

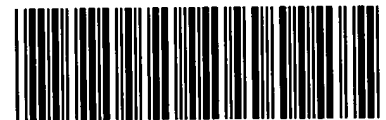
Registration number: 00745917

GE Aviation Systems Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2024

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• GE Aviation Systems Limited

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GE Aviation Systems Limited

Strategic Report

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

Fair review of the business

The result for the company shows a profit for the year of \$13 million (2023: \$74 million).

The company has net assets of \$289 million (2023: \$278 million). The increase in net assets is due to the result for the year and the movement in share-based payment reserve.

The company is involved in the whole lifecycle of products from initial concept design and engineering through to original equipment manufacturing and aftermarket. It serves both civil and military customers across multiple platforms and there are many external factors influencing demand such as a mix of political situations and government budgets, on defence and military side, passenger demand and the sustainability of the future flight on civil side. The mix of civil to military revenues remains stable giving the proper mix of profitability to the company.

The company continues to experience significant challenges from its global supply chain, impacting its capability to meet customer delivery expectations. However, the implementation of countermeasures identified by business in undertaking initiatives under GE FLIGHT DECK methodology has helped to mitigate impacts on the business operations and customers.

Sales grew by 21% to \$625 million compared to prior year (FY23: \$515 million) with a contribution from all businesses of the company being avionics systems, electrical power, propulsion and additive technologies (Dowty). Gross profit increased by \$52m in 2024 compared to 2023. Demand for products to support civil platforms, including business jets, continued to increase as new platforms either entered-into-service (e.g. C919) or moved closer to doing so (e.g. B777X). Demand for our military products also continued to grow across multiple platforms. Aftermarket business saw higher demand in 2024, generating additional revenue compared to 2023. Revenue from engineering projects decreased in 2024 in line with expectations as a significant transfer of capability project that completed in 2023 was not repeated.

Operating profit, excluding impairment booked, was \$12 million higher than the previous period driven by the overall uptick in revenue, a higher mix of aftermarket vs original equipment work and lower engineering cost growth.

Impairment losses recorded during the year increased by \$55 million, primarily driven by broader economic conditions and delays in certain development programs. These factors were outside the company's control and reflect the challenges faced in the current operating environment.

The company has been profitable in 2024 and 2023, generating a profit before tax excluding impairment of \$93 million (2023: \$77 million) equivalent to a margin rate of 15% (2023: 15%).

Order intake for the year increased by 7% vs 2023 to \$1,310 million (2023: \$1,224 million), thanks to stronger aftermarket demand for spare parts, further strengthening the orderbook which will provide underlying stability to the business over the coming years.

The company invested 2% (2023: 3%) of revenue back into R&D projects which support continuous improvement and advancements in its products, continuing to focus on the future of the flight.

GE Aviation Systems Limited

Strategic Report

Principal risks and uncertainties

The key risks faced by the company include:

General economic environment

The general economic environment influences civil air traffic volumes and, in turn, the demand for both original equipment and spares/repairs sales. In addition, it is also influenced by government decisions on the defence budget. This risk is managed by continuously improving the company's quality, lead times, customer service and supply chain management for a proper approach to each phase of the business cycle.

Actions of competitors

The company operates in highly competitive markets subject to significant technology changes. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor. The company invests in research and development in order to sustain competitive advantage and works continually to ensure that the cost base is competitive.

Foreign currency exchange

Similar to most companies working in the aerospace sector, the company has sales and costs denominated in currencies other than US Dollars (primarily Sterling and Euros). It is, therefore, affected by changes in exchange rates. The company monitors and manages the foreign currency risk in relation to its operations in line with the group's policy and with the help of the global treasury team.

Effect of legislation or other regulatory action

The company is subject to a broad range of laws, regulations and standards in each of the jurisdictions in which it operates. Unexpected changes in these laws or regulations could significantly impair performance; equally, a failure to comply with these laws, regulations or standards could damage the reputation of the company. Certain legal liability risks, such as product liability and employer's liability, are transferred to insurers, subject to policy limits and conditions. Furthermore, the company monitors current and forthcoming legislation regularly.

Raw material prices

The company's products contain various raw materials or purchased components including electronic components, metals and plastics. Any increase or volatility in prices and shortages in supply can affect the company's performance. The diversity of operations reduces the dependence on any single item or supplier, long-term supply contracts help to mitigate price fluctuations and securing stock mitigates the impact of the global electronics shortages. The company, applying purchasing policies proactively looks for cost opportunities across its commodities and takes advantage of the wider GE Aerospace supply chain to set up dual source agreements and leverage cost savings where practicable.

Financing

The company, being part of GE Aerospace Group, benefits from the advantage of funding which is managed centrally by the Treasury team. The directors of the company review cash forecasts and plans on an ongoing basis and are satisfied that the company, in the context of the group cash pool arrangement, will have sufficient funds to continue its operations.

GE Aviation Systems Limited

Strategic Report

Possible terrorist action

The demand faced by the company in the commercial aerospace sector is a function of airline profitability, primarily driven by economic prosperity, which tends to be affected by terrorism or international tension. The diverse nature of the company's products, services and customers helps mitigate the effects of adverse changes in political and economic risk on the demand that the company experiences.

Investment in new products, projects and technology

The company develops new technologies and introduces new products, in some cases contracting to supply the products to the customer before the design is established or proven. All new technologies and products involve business risk, in terms of possible abortive expenditure, reputational risk and potential customer claims or onerous contracts. Such risks may have a material impact on the company.

Climate Change

GE Aviation Systems Limited is part of the GE Aerospace business where the impact of climate change is taken very seriously. GE Aerospace plays an active role globally to support reducing the carbon footprint of the aerospace sector and is running important development projects to reduce fuel consumption or to find alternative combustion engine technologies, such as hydrogen, most of the time, being a front-runner on innovative solutions. GE Aerospace Group defines the overall strategy on this topic. GE Aviation Systems Limited, as a subsidiary, plays a part and locally performs the necessary improvements to reduce the climate impact of its facilities. Details about local initiatives are described in the Streamlined Energy and Carbon Reporting section of the Directors' Report.

Further details of the strategy of GE Aerospace Group can also be found in the Annual Report www.geaerospace.com/investor-relations/annual-report.

Section 172(1) statement

The directors of GE Aviation Systems Limited (GEASL) consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (considering stakeholders and matters set out in Section 172 of the Companies Act 2006) in the decisions taken during the year ended 31 December 2024.

A director of a company must act, in good faith, 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:

- the likely consequences of any long-term decisions taken and the impact on all stakeholders are considered;
- the interests of the company's employees. Our people play a key role in helping us to achieve our strategic priorities and committed and engaged employees are crucial to our success;
- the need to foster strong working relationships with suppliers, customers and others;
- the impact of the company's operations on our community and the environment, reducing our emissions and improving our carbon footprint in the communities where we operate;
- the need to conduct business to the highest levels of integrity, ensuring that we and our customers and suppliers apply high standards in their social, environmental and ethical conduct;
- the need to treat all our stakeholders fairly building open and constructive relationships.

GE Aviation Systems Limited

Strategic Report

During the reporting period, there were no situations which would have required the taking of critical decisions to be communicated to all the stakeholders of the company.

Further details of how we conduct our business relationships with all stakeholders can be found at <https://www.geaerospace.com/sustainability/governance>. At GE Aerospace our commitment to operating business with integrity and ensuring that we engage with all stakeholders is built around our GE Aerospace Code of Conduct and The Spirit & The Letter. These policies apply to all our employees and are upheld by the directors of GE Aviation Systems Limited.

