

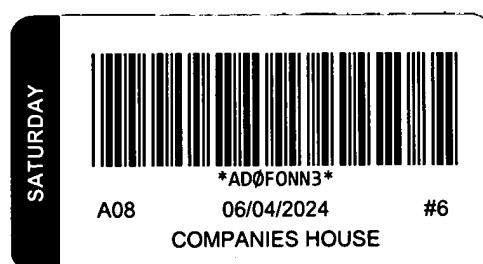
# **Ionix Systems Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 00592717



# Ionix Systems Limited

## Company Information

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<b>Directors</b>	C A Lampo R A Norwitt
<b>Company secretary</b>	L E D'Amico Abogado Nominees Limited
<b>Registered number</b>	00592717
<b>Registered office</b>	Prospect House Taylor Business Park Risley Warrington England WA3 6HP
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

# Ionix Systems Limited

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# Ionix Systems Limited

## Group Strategic Report For the Year Ended 31 December 2022

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The Directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

### Principal activities

The principal activity of the Group is that of a specialist designer and manufacturer of wiring harness and woven systems, providing interconnection solutions for aerospace, defence, power generation and other high performance engineering sectors.

### Business review

The principal markets that the company operates within are the manufacture of high complexity, low to medium volume wiring harnesses for aerospace, defence and industrial applications. 2022 saw an increase in the company's business activity due to the recovery in sales orders from engine manufacturers as the world economy emerges from the Covid-19 pandemic. Ionix Systems Limited ("Ionix") has reacted to this by working with our supply base to ensure that it can support our increasing material requirements and constantly reviewing our labour capacity to ensure we bring on additional production labour at the right time. The company has also continued looking at ways to diversify with new customers and new technologies. Therefore, despite the continued challenges that 2022 has brought for the Ionix, the Company was able to ensure that, through its highly skilled and efficient workforce and its constant focus on its costs base, Ionix has been able to adapt and react swiftly to its changing customer's demands.

The group has taken advantage of the increase in demand in 2022, ensuring that its key customers receive the level of service they expect. Ionix has also sought to further invest in new technologies which have been facilitated by collaborative training with Amphenol's sister company, FSI, as well as further capital investments, with more investments planned for 2023. This has resulted in a significant order for a new technology product being placed in 2022 for delivery in 2023. Sales increased to £13.8m in 2022, compared to £11.1m in 2021, the group has returned an increase in profit to £1,058k in 2022 (£8k in 2021). This is a further indication of the dedication and determination of the workforce and the management team within Ionix. Ionix has a strong relationship with its suppliers that has helped to ensure the company was able to continue to supply its manufactured parts to its end customers during the year. Due to the company's positive cash flow stream, it continues to also be best placed to take advantage of any competitive pricing on its future stock requirements, although in doing so, this has given rise to an increase in the year end inventory balance.

The company's gross profit for 2022 is 17.2%, compared with 13.6% in 2021 which indicates the recovery of the military and commercial aerospace industry and company's ability to ramp up production output whilst continuing to operate to its high levels of quality and efficiency whilst still making a profit.

As the company looks towards 2023 it knows that its ongoing strategy of diversification, both in new customers and platforms, is a key component in securing its future success. Ionix intends to further build upon this strategy in 2023 now that it has secured large orders the focus is now on building on this success. The company believes that this will also help it maintain its level of profitability, both in 2023 and in the years that follow.

Finally, the Board would also like to thank the skilled Ionix employees who have been dedicated through the challenging Covid years in supporting the company and its customers. Despite some of the further challenges that the company is seeing in the short-term, due to the continued uncertainty surrounding Brexit and the impact of the war between Russia and the Ukraine, the fundamentals of the business remain strong, and well placed to ensure the future success of the company.

# Ionix Systems Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2022

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### Key Performance Indicators (KPIs)

The key financial KPIs are those documented in the business review above, and mainly focus on Return on Sales, Sales Growth and Overall Profitability Margins. In terms of Strategic KPIs we use a combination of internal and external focused measurements.

Our external measures are driven by our needs to exceed our customers' expectations are:

- on time and in full (OTIF) which measures delivery performances in terms of full quantity shipped and delivered on time. This is also measured by our key customers; and
- parts per million (PPM) which measures the rate of quality defect returns against our total products shipped.

Internally we have many sub KPIs displayed openly to all employees but the main one is the Zero Defects project which is measuring our internal efficiency across many areas and ultimately is key to improving our profitability.

