

On 4 April 2023 the company was re-registered as a private limited company.

On 23 June 2023 the company repaid \$300,000,000 external loan notes (plus accrued interest) using funds received from the repayment of intercompany receivables, on the same date the company repaid a further \$300,000,000 external loan notes (plus accrued interest) using funds loaned to the company by Parker Hannifin EMEA Sarl, a fellow group company.

#### Future developments

It is anticipated that the company will continue to operate in its current form for the foreseeable future.

#### Principal risks and uncertainties

The directors do not consider there to be any significant risks or uncertainties as the majority of transactions and balances are group related, with the exception of investment impairment risk, which is reviewed by management at each balance sheet date. A full impairment review of the investment in the underlying subsidiaries has been performed at the balance sheet date and an impairment of £24,787,000 has been identified as a result of this (see note 12).

Climate change represents a significant environmental challenge with the potential to impact our business operations, supply chains, and market demand. We recognize the importance of addressing climate-related risks and are committed to integrating climate considerations into our strategic planning and risk management processes.

#### Key performance indicators

Parker Hannifin Corporation manages its operations on a divisional basis. For this reason, the company's directors believe that monitoring the business performance using key performance indicators relative to each individual division is more appropriate than applying this on a total entity basis. The company does review and monitor revenue and related margin across all divisions on a regular basis.

# MEGGITT LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### Section 172 (1) statement

#### *Employee engagement*

The Directors of the Company, in addition to their set of general duties, must act in accordance with a set of duties set out in section 172 of the Companies Act, summarised below.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The Directors fulfil their duties as follows:

#### *The likely consequences of any decision in the long term*

The Directors understand the business and the diverse sectors and challenging environments in which it operates. The strategies set by the Board are driven by the Win Strategy, Parker's business system which has been in existence since 2001.

The Win Strategy builds on the competitive differentiators of Parker, which include:

- The Win Strategy
- Decentralized Business Model
- Technology Breadth and Interconnectivity
- Engineered Products with Intellectual Property
- Long Product Life Cycles
- Global Distribution
- Low Capital Investment Needs

These strategies set the basis for decision-making and therefore seek to ensure that the long-term consequences of the decision-making are in line with Parker values.

The Board meet on a quarterly basis and decisions are approved and ratified in accordance with the provisions of the company's articles of association. These decisions include operational, financial and strategic decisions. The Board includes representatives of various functions, including operations, finance and human resources.

Principal decisions taken by the business in the period are as follows:

- Approval of the acquisition of the Company by Parker Hannifin Corporation.
- Settlement and closure of all Share Based Payment schemes.
- Repayment of external loan notes.

#### *The interests of the company's employees*

The Directors believe that strong performance requires passionate team members who are immersed in their daily work and are empowered to improve their portion of the business. Performance management and talent development is key to ensuring that the business thrives through developing our employees and bringing through talent in the most efficient way. We share common values in every area such that the objectives of the business are achieved in the correct and expected manner. Environmental, health and safety measures are of paramount importance across the business. As such, detailed metrics, actions and enhancements to the manner in which we work and our surrounding working environment are constantly monitored and reviewed to ensure that all employees remain safe. The company's employees are engaged with on a regular basis by means of various surveys and various internal committees to ensure that employee interests are understood and are continually being addressed. Efforts are also made to communicate relevant information to employees on a timely basis.

## MEGGITT LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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*The need to foster the company's business relationships with suppliers and others*

The business's supply chain is vital to achieving this objective through the maintenance of relationships with all suppliers. Customers and suppliers are engaged with through relevant, dedicated teams to ensure that needs are met and to maintain communication channels. Any relevant matters are raised and discussed at Board level with subsequent feedback to the business.

*The impact of the company's operations on the community and the environment*

The business implements initiatives which help to strengthen communities, conserve resources and make a positive environmental impact at the local level. While implementing sustainable business practices across the operations of a global organisation is a complex challenge, doing so also presents a meaningful opportunity to make a positive impact on the lives of team members, the environment and local communities.

*The desirability of the company maintaining a reputation for high standards of business conduct*

The business has a solid foundation of integrity, with a heritage which is based on a commitment to treat everyone fairly and with consideration. Our commitment to acting ethically is not just a core part of our heritage; we know that it is the right thing to do and is good for our business. The Company delivers its ethical standards through the identification of seven virtue ethics which not only deal with the rightness or wrongness of individual actions, but provide guidance for our behaviours, decisions and actions while conducting business.


*The need to act fairly as between members of the company*

The company has one member, being the immediate holding company, and the Directors take all actions to ensure that the affairs of the company are conducted in a manner to the benefit of that sole member. For example:

In making decisions, the Directors operate on the basis that decisions which benefit the Company automatically benefit the member, and the member is officially communicated with as and when specifically required.

On behalf of the board

J A D Elsey  
Director  
17 May 2024



# MEGGITT LIMITED

## DIRECTORS' REPORT

*FOR THE PERIOD ENDED 30 JUNE 2023*

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The directors present their annual report and audited financial statements for the Period ended 30 June 2023.

### Principal activities

The principal activity of the company continued to be that of a holding company for the Meggitt entities which are all now part of the Parker Hannifin Corporation group.

### Results and dividends

The results for the Period are set out on page 10. No ordinary dividends were paid. No preference dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

M L Thomas (resigned 26 September 2022)  
G S Berruyer (resigned 12 September 2022)  
L Burdett (resigned 12 September 2022)  
C R Day (resigned 12 September 2022)  
N L Gioia (resigned 12 September 2022)  
A J P Goligher (resigned 12 September 2022)  
G C Hachey (resigned 12 September 2022)  
A N R Rudd (resigned 12 September 2022)  
C L Silver (resigned 12 September 2022)  
A Wood (resigned 12 September 2022)  
G M Ellinor (appointed 12 September 2022, resigned 8 March 2024)  
J A D Elsey (appointed 12 September 2022)  
C P Mason (appointed 12 September 2022)  
J P Bramble (appointed 14 September 2022)  
J Weir (appointed 11 April 2024)

### Streamlined energy and carbon reporting

The Company is subject to the disclosure requirements of the Energy and Carbon Regulations as the group it heads meets the size criteria in the Regulations. However, as consolidated accounts and a group director's report is not prepared, group disclosures are not required. As a holding company, the Company itself consumed less than 40,000 kWh of energy during the period in respect of which the directors' report is prepared, and accordingly information is not disclosed for that reason.

### Financial risk management

Financial risk is managed through internal control processes, and review of company and group financial information. Risks impacting the entity are related to fluctuations in interest rates due to intercompany loan balances, and are managed by the central Treasury team.

### Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the Directors and the Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified a directors' and officers' liability insurance policy was maintained by the Parker Hannifin Corporation group throughout the financial year.

### Political donations

There were no political donations or expenditure in the current or prior period.

### Charitable donations

Charitable donations in the period totalled £54,731 (2021: £36,530).

## **MEGGITT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE PERIOD ENDED 30 JUNE 2023**

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##### **Post reporting date events**

On 1 July 2023 Meggitt Properties Limited, a subsidiary of the company, sold its investment in Meggitt Holdings (France) SAS to Parker Hannifin EMEA Sarl, a fellow group company, at market value. The consideration of £1,650,073 was paid in cash.

On 1 July 2023 Meggitt International Limited, a subsidiary of the company, sold its investment Meggitt (France), Meggitt Holdings (France) SAS, Meggitt SA and Meggitt (Sapphire) GmbH to Parker Hannifin EMEA Sarl at market value. The total consideration of £770,326,814 was in the form of an intercompany loan receivable ("EMEA loan agreement").

On 1 July 2023 Meggitt International Limited sold its investment in Meggitt Holdings (USA) Inc. to Parker Hannifin Corporation, the company's ultimate parent undertaking, at market value. The consideration of £3,361,998,976 was in the form of an intercompany loan receivable ("PHC loan agreement").

On 29 September 2023 Meggitt International Limited declared a dividend in specie to Meggitt International Holdings Limited of part of its rights, title and benefit in the PHC loan agreement, in the amount of £2,000,000,000.

On 29 September 2023 Meggitt International Limited sold the remainder of its rights, title and benefit in the PHC loan agreement to the company at market value. The consideration of £1,399,104,391 was in the form of an intercompany loan receivable.