Areas of specific focus for the directors during 2024 were:

Purpose, Strategy and Consideration for Long Term Decisions

GEASL is an entity that forms part of GE Aerospace, a public traded company operating worldwide. The business is a world-leading provider of commercial, military, business and general aviation jet, turboprop engines and components as well as avionics, electrical power and mechanical systems for aircraft.

GE Aerospace, has collective goals and objectives which are adopted by each legal entity and long-term decisions are made for the benefit of the whole business and its stakeholders.

GE Aerospace is committed to integrity and maintaining a world-class compliance culture in all business dealings, everywhere it operates. At the heart of GE Aerospace's Integrity and Compliance Program is The Spirit & The Letter, consisting of a Code of Conduct and a summary of global GE Aerospace Compliance policies that cover integrity commitments on critical subjects and risk areas. Anyone who works for or represents GE Aerospace must adhere to The Spirit & The Letter. All GE Aerospace employees and representatives are required to be knowledgeable about The Spirit & The Letter and other policies and procedures that impact their role. They must be mindful of integrity and compliance in their daily activities and decisions. They must commit to upholding the highest ethical standards and having the confidence to raise concerns or ask questions to ensure they all do the right thing in the right way.

It is against the backdrop of a strong purpose and compliance that the Board of Directors of GEASL make decisions, as employees of GE Aerospace and as Directors. GEASL infuses compliance and governance into every aspect of its business. The Directors personally drive a culture of integrity within GEASL, by leading by example, incentivising compliance, and promoting open reporting.

GEASL has a strong UK presence based at its three sites in Cheltenham, Gloucester and Southampton which represent the key GE Aerospace businesses of Electrical Power, Dowty Propellers and Avionics. The Board of Directors of GEASL represent the business that takes place in the UK and they make strategic decisions that affect the UK businesses with the success of GEASL as its driving force.

GE Aviation Systems Limited

Strategic Report

GE Aerospace continues to advance its strategic goals with the FLIGHT DECK culture transformation that is well underway throughout the whole of GE Aerospace. FLIGHT DECK is a set of principles that emphasizes customer focus, elimination of waste, and ruthless prioritisation of work to improve safety, quality, delivery and cost. The GE Aerospace Leadership Behaviours - Act with Humility, Lead with Transparency and Deliver with Focus - are an essential part of the Lean culture, reflecting how GE Aerospace aims to act to drive progress for all its key stakeholders.

Whilst the main purpose of the Board of Directors is to administer the strategic planning of the GE Aerospace business in the UK as a whole, the Board take a very proactive role in the administration of those decisions. There is also training in place on all relevant compliance and governance issues, including training relating to Director's duties, roles and responsibilities.

Stakeholder Engagement Statements

Employees

Employees are at the heart of the success of the GE Aerospace business. Maintaining and increasing Employee Engagement is a key priority for the business and it regularly undertakes surveys of all employees to measure engagement which are accessible to the leadership teams and people leaders throughout all levels in the businesses. The Directors of GEASL review these results and ensure they play a key part in the implementation of actions driven by them where it is appropriate for them to do so. In addition, these results are shared with our employees through regular and established channels.

The Board have been integral in developing hybrid working implemented during the pandemic; it is now a standard solution that gives employees the possibility to work with more flexibility.

Improving the diversity of our workforce and developing an inclusive culture are priorities for GE Aerospace Group. There are plans in this area that are shared with employees and sponsored by the relevant leadership teams. GE Aerospace has Diversity as a key metric at the highest level within the operating model and has roles such as the Chief Diversity Officer to support the achievement of its goals.

Suppliers

GEASL's global supply base is an integral part of GEASL, and as it continues to adjust to market demands and capacity fluctuation. GEASL relies heavily on its supply base to deliver and places tremendous value on the trust, credibility, and reputation it has with its suppliers to determine its success.

GEASL's ability to deliver value to customers and key stakeholders hinges on its ability to manage its total supply chain effectively, which is only made possible through coordinated execution. GEASL expects suppliers to actively engage and communicate. GEASL expects suppliers to identify issues early and take swift action to address them. Suppliers are expected to proactively communicate any issue within their supply chains. This can include issues or changes with sub-tier suppliers, unplanned equipment downtime, process changes or any other event that could impact delivery or performance.

GEASL's suppliers are responsible for ensuring their employees, representatives, and subcontractors comply with the standards of conduct required of GE Aerospace's Suppliers. These standards are described in the GE Aerospace's Integrity Guide for Suppliers, Contractors, and Consultants.

GE Aviation Systems Limited

Strategic Report

Customers

Long term, committed relationships with its customers are essential to the success of the company and GEASL works closely with its customers to build and maintain those relationships, including conducting “voice of customer” research and allocating dedicated customer program, support and sales teams. The Lean Transformation within is adopting an approach which puts customer value at the centre of its decisions, as well as implementing a standard for Leadership Behaviours, on which the directors and all employees are reviewed annually, which includes “delivering with focus” for our customers.

Further details

Details of how we conduct our business relationships with all stakeholders can be found at <https://www.geaerospace.com/sustainability>. At GE Aerospace, commitment to operating business with integrity and ensuring that it engages with all stakeholders is built around the GE Aerospace Code of Conduct, The Spirit & The Letter. These policies apply to all employees and are upheld by the Directors of GEASL.

Key performance indicators (KPIs)

The directors consider that the most appropriate indicators of the company's key financial performance during the year were as follows:

	2024	2023	% change	Comment
	\$000	\$000	Increase/ (decrease)	
Turnover	625,336	515,124	21.40%	Increase due to new products and aftermarket demand
Stock	183,780	161,716	13.64%	Increase to support growing demand
Trade debtors	50,157	48,727	2.93%	Increase resulting from increased sales volumes
Trade creditors	(70,324)	(54,725)	28.50%	Increase resulting from increase CoS volumes
Order book	1,310,337	1,224,206	7.04%	Sustained demand for new products

Significant focus is put on working capital management by focusing on maximising inventory turns whilst minimising debtor days and settling supplier liabilities timely in order to drive better cash conversion.

The order book position is also considered to be a key indicator of the health of the business.

GE Aviation Systems Limited

Strategic Report

Other Key Performance Indicators

Other key performance indicators are on time delivery, quality escapes, productivity, new product innovation (NPI) execution, health & safety accidents at work and employee development. These are monitored at divisional level on a variety of systems and different bases, often reported in % terms, which means that aggregation of this data at company level is not meaningful. Below are indicators where the aggregated company information is available:

	2024	2023	% change	Comment
			Increase / (decrease)	
Recordable EHS (Environmental, Health and Safety) instances	-	-	nil	Continued focus on safety for all employees
Quality escapes	24	9	166%	More strict qualitative targets introduced

Future developments

On 9 November 2021, General Electric Company (GE) announced that it would form three global listed companies that are intended to be run independently and focus on the aerospace, healthcare, and energy segments.

On 3 January 2023, GE completed the separation of its healthcare business into an independent publicly traded company, GE HealthCare Technologies Inc. (GE HealthCare), and on 2 April 2024, GE completed the separation of its GE Vernova business into an independent publicly traded company, GE Vernova, Inc. (GE Vernova).

As a consequence of the operations, the company will be part of GE Aerospace. The spin-off has had no direct impact on this entity.

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

Approved by the Board and signed on its behalf on 9 September 2025 by:

Signed by:

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 M N Ryan
 Director

GE Aviation Systems Limited

Directors' Report

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

Principal activity

The principal activity of the company is the development and manufacture of aerospace systems.