### Future developments

Looking towards 2023, Ionix has emerged from the pandemic in a strong position to take advantage of opportunities as they arise with an upturn in the aerospace industry. Ionix now enters a period of growth opportunity with a need to ensure operational staffing is increased and supplier performance remains in line with current and future sales forecasts. The Group is now in the ramping up phase on contracts secured in the prior year with both new and existing customers, as well as looking to secure and deliver some new orders using its exciting new technologies, such as Ionix's investment in fibre optics. This has been aided by collaborations with some of Amphenol's sister companies.

However, Ionix is aware that the disruption arising from the war in Ukraine may still continue to provide challenges to Ionix in 2023 due to availability and reliability of material supply, increasing lead times and price pressures from suppliers. Therefore, the company will still be focusing on keeping its costs at a level in line with its sales forecasts, where possible.

Despite this, the Group believes that it is in a strong cash position with zero debt, and that combined with its efficient and highly skilled workforce and its continued investment in new technologies, that it will help ensure that Ionix can capitalise on new opportunities and continue with its strategy of diversification amongst its customer base.

### Principal risks and uncertainties

Due to the nature of the products, brand reputation is a risk for the group. The Directors seek to mitigate the risk to the reputation of the group's brands and maintain the brands' positioning relative to the competition by continuing to invest in quality control.

The group looks to ensure a diverse mix of customers and also negotiates contracts that are of a long-term nature, where possible, to support sustainable performance year on year.

The group uses various financial instruments. These include intragroup loans and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risk arising from the group's financial instruments is credit risk. The Directors do not deem liquidity to be a risk due to no external debt, having strong cash reserves and being part of a successful group.

# Ionix Systems Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2022

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### Principal risks and uncertainties (continued)

#### *Credit risk*

The group's principal financial asset is trade debtors. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

#### **Going concern**

The Directors have performed a comprehensive review of the Group's ability to continue as a going concern. This review involved the Directors flexing the current budget and forecasts to varying degrees to perform sensitivity analysis to understand how the financial position of the Group may look and therefore put themselves in a position to be able to conclude on the going concern nature of the business.

Overall 2022 has been a year of gradual improvement from 2021 finishing the year on a Group revenue of £13.8m (2021 £11.1m), orders have been strong with a final order intake for the year of £23.3m (2021 £12m) as the aerospace industry continued to recover from the global pandemic, however 2022 also saw the outbreak of conflict in Ukraine which has had a further global impact on supply chains as key materials become harder to obtain following the implementation of sanctions on Russia. An example of this is the availability of components manufactured from titanium which is primarily sourced from Russia. The main concern for the business through 2022 has been the consistency and reliability of material supply which has limited the revenue achieved in the year. We continue to hold regular meetings with affected suppliers to do what we can to help improve supplier performance.

Group profit before tax increased in 2022 to £1,233k (2021 £7k) this is based on the increase in revenue and a continuing control of costs and staffing levels. The Directors have prepared financial projections based on their best estimate of future trading conditions through to December 2025. This scenario showed an increase in revenue and continued liquidity and cash increases throughout this period. The group does not have any external debt and therefore is subject to no financial covenants. Cash balances are healthy with an operating cash balance at the year-end of £730k and a cash pool £8,614k (included in amounts owed by group undertakings)..

The principal risks to the business in the next 12 months are considered to be:

- The consistent and reliable availability of material supply and increasing lead times arising from global supply chain impacts (e.g. the Ukraine War / COVID response in China).
- The increase in prices from the high inflation rates seen in the past 6 months and how this develops in the next few years is another risk that the business needs to manage.
- The potential for a global recession is a concern as it is unknown how this will impact on the aerospace industry which is still in recovery from the global pandemic.

Ionix are working with our supply chain to help improve performance, with certain key suppliers and those with poor performance we are in regular dialogue to challenge performance and provide assistance where possible, the management team have also performed site visits to suppliers. Where alternative suppliers are available and are allowed under design restrictions, we have moved some or all orders to more reliable sources. However, it is not always possible.

# Ionix Systems Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2022

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### Going concern (continued)


We are doing our best to avoid or delay price increases where we can and where we are not able to do so we have passed these on to our customers as much as possible. This is not always possible or is restricted under our long-term agreements due to indices linked price increases. Where we reach price review points in long term agreements, we have agreed these in advance so we can take advantage of the increased prices as early as possible. For new quotes we have increased prices for our labour and incorporate the potential increases into our material costs, we have also reduced the validity period on our quotes from 30 days to 15 days.

It is difficult to mitigate specifically for the potential effects of recession but as a result of the global pandemic we are now a very lean organisation with comparatively low fixed costs. We have reduced the size of the factory in Estonia which will generate savings going forwards. If the economic conditions require, we will be able to reduce staffing levels to match our revenue levels as this will have the largest impact on profitability. We are also in the process of moving some of our traditional wiring business to a location in India which would come in at a much lower cost than we currently incur.