On 29 September 2023 Meggitt International Limited sold its rights, title and benefit in the EMEA loan agreement to the company at market value. The consideration of £778,828,689 was in the form of an intercompany loan receivable.

On 29 September 2023 Meggitt International Holdings Limited declared a dividend in specie to the company of its rights, title and benefit in the PHC loan agreement, in the amount of £2,000,000,000.

On 29 September 2023 the company declared a dividend in specie to Parker Hannifin Corporation of its rights, title and benefit in the PHC loan agreement and the EMEA loan agreement, in the amount of £3,399,104,391 and £778,828,689 respectively.

The above are all non-adjusting events.

##### **Going concern**

The company made a loss in the period of £119,437,000 (2021: profit of £31,529,000) due to acquisition and integration costs incurred as a result of the acquisition by Parker Hannifin Corporation. As at 30 June 2023 the company had net assets of £2,895,092,000 (2021: £2,988,102,000) and net current assets of £787,174,000 (2021: £1,353,142,000). The Directors have considered going concern in preparing these financial statements.

The Company participates in a cash pool arrangement. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within Parker Group, cash is swept to/from Parker Hannifin EMEA S.a.r.l. and balances are interest bearing. Should the need arise, a signed letter of support, confirming ongoing support for a period of 12 months from the date of approval of these financial statements, has been obtained from the Company's ultimate parent company, Parker Hannifin Corporation.

Having received confirmation of ongoing support from the ultimate parent company for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **Disclosure in the Strategic Report**

The Review of Business, the Principal Risks and Uncertainties and the Future Developments are disclosed in the Strategic Report.

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# MEGGITT LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

### Directors' confirmations

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Auditor

PricewaterhouseCoopers LLP resigned as auditors and Deloitte LLP was appointed as auditors during the period. Deloitte will not be reappointed as auditors for the upcoming fiscal year, and new auditors will be appointed within the required period.

On behalf of the board



JAD Elsey  
Director  
17 May 2024

# MEGGITT LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGGITT LIMITED

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### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Meggitt Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its loss for the 18 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### 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.

# MEGGITT LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MEGGITT LIMITED

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#### **Responsibilities of directors**

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

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

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

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

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

# MEGGITT LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MEGGITT LIMITED

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#### Report on other legal and regulatory requirements

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

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

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

##### 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.



Sukhpal Kaur Gill (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
17 May 2024

# MEGGITT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2023

		Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
Other operating income	Notes	112,247	57,368
Administrative expenses		(138,912)	(99,035)
Income from shares in group undertakings		-	40,799
Other gains and losses		(95,374)	17,973
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(122,039)</b>	<b>17,105</b>
Net finance income	<b>7/8</b>	<b>18,109</b>	<b>15,616</b>
<b>(Loss)/profit before taxation</b>		<b>(103,930)</b>	<b>32,721</b>
Tax on (loss)/profit	<b>9</b>	<b>(15,507)</b>	<b>(1,192)</b>
<b>(Loss)/profit for the financial period</b>		<b>(119,437)</b>	<b>31,529</b>
<b>Other comprehensive income:</b>			
Remeasurement of retirement benefit		15,500	84,301
Tax relating to other comprehensive income		(3,874)	(15,776)
<b>Total other comprehensive income for the period</b>		<b>11,626</b>	<b>68,525</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(107,811)</b>	<b>100,054</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# MEGGITT LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		30 June 2023 £'000	31 December 2021 £'000
<b>Non-current assets</b>			
Intangible assets	10	13,271	25,128
Property, plant and equipment	11	4,962	3,579
Investments	12	2,057,738	2,082,525
Deferred tax asset	18	-	20,323
Retirement benefit surplus	19	35,364	-
Derivative financial instruments	16	-	10,123
		<u>2,111,335</u>	<u>2,141,678</u>
<b>Current assets</b>			
Trade and other receivables	14	1,163,502	1,481,182
Cash and cash equivalents		48,341	57,219
Derivative financial instruments	16	-	6,395
		<u>1,211,843</u>	<u>1,544,796</u>
<b>Current liabilities</b>			
Trade and other payables	15	(424,624)	(178,675)
Borrowings	17	-	(7,481)
Lease liabilities		(45)	(132)
Derivative financial instruments	16	-	(5,366)
		<u>(424,669)</u>	<u>(191,654)</u>
<b>Net current assets</b>		<u>787,174</u>	<u>1,353,142</u>
<b>Non-current liabilities</b>			
Borrowings	17	-	(444,127)
Lease liabilities		(90)	(271)
Deferred tax liabilities	18	(3,327)	-
Derivative financial instruments	16	-	(2,972)
Retirement benefit obligations	19	-	(59,348)
		<u>(3,417)</u>	<u>(506,718)</u>
<b>Net assets</b>		<u>2,895,092</u>	<u>2,988,102</u>

# MEGGITT LIMITED


## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2023

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		30 June 2023 £'000	31 December 2021 £'000
	Notes		
<b>Equity</b>			
Called up share capital	21	39,289	39,101
Share premium account		1,232,970	1,227,892
Other reserves		17,556	17,556
Capital redemption reserve		1,684	1,684
Retained earnings		1,603,593	1,701,869
<b>Total equity</b>		<u>2,895,092</u>	<u>2,988,102</u>

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 17 May 2024 and are signed on its behalf by:



J A D Elsey  
Director

Company registration number 00432989

# MEGGITT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Share capital	Share premium account	Capital redemption reserve	Other reserves*	Retained earnings	Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>	39,062	1,226,628	1,684	17,556	1,591,304	2,876,234
<b>Year ended 31 December 2021:</b>						
Profit for the year	-	-	-	-	31,529	31,529
Other comprehensive income:						-
Remeasurement of retirement benefit obligations	-	-	-	-	84,301	84,301
Tax relating to other comprehensive income	-	-	-	-	(15,776)	(15,776)
<b>Total comprehensive income for the year</b>	-	-	-	-	100,054	100,054
Transactions with owners in their capacity as owners:						
Issue of share capital	21	39	1,264	-	-	1,303
Credit to equity for equity settled share-based payments	20	-	-	-	10,511	10,511
<b>Balance at 31 December 2021</b>	39,101	1,227,892	1,684	17,556	1,701,869	2,988,102
<b>Period ended 30 June 2023:</b>						
Loss for the period	-	-	-	-	(119,437)	(119,437)
Other comprehensive income:						-
Remeasurement of retirement benefit obligations	-	-	-	-	15,500	15,500
Tax relating to other comprehensive income	-	-	-	-	(3,874)	(3,874)
<b>Total comprehensive income for the period</b>	-	-	-	-	(107,811)	(107,811)
Transactions with owners in their capacity as owners:						
Issue of share capital	21	188	5,078	-	(5,266)	-
Release of unclaimed dividends	-	-	-	-	93	93
Credit to equity for equity settled share-based payments	20	-	-	-	13,210	13,210
Tax impact on share-based payment transactions	-	-	-	-	1,498	1,498
<b>Balance at 30 June 2023</b>	39,289	1,232,970	1,684	17,556	1,603,593	2,895,092

\*Other reserves relate to the cancellation of the Company's share premium account in 1988, which was transferred to a non-distributable capital reserve.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2023

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### 1 Accounting policies

#### Company information

Meggitt Limited is a private company limited by shares incorporated in England and Wales. address of its registered office is Pilot Way, Ansty Business Park, Coventry, CV7 9JU. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and has taken advantage of the following disclosure exemptions permitted by FRS 101:

- Paragraphs 10(d), 111 and 134–136 of IAS 1 "Presentation of financial statements".
- IAS 7 "Statement of cash flows".
- Paragraph 17 of IAS 24, "Related party disclosures".
- The requirements in IAS 24 "Related party disclosures to disclose related party transactions entered into between two or more members of a group".
- Paragraphs 45(b) and 46–52 of IFRS 2, "Share based payment".
- IFRS 7 "Financial Instruments: Disclosures".

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

Meggitt Limited is a wholly owned subsidiary of Parker Hannifin Corporation and the results of Meggitt Limited are included in the consolidated financial statements of Parker Hannifin Corporation which are publicly available, as set out in note 25.