Results and dividends

The profit for the year, after taxation, amounted to \$13,282,000 (2023: \$73,709,000). Net assets have increased from \$277,659,000 in 2023 to \$289,301,000 at 31 December 2024.

The directors do not recommend the payment of a dividend (2023: \$nil).

Directors of the company

The directors who held office during the year and up to the date of signing the directors' report were as follows:

J Haigh

H F Johnston

G B Laredo

J A Chestney

D T Shelley (resigned 8 July 2024)

A J Anderson (resigned 26 September 2024)

L M Slate (resigned 8 January 2025)

B J Seemayer (resigned 8 January 2025)

G Basu (appointed 8 January 2025)

M N Ryan (appointed 8 January 2025)

M Trowbridge (appointed 8 January 2025)

Engagement with employees

People are key to the success of the business and the wider company. We recognize the importance of keeping employees updated on relevant topics regarding business performance and multiple communications channels are used to do so. These channels deliver updates from all levels within the organization - from the highest level in GE Aerospace down to site specific, tactical updates that are relevant to employees in a specific team.

Inclusive culture

The business is committed to providing equality of opportunity in employment to all its current and future employees including disabled persons, bearing in mind the respective aptitudes and abilities. The company has policies and practices in place to ensure it supports all employees over and above required minimums throughout the employee lifecycle. In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues and that any appropriate training is arranged.

GE Aviation Systems Limited

Directors' Report

Corporate Governance

Those appointed to the board are experienced professionals within the aviation sector and provide a broad range of skills that ensures they have excellent overview of business performance and strategy. The company doesn't have any board committees.

As a wholly owned subsidiary of General Electric Company (GE), the company is monitored by GE Aerospace HQ who have full oversight of performance, drive strategy and governance policies, for the GE Aerospace business as a whole.

Details of how the company engages with other stakeholders can be found in the Strategic Report and in the section below. GE Aviation Systems Limited does not have a corporate governance code; however the directors of the company confirm that Corporate Governance principles have been fully adopted through adherence to the GE Aerospace Code of Conduct and The Spirit & The Letter. Further details can be also found in GE Annual Report www.geaerospace.com/investor-relations/annual-report.

Engagement with suppliers, customers and other relationships

As noted in the Strategic Report, the directors consider that they have complied with their duties under Section 172. This includes ensuring that the interests of key stakeholders, and the likely consequence of any decisions in the long term, have been taken into account.

At GE Aerospace our commitment to operating business with integrity and ensuring that we engage with all stakeholders is built around our GE Aerospace Code of Conduct and The Spirit & The Letter. These policies apply to all our employees and are upheld by the directors of GE Aviation Systems Limited.

Through our extensive supply chain, we have an opportunity to raise standards of social, environmental and ethical conduct. We engage with our suppliers to promote awareness of our policies and monitor compliance with the GE Aerospace Code of Conduct. It sets out the high standards of ethical, social and environmental conduct we expect.

Engaging with our customers helps us to understand their changing needs and preferences and allows us to make decisions to improve our service offering. This is done at company level and GE Aerospace global strategic business levels through a variety of means.

Further details of how we conduct our business relationships with all stakeholders can be found at www.geaerospace.com/investor-relations/annual-report.

Political and charitable contributions

The company did not make any political or charitable donations in the year (2023: \$nil).

Future developments

Details of future developments are disclosed in the Strategic Report on page 7.

Research and development

The company carries out research and development programmes on both a funded and an unfunded basis to suit its particular market and product needs.

The total expensed through the profit and loss account during the year in respect of research and development was \$13,301,000 (2023: \$13,189,000).

GE Aviation Systems Limited

Directors' Report

Going concern

The company has net assets of \$289,301,000 (2023: \$277,659,000) and a profit for the year ended of \$13,282,000 (2023: \$73,709,000). Based on this position the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that, taking account of the inflationary impacts in the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Branches outside the United Kingdom

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside UK as follows:

GE Aviation Systems Limited - Branch - Italy which provides commercial support to Dowty Propellers production site, a division of the company which focuses on propeller systems and aftermarket services.

Financial risk management objectives and policies

Interest rate risk

The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposure to interest rate risks have not been hedged as there is no net interest rate risk at a group level on intra-group borrowings.

Foreign currency risk

The company is exposed to sales/purchases/intercompany transactions are carried out in foreign currencies and is exposed to potential exchange rate losses. The company monitors and manages the foreign currency risk in relation to its operations in line with the group's policy and with the help of the global treasury team.

Liquidity risk

The company is exposed to short term fluctuations in cashflow to fund working capital requirements. The company has the ability to access the group's cash pool facility as and when required which helps in managing liquidity risk.

Credit risks

The company is not exposed to significant credit risk other than on amounts owed by group undertakings on which it places reliance on the group's overall financial position.

Further details of the company's financial risk management, objectives and policies have been included in the Strategic report on page 1.

GE Aviation Systems Limited

Directors' Report

Streamlined energy and carbon reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") implement the government's policy on Streamlined Energy and Carbon Reporting (SECR) applicable to UK entities in scope with legal obligations that came into force on 1 April 2019.

Climate Controls and Procedures

Climate at the highest level is overseen by GE Aerospace's Board of Directors. GE Aerospace's climate and sustainability strategy are led by senior leaders including members of the Senior Aviation Leadership Team (SALT).

As part of our strategy to reduce Scope 1 and 2 greenhouse gases (GHG) emissions, we continue to work on improving energy efficiency and the sourcing of carbon-free electricity. We have been tracking our energy efficiency since 2023 using key performance indicators to measure efficiency as it relates to Scope 1 and 2 GHG emissions globally. Furthermore, in 2024 we deployed a program to help reducing fuel consumption from acceptance testing globally to support our Scope 1 GHG emissions reduction efforts.

In 2023, GE Aerospace released a business specific standard operating procedure (SOP) to gather climate data. This SOP aims to add rigor and controls to increase the accuracy of GE Aerospace's GHG inventory. Accountability for data collection, validation, calculations, etc., are specified in the SOP including roles and responsibility at site level.

In 2025, GE Aerospace engaged an independent third-party verification company to provide a limited level of assurance opinion on 2024 Scope 1 and 2 data for GE Aerospace including the UK sites. The third party engaged is accredited with the ANSI National Accreditation Board, a member of the International Accreditation Forum, in accordance with ISO 14065.

GHG Inventory

GE Aviation Systems Limited is required to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations in the United Kingdom. The table below represents GE Aviation Systems Limited's energy use and associated GHG emissions from electricity and fuel in the UK for the 2024 reporting year (1st January 2024 to 31st December 2024).

Methodology

GE Aviation Systems Limited relies on GE Aerospace Greenhouse Gas (GHG) Inventory Management Plan to collect SECR related data. GE Aerospace GHG Inventory Management Plan follows the World Resources Institute/ World Business Council for Sustainable Development (WRI/ WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the "Protocol"). GE Aerospace utilizes the Protocol for all definitions, assumptions, and calculations discussed in this document unless explicitly stated otherwise. GE Aerospace reports under the "control" approach for emissions in Scopes 1 and 2, as defined in the Protocol, from sources over which it has operational control.

GE Aerospace uses emission factors to determine the GHG emissions from a unit of activity data (Scope 2 location-based calculations). The emissions factors used in the UK are from country wide average factors obtained from the International Energy Agency (IEA). GE Aerospace also reports market-based emission factors for Scope 2 calculations.