In conclusion, the stress testing and sensitivity analysis performed when preparing the final versions of the forecast on both the companies' profitability and cash flow have indicated that it is appropriate for the Group to prepare the financial statements on a going concern basis.

This report was approved by the board on 4 April 2024

and signed on its behalf.



**C A Lampo**  
Director

# Ionix Systems Limited

## Directors' Report For the Year Ended 31 December 2022

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The Directors present their report and the audited financial statements for the year ended 31 December 2022.

### Business review section

A review of the business and its principal risks and uncertainties is set out in the Strategic Report.

### Results and dividends

The profit for the year, after taxation, amounted to £1,059k (2021 - £8k).

No dividends were paid during the year (2021 - £Nil) and a final dividend of £5m was proposed and paid after the year end.

### Directors

The Directors who served during the year were:

C A Lampo  
R A Norwitt

### Employees

Within the bounds of confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees.

During the year, the Group gave full and fair consideration to applications for employment by disabled persons, having regard to their personal aptitudes and abilities and to appropriate vacancies. The Group will continue to ensure that disabled employees are considered on the same basis as any other member of staff with regard to training, career development and promotion.

### Qualifying third party indemnity provisions

During the year an indemnity for its directors was provided for by the ultimate parent undertaking, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

### Matters covered in the Group Strategic Report

Disclosures required under 8416(4) of the Companies Act 2006 are commented upon in the strategic report as the Directors consider them to be of strategic importance to the Group.

### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.



# Ionix Systems Limited

## Directors' Report (continued) For the Year Ended 31 December 2022

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### Events after the reporting period

Final Dividends of £5m were proposed and paid after the year end.

The US based Westco group have filed for chapter 11 bankruptcy in the courts of the United States of America on the 1st June 2023. This impacts a large customer Incora UK Limited (Incora) who are part of the Westco group. Under the Chapter 11 process debt outstanding before the date the entity enters the process is frozen and apart from in critical circumstances is written off and becomes unrecoverable.

This has put at risk a receivables balance of £2.7m of which -£0.01m was outstanding at the 2022 year end.

Incora act as an agent of our customer Rolls Royce, we have received assurances from Rolls Royce that our rights for payment of parts supplier rests ultimately with Rolls Royce rather than Incora.

As the Incora – Rolls Royce relationship is so important to the recovery of Incora, Ionix have been offered and have entered into a vendor payment agreement relating to pre-petition debtor balances with Incora whereby we will be paid within 10 days any overdue amounts (£294k GBP and \$928k USD) and the remaining amounts will be paid in accordance with existing trading terms on the basis that we continue to trade with Incora and ship goods as normal going forward, on this basis the pre-petition debt should be cleared by mid-August 2023.

Post-petition Shipments (shipments from the 1st June onwards) will be paid in accordance with normal trading terms, Incora are legally obligated to make these payments and have a funding package of circa \$300m to help the business continue trading while they enter negotiations to restructure their debt obligations.

Ionix have consulted with our corporate headquarters and internal legal teams to obtain advice regarding the implications of the Chapter 11 process which is designed to allow struggling entities the time to restructure and continue as a going concern.

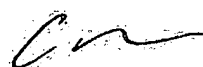
We have assessed the balance of risk and have concluded that between the backing of Rolls Royce and committing to the vendor payment agreement the risk of non-payment is minimal.

At the date of signature, Incora have paid all outstanding pre-petition debt as mentioned above and are up to date with current payments on continuing sales balances.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4 April 2024 and signed on its behalf.



**C A Lampo**  
Director

# **Ionix Systems Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2022**

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The Directors are responsible for preparing the Group strategic report, the Directors' 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 Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Ionix Systems Limited

## Independent Auditor's report to the members of Ionix Systems Limited

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### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ionix Systems Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated statement of comprehensive Income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### 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 Group or Parent 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.

# Ionix Systems Limited

## Independent Auditor's report to the members of Ionix Systems Limited (continued)

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### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Director's Report, other than the financial statements and our auditor's report thereon. 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.

### Other Companies Act 2006 reporting

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

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

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

### Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

# Ionix Systems Limited

## Independent Auditor's report to the members of Ionix Systems Limited (continued)

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### 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.