#### 1.2 Going concern

The Directors have considered going concern in preparing these financial statements.

The Company participates in a cash pool arrangement. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within the Parker Group, cash is swept to/from Parker Hannifin EMEA S.a.r.l. and balances are interest bearing.

Should the need arise, a signed letter of support, confirming ongoing support for a period of 12 months from the date of approval of these financial statements, has been obtained from the Company's ultimate parent company, Parker Hannifin Corporation.

Having received confirmation of ongoing support from the ultimate parent company for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 1.3 Intangible assets other than goodwill

Intangible assets, which comprise software, are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over the estimated useful economic lives of the assets, commencing with the date the assets are available for use, typically over periods up to five years. Residual values and useful lives are reviewed annually and adjusted if appropriate.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### 1.4 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset.

For right of use assets, cost comprises an amount equal to the initial lease liability recognised, adjusted to include any payments made for the right to use the asset, initial direct costs incurred and estimated costs for dismantling, removing and restoring the asset at the end of the lease term.

Depreciation is charged on a straight line basis over the estimated useful economic lives of the assets, commencing with the date the assets are available for use, as follows:

Right of use assets	Shorter of the useful economic life of the asset and the lease term
Plant and equipment	3 to 5 years
Motor vehicles	5 years

Residual values and useful lives are reviewed annually and adjusted if appropriate. When items of property, plant and equipment are disposed, the difference between sale proceeds, net of related costs, and the carrying value of the asset is recognised in the statement of comprehensive income.

#### 1.5 Non-current investments

Investments in subsidiaries are stated at cost less accumulated impairment losses, except for investments acquired before 1 January 1988 where Section 612 merger relief has been taken and investments are stated at the nominal value of the shares issued in consideration, using the deemed cost exemption in IFRS 1 on transition to FRS 101.

#### 1.6 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current, non-financial assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre tax cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

Any impairment loss is recognised immediately in the statement of comprehensive income. Where an impairment loss is no longer required, it is reversed with a corresponding credit to the statement of comprehensive income.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are disclosed as current liabilities, within bank and other borrowings, except where the Company participates in offset arrangements with certain banks whereby cash and overdraft amounts are offset against each other.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### 1.8 Derivative financial instruments and hedging

The company used derivative financial instruments to hedge its exposure to foreign currency transactional risk, these were discontinued in the current period. Derivative financial instruments were initially recognised at fair value on the date the derivative contract was entered into and were subsequently remeasured at fair value each reporting date using values determined indirectly from quoted prices that were observable for the asset or liability.

To the extent the maturity of the financial instrument was more than 12 months from the reporting date, the fair value was reported as a non-current asset or non-current liability. All other derivative financial instruments were reported as current assets or current liabilities.

The company utilised foreign currency forward contracts to mitigate against currency fluctuations. The company determined that the additional costs of meeting the extensive documentation requirements for the company's large number of foreign currency forward contracts was not merited. Accordingly gains and losses arising from measuring the contracts at fair value were recorded immediately in the statement of comprehensive income and hedge accounting was not applied.

#### 1.9 Taxation

Current tax is based on taxable profit for the year, calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the liability method on temporary differences between the tax bases of assets and liabilities and their corresponding book values as recognised in the Company's financial statements. It is calculated using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Current tax and deferred tax are recognised in the income statement, other comprehensive income or directly in equity depending on where the item to which they relate has been recognised.

#### 1.10 Retirement benefits

For the Company's defined benefit scheme, pension costs are charged to the statement of comprehensive income in accordance with the advice of qualified independent actuaries. Past service credits and costs and curtailment gains and losses are recognised immediately in the statement of comprehensive income.

Retirement benefit obligations represent the difference between the fair value of the scheme assets and the present value of the scheme defined benefit obligations measured at the balance sheet date. The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the defined benefit obligations using interest rates of high quality UK corporate bonds with terms to maturity comparable with the terms of the related defined benefit obligations. Where the assets of a scheme exceed its liabilities, the surplus recognised is restricted to the lower of this amount and the future economic benefits to which the Company has an unconditional right to receive either in the form of reduced contributions or a cash refund. Where the Company has a statutory or contractual minimum funding requirement to make contributions to a scheme in respect of past service and any such contributions are not available to the Company once paid (as a reduction in future contributions or as a refund, to which the Company has an unconditional right either during the life of the scheme or when the scheme liabilities are settled), an additional liability for such amounts is recognised.

Remeasurement gains and losses are recognised in the year in which they arise in other comprehensive income.

For defined contribution schemes, payments are recognised in the statement of comprehensive income when they fall due. The Company has no further obligations once the contributions have been paid.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### 1.11 Share-based payments

The Company operated a number of share based compensation schemes, which were subject to non market based vesting conditions and were principally equity-settled. All awards were either settled or lapsed in the current period.

For equity settled schemes, at the date of grant, the Company estimated the number of awards expected to vest as a result of vesting conditions and the fair value of this estimated number of awards was recognised as an expense in the statement of comprehensive income on a straight line basis over the period for which services were received. At each balance sheet date, the Company revised its estimate of the number of awards expected to vest and adjusted the amount recognised cumulatively in the statement of comprehensive income to reflect the revised estimate. When awards were exercised and the Company issued new shares, the proceeds received, net of any directly attributable transaction costs, were credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to employees of subsidiary undertakings, was treated as a capital contribution. The fair value of the awards made was recognised, over the vesting period, as an increase in investment in subsidiary undertakings, with a corresponding credit to retained earnings.

#### 1.12 Foreign exchange

The Company's financial statements are presented in pounds sterling. Transactions in foreign currencies are recorded at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities, denominated in foreign currencies are reported at exchange rates prevailing at the balance sheet date. Exchange differences on retranslating monetary assets and liabilities are recognised in the statement of comprehensive income.

#### 1.13 Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are generally subsequently held at amortised cost at each balance sheet date with any transaction costs amortised to the statement of comprehensive income over the period of the borrowings using the effective interest method.

Any related interest accruals are included within borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### 1.14 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs), which uses a lifetime expected loss allowance. To measure ECLs, other receivables have been grouped based on shared credit risk characteristics and their ageing. For amounts owed by subsidiary undertakings, which are repayable on demand, ECLs are based on the assumption that repayment is demanded at the balance sheet date. The subsidiary undertaking's access to sufficient accessible highly liquid assets in order to repay the amounts due if demanded at the balance sheet date is assessed. The expected manner of recovery is considered when measuring ECLs.

#### 1.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are deducted from the proceeds recorded in equity.

Own shares represent shares in the Company that are held by an independently managed Employee Share Ownership Plan. Consideration paid for own shares, including any incremental directly attributable costs, is recorded as a deduction from retained earnings.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### 1.16 Dividends

Interim dividends are recognised when paid to shareholders. Final dividends are recognised when approved by the shareholders.

#### 1.17 Recognition and Measurement of Climate-Related Risks

In recognising and measuring the impacts of climate-related risks, our company adheres to the principles set out in the International Financial Reporting Standards (IFRS). We assess the potential financial impacts of climate change on our assets, liabilities, income, and expenditure on an ongoing basis.

### 2 Adoption of new and revised standards and changes in accounting policies

During the period, no new accounting standards, amendments or revisions to existing standards, or interpretations have become effective which had a significant impact on the financial statements.

### 3 Critical accounting estimates and judgements

In applying the Company's accounting policies set out in note 1, the Company is required to make certain estimates and judgements concerning the future. These estimates and judgements are regularly reviewed and revised as necessary. The estimates and judgements that have the most significant effect on the amounts included in the financial statements are described below.

#### Critical accounting estimates

##### *Retirement benefit obligations*

The liability recognised in respect of retirement benefit obligations is dependent on a number of estimates including those relating to mortality, inflation and the rate at which liabilities are discounted. External actuarial advice is taken with regard to the most appropriate assumptions to use. Further details on these estimates, and sensitivities of the retirement benefit obligations to these estimates, are disclosed in note 19.

##### *Impairment of investments in subsidiaries*

The Company conducts an annual impairment review of its investments in subsidiaries. This review aims to determine whether the carrying amount of these investments exceeds their recoverable amount, which is the higher of their fair value less costs of disposal and their value in use. For non-trading entities, the impairment review is based primarily on the net asset value of the subsidiary, and an impairment charge of £24,787,000 has been processed in relation to these. For trading entities, the impairment review is based on the value in use of the subsidiary, the value in use calculations are dependent on estimates of future cash flows, long-term growth rates and appropriate discount rates to be applied to future cash flows. No impairment has been recognised in relation to these.