GE Aviation Systems Limited

Directors' Report

Energy use and emissions

Scope	Source	2022 Energy (MWh)	2023 Energy (MWh)	2024 Energy (MWh)	YoY % change	2022 Emissions (tCO2e)	2023 Emissions (tCO2e)	2024 Emissions (tCO2e)	YoY % change
Scope 1	Natural gas	8,606	9,991	8,754	(12)%	1,560	2,025	1,774	(12)%
	Diesel	415	56	672	1108%	108	14	171	1106%
	Petrol	185	18	127	605%	44	5	31	581%
Scope 2	Purchased electricity (Location-Based)	18,604	14,018	14,998	7%	3,661	2,903	3,107	7%
Scope 2	Purchased electricity (Market-Based)	18,604	14,018	14,998	7%	3,661	-	65	-
Total Market Based		27,810	24,083	24,551	2%	5,373	2,044	2,042	(0.1)%

Key Performance Indicator

The emission intensity KPI selected by GE Aviation Systems Limited is the GHG emissions rate of total tCO2e produced to total revenue in \$ M.

Total GHG emissions 2023 (tCO2e)	Total Revenue 2023	tCO2e /\$M 2023	Total GHG emissions 2024 (tCO2e)	Total Revenue 2024	tCO2e /\$M 2024
2,044	515,124,362	3.97	2,042	625,336,160	3.26

GE Aviation Systems Limited

Directors' Report

Energy efficiency measures

In October 2020, General Electric parent company announced a public goal to reduce scope 1 and 2 greenhouse gas emissions by 50% by 2030, against a 2019 baseline and targeting carbon neutrality within our operations by 2030. GE Aviation Systems Limited continues to work towards this 2030 target by furthering the push to increase the energy efficiency at its sites. Throughout this reporting period our Cheltenham site has undertaken the replacement of five HVAC and nine air handling units to more energy efficient equipment. In addition to the replacement of less efficient equipment, the site has also upgraded the lighting to account for 98% of all buildings operating under LED lighting rather than fluorescent along with PIR zonal control to open plan areas. Best management practices such as site time clock scheduling is consistently taking place to make sure building services equipment is being turned off during times where the facility is not occupied. We have continued to utilize best management practices through building management systems (BMS) time clock scheduling, set point setting & turning off boilers during the warmer periods of the year. Building improvements have taken place during 2024, this is through roof replacement introducing 150mm increased insulation, replacing windows from single glazed to double glazed units along with external single ply wooden doors to double glazed aluminum framed units.

At the Brockworth facility, scheduling of extraction units and specific industrial ovens to shut down in between shifts has been implemented to limit wasted energy. GE Aviation Systems Limited is continually exploring areas where energy efficiency can be maximized.

We continue to look at opportunities to turn off equipment both building related and production equipment to achieve the lowest possible baseline energy use. In addition to that, one hundred percent of the electricity purchased in 2024 was sourced from mixed renewable sources.

Post balance sheet events

There have been no significant post balance sheet events affecting the company since the year end which require disclosure in or amendment to the financial statements.

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year in respect of this entity and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of approving the directors' report. One or more directors of the immediate parent undertaking and subsidiaries of this entity have benefitted from the same qualifying indemnity provisions.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

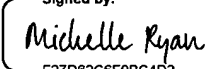
GE Aviation Systems Limited

Directors' Report

Auditor

The auditor, Deloitte LLP has expressed their willingness to continue in office as auditor and has been re-appointed at the AGM of the ultimate parent company, General Electric Company, and by this Board of Directors under section 487(2) of the Companies Act 2006 and will continue in office.

Approved by the Board and signed on its behalf on 9 September 2025 by:

Signed by:

.....
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M N Ryan
Director

GE Aviation Systems Limited

Statement of Directors' Responsibilities

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

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

Under company law the directors must not approve the 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 these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of GE Aviation Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GE Aviation Systems Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2024 and of its profit for the year 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 profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

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.

Independent auditor's report to the members of GE Aviation Systems Limited

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.

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. This description forms part of our auditor's report.

Independent auditor's report to the members of GE Aviation Systems Limited

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 frameworks 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 the UK Companies Act and 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 and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- The appropriateness of cost to complete estimate on long term engineering contracts in relation to accuracy and cut-off, has been identified as an area with the potential for fraud through manipulation. We obtained an understanding of the relevant controls to mitigate the risk. We further addressed this risk by assessing the revenue recognition for a sample of contracts, obtaining the supporting audit evidence for amounts recognised and determining whether management's estimated cost to complete is appropriate.

Independent auditor's report to the members of GE Aviation Systems Limited

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 and reviewing correspondence with HMRC.

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.

Independent auditor's report to the members of GE Aviation Systems Limited

Use of our report

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

Georgina Miles

.....
Georgina Miles (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

Date: 9 September 2025
.....

GE Aviation Systems Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2024

	Note	2024 \$ 000	As restated 2023 \$ 000
Turnover	4	625,336	515,124
Cost of sales		<u>(468,635)</u>	<u>(409,941)</u>
Gross profit		156,701	105,183
Administrative expenses		(200,655)	(88,370)
Other operating income	5	<u>40,486</u>	<u>22,780</u>
Operating (loss)/profit	6	(3,468)	39,593
Loss on the sale of fixed asset		-	(251)
Interest receivable and similar income	7	2,253	307
Interest payable and similar expenses	8	<u>(1,338)</u>	<u>(2,711)</u>
(Loss)/profit before tax		(2,553)	36,938
Tax on (loss)/profit	12	<u>15,835</u>	<u>36,771</u>
Profit for the year		13,282	73,709
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>13,282</u></u>	<u><u>73,709</u></u>

The above results were derived from continuing operations.

GE Aviation Systems Limited

Registration number: 00745917
Balance Sheet as at 31 December 2024

	Note	2024 \$ 000	As restated 2023 \$ 000
Fixed assets			
Intangible assets	13	271,730	304,379
Tangible assets	14	103,552	109,585
Right of use assets	15	18,826	18,586
		<u>394,108</u>	<u>432,550</u>
Current assets			
Stocks	16	183,780	161,716
Debtors: amounts falling due within one year	17	240,551	227,368
		<u>424,331</u>	<u>389,084</u>
Creditors: amounts falling due within one year	18	<u>(213,805)</u>	<u>(236,953)</u>
Net current assets		<u>210,526</u>	<u>152,131</u>
Total assets less current liabilities		604,634	584,681
Creditors: amounts falling due after more than one year	19	(299,837)	(294,035)
Provisions for liabilities	20	<u>(15,496)</u>	<u>(12,987)</u>
Net assets		<u>289,301</u>	<u>277,659</u>
Capital and reserves			
Called up share capital	21	98,574	98,574
Share premium account		170,225	170,225
Share-based payment reserve		1,049	2,689
Profit and loss account		<u>19,453</u>	<u>6,171</u>
Shareholders' funds		<u>289,301</u>	<u>277,659</u>

Approved by the Board and signed on its behalf on 9 September 2025 by:

Signed by:

 F2706206F08C402:.....
 M N Ryan
 Director

GE Aviation Systems Limited

Statement of Changes in Equity for the Year Ended 31 December 2024

	Called up share capital \$ 000	Share premium account \$ 000	Share-based payment reserve \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2024	98,574	170,225	2,689	6,171	277,659
Comprehensive income for the year					
Profit for the year	-	-	-	13,282	13,282
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	13,282	13,282
Other movements on share based payments	-	-	(549)	-	(549)
Equity settled share based payment expense	-	-	2,993	-	2,993
Value of shares issued by GE Company in respect of share options exercised	-	-	(4,084)	-	(4,084)
At 31 December 2024	<u>98,574</u>	<u>170,225</u>	<u>1,049</u>	<u>19,453</u>	<u>289,301</u>