#### *Extent to which the audit was 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:

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be FRS 102 (UK GAAP), the Companies Act 2006, UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be GDPR, the health and safety legislation and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

#### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

# Ionix Systems Limited

## Independent Auditor's report to the members of Ionix Systems Limited (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

Based on our risk assessment, we considered the area's most susceptible to fraud to be revenue cut off and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by the management for bias such as trade debtors and stock provision.
- Testing a sample of credit notes in the period and post year to determine if they have been raised for legitimate business reasons;
- Testing a sample of revenue transactions within a specified cut off window around the year end to determine if the appropriate recognition criteria has been met and revenue has been recognised in the correct period.
- Agreed upon procedures communicated to overseas component auditor in respect to the risk of management override; and
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

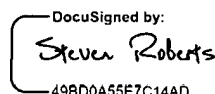
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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04 April 2024

**Steven Roberts** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Ionix Systems Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	13,812	11,145
Cost of sales		(11,261)	(9,531)
<b>Gross profit</b>		<b>2,551</b>	<b>1,614</b>
Administrative expenses		(1,460)	(1,686)
Other operating income	5	-	44
<b>Operating profit/(loss)</b>	6	<b>1,091</b>	<b>(28)</b>
Interest receivable and similar income	9	143	35
<b>Profit before tax</b>		<b>1,234</b>	<b>7</b>
Tax on profit	10	(175)	1
<b>Profit for the financial year</b>		<b>1,059</b>	<b>8</b>
<b>Other comprehensive income for the year</b>			
Currency translation differences		58	-
<b>Total comprehensive income for the year</b>		<b>1,117</b>	<b>8</b>

The notes on pages 18 to 36 form part of these financial statements.

# Ionix Systems Limited

Registered number: 00592717

## Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Tangible assets	11		531		548
			<u>531</u>		<u>548</u>
<b>Current assets</b>					
Stocks	13	5,206		3,621	
Debtors: amounts falling due after more than one year	14	67		-	
Debtors: amounts falling due within one year	14	12,365		12,128	
Cash at bank and in hand		730		524	
		<u>18,368</u>		<u>16,273</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(2,945)		(1,986)	
<b>Net current assets</b>			<u>15,423</u>		<u>14,287</u>
<b>Net assets</b>			<u>15,954</u>		<u>14,835</u>
<b>Capital and reserves</b>					
Called up share capital	18	-		-	
Other reserves	19	73		71	
Profit and loss account	19	15,881		14,764	
<b>Total equity</b>			<u>15,954</u>		<u>14,835</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

4 April 2024



**C A Lampo**  
Director

The notes on pages 18 to 36 form part of these financial statements.



# Ionix Systems Limited

Registered number: 00592717

## Company Statement of Financial Position As at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Tangible assets	11		267		433
Investments	12		-		-
			<u>267</u>		<u>433</u>
<b>Current assets</b>					
Stocks	13	5,206		3,621	
Debtors: amounts falling due after more than one year	14	67		-	
Debtors: amounts falling due within one year	14	12,311		12,077	
Cash at bank and in hand		426		480	
		<u>18,010</u>		<u>16,178</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(2,999)		(2,250)	
<b>Net current assets</b>			<u>15,011</u>		<u>13,928</u>
<b>Net assets</b>			<u>15,278</u>		<u>14,361</u>
<b>Capital and reserves</b>					
Called up share capital	18		-		-
Profit and loss account brought forward		14,361		13,975	
Profit for the year		917		171	
Other changes in the profit and loss account		-		215	
		<u></u>		<u></u>	
Profit and loss account carried forward			15,278		14,361
<b>Total equity</b>			<u>15,278</u>		<u>14,361</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2024

C A Lampo  
Director



The notes on pages 18 to 36 form part of these financial statements.

# Ionix Systems Limited

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2022	-	71	14,764	14,835
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,059	1,059
Currency translation differences	-	-	58	58
<b>Total comprehensive income for the year</b>	-	-	1,117	1,117
<b>Contributions by and distributions to owners</b>				
Share based payments	-	2	-	2
<b>Total transactions with owners</b>	-	2	-	2
<b>At 31 December 2022</b>	-	73	15,881	15,954

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	41	14,541	14,582
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	8	8
<b>Total comprehensive income for the year</b>	-	-	8	8
<b>Contributions by and distributions to owners</b>				
Share based payments	-	30	-	30
Capital contribution	-	-	215	215
<b>Total transactions with owners</b>	-	30	215	245
<b>At 31 December 2021</b>	-	71	14,764	14,835

The notes on pages 18 to 36 form part of these financial statements.