#### Critical accounting judgements

There are no critical judgements for the current period.

## MEGGITT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

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4	Operating (loss)/profit	Period ended	Year ended
		30 June	31 December
		2023	2021
		£'000	£'000
	Operating (loss)/profit for the period is stated after charging/(crediting):		
	Exchange (gains)/losses	(27,364)	20,027
	Research and development costs	8,840	4,586
	Depreciation of property, plant and equipment (see note 11)	2,195	254
	Amortisation of intangible assets (see note 10)	15,248	9,759
	Management charges receivable	(112,247)	(57,368)
	Group dividends receivable	-	(40,799)
	(Gains)/losses on financial derivatives	8,401	(23,031)
	M&A costs*	86,974	5,058
	Integration costs**	19,452	-
	Staff costs (see note 6)	42,805	29,251
	Impairment of investment in subsidiaries (see note 12)	24,787	-

\*The £86,974,000 M&A costs represents costs incurred as part of the process of the acquisition by Parker Hannifin Corporation, including legal and professional fees and employee-related costs.

\*\*Integration costs relate to costs associated with the acquisition of Meggitt PLC by Parker Hannifin.

#### 5 Auditor's remuneration

Remuneration payable to Deloitte LLP for the audit of the Company was £382,000 (2021: £29,800). There were no non-audit services provided in either year.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 6 Employees

The average number of persons employed by the Company in the period was 292 (2021: 327).

Their aggregate remuneration comprised:

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
Wages and salaries	31,530	26,300
Social security costs	5,367	4,589
Retirement benefit expense/(credit)	3,852	(3,500)
Share based payment expense	2,056	1,862
Employee costs including Executive Directors	<u>42,805</u>	<u>29,251</u>

#### Directors' Remuneration

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
Directors' remuneration	5,435	3,355
Directors' pension contributions to money purchase schemes	5	194
	<u>5,440</u>	<u>3,549</u>

Total number of directors to whom retirement benefits were accruing was as follows:

	2023	2021
Money purchase schemes	2	2
Defined benefit schemes	-	-
	<u>2</u>	<u>2</u>

Three directors exercised share options during the period (2021: three).

Information regarding the highest paid director is as follows:

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
Remuneration	2,502	1,603
Pension contributions to money purchase schemes	-	120
	<u>2,502</u>	<u>1,723</u>

The highest paid director had shares receivable in respect of qualifying services under a long-term incentive scheme and exercised his share options during the period.

Redundancy payments in the Period amount to £1,464,000 (2021: £Nil).

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 7 Finance income

	Period ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Interest on bank deposits	5,129	5,895
Interest receivable from group companies	86,779	50,504
	<u>91,908</u>	<u>56,399</u>

### 8 Finance costs

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
Interest on bank overdrafts and loans	27,197	16,830
Interest on lease liabilities	8	7
Interest payable to group undertakings	46,094	21,712
Unwinding of discount on pension obligation	500	2,234
Total interest expense	<u>73,799</u>	<u>40,783</u>

### 9 Income tax expense

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
<b>Current tax</b>		
Current tax charge/(credit)	1,498	(3,699)
Adjustments in respect of prior periods	(2,976)	1,803
Total current tax charge	<u>(1,478)</u>	<u>(1,896)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	17,598	3,122
Adjustment in respect of prior periods	(613)	(34)
Total deferred tax (credit)/charge	<u>16,985</u>	<u>3,088</u>
Total tax (credit)/ charge	<u>15,507</u>	<u>1,192</u>

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 9 Income tax expense

(Continued)

The tax for the period is higher than (2021: lower than) the standard rate of corporation tax in the UK for the period ended 30 June 2023 of 20.00% (2021: 19.00%). The difference is explained below:

	Period ended 30 June 2023 £'000	Year ended 31 December 2021 £'000
(Loss)/ Profit before taxation	(103,930)	32,721
(Loss)/ Profit before taxation multiplied by the standard rate of tax in the UK of 20.00% (2021: 19.00%)	(20,786)	6,217
Income not taxable	-	(7,752)
Change in unrecognised deferred tax assets	25,050	-
Adjustment in respect of prior periods	(2,976)	1,803
Effect of change in UK corporation tax rate	(1,481)	(589)
Permanent differences	16,313	848
Share based payment charge	-	699
Deferred tax adjustments in respect of prior periods	(613)	(34)
<b>Taxation charge for the period</b>	<b>15,507</b>	<b>1,192</b>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 10 Intangible assets

	Software £'000
<b>Cost</b>	
At 1 January 2022	95,088
Additions	3,666
Disposals	(7,061)
At 30 June 2023	<u>91,693</u>
<b>Amortisation and impairment</b>	
At 1 January 2022	(69,960)
Charge for the period	(15,248)
Eliminated on disposals	6,786
At 30 June 2023	<u>(78,422)</u>
<b>Carrying amount</b>	
At 30 June 2023	<u>13,271</u>
At 31 December 2021	<u><u>25,128</u></u>

### 11 Property, plant and equipment

	Plant and equipment £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	9,508	1,540	11,048
Additions	3,679	181	3,860
Disposals	(82)	(582)	(664)
At 30 June 2023	<u>13,105</u>	<u>1,139</u>	<u>14,244</u>
<b>Accumulated depreciation</b>			
At 1 January 2022	(6,338)	(1,131)	(7,469)
Charge for the Period	(2,022)	(173)	(2,195)
Eliminated on disposal	82	300	382
At 30 June 2023	<u>(8,278)</u>	<u>(1,004)</u>	<u>(9,282)</u>
<b>Carrying amount</b>			
At 30 June 2023	<u>4,827</u>	<u>135</u>	<u>4,962</u>
At 31 December 2021	<u><u>3,170</u></u>	<u><u>409</u></u>	<u><u>3,579</u></u>

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 12 Investments

	£'000
<b>Cost or valuation</b>	
At 1 January 2022	2,094,061
At 30 June 2023	<u>2,094,061</u>
<b>Impairment</b>	
At 1 January 2022	(11,536)
Impairment in period*	<u>(24,787)</u>
At 30 June 2023	<u>(36,323)</u>
<b>Carrying amount</b>	
At 30 June 2023	<u>2,057,738</u>
At 31 December 2021	<u>2,082,525</u>

\*The Company conducts an annual impairment review of its investments in subsidiaries. This review aims to determine whether the carrying amount of these investments exceeds their recoverable amount, which is the higher of their fair value less costs of disposal and their value in use. For non-trading entities, the impairment review is based primarily on the net asset value of the subsidiary, and an impairment charge of £24,787,000 has been processed in relation to these. For trading entities, the impairment review is based on the value in use of the subsidiary, the value in use calculations are dependent on estimates of future cash flows, long-term growth rates and appropriate discount rates to be applied to future cash flows. No impairment has been recognised in relation to these.