GE Aviation Systems Limited

Statement of Changes in Equity for the Year Ended 31 December 2023

	Called up share capital \$ 000	Share premium account \$ 000	Share-based payment reserve \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2023 (Previously reported)	98,574	170,225	4,619	(73,898)	199,520
Restatement (note 2)	-	-	-	6,360	6,360
At 1 January 2023 (Restated)	<u>98,574</u>	<u>170,225</u>	<u>4,619</u>	<u>(67,538)</u>	<u>205,880</u>
Comprehensive income for the year					
Profit for the year (As restated)	-	-	-	73,709	73,709
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	73,709	73,709
Equity settled share based payment expense	-	-	1,518	-	1,518
Value of shares issued by GE Company in respect of share options exercised	-	-	(3,448)	-	(3,448)
At 31 December 2023	<u>98,574</u>	<u>170,225</u>	<u>2,689</u>	<u>6,171</u>	<u>277,659</u>

GE Aviation Systems Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office is:

Cheltenham Road
Bishops Cleeve
Gloucestershire
GL52 8SF

The nature of the company's operations and its principal activities are set out in the directors' report on page 8.

2 Accounting policies

Summary of material accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Going concern

The company has net assets of \$289,301,000 (2023: \$277,659,000) and a profit for the year ended of \$13,282,000 (2023: \$73,709,000). Based on this position the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that, taking account of the inflationary impacts in the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 1 Neumann Way, Evendale, Hamilton County, OH, 45215-1915, USA or at www.geaerospace.com.

Basis of measurement

The financial statements have been prepared on the historical cost basis except derivative financial instruments which are stated at fair value.

Adoption of new and revised Standards

New and amended IFRS Accounting Standard that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-Current

The company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify certain requirements for determining whether a liability should be classified as current or non-current.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure titled Supplier Finance Arrangements

The company also applied Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) for the first time in 2024. The amendments introduce new disclosures to help users of the financial statements to assess the effects of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements, as the company has taken exemptions on such disclosures.

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The company has adopted the amendments to IFRS 16 for the first time in the current year. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, Property, plant and equipment;
 - paragraph 1.18(e) of IAS 38, Intangible assets;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130 (f) (ii) - 130 (f) (iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets.

Functional currency

The accounts are presented in USD which is the company's functional and presentational currency.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

Turnover

Recognition

The company earns revenue from the development, manufacturing, sale of aerospace systems and aftermarket. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 steps model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received [IAS 20.7].

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate [IAS 20.12].

Specifically, government grants whose primary condition is that the Company should purchase, develop or otherwise acquire fixed assets are recognised as deferred income in the balance sheet and transferred to profit or loss, as other income, on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the profit and loss account within 'other operating income'.

Interest receivable and payable

Interest income and expense are recognised in profit or loss using the effective interest rate ("EIR") method. The EIR is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not, in the case of financial assets, future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income and expense presented in the Profit and Loss Account and Other Comprehensive Income include interest on financial assets and financial liabilities at amortised cost on an effective interest rate basis.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged to the cost of sales, in the profit and loss account on a straight-line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Plant and machinery	Over 4 to 21 years
Freehold property	Over 8 to 44 years
Right of use assets	Shorter of the life of asset or period of the lease

No depreciation is provided on freehold land and assets in the course of construction.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Intangible assets

Capitalised development expenditure

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised based on units of production delivered over the expected life of the completed product or project. Amortisation is charged to the cost of sales, in the profit and loss account.

Deferred development costs are reviewed annually and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development project is written off to the profit and loss account.

Other intangibles including software

Other intangibles including software acquired by the company are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged in equal instalments over the life of the asset.

The Company has no indefinite-life intangibles assets.

Asset class	Estimated useful life
Other intangibles including software	5 years
Development expenditure	Up to 20 years

Impairment of intangible assets

At each balance sheet date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets are tested for impairment at least annually and whenever there is an indication at the end of the reporting period that the asset may be impaired.

Recoverable amount is the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in administrative expenses, in the profit and loss account.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Leases

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election to account for both components as a single lease component.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short-term and low value leases

The company has made an accounting policy election not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Short term and low value lease payments are included in administrative expenses in the profit and loss account.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVTOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the balance sheet at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities. The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Provisions for liabilities

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. See note 3 for further details on the significant provisions.

Pensions

The company contributes to a defined benefit contribution scheme which is a group personal pension scheme with Legal & General. The amount charged to the profit and loss account represents the contributions payable to the scheme operated by Legal & General in respect of the accounting year.

The company was a participating employer in a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covered a number of United Kingdom subsidiary companies of General Electric Company. See pension commitments note 22.

Share-based payments

Share options and restricted stock units over the shares of General Electric Company, the ultimate parent entity, are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity, the 'other reserve'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against the 'other reserve'.

In addition, the company has established an employee share ownership scheme, under which employees are able to acquire a number of shares in the ultimate parent company, General Electric Company, with the company matching the employees' purchases. The company's costs of these purchases are charged to the profit and loss account as incurred.

The total cost for the year is disclosed in note 9 staff costs.

Other long-term employees benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Prior period adjustment

During the preparation of the current year financial statements, it was noted that in 2023, the net book value of the intangible assets was not based on the correct FRS 101 figures which resulted in overstatement of amortisation expense (cost of sales) by \$7,861,000 and this has been corrected by reducing cost of sales by \$7,861,000 in the 2023 comparatives. In addition, opening retained earnings have been restated by \$6,360,000 to correct the impact of amortisation and impairment which were calculated on incorrect net book values in the previous prior periods. As a result of these errors, the intangible assets have been increased by \$14,222,000 to reflect the correct net book value.

The impact of this restatement on the profit and loss account and balance sheet can be seen below:

Profit and loss account restatement

	As previously reported	Adjustments	As restated
	2023	2023	2023
	\$ 000	\$ 000	\$ 000
Turnover	515,124	-	515,124
Cost of sales	(417,802)	7,861	(409,941)
Gross profit	<u>97,322</u>	-	<u>105,183</u>
Administrative expenses	(88,370)	-	(88,370)
Other operating income	22,780	-	22,780
Operating profit	<u>31,732</u>	-	<u>39,593</u>
Loss on the sale of fixed asset	(251)	-	(251)
Interest receivable and similar income	307	-	307
Interest payable and similar charges	(2,711)	-	(2,711)
Profit before taxation	<u>29,077</u>	-	<u>36,938</u>
Tax on profit	38,249	(1,478)	36,771
Profit for the year	<u>67,325</u>	-	<u>73,709</u>
Other comprehensive income	-	-	-
Total comprehensive expense for the year	<u>67,325</u>	-	<u>73,709</u>

GE Aviation Systems Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Balance sheet restatement

	As previously reported	Adjustments	As restated
	2023	2023	2023
	\$ 000	\$ 000	\$ 000
Fixed assets			
Intangible assets	290,157	14,222	304,379
Tangible assets	109,585	-	109,585
Right of use assets	18,586	-	18,586
	<u>418,328</u>	<u>-</u>	<u>432,550</u>
Current assets			
Stocks	161,716	-	161,716
Debtors: amounts falling due after more than one year	228,845	(1,477)	227,368
	<u>390,561</u>	<u>-</u>	<u>389,084</u>
Creditors: amounts falling due within one year	(236,953)	-	(236,953)
Net current assets	<u>153,609</u>	<u>-</u>	<u>152,131</u>
Total assets less current liabilities	<u>571,937</u>	<u>-</u>	<u>584,681</u>
Creditors: amounts falling due after more than one year	(294,035)	-	(294,035)
Provisions for liabilities	(12,987)	-	(12,987)
Net assets	<u>264,915</u>	<u>-</u>	<u>277,659</u>
Capital and reserves			
Called up share capital	98,574	-	98,574
Share premium account	170,225	-	170,225
Share-based payment reserve	2,689	-	2,689
Profit and loss account	(6,573)	12,745	6,171
Shareholders' funds	<u>264,915</u>	<u>-</u>	<u>277,659</u>

GE Aviation Systems Limited

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The directors consider that there are no critical accounting judgements in the preparation of the financial statements in compliance with FRS 101.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition on long-term contracts

Revenue recognition attributable to the stage of completion of long-term contracts is recognised when the outcome of a contract can be foreseen with reasonable certainty. Revenue for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. A provision is made for any losses as soon as they are foreseen.