# Ionix Systems Limited

## Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2022	-	14,361	14,361
<b>Comprehensive income for the year</b>			
Profit for the year	-	917	917
	-	917	917
<b>Total comprehensive income for the year</b>			
	-	15,278	15,278
<b>At 31 December 2022</b>	<b>-</b>	<b>15,278</b>	<b>15,278</b>

## Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	13,975	13,975
<b>Comprehensive income for the year</b>			
Profit for the year	-	171	171
	-	171	171
<b>Total comprehensive income for the year</b>			
	-	215	215
<b>Contributions by and distributions to owners</b>			
Capital contribution	-	215	215
	-	215	215
<b>Total transactions with owners</b>			
	-	14,361	14,361
<b>At 31 December 2021</b>	<b>-</b>	<b>14,361</b>	<b>14,361</b>

The notes on pages 18 to 36 form part of these financial statements.

# Ionix Systems Limited

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,059	8
<b>Adjustments for:</b>		
Depreciation of tangible assets	217	207
Interest receivable	(142)	(35)
Taxation charge	175	1
(Increase)/decrease in stocks	(1,585)	673
(Increase) in debtors	(455)	(798)
Increase in creditors	938	48
Corporation tax paid	(12)	(61)
Foreign exchange differences	65	53
<b>Net cash generated from operating activities</b>	<b>260</b>	<b>96</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(196)	(150)
Interest received	142	35
<b>Net cash used in investing activities</b>	<b>(54)</b>	<b>(115)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>206</b>	<b>(19)</b>
Cash and cash equivalents at beginning of year	524	543
<b>Cash and cash equivalents at the end of year</b>	<b>730</b>	<b>524</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	730	524
	<b>730</b>	<b>524</b>

The Group has no debt and has therefore chosen not to present a Statement of Net Debt.

The notes on pages 18 to 36 form part of these financial statements.

# **Ionix Systems Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **1. General information**

Ionix Systems Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Group's operations and its principal activities are set out in the Group Strategic report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The presentational and functional currency is GBP and the accounts have been rounded to the nearest thousand pounds.

The following principal accounting policies have been applied:

#### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.3 Parent company exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis that these disclosures are included in consolidated financial statements higher up the group:

- no statement of cash flows has been presented for the Parent Company;
- disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole;
- no disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the company as a whole; and
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23 are not included.

#### 2.4 Going concern

The Directors have performed a comprehensive review of the Group's ability to continue as a going concern. This review involved the Directors flexing the current budget and forecasts to varying degrees to perform sensitivity analysis to understand how the financial position of the Group may look and therefore put themselves in a position to be able to conclude on the going concern nature of the business.

Overall 2022 has been a year of gradual improvement from 2021 finishing the year on a Group revenue of £13.8m (2021 £11.1m), orders have been strong with a final order intake for the year of £23.3m (2021 £12m) as the aerospace industry continued to recover from the global pandemic, however 2022 also saw the outbreak of conflict in Ukraine which has had a further global impact on supply chains as key materials become harder to obtain following the implementation of sanctions on Russia. An example of this is the availability of components manufactured from titanium which is primarily sourced from Russia. The main concern for the business through 2022 has been the consistency and reliability of material supply which has limited the revenue achieved in the year. We continue to hold regular meetings with affected suppliers to do what we can to help improve supplier performance.

Group profit before tax increased in 2022 to £1,234k (2021 £7k) this is based on the increase in revenue and a continuing control of costs and staffing levels. The Directors have prepared financial projections based on their best estimate of future trading conditions through to December 2025. This scenario showed an increase in revenue and continued liquidity and cash increases throughout this period. The group does not have any external debt and therefore is subject to no financial covenants. Cash balances are healthy with an operating cash balance at the year-end of £730k and a cash pool £8,614k.

The principal risks to the business in the next 12 months are considered to be;

- The consistent and reliable availability of material supply and increasing lead times arising from global supply chain impacts (e.g. the Ukraine War / COVID response in China).
- The increase in prices from the high inflation rates seen in the past 6 months and how this develops in the next few years is another risk that the business needs to manage.
- The potential for a global recession is a concern as it is unknown how this will impact on the aerospace industry which is still in recovery from the global pandemic.

# **Ionix Systems Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **2. Accounting policies (continued)**

#### **2.4 Going concern (continued)**

Ionix are working with our supply chain to help improve performance, with certain key suppliers and those with poor performance we are in regular dialogue to challenge performance and provide assistance where possible, the management team have also performed site visits to suppliers. Where alternative suppliers are available and are allowed under design restrictions, we have moved some or all orders to more reliable sources. However, it is not always possible.

In conclusion, the stress testing and sensitivity analysis performed when preparing the final versions of the forecast on both the companies' profitability and cash flow have indicated that it is appropriate for the Group to prepare the financial statements on a going concern basis.