### 13 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Country of Incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Meggitt Acquisition Limited *	United Kingdom	100	100	IHC
Meggitt Finance Limited *	United Kingdom	100	100	Financing provider for group undertakings
Meggitt International Limited *	United Kingdom	100	100	IHC
Meggitt Investments Limited *	United Kingdom	100	100	IHC
Meggitt Properties PLC *	United Kingdom	100	100	IHC & Property holding company
Atlantic House Pension Trustee Limited **	United Kingdom	100	100	Dormant
Bestobell Engineering Products Limited **	United Kingdom	100	100	Dormant
BAJ Coatings Limited **	United Kingdom	100	100	Dormant
Bells Engineering Limited **	United Kingdom	100	100	Dormant
Bestobell Aviation Products Limited **	United Kingdom	100	100	Dormant
Bestobell Insulation Limited **	United Kingdom	100	100	Dormant
Bestobell Meterflow Limited **	United Kingdom	100	100	Dormant

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 13 Subsidiaries

(Continued)

Bestobell Mobrey Limited **	United Kingdom	100	100	Dormant
Bestobell Service Co Limited **	United Kingdom	100	100	Dormant
Bestobell Sparling Limited **	United Kingdom	100	100	Dormant
Meggitt Canada Enterprises Inc.**	Canada	100	100	Sales office
Cavehurst Limited **	United Kingdom	100	100	Finance company
Dunlop Aerospace Group Limited **	United Kingdom	100	100	IHC
Dunlop Aerospace Holdings Limited **	United Kingdom	100	100	IHC
Dunlop Aerospace Overseas Limited **	United Kingdom	100	100	IHC
Dunlop Holdings Limited **	United Kingdom	100	100	IHC
Dunlop Limited **	United Kingdom	100	100	IHC
Endevco UK Limited **	United Kingdom	100	100	Dormant
Evershed & Vignoles Limited **	United Kingdom	100	100	Dormant
King Tool International Limited **	United Kingdom	100	100	Dormant
Heatric Limited **	United Kingdom	100	100	Manufacturer
Meggitt (Canford) Limited **	United Kingdom	100	100	Dormant
Meggitt (Colehill) Limited **	United Kingdom	100	100	Dormant
Meggitt (Hurn) Limited **	United Kingdom	100	100	Dormant
Meggitt (Shapwick) Limited **	United Kingdom	100	100	Dormant
Meggitt (Tarrant) Limited **	United Kingdom	100	100	Dormant
Meggitt (UK) Limited **	United Kingdom	100	100	Manufacturer
Meggitt (Xiamen) Sensors & Controls Co China Ltd ** 1		100	100	Manufacturer
Meggitt Advanced Composites Limited **	United Kingdom	100	100	IHC
Meggitt Aerospace Asia Pacific Pte Ltd **	Singapore	100	100	Non-trading company
Meggitt Aerospace Holdings Limited **	United Kingdom	100	100	IHC
Meggitt Aerospace Limited **	United Kingdom	100	100	Manufacturer
Meggitt Asia Pacific Pte Limited **	Singapore	100	100	Manufacturer
Meggitt Brazil Soluceos De Engenharia Ltda **	Brazil	100	100	Manufacturer
Meggitt Filtration & Transfer Ltd **	United Kingdom	100	100	Dormant
Meggitt Finance (Beta) **	United Kingdom	100	100	Dormant
Meggitt Finance S.A.R.L **	Luxembourg	100	100	Finance company
Meggitt India Pvt Ltd ** 3	India	100	100	Manufacturer
Miller Insulation & Engineering Limited **	United Kingdom	100	100	Dormant
Serck Aviation Limited **	United Kingdom	100	100	Dormant
Meggitt (Korea) Limited **	United Kingdom	100	100	Sales office
Target Technology Petrel Limited **	United Kingdom	100	100	Dormant
Meggitt (Overseas) Limited **	United Kingdom	100	100	Dormant
Triscan Limited **	United Kingdom	100	100	Dormant
Wallaby Grip Australia Pty Limited **	Australia	100	100	In liquidation
Wallaby Grip Industries Australia Pty Limited **	Australia	100	100	In liquidation
Wallaby Grip Limited **	United Kingdom	100	100	IHC
Zambra Legal Pty Limited **	Australia	100	100	Professional services
Dunlop Aerospace Overseas Investments Limited **	United Kingdom	100	100	Dormant
Wallaby Grip B.A.E. Pty Limited **	Australia	100	100	In liquidation
Wallaby Grip (NSW) Pty Limited **	Australia	100	100	In liquidation
Piher International Limited **	United Kingdom	100	100	Dormant
Meggitt International Holdings Limited *	United Kingdom	100	100	IHC

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 13 Subsidiaries

(Continued)

HiETA Technologies Limited**	United Kingdom	100	100	Manufacturer
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Details of the company's subsidiaries that were disposed of on 1 July 2023 are as follows:

Name of undertaking	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Meggitt (Sapphire) GmbH **	Germany	100	100	Dormant
Europeenne De Conception D'Etudes Technologiques SAS **	France	100	100	Manufacturer
Meggitt (France) SAS **	France	100	100	Manufacturer
Artus SAS **	France	100	100	Manufacturer
Meggitt Holdings (France) SAS **	France	100	100	IHC
Meggitt (Sensorex) SAS **	France	100	100	Manufacturer
Meggitt (Vietnam) Co, Limited ** 7	Vietnam	100	100	Manufacturer
Mikroma SA **	Poland	10	10	Manufacturer
Meggitt SA ** 4	Switzerland	100	100	Manufacturer
Meggitt GmbH **	Germany	100	100	Manufacturer
Vibro-Meter Ltd **	United Kingdom	100	100	Dormant
Vibro-Meter S.A.R.L **	Switzerland	100	100	Dormant
Meggitt Holdings (USA) Inc. ** 2	USA	100	100	IHC
Whittaker Aerospace ** 12	USA	100	100	Dormant
Whittaker Corporation ** 2	USA	100	100	IHC
Whittaker Development Co ** 2	USA	100	100	Dormant
Whittaker Ordnance Inc. ** 2	USA	100	100	Dormant
Whittaker Technical Products Inc ** 2	USA	100	100	Dormant
Meggitt (Baltimore) Inc ** 2	USA	100	100	Manufacturer
Meggitt (Erlanger) LLC ** 5	USA	100	100	Manufacturer
Meggitt (North Hollywood) Inc. ** 2	USA	100	100	Manufacturer
Meggitt (Orange County) Inc. ** 2	USA	100	100	Manufacturer
Meggitt (Rockmart) Inc. ** 2	USA	100	100	Manufacturer
Meggitt (San Diego) Inc. ** 2	USA	100	100	Manufacturer
Meggitt (Simi Valley) Inc. **	USA	100	100	Manufacturer
Meggitt (Troy) Inc. ** 2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Corporation ** 2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Kentucky Corp **2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Queretaro S de RL de C ** 9	Mexico	100	100	Manufacturer
Meggitt Defense Systems Inc. ** 2	USA	100	100	Manufacturer
Meggitt Oregon Inc. ** 2	USA	100	100	Manufacturer
Meggitt Queretaro LLC ** 5	USA	100	100	Manufacturer
Meggitt Safety Systems Inc. ** 2	USA	100	100	Manufacturer
Meggitt UTC Aerospace Systems LLC ** 2	USA	100	100	Manufacturer
Meggitt USA Services Inc. ** 2	USA	100	100	Non-trading company
Meggitt-USA Inc. ** 2	USA	100	100	IHC
Nasco Aircraft Brake Inc. ** 2	USA	100	100	Manufacturer
OECO LLC ** 5	USA	100	100	Manufacturer
Pacific Scientific Company ** 2	USA	100	100	Manufacturer

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 13 Subsidiaries

(Continued)

Details of the company's subsidiaries that were disposed of on 1 July 2023 are as follows:

Name of undertaking	Country of Incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Park Chemical Company ** 2	USA	100	100	Dormant
Precision Engine Controls Corp ** 2	USA	100	100	Manufacturer
Parkway-Hamilton Sundstrand Mexico S.De R.L. De CV ** 10	Mexico	100	100	Manufacturer
Securaplane Technologies Inc. **	USA	100	100	Manufacturer
Valley Association Corporation ** 11	USA	33	33	Shared site's utilities
Aircraft Braking Systems Europe Limited **	United Kingdom	100	100	Dormant
Aircraft Braking Systems Services Limited **	United Kingdom	100	100	Dormant
Aero-Tech Composites de Mexico, S de RL CV **	Mexico	100	100	Manufacturer

\* Directly held \*\* Indirectly held  
Abbreviation; IHC - Intermediate holding company

Unless otherwise stated, ownership comprises ordinary shares representing 100% of the issued share capital.