Certain elements of revenue recognition are subject to a degree of estimation, in particular in relation to the margin on which revenue is recognised across the life of a contract.

Any variance on the forecast costs can impact the stage of completion and consequently the level of revenues recognised. An increase of 5% of the forecast costs on long-term contracts, would have a negative impact of total revenues recognised equal to \$9 million due to a lower level of completion of these projects. On the other side, a decrease of the forecast costs of 5%, would have a positive impact resulting in an increase of \$16 million of the total revenues.

Amounts recoverable on contracts relate to contract costs expected to be recovered in the future. Amounts invoiced in excess of revenue are included in creditors and represent deferred income (see note 4).

GE Aviation Systems Limited

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Internally generated development costs

Eligible costs to fulfil a contract are capitalised if future economic benefits are probable and the company intends to and has sufficient resources to complete the project and to use the asset. Project estimates and assumptions are reviewed and validated on a regular basis throughout the life of the project to test for potential impairment. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Given the current economic circumstances together with delays in some development programs beyond the control of the company, there has been an impairment indicator for internally generated development costs identified.

Given that an impairment analysis was triggered, the recoverable amount of internally generated development costs has been assessed for impairment by the directors of the company. This impairment review, based on the discounted cash flow ('DCF') method which is based on value-in-use estimated, requires significant estimates due to the maximum horizon of the analysis was 20 years over which significant technology changes are possible. These cash flow projections representing directors' best estimate were determined using contract margin reviews of the customer programmes applying a discount rate of 9.49% (FY23: 9.13%) derived from an adequate peer group consistently used by the entity in the prior years. The recoverable amount of the capitalized development costs was lower than the carrying amount of the internally generated development costs as of 31 December 2024, resulting in an impairment of \$93 million. An increase of 1% in discount rate used would have increased by 8% the impairment loss amount recognised in the financial period. A decrease of 1% in discount rate used would have decreased by 6% the impairment loss recognised. The directors of the company believe that using the discounted cash flow method is the most appropriate method given it is based on the most up-to-date available inputs from the GE Aviation Aircraft Production Forecast that is an internally generated estimate which takes into account various sources of internal and external data (see note 13).

For the most sensitive value-in-use forecast, a 4% increase in costs per unit in each year of the forecast would result in a further 14 million (103%) of impairment. Oppositely, a 4% decrease in costs per unit would result in a reduction of 11 million impairment as charged in the year (16% of current year charge). There is limited sensitivity in the other value-in-use forecasts during the period.

GE Aviation Systems Limited

Notes to the Financial Statements

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2024 \$ 000	2023 \$ 000
Sale of goods	<u>625,336</u>	<u>515,124</u>

A geographical analysis of turnover is as follows:

	2024 \$ 000	2023 \$ 000
United Kingdom	37,002	61,720
Rest of Europe	69,381	45,179
USA	423,687	352,954
Rest of the world	<u>95,266</u>	<u>55,271</u>
	<u>625,336</u>	<u>515,124</u>

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Contract assets and liabilities

	2024 \$ 000	2023 \$ 000
Contract assets	29,680	19,900
Contract liabilities	<u>(50,879)</u>	<u>(48,034)</u>

Revenue recognised in the year from:

	31 December 2024 \$ 000	31 December 2023 \$ 000
Amounts included in contract liability at the beginning of the year	<u>(48,034)</u>	<u>(50,713)</u>

GE Aviation Systems Limited

Notes to the Financial Statements

5 Other operating income

The analysis of the company's other gains and losses for the year is as follows:

	2024 \$ 000	2023 \$ 000
Intra group service charges receivable	26,251	21,224
Other income	14,235	1,556
	<u>40,486</u>	<u>22,780</u>

Included within other income is \$4,764,000 (2023: \$1,478,000) in respect of R&D tax credit recognised during the year.

6 Operating (loss)/profit

Operating profit is stated after charging/(crediting):

	Note	2024 \$ 000	As restated 2023 \$ 000
Depreciation - tangible fixed assets	14	12,179	12,509
Depreciation - right of use assets	15	4,177	3,204
Amortisation - intangible fixed assets	13	6,614	7,582
Impairment of intangible assets	13	95,688	40,372
Research and development costs		13,301	13,189
Difference on foreign exchange		1,399	(8,163)
Loss on disposal of tangible fixed assets		1,125	771
		<u>1,125</u>	<u>771</u>

7 Interest receivable and similar income

	2024 \$ 000	2023 \$ 000
Interest receivable from group undertakings	2,253	307
	<u>2,253</u>	<u>307</u>

8 Interest payable and similar expenses

	2024 \$ 000	2023 \$ 000
Interest on lease liabilities	624	642
Interest payable to group undertakings	714	2,069
	<u>1,338</u>	<u>2,711</u>

GE Aviation Systems Limited

Notes to the Financial Statements

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024 \$ 000	2023 \$ 000
Wages and salaries	186,585	158,675
Social security costs	22,566	17,998
Pension costs, defined contribution scheme	13,621	12,540
Share-based payment expenses	2,993	1,517
	<u>225,765</u>	<u>190,730</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2024 No.	2023 No.
Manufacturing	1,639	1,566
Sales, administration and distribution	576	535
	<u>2,215</u>	<u>2,101</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2024 \$ 000	2023 \$ 000
Remuneration	2,765	1,151
Company pension contributions	226	153
	<u>2,991</u>	<u>1,304</u>

During the year the number of directors who were receiving benefits was as follows:

	2024 No.	2023 No.
As members of a defined contribution pension scheme	<u>6</u>	<u>7</u>

GE Aviation Systems Limited

Notes to the Financial Statements

10 Directors' remuneration (continued)

In respect of the highest paid director:

	2024 \$ 000	2023 \$ 000
Remuneration	889	308
Company contributions to a defined contribution pension scheme	<u>38</u>	<u>44</u>

11 Auditor's remuneration

	2024 \$ 000	2023 \$ 000
Audit of the financial statements	<u>403</u>	<u>392</u>

In addition to the audit fee charged to the profit and loss account noted above, remuneration of \$10,000 paid to Deloitte as auditor (2023: \$10,000) for their audit services to the company was borne by a fellow group undertaking. The total audit fees for the audit of the financial statements for the year ended 31 December 2024 is \$413,000 (2023: \$402,000).

No fees were paid to Deloitte in the current or previous years for non-audit services.