#### **2.5 Turnover**

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers. Turnover and profit before taxation are derived from the Group's principal activity. Turnover is recognised when the risk and rewards of ownership have passed to the customer primarily on receipt by the customer.

#### **2.6 Foreign currency translation**

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling the transaction when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at operating rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

#### 2.8 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.9 Government grants

Payments received under the UK government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred. It is recognised in income in the period in which it becomes receivable and the related expense is incurred.

#### 2.10 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

#### 2.11 Finance costs

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



# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.12 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3-10 years
Computer equipment	- 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

# **Ionix Systems Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **2. Accounting policies (continued)**

#### **2.14 Stocks**

Stocks and work in progress are calculated on an weighted average cost basis and are stated in the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. No element of profit is included in the valuation of work in progress.

#### **2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **2.16 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### **2.17 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.18 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### **2.19 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# **Ionix Systems Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **2. Accounting policies (continued)**

#### **2.20 Financial instruments**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the consolidated statement of comprehensive income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **2.21 Share based payments**

##### **Share-based payments**

The Share Based Payments that are expensed to Ionix Systems Limited and Ionix Systems OU by Amphenol Corporation during the year have been expensed on a reasonable basis, and one that is allowed under UK Transfer Pricing Regulations. The expense is calculated as the fair value of the options at the grant date.

##### **Stock-Based Compensation**

Ionix accounts for its stock options and restricted share awards based on the fair value of the award at the date of the grant and recognises the compensation expense over the service period that the awards are expected to vest. The company recognises expense for stock-based compensation with graded vesting on a straight-line basis over the vesting period of the entire award. The expense incurred for stock-based compensation plans is included in administrative expenses in the Statement of Comprehensive Income.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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

In the application of the Group's accounting policies, which are described in note 2.1, the Directors are required to make judgements, 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. In the opinion of the Directors, there are no estimation uncertainty that would require disclosure in the financial statements.

Critical judgements and sources of estimation uncertainty in applying the Group's accounting policies

The Directors have made the following key judgements and estimates in preparing these financial statements:

- Stock provisions

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks. Provisions are established based on advanced orders that have been received up to 3 years in advance. Any stock held that is not required for these orders will be provided for.

### 4. Turnover

The whole of the turnover is attributable to the principal activities of the Group.

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	9,231	5,057
Rest of Europe	4,050	5,738
Rest of the world	531	350
	<u>13,812</u>	<u>11,145</u>

### 5. Other operating income

	2022 £000	2021 £000
Government grants receivable	-	44
	<u>-</u>	<u>44</u>

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 6. Operating profit/(loss)

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

	2022 £000	2021 £000
Depreciation of tangible fixed assets	217	207
Exchange differences	317	17
Other operating lease rentals		
- land and buildings	301	323
- plant and machinery	7	7
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	30	28
Fees payable to Group's auditor and its associates for non-audit services	3	3
Share based payment expense	398	419
	<u>398</u>	<u>419</u>

### 7. Employees

Staff costs were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	2,555	2,190	1,396	1,261
Social security costs	550	431	199	175
Cost of defined contribution scheme	73	70	73	70
	<u>3,178</u>	<u>2,691</u>	<u>1,668</u>	<u>1,506</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Employees including Directors	157	147	50	49
	<u>157</u>	<u>147</u>	<u>50</u>	<u>49</u>

### 8. Directors' remuneration

In the current and prior year the Directors were remunerated by a fellow Group company and the costs were not recharged to this company, as such no transactions relating to the Directors occurred. No allocation can be made for remuneration relating specifically to this Company.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 9. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from Group companies	140	35
Other interest receivable	3	-
	<u>143</u>	<u>35</u>

### 10. Taxation

	2022 £000	2021 £000
<b>Corporation tax</b>		
Current tax on profits for the year	193	8
Adjustments in respect of previous periods	-	11
<b>Total current tax</b>	<u>193</u>	<u>19</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14)	(8)
Adjustments in respect of previous periods	1	-
Effect of changes in tax rates	(5)	(12)
<b>Total deferred tax</b>	<u>(18)</u>	<u>(20)</u>
<b>Taxation on profit</b>	<u>175</u>	<u>(1)</u>

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 10. Taxation (continued)

#### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	1,234	7
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	234	1
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	11
Adjustments to tax charge in respect of prior periods	1	(34)
Tax rate changes	(5)	(12)
Share options	(30)	-
Lower rates on overseas earnings	(27)	33
<b>Total tax charge/(credit) for the year</b>	<b>175</b>	<b>(1)</b>