1. Ownership held as registered capital (100%)
2. Ownership held as common stock (100%)
3. Ownership held as equity shares (100%)
4. Ownership held as registered shares (100%)
5. Ownership held as membership interest (100%)
6. Ownership held as ordinary shares (50%)
7. Ownership held as owner's capital (100%)
8. Ownership held as class A shares (67.5%), class B shares (12.5%) and class C shares (20%)
9. Ownership held as quota interest (100%)
10. Subsidiary of Parkway-HS, LLC - ownership held as quota interest (99.97%)
11. Ownership held as ordinary shares (33%)
12. Private unlimited company

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 JUNE 2023

#### 13 Subsidiaries

(Continued)

As at 30 June 2023, the registered office address for all subsidiaries incorporated in England and Wales is Pilot Way, Ansty Business Park, Coventry, CV7 9JU. For subsidiaries not incorporated in the United Kingdom, the registered office address details are as follows:

- ABL Systems – 1204 Massillon Road, Akron, OH 44306, USA
- Aero-Tech Composites de Mexico, S de RL de CV Carretera a Zacatecas 5570-1, Saltillo, COA, Mexico 25070
- Alston Properties LLC – 1955 N. Surveyor Ave., Simi Valley, California, 93063
- Artus SAS - Chemin de Champs des Martyrs, 49240 Avrille, France
- Meggitt (Vietnam) Co Ltd - No 2 Nguyen Van Tri, Thanh Binh, Bien Hoa, Dong Nai, Vietnam
- Meggitt Sapphire GmbH - Kaiserleistr. 51, 63067 Offenbach, Main, Germany
- Europeenne de Coinception d'Etudes Technologiques SAS - 196 rue Louis Rustin, Archamps Technopole, 74166 Archamps, France
- Meggitt A/S – Portusvej4, DK-3490 Kvistgaard, Denmark
- Meggitt (Baltimore) Inc - 3310 Carlins Park Drive, Baltimore, MD 21215, USA
- Meggitt (Erlanger) LLC - 1400 Jamike Avenue Erlanger, Kentucky 41018, USA
- Meggitt (France) SAS - 196 rue Louis Rustin, Archamps Technopole, 74166 Archamps, France
- Meggitt (North Hollywood) Inc - 12838 Salicoy Street, North Hollywood, CA 91605, USA
- Meggitt (Orange County) Inc - 4 Marconi, Irvine, CA, 92618, USA
- Meggitt (Rockmart) Inc – 669 Goodyear Street, Rockmart, GA, GA 30153, USA
- Meggitt (San Diego) Inc - 6650 Top Gun Street, San Diego, CA 92121, USA
- Meggitt (Sensorex) SAS - 196 rue Louis Rustin, PO Box 63103, Archamps, Technopole, F-74166, Archamps Cedex, France
- Meggitt (Simi Valley) Inc - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
- Meggitt (Troy) Inc - 3 Industrial Drive, Troy, IN 47588, USA
- Meggitt (Xiamen) Sensors & Controls Co Ltd - 230 South 5, Gao Qi Road, Xiamen 361006, People's Republic of China
- Meggitt Aircraft Braking Systems Corporation - 1204 Massillon Road, Akron, Ohio 44306-4186, USA
- Meggitt Aircraft Braking Systems Kentucky Corp - 190 Corporate Drive, Danville, KY 40422, USA
- Meggitt Aircraft Braking Systems Queretaro SdeRLdeC - Carretera Estatal 200, Queretaro-Tequisquilapan, Colon, Mexico
- Meggitt Asia Pacific Pte Limited - 1A Seletar Aerospace Link, Seletar Aerospace Park, Singapore, 797552
- Meggitt Brasil Solucoes de Engenharia Ltda - Avenida João Cabral de mello Neto, 850, Bloco 03, salas 815 & 816, Barra da Tijuca, Rio de Janeiro, Brasil
- Meggitt Canada Enterprises Inc. - 1501 McGill College Avenue, 26th Floor, Montréal, Québec, H3A 3N9
- Meggitt Defense Systems Inc - 9801 Mulrands Boulevard, Irvine, California 92618-2521, USA
- Meggitt GmbH - Kaiserleistr. 51, 63067 Offenbach, Main, Germany
- Meggitt Holdings (France) SNC - Chemin de Champs des Martyrs, 49240 Avrille, France
- Meggitt India Pvt Ltd (India) 901, Brigade Rubix, No 20, HMT Main Road, HMT Township, North Bangalore 56022, India
- Meggitt Oregon Inc - 2010 Lafayette Avenue, PO Box 887, McMinnville, OR 97128, USA
- Meggitt Queretaro LLC - 1204 Massillon Road, Akron, OH 44306, USA
- Meggitt SA - Rte de Moncor 4, PO Box 1616, CH-1701, Fribourg, Switzerland
- Meggitt Safety Systems Inc - 1785 Voyager Avenue, Simi Valley CA 93063, USA
- Meggitt USA Services Inc - 1955 N. Surveyor Avenue, Simi Valley, CA 93063, USA
- Meggitt-USA Inc - 1955 N. Surveyor Avenue, 1955 N. Surveyor Avenue, USA
- Nasco Aircraft Brake Inc - 13330 Estrella Avenue, Gardena, CA 90248, USA
- Oeco LLC - 4607 SE International Way, Milwaukie, OR 97222
- Pacific Scientific Company - 1955 N. Surveyor Avenue, Simi Valley, CA 93063, USA
- Park Chemical Company - 1955 N. Surveyor Avenue, Simi Valley, CA 93063, USA
- Parkway-Hamilton Sundstrand Mexico S. De. R. L. De CV - Carretera 54 a Zacatecas 5690, Parque Industrial Amistad Sur, Saltillo, Coahuila, Mexico, 25070
- Meggitt UTC Aerospace Systems LLC - 1400 Jamike Avenue, Erlanger, KY 41018, USA
- Precision Engine Controls Corp - 11661 Sorrento Valley Road, San Diego, CA 92121, USA
- Securoplane Technologies Inc - 12350 N Vistoso Park Road, Oro Valley, AZ 85755, USA
- Valley Association Corporation - 1210 Massillon Road, Akron, Ohio 44315, USA
- Vibro-Meter SARL – Route de Moncor 4, 1752 Villars-sur-Glane, Switzerland
- Wallaby Grip Australia Pty Limited – PKF, Level 8, 1 O'Connell Street, Sydney, NSW 2000, Australia
- Wallaby Grip Industries Australia Pty Limited – PKF, Level 8, 1 O'Connell Street, Sydney, NSW 2000, Australia
- Wallaby Grip B.A.E Pty Limited – PKF, Level 8, 1 O'Connell Street, Sydney, NSW 2000, Australia
- Wallaby Grip (NSW) Pty Limited – PKF, Level 8, 1 O'Connell Street, Sydney, NSW 2000, Australia
- Whittaker Corporation - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
- Whittaker Development Co - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
- Whittaker Ordnance Inc - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
- Whittaker Technical Products Inc - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
- Zambra Legal Pty Limited – Suite 2, Level 11, 60 Castlereagh Street, Sydney, NSW 2000, Australia

## MEGGITT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 30 JUNE 2023

#### 14 Trade and other receivables

	30 June 2023 £'000	31 December 2021 £'000
Amounts owed by subsidiary undertakings	1,160,436	1,478,390
Other receivables	1,237	1,192
Prepayments	1,829	1,600
	<u>1,163,502</u>	<u>1,481,182</u>
	<u>1,163,502</u>	<u>1,481,182</u>

Amounts owed by subsidiary undertakings are unsecured and are stated net of amounts due to subsidiary undertakings, where a right of set off exists. Amounts due from fellow group undertakings totalling £161,084,000 accrue interest at 1%, £1,220,091,000 accrue interest at 2% and are netted off by loans totalling £236,535,000 accruing interest at 3%. The loans are unsecured and repayable on demand.

The remaining amounts due to fellow group undertakings totalling £15,796,000 are non-interest bearing, unsecured and repayable on demand.

Amounts owed by subsidiary undertakings are stated net of a loss allowance of £Nil (2021: £1,669,000). Each year, the Company performs an assessment of recoverability of amounts owed by subsidiary undertakings in accordance with IFRS 9 requirements.

The Company does not believe there is a significant risk of a material adjustment to the loss allowance recognised in respect of these receivables in the next 12 months.

#### 15 Trade and other payables

	30 June 2023 £'000	31 December 2021 £'000
Trade payables	1,820	1,329
Amounts owed to subsidiary undertakings	400,021	157,394
Group relief payable	13,294	6,878
Accruals	6,051	5,566
Social security and other taxation	488	2,323
Other payables	2,950	5,185
	<u>424,624</u>	<u>178,675</u>

Amounts owed to subsidiary undertakings are unsecured, non-interest bearing, have no fixed date for repayment and are repayable on demand. £38,489,000 accrues interest at 2%, £8,069,000 at 3%, £239,625,000 at 4.48% which is netted off by loans of £11,115,000 accruing interest at 4.88% and £132,000 accruing interest at 5.36%.