12 Taxation

Tax charged/(credited) in the profit and loss account

	2024 \$ 000	2023 \$ 000
Current taxation		
UK corporation tax	122	2,075
UK corporation tax adjustment to prior years	(2,101)	-
Overseas tax	<u>113</u>	<u>64</u>
Total current tax	<u>(1,866)</u>	<u>2,139</u>
Deferred taxation		
Origination and reversal of temporary differences	4,813	(36,608)
Effect of changes to tax rates	-	(2,302)
Adjustment in respect of prior year	<u>(18,782)</u>	<u>-</u>
Total deferred taxation	<u>(13,969)</u>	<u>(38,910)</u>
Tax receipt in the profit and loss account	<u>(15,835)</u>	<u>(36,771)</u>

GE Aviation Systems Limited

Notes to the Financial Statements

12 Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2023: lower than the standard rate of corporation tax in the UK) of 25% (2023: 23.5%).

The differences are reconciled below:

	2024 \$ 000	2023 \$ 000
(Loss)/profit before tax	<u>(2,553)</u>	<u>36,938</u>
Corporation tax at standard rate	(638)	8,688
Non-taxable income	(1,050)	(1,001)
Other	39	-
Expenses not deductible for tax purposes	1,536	1,949
Adjustments to tax charge in respect of previous periods	(20,883)	-
Group relief for \$nil consideration	31,202	20,903
Increase arising from overseas tax suffered	113	64
Movement in deferred tax not provided	<u>(26,154)</u>	<u>(67,374)</u>
Total tax credit	<u>(15,835)</u>	<u>(36,771)</u>

Factors that may affect future tax charges

Deferred tax assets on all timing differences have been calculated at 25%.

The Company, as the subsidiary of GE Aerospace, is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules ("Pillar Two"). The Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the Company is incorporated. Upon enactment, the Pillar Two taxation regime (specifically the qualifying domestic minimum top-up tax ("QDMTT")) came into effect on 1 January 2024. The Company has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the Amendments to IAS 12 issued in 2023. The results of the analysis indicated that the Company is expected to qualify for applying the transitional Country-by-Country Reporting (CbCR) Safe Harbour in 2024 and not incur a top-up tax liability under the Pillar Two taxation regime, specifically the QDMTT. The Company's Ultimate Parent Entity is domiciled in the United States. Although the United States has not adopted its respective Pillar Two legislation as of 31 December 2024, the exposure to incremental tax payable under any applicable undertaxed profit rule (UTPR) is not estimated to be significant.

There are no other factors that may significantly affect future tax charges.

GE Aviation Systems Limited

Notes to the Financial Statements

12 Taxation (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2024	Recognised in income	Recognised in other comprehensive income	At 31 December 2024
	\$'000	\$'000	\$'000	\$'000
Accelerated tax depreciation	27,970	9,674	-	37,644
Short term temporary differences	9,240	(172)	-	9,068
Tax losses	1,700	4,467	-	6,167
Net tax assets	38,910	13,969	-	52,879

Deferred tax movement during the prior year:

	At 1 January 2023	Recognised in income (As restated)	Recognised in other comprehensive income	At 31 December 2023
	\$'000	\$'000	\$'000	\$'000
Accelerated tax depreciation	-	27,970	-	27,970
Short term temporary differences	-	9,240	-	9,240
Tax losses	-	1,700	-	1,700
Net tax assets	-	38,910	-	38,910

Deferred tax asset of \$52,879,000 (2023: \$38,910,000) has been recognised in the balance sheet in respect of deductible temporary differences.

GE Aviation Systems Limited

Notes to the Financial Statements

13 Intangible fixed assets

	Development expenditure \$ 000	Other \$ 000	Total \$ 000
Cost			
At 1 January 2024 (As restated)	945,398	22,933	968,331
Additions	69,442	-	69,442
Transfer from tangible assets	-	225	225
Asset write-off	-	(11)	(11)
At 31 December 2024	<u>1,014,840</u>	<u>23,147</u>	<u>1,037,987</u>
Amortisation and impairment			
At 1 January 2024 (As restated)	651,356	12,597	663,953
Amortisation charge	6,126	488	6,614
Impairment	92,663	3,025	95,688
Transfer from tangible assets	-	2	2
At 31 December 2024	<u>750,145</u>	<u>16,112</u>	<u>766,257</u>
Net book value			
At 31 December 2024	<u>264,695</u>	<u>7,035</u>	<u>271,730</u>
At 31 December 2023 (As restated)	<u>294,043</u>	<u>10,336</u>	<u>304,379</u>

Included within the net book value of development expenditure above is \$105,719,000 (2023: \$84,675,000) in respect of assets in the course of construction. Included within the net book value of other intangibles above is \$3,257,000 (2023: \$3,257,000) in respect of assets in the course of construction.

GE Aviation Systems Limited

Notes to the Financial Statements

14 Tangible fixed assets

	Land and buildings \$ 000	Plant and machinery \$ 000	Total \$ 000
Cost			
At 1 January 2024	105,246	118,107	223,353
Additions	775	5,830	6,605
Disposals	-	(17)	(17)
Transfer between asset categories	328	(328)	-
Transfer to intangible assets	-	(225)	(225)
Asset write-off	(44)	(132)	(176)
At 31 December 2024	<u>106,305</u>	<u>123,235</u>	<u>229,540</u>
Depreciation			
At 1 January 2024	36,258	77,510	113,768
Charge for the year	3,917	8,262	12,179
On disposals	-	43	43
Transfer between asset categories	6	(6)	-
Transfer to intangible assets	-	(2)	(2)
At 31 December 2024	<u>40,181</u>	<u>85,807</u>	<u>125,988</u>
Net book value			
At 31 December 2024	<u>66,124</u>	<u>37,428</u>	<u>103,552</u>
At 31 December 2023	<u>68,988</u>	<u>40,597</u>	<u>109,585</u>

Included within the net book value of land and buildings above is \$244,000 (2023: \$395,000) in respect of assets in the course of construction. Included within the net book value of plant and machinery above is \$4,633,000 (2023: \$5,044,000) in respect of assets in the course of construction.

Included within the net book value of land and buildings above is \$21,303,000 (2023: \$21,303,000) in respect of freehold land.

GE Aviation Systems Limited

Notes to the Financial Statements

15 Right of use assets

	Property \$ 000	Motor vehicles \$ 000	Total \$ 000
Cost			
At 1 January 2024	22,602	3,782	26,384
Additions	1,819	3,663	5,482
Disposals	-	(2,449)	(2,449)
At 31 December 2024	<u>24,421</u>	<u>4,996</u>	<u>29,417</u>
Depreciation			
At 1 January 2024	7,058	740	7,798
Charge for the year	2,426	1,751	4,177
On disposals	-	(1,384)	(1,384)
At 31 December 2024	<u>9,484</u>	<u>1,107</u>	<u>10,591</u>
Net book value			
At 31 December 2024	<u>14,937</u>	<u>3,889</u>	<u>18,826</u>
At 31 December 2023	<u>15,544</u>	<u>3,042</u>	<u>18,586</u>

16 Stocks

	2024 \$ 000	2023 \$ 000
Raw materials and consumables	133,420	122,937
Work in progress	37,883	31,523
Finished goods and goods for resale	<u>12,477</u>	<u>7,256</u>
	<u>183,780</u>	<u>161,716</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to \$226,214,000 (2023: \$181,256,000). The write down of stocks to net realisable value amounted to \$1,603,000 (2023: \$104,000). The reversal of write-downs amounted to \$nil (2023: \$377,000). The write down and reversal are included in cost of sales.