#### Factors that may affect future tax charges

Under legislation substantively enacted on 17 March 2020, the UK tax rate was planned remain to be 19% from 1 April 2020 onwards. The budget resolution has announced a rise of the UK Corporation tax rate to 25% from 1 April 2022. This was substantively enacted on 24 May 2021. The deferred tax balance at the year end has been calculated based on the rate when the deferred tax is expected to be realised.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Tangible fixed assets

#### Group

	Plant and machinery £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 January 2022	1,147	272	1,419
Additions	187	9	196
Disposals	(12)	-	(12)
Exchange adjustments	16	-	16
At 31 December 2022	1,338	281	1,619
<b>Depreciation</b>			
At 1 January 2022	682	189	871
Charge for the year	216	1	217
Disposals	(11)	-	(11)
Exchange adjustments	11	-	11
At 31 December 2022	898	190	1,088
<b>Net book value</b>			
At 31 December 2022	440	91	531
At 31 December 2021	465	83	548



# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Tangible fixed assets (continued)

#### Company

	Plant and machinery £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 January 2022	955	219	1,174
Additions	143	9	152
Intra group transfers	(146)	-	(146)
At 31 December 2022	952	228	1,180
<b>Depreciation</b>			
At 1 January 2022	588	153	741
Charge for the year	185	1	186
Intra group transfers	(14)	-	(14)
At 31 December 2022	759	154	913
<b>Net book value</b>			
At 31 December 2022	193	74	267
At 31 December 2021	367	66	433

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 12. Fixed asset investments

Investments  
in subsidiary  
companies  
£000

At 31 December 2021 and 31 December 2022

-

#### Subsidiary undertaking

The following is the only wholly owned subsidiary undertaking of the company:

Name	Principal activity	Registered office
Ionix Systems OU	Manufacture "inert" wiring harnesses	Pikk Street 59b, Kuressare, 93815, Saare, maakond, Estonia

### 13. Stocks

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Raw materials and consumables	3,748	2,522	3,748	2,522
Work in progress	1,204	752	1,204	752
Finished goods and goods for resale	254	347	254	347
	<u>5,206</u>	<u>3,621</u>	<u>5,206</u>	<u>3,621</u>

There is no material difference between the value of stocks shown above and their replacement cost.

The impairment loss written back in profit or loss for the year in respect of slow moving or obsolete stock was a gain of £26k (2021 - gain of £53k).

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
<b>Due after more than one year</b>				
Deferred tax asset	67	-	67	-
	<u>67</u>	<u>-</u>	<u>67</u>	<u>-</u>
	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
<b>Due within one year</b>				
Trade debtors	3,451	3,110	3,451	3,109
Amounts owed by group undertakings	8,756	8,648	8,745	8,625
Other debtors	21	10	-	-
Prepayments and accrued income	34	28	12	11
Tax recoverable	102	282	102	282
Deferred taxation	1	50	1	50
	<u>12,365</u>	<u>12,128</u>	<u>12,311</u>	<u>12,077</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £2k (2021 - £2k).

Intercompany balances arising from trading items are repayable to terms. There is no interest receivable on these unsecured balances. Intercompany balances arising from the cash pooling arrangement are unsecured, due on demand and accrue interest of SONIA +0.3%.

### 15. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	1,889	1,140	1,858	1,140
Amounts owed to group undertakings	291	-	575	400
Other taxation and social security	672	290	470	291
Other creditors	-	183	-	46
Accruals and deferred income	93	373	96	373
	<u>2,945</u>	<u>1,986</u>	<u>2,999</u>	<u>2,250</u>

Intercompany balances arising from trading items are repayable to terms. There is no interest payable on these unsecured balances.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16. Deferred taxation

#### Group

	2022 £000
At beginning of year	50
Charged to profit or loss	18
<b>At end of year</b>	<b>68</b>

#### Company

	2022 £000
At beginning of year	50
Charged to profit or loss	18
<b>At end of year</b>	<b>68</b>

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Fixed asset timing differences	67	49	67	49
Short term timing differences	1	1	1	1
	<b>68</b>	<b>50</b>	<b>68</b>	<b>50</b>

### 17. Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £73,000 (2021 - £70,000). Contributions totalling £12,000 (2021 - £12,146) were payable to the fund at the reporting date and are included in creditors.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 18. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
100 (2021 - 10,000) A shares of £1.00 (2021 - £0.01) each	<u>100</u>	<u>100</u>

All shares have equal voting rights and full rights to dividends and capital distributions.