The remaining amounts owed to fellow group undertakings totalling £125,085,000 are non-interest bearing, unsecured and repayable on demand.

## MEGGITT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

#### 16 Derivative financial instruments

	30 June 2023		31 December 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest rate swaps	-	-	1,702	-
Cross-currency swaps	-	-	-	(1,121)
Foreign currency forward contracts	-	-	4,693	(4,245)
<b>Current portion</b>	-	-	6,395	(5,366)
Interest rate swaps	-	-	-	-
Cross-currency swaps	-	-	6,469	-
Foreign currency forward contracts	-	-	3,654	(2,972)
<b>Non current portion</b>	-	-	10,123	(2,972)
<b>Total</b>	-	-	16,518	(8,338)

The Company does not use hedge accounting for any of its derivative financial instruments. During the period all derivative contracts were settled or closed out early.

The loss recorded in the statement of comprehensive income, recognised in net operating costs, arising from the measurement at fair value of derivative financial instruments, is £8,401,000 (2021: gain of £23,031,000).

The contract or underlying principal amount of foreign currency forward contracts in respect of derivative financial assets is £Nil (2021: £233,600,000) and in respect of derivative financial liabilities is £Nil (2021: £220,600,000).

The fair value of foreign currency forward contracts is analysed as follows:

	30 June 2023		31 December 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
US dollar forward sales and purchases (USD/£)	-	-	7,844	(6,213)
Forward sales and purchases denominated in other currencies	-	-	503	(914)
<b>Fair value</b>	-	-	8,347	(7,127)

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 17 Borrowings

	30 June 2023 £'000	31 December 2021 £'000
Other loans – current	-	7,481
Bank loans – debt costs non current	-	(903)
Other loans – non current	-	445,030
<b>Total</b>	<b>-</b>	<b>451,608</b>
<i>Analysis of bank and other borrowings repayable:</i>		
In one year or less	-	7,481
In more than one year but not more than five years	-	444,127
In more than five years	-	-
<b>Total</b>	<b>-</b>	<b>451,608</b>
<i>Analysis of bank and other borrowings:</i>		
Drawn under committed facilities	-	445,434
Less unamortised debt issue costs	-	(1,307)
Interest accruals	-	7,481
<b>Total</b>	<b>-</b>	<b>451,608</b>

Debt issue costs are amortised over the period of the facility to which they relate. The Company has no secured borrowings (2021: £Nil). During the period the company repaid its external debt using funds from the repayment of intercompany receivable balances and from intercompany funds advanced through loan.

The Company has the following committed facilities at notional value:

	30 June 2023			31 December 2021		Total £'000
	Drawn £'000	Undrawn £'000	Total £'000	Drawn £'000	Undrawn £'000	
Syndicated credit facility: USD410.0m (2020: USD750.0m)	-	-	-	-	304,400	304,400
2016 Senior notes: USD600.0m	-	-	-	445,434	-	445,434
<b>Committed facilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445,434</b>	<b>304,400</b>	<b>749,834</b>
<i>The committed facilities expire as follows:</i>						
In more than one year but not more than five years	-	-	-	445,434	304,400	749,834
In more than five years	-	-	-	-	-	-
<b>Committed facilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445,434</b>	<b>304,400</b>	<b>749,834</b>

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 17 Borrowings

(Continued)

In November 2021, the Group secured a three-year USD410m syndicated multi-currency revolving credit facility maturing in November 2024, which replaced the previous USD750m facility. These were all repaid in the period and no amounts had been drawn under these facilities at 30 June 2023 (2021: £Nil).

The Group issued USD600m of loan notes to private placement investors in 2016. The notes comprise two tranches as follows: USD300m carry an interest rate of 3.31% and were due for repayment in July 2023; and USD300m carry an interest rate of 3.60% and were due for repayment in July 2026. These loan notes are designated as net investment hedges of the net assets of USD denominated subsidiaries. All notes were fully repaid during the period.

The fair value of bank and other borrowings is as follows:

	30 June 2023		31 December 2021	
	Book Value £'000	Fair value £'000	Book Value £'000	Fair value £'000
Current	-	-	7,481	7,481
Non current	-	-	444,127	443,400
<b>Total</b>	<b>-</b>	<b>-</b>	<b>451,608</b>	<b>450,881</b>

All borrowings are subject to interest at fixed rates. The interest rate exposure on bank and other borrowings is:

	30 June 2023			31 December 2021		
	Total £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Total £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Years
US dollar denominated other loans	-	-	-	452,915	3.50	3.00
Less unamortised debt issue costs	-			(1,307)		
<b>Bank and other borrowings</b>	<b>-</b>			<b>451,608</b>		

The weighted average interest rate reflects the relative impact of interest rates based on the principal amounts and the duration of borrowings.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 18 Deferred taxation

	30 June 2023 £'000	31 December 2023 £'000
Deferred tax assets are expected to be recovered as follows:		
- Within one year	22	16,323
- After more than one year	5,492	4,000
	<u>5,514</u>	<u>20,323</u>

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
<b>Deferred tax asset at 1 January 2021</b>	-	35,434	2,389	37,823
<b>Deferred tax movements in prior year</b>				
Charge/(credit) to profit or loss	3,645	(8,000)	1,355	(3,000)
Charge to other comprehensive income	-	(15,800)	-	(15,800)
Credit direct to equity	-	-	1,300	1,300
<b>Deferred tax asset at 31 December 2021</b>	<u>3,645</u>	<u>11,634</u>	<u>5,044</u>	<u>20,323</u>
<b>Deferred tax movements in current period</b>				
Charge/(credit) to profit or loss	(3,645)	(16,600)	3,260	(16,985)
Credit direct to equity	-	(3,875)	(2,790)	(6,665)
<b>Deferred tax asset/(liability) at 30 June 2023</b>	<u>-</u>	<u>(8,841)</u>	<u>5,514</u>	<u>(3,327)</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legal enforceable right to do so.

The company has tax losses carried forward of £100,196,000 as at 30 June 2023, due the uncertainty around the utilisation of these losses no deferred tax asset has been recognised in relation to these.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 19 Retirement benefit schemes

The Company is the sponsoring employer of the Meggitt Pension Plan, a funded defined benefit plan. Each participating company in the Meggitt Pension Plan bears employer contributions in respect of future service. No other amounts are recharged by the Company to any other participating employer. The Company has recognised the total deficit in respect of the Meggitt Pension Plan in these financial statements.

The total charge to net operating expenses in respect of the defined contribution scheme in which employees of the Company participate is £3.9m (2021: £2.6m).

Changes in the present value of retirement benefit obligations are as follows:

	30 June 2023			31 December 2021		
	Liabilities*	Assets**	Total	Liabilities*	Assets**	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	899,239	(839,891)	59,348	961,017	(774,415)	186,602
Service cost	-	-	-	1,898	-	1,898
Curtailment gain	-	-	-	(8,000)	-	(8,000)
Net Interest cost	23,700	(23,200)	500	16,673	(14,439)	2,234
Contributions – Company	-	(84,000)	(84,000)	-	(39,936)	(39,936)
Benefits paid	(47,300)	47,300	-	(30,947)	30,947	-
Administrative expenses borne directly by scheme	-	4,288	4,288	-	851	851
Remeasurement of retirement benefit obligations:						
Experience gain	74,900	-	74,900	(13,511)	-	(13,511)
Gain from change in demographic assumptions	(10,300)	-	(10,300)	(4,531)	-	(4,531)
(Gain)/loss from change in financial assumptions	(399,500)	-	(399,500)	(23,360)	-	(23,360)
Return on scheme assets excluding amounts included in finance costs	-	319,400	319,400	-	(42,899)	(42,899)
Total remeasurement (gain)/loss	(334,900)	319,400	(15,500)	(41,402)	(42,899)	(84,301)
At 30 June 2023 & 31 December 2021	540,739	(576,103)	(35,364)	899,239	(839,891)	59,348

\* Present value of scheme liabilities.

\*\* Fair value of scheme assets.