GE Aviation Systems Limited

Notes to the Financial Statements

17 Debtors

	2024 \$ 000	2023 \$ 000
Due within one year		
Trade debtors	50,157	48,727
Amounts owed by group undertakings	78,949	97,365
Derivative financial instrument assets	1,041	1,954
Deferred tax assets	52,879	38,910
Corporation tax asset	7,490	45
Amounts recoverable on long term contracts	29,680	19,900
Other debtors	14,474	9,997
Prepayments	5,881	10,470
	<u>240,551</u>	<u>227,368</u>

Amounts owed by group undertakings are unsecured and payable on demand. Interest is received on intercompany cashpool balance at variable rates of interest linked to USD ticker rates TSFR1M Index for the USD deposits. No interest is payable on intercompany trading balances.

Included within other debtors above is \$1,416,000 (2023: \$370,000) due after one year. Included within prepayments above is \$911,000 (2023: \$3,198,000) due after one year.

18 Creditors: Amounts falling due within one year

	2024 \$ 000	2023 \$ 000
Trade creditors	70,324	54,725
Accruals	20,516	19,836
Deferred income	19,638	6,457
Amounts owed to group undertakings	36,975	96,081
Derivative financial instruments liabilities	6,050	194
Other creditors	6,871	9,252
Corporation tax payable	39	-
Lease liabilities	2,513	2,374
Contract liabilities	50,879	48,034
	<u>213,805</u>	<u>236,953</u>

GE Aviation Systems Limited

Notes to the Financial Statements

18 Creditors: Amounts falling due within one year (continued)

Amounts owed to group undertakings are unsecured and payable on demand. Interest is paid on intercompany cashpool balances at variable rates of interest linked to USD ticker rates TSFR1M Index for the USD deposits. No interest is payable on intercompany trading balances.

19 Creditors: falling due after more than one year

	2024 \$ 000	2023 \$ 000
Accruals	549	-
Contract liabilities	245,892	240,523
Lease liabilities	17,123	16,866
Deferred income	36,273	36,646
	<u>299,837</u>	<u>294,035</u>

The total cash outflow for lease amounted to \$3,649,000 (2023: \$2,943,000). Included within lease liabilities are amounts repayable within one year: \$2,513,000 (2023: \$2,374,000), amounts repayable later than one year and not later than five years: \$8,926,000 (2023: \$7,751,000) and later than five years: \$8,197,000 (2023: \$9,114,000).

Deferred income refers to R&D tax credit claimed on internally developed intangibles' expenditure.

20 Provision for liabilities

	Service guarantees and product liability \$ 000	Onerous contracts \$ 000	Property and dilapidations \$ 000	Cancellation charge \$ 000	Penalty fee \$ 000	Total \$ 000
At 1 January 2024	3,518	4,969	2,505	930	1,065	12,987
Additions during the year	1,705	-	351	319	5,327	7,702
Utilised during the year	(2,077)	(2,372)	-	(500)	-	(4,949)
Released during the year	(201)	-	-	-	-	(201)
Other movements*	-	-	(43)	-	-	(43)
At 31 December 2024	<u>2,945</u>	<u>2,597</u>	<u>2,813</u>	<u>749</u>	<u>6,392</u>	<u>15,496</u>

*foreign exchange movements

Service guarantees and product liability

Service guarantees and product liability typically cover periods between one and three years. Provisions are made for the likely cost of after-sales support based on past experience.

GE Aviation Systems Limited

Notes to the Financial Statements

20 Provision for liabilities (continued)

Onerous contract

The provision covers those contracts where the costs exceed the economic benefits expected to be received. The timing can differ due to the difference length each contract has and further uncertainty due to complexity the projects, behind each contracts, have.

Property and dilapidations

Property provisions cover the cost of reinstatement work on leased properties where there is an obligation under the lease and the costs can be reasonably estimated. Due to the possibility of further extensions of existing contracts, the timing of use is uncertain.

Cancellation charge

The provision covers an eventual fee to pay in case of termination of a contract in force. The timing and amount are uncertain due to ongoing discussions between the parties.

Penalty fee

The provision covers future obligation for the breach of a contract term, or failure to uphold contractual obligations. The amount will be settled within the next 12 months.

21 Share capital

Authorised, allotted, called up and fully paid shares

	2024		2023	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of \$1 each	121,171	97,974	121,171	97,974
Ordinary shares of £1 each	300	600	300	600
	<u>121,471</u>	<u>98,574</u>	<u>121,471</u>	<u>98,574</u>

Following a change in functional currency from GBP to USD for the year ended 31 December 2013, the \$1 ordinary shares were translated at the prevailing rate at the date of this conversion.

GE Aviation Systems Limited

Notes to the Financial Statements

22 Pension commitments

The company contributes to a (defined contribution) Group Personal Pension provided by Legal and General (Portfolio Management Services) Limited. The assets are held separately from those of the company in individual member accounts and are invested in funds administered by L&G.

The pension charge for the year for the defined contribution scheme was \$13,621,000 (2023: \$12,540,000). There were no outstanding or prepaid contributions payable to the scheme at either the beginning or the end of the financial year.

Company is a participating employer in the defined benefit GE Pension Plan with an obligation to provide funding to address any deficit which may arise in future.

The last full actuarial valuation was carried out as at 31 March 2024 by a qualified independent actuary. At this date, on a technical provision basis, there was a funding surplus of £452 million and a funding level of 131.4%.

23 Contingent liabilities

At 31 December 2024 the company had contingent liabilities, in respect of bank and performance guarantees of \$1,233,000 (2023: \$1,443,000). No significant losses are expected to arise.

GE Aviation Systems Limited

Notes to the Financial Statements

24 Share-based payments

Certain employees of the company are selected to participate in stock options and restricted stock units under the General Electric Company (GE Aerospace) 2022 Long-Term Incentive Plan. All grants made under all plans must be approved by the Management Development and Compensation Committee of GE Aerospace's Board of Directors, which is composed entirely of independent directors.

Stock options provide employees the opportunity to purchase GE Aerospace shares in the future at the market price of our stock on the date the award is granted (the strike price). The options become exercisable over the vesting period, typically three years, and expire 10 years from the grant date if not exercised. Restricted stock units (RSU) provide an employee with the right to receive one share of GE Aerospace stock when the restrictions lapse over the vesting period of 3 years, for no consideration. Upon vesting, each RSU is converted into one share of GE Aerospace common stock for each unit.

For further details on stock options and restricted stock units please refer to the GE annual report available at www.geaerospace.com/investor-relations/annual-report.

The weighted average share price at the date of exercise of share options exercised during the year was \$171.10 (2023: \$98.76).

The weighted average price at the date of exercise of restricted stock units exercised during the year was \$221.81 (2023: \$168.35).

3 directors benefitted from the exercise of share options in the year to 31 December 2024. This included the highest paid director.

6 directors benefitted from the exercise of restricted stock units in the year to 31 December 2024. This included the highest paid director.

The options outstanding at the year end have an exercise price in the range of \$52.38 to \$161.46 and a weighted average contractual life of 6.71 years.

The restricted stock units outstanding at the year end have an exercise price of \$117.05 (2023: \$75.19), and a weighted average contractual life of 1.6 years.

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Notes to the Financial Statements

25 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Infrastructure Aviation, a company registered at Cheltenham Road, Bishops Cleeve, Cheltenham, GL52 8SF, United Kingdom.

At the 31 December 2024 the smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking and controlling party, General Electric Company, a company registered at 1 River Road, Schenectady, New York, 12345, USA, with principal executive offices at 1 Neumann Way, Evendale, Hamilton County, OH, 45215-1915, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.geaerospace.com.

26 Post balance sheet events

There have been no significant post balance sheet events affecting the company since the year end which require disclosure in or amendment to the financial statements.