### 19. Reserves

The Group's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Other reserves

Other reserves represent the cost reserved for share option issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 20. Share-based payments

The Share Based Payments that are expensed to Ionix Systems Limited and Ionix Systems OU by Amphenol Corporation during the year have been expensed on a reasonable basis, and one that is allowed under UK Transfer Pricing Regulations. The expense is calculated as the fair value of the options at the grant date.

#### Stock-Based Compensation

Ionix accounts for its stock options and restricted share awards based on the fair value of the award at the date of the grant and recognises the compensation expense over the service period that the awards are expected to vest. The company recognises expense for stock-based compensation with graded vesting on a straight-line basis over the vesting period of the entire award. The expense incurred for stock-based compensation plans is included in administrative expenses in the Statement of Comprehensive Income.

#### Stock Options

In May 2017, Ionix, as a subsidiary of Amphenol Corporation, adopted the Amphenol Corporation 2017 Stock Purchase and Option Plan. A committee of Amphenol's Board of Directors has been authorised to grant stock options according to this plan. Prior to this plan, Ionix adopted the Amphenol Corporation 2009 Stock Purchase and Option Plan, but no additional options will be granted under this plan. Options granted under both plans generally vest rateably over a period of five years from the date of the grant and are generally exercisable over a period of ten years from the date of the grant.

The grant-date fair value of each option under the grant is estimated using the Black-Scholes option pricing model. The grant-date fair value of each share is determined based on the closing share price of Amphenol Corporation's Common Stock at the date of the grant. The fair value is then amortised on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Use of a valuation model for option grants requires management to make certain assumptions with respect of selected model inputs. Expected share price volatility is calculated based on the historical volatility of Amphenol Corporation's Common Stock and implied volatility derived from related exchange traded options. The average expected life is based on the contractual term of the option and expected exercise and historical experience. The risk-free interest rate is based on the U.S. Treasury zero-coupon issuances with a remaining term equal to the expected life assumed at the date of the grant.

### 21. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
<b>Plant and machinery</b>				
Within 1 year	7	7	7	7
Between 2-5 years	7	7	9	9
	<u>14</u>	<u>14</u>	<u>16</u>	<u>16</u>
<b>Land and buildings</b>				
Within 1 year	263	96	300	88
Between 2-5 years	326	201	468	298
	<u>589</u>	<u>297</u>	<u>768</u>	<u>386</u>

# Ionix Systems Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 22. Related party transactions

The Group has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group.

### 23. Events after the reporting period

Final Dividends of £5m were proposed and paid after the year end.

The US based Westco group have filed for chapter 11 bankruptcy in the courts of the United States of America on the 1st June 2023. This impacts a large customer Incora UK Limited (Incora) who are part of the Westco group. Under the Chapter 11 process debt outstanding before the date the entity enters the process is frozen and apart from in critical circumstances is written off and becomes unrecoverable.

This has put at risk a receivables balance of £2.7m of which -£0.01m was outstanding at the 2022 year end.

Incora act as an agent of our customer Rolls Royce, we have received assurances from Rolls Royce that our rights for payment of parts supplier rests ultimately with Rolls Royce rather than Incora.

As the Incora – Rolls Royce relationship is so important to the recovery of Incora, Ionix have been offered and have entered into a vendor payment agreement relating to pre-petition debtor balances with Incora whereby we will be paid within 10 days any overdue amounts (£294k GBP and \$928k USD) and the remaining amounts will be paid in accordance with existing trading terms on the basis that we continue to trade with Incora and ship goods as normal going forward, on this basis the pre-petition debt should be cleared by mid-August 2023.

Post-petition Shipments (shipments from the 1st June onwards) will be paid in accordance with normal trading terms, Incora are legally obligated to make these payments and have a funding package of circa \$300m to help the business continue trading while they enter negotiations to restructure their debt obligations.

Ionix have consulted with our corporate headquarters and internal legal teams to obtain advice regarding the implications of the Chapter 11 process which is designed to allow struggling entities the time to restructure and continue as a going concern.

We have assessed the balance of risk and have concluded that between the backing of Rolls Royce and committing to the vendor payment agreement the risk of non-payment is minimal.

At the date of signature, Incora have paid all outstanding pre-petition debt as mentioned above and are up to date with current payments on continuing sales balances.

### 24. Ultimate parent undertaking and controlling party

The Directors regard Amphenol Corporation Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

Amphenol Corporation Inc. is the parent company of the smallest and largest Group of which the company is a member and for which Group financial statements are drawn up including the company. Copies of the consolidated financial statements are available from its registered address Amphenol Corporation Inc., 358 Hall Avenue, Wallingford, Connecticut, USA.