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

19 Retirement benefit schemes	(Continued)	
	30 June 2023	31 December 2021
<i>Key assumptions</i>	%	%
Discount rate for Plan liabilities	5.16	1.80
Discount rate for service cost (and interest on service cost)	5.02	1.80
Discount rate for net interest cost	5.56	1.80
Discount rate for net interest cost, adjustment for one-year cashflows	5.56	1.80
RPI inflation	3.00	3.40
CPI inflation	2.40	2.70
Pension increases:		
RPI max 2.5%	2.00	2.10
RPI max 5%	2.80	3.20
RPI min 3% max 5%	3.60	3.80
RPI min 5% max 6%	5.10	5.10
RPI max 6%	3.00	3.40
CPI max 3%	2.00	2.20
	<b>Assumption at 30 June 2023</b>	<b>Assumption at 31 December 2021</b>
<i>Mortality assumptions</i>	<b>Years</b>	<b>Years</b>
<i>Assumed life expectations on retirement at age 65:</i>		
Retiring today		
- Males	21.10	21.60
- Females	23.50	24.00
	<b>Period ended 30 June 2023</b>	<b>Year ended 31 December 2021</b>
<i>Amounts recognised in the income statement</i>	<b>£'000</b>	<b>£'000</b>
<b>Operating cost</b>		
Service cost		
Current service cost	-	1,898
Past service cost (including curtailments)	-	(8,000)
Administration expenses	4,300	851
<b>Financing costs</b>		
Net interest on defined benefit liability/(asset)	500	2,234
	<b>4,800</b>	<b>(3,017)</b>
<i>Amounts recognised in other comprehensive income</i>		
Return on scheme assets [(in excess of) / below that] recognised in net interest	319,400	(42,899)
Actuarial (gains) / losses due to changes in financial assumptions	(399,500)	(23,360)
Actuarial (gains) / losses due to changes in demographic assumptions	(10,300)	(4,531)
Actuarial (gains) / losses due to liability experience	74,900	(13,511)
	<b>(15,500)</b>	<b>(84,301)</b>
<b>Total amount recognised in OCI</b>	<b>(15,500)</b>	<b>(84,301)</b>
<b>Total amount recognised in profit &amp; loss and OCI</b>	<b>(10,700)</b>	<b>(87,318)</b>

# MEGGITT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

### 19 Retirement benefit schemes (Continued)

The fair value of plan assets at the reporting period end was as follows:

	Value at 30 June 2023 £'000	Value at 31 December 2021 £'000
Equities	47,800	199,100
Government Bonds	48,000	371,800
Corporate Bonds	346,000	85,900
Cash	58,000	41,900
Hedge Funds	20,500	41,600
Derivatives	(41,000)	39,600
Commodities	23,100	-
Property	8,500	47,700
Other assets	65,200	12,300
<b>Total market value of assets</b>	<b>576,100</b>	<b>839,900</b>

### 20 Share-based payments

The Group operates a number of share schemes for the benefit of its employees. The total expense recognised in net operating in respect of such schemes (see note 6) is analysed as follows:

	30 June 2023 £'000	31 December 2021 £'000
Meggitt Long-Term Incentive Plan 2014 – Equity-settled	1,477	1,460
Deferred Share Bonus Plan – Equity-settled	401	277
Deferred Share Bonus Plan – Cash-settled	-	20
Sharesave Plans – Equity-settled	178	105
<b>Total expense</b>	<b>2,056</b>	<b>1,862</b>

#### Meggitt Long-Term Incentive Plan 2014: Equity-settled

Under this plan, an annual award of shares may be made to certain senior executives. Two different awards can be granted under the Plan – Performance Share Awards (PSAs) and Restricted Share Awards (RSAs). The number of shares, if any, that an executive ultimately receives in respect of a PSA, depends on three performance conditions:

- an earnings per share measure (33% of the award);
- a return on assets measure (33% of the award); and
- a strategic goals measure (33% of the award).

Each of the conditions is measured over a three-year performance period. For RSAs, vesting is subject to a general assessment by the Remuneration Committee of overall Group performance, together with any wider considerations it considers appropriate. For both PSAs and RSAs, an employee is generally entitled to a payment at the end of the vesting period, equivalent to dividends that would have been paid during the vesting period, on any shares that vest. There is no exercise price payable by the employees. The fair value of the awards made in the period has been estimated at the market price of the share on the date of grant, which was 753.8 pence (2021: 433.2 pence).

## MEGGITT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 30 JUNE 2023

#### 20 Share-based payments

(Continued)

Movements in the number of outstanding shares that may potentially be released to employees are as follows:

	'm
Outstanding at 1 January 2022	3.02
Granted in the period	0.50
Exercised in the period	(1.12)
Lapsed in the period	(2.40)
	<u>          </u>
Outstanding at 30 June 2023	<u>          </u>

At 30 June 2023, there are Nil PSAs outstanding (2021: 9.4m) and Nil RSAs (2021: 1.4m). At 30 June 2023, Nil PSAs are eligible for release.

#### 21 Share capital

	30 June 2023	31 December 2021	30 June 2023	31 December 2021
	Number 'm	Number 'm	£'000	£'000
<b>Ordinary share capital</b>				
<b>Authorised, allotted, issued and fully paid shares</b>				
Ordinary shares of £0.05 each	786	782	39,289	39,101
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 22 Capital commitments

At the end of the period the company had capital commitments as follows:

	30 June 2023	31 December 2021
	£000	£000
Contracted for but not provided in the financial statements:		
Acquisition of intangible assets	24	-
	<u>          </u>	<u>          </u>

## MEGGITT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 30 JUNE 2023

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#### 23 Events after the reporting date

On 1 July 2023 Meggitt Properties Limited, a subsidiary of the company, sold its investment in Meggitt Holdings (France) SAS to Parker Hannifin EMEA Sarl, a fellow group company, at market value. The consideration of £1,650,073 was paid in cash.

On 1 July 2023 Meggitt International Limited, a subsidiary of the company, sold its investment Meggitt (France), Meggitt Holdings (France) SAS, Meggitt SA and Meggitt (Sapphire) GmbH to Parker Hannifin EMEA Sarl at market value. The total consideration of £770,326,814 was in the form of an intercompany loan receivable ("EMEA loan agreement").

On 1 July 2023 Meggitt International Limited sold its investment in Meggitt Holdings (USA) Inc. to Parker Hannifin Corporation, the company's ultimate parent undertaking, at market value. The consideration of £3,361,998,976 was in the form of an intercompany loan receivable ("PHC loan agreement").

On 29 September 2023 Meggitt International Limited declared a dividend in specie to Meggitt International Holdings Limited of part of its rights, title and benefit in the PHC loan agreement, in the amount of £2,000,000,000.

On 29 September 2023 Meggitt International Limited sold the remainder of its rights, title and benefit in the PHC loan agreement to the company at market value. The consideration of £1,399,104,391 was in the form of an intercompany loan receivable.

On 29 September 2023 Meggitt International Limited sold its rights, title and benefit in the EMEA loan agreement to the company at market value. The consideration of £778,828,689 was in the form of an intercompany receivable.

On 29 September 2023 Meggitt International Holdings Limited declared a dividend in specie to the company of its rights, title and benefit in the PHC loan agreement, in the amount of £2,000,000,000.

On 29 September 2023 the company declared a dividend in specie to Parker Hannifin Corporation of its rights, title and benefit in the PHC loan agreement and the EMEA loan agreement, in the amount of £3,399,104,391 and £778,828,689 respectively.

*The above are all non-adjusting events.*

#### 24 Related party transactions

Under Financial Reporting Standard 101, the Company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Parker Hannifin Corporation and its results are included in the consolidated financial statements of Parker Hannifin Corporation.

#### 25 Controlling party

On 13 September 2022 Parker Hannifin Corporation completed the acquisition of Meggitt Ltd (previously Meggitt Plc). From that date Parker Hannifin Corporation, a company incorporated in the state of Ohio, United States of America, is the ultimate parent undertaking and controlling party of the company. Parker Hannifin Corporation is the parent undertaking of the largest and smallest group to consolidate the company's financial statements and copies of its consolidated financial statements can be obtained from the company secretary, Parker Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio, 44124-4141, United States of America.