



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 943 771 030  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: GKN AEROSPACE NORWAY AS  
Forretningsadresse: Kirkegårdsveien 45  
3616 KONGSBERG

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nina Karine Lindseth  
Dato for fastsettelse av årsregnskapet: 13.03.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 28.10.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sales revenue	2, 3	1 446 881 000	1 083 675 000
Other operating revenues		1 904 582 000	1 173 000
<b>Sum inntekter</b>		<b>3 351 463 000</b>	<b>1 084 848 000</b>
<b>Kostnader</b>			
Use of raw materials and semi-man. products	3, 7	464 256 000	329 023 000
Wages, salaries and social welfare costs	8, 9	324 669 000	308 422 000
Depreciation	5, 6	45 520 000	127 836 000
Other operating expenses	3, 8	252 239 000	202 681 000
<b>Sum kostnader</b>		<b>1 086 684 000</b>	<b>967 961 000</b>
<b>Driftsresultat</b>		<b>2 264 779 000</b>	<b>116 887 000</b>
<b>Finansinntekter og finanskostnader</b>			
Other financial income		500 000	500 000
Currency loss/gain	12	187 446 000	96 505 000
<b>Sum finansinntekter</b>		<b>187 946 000</b>	<b>97 005 000</b>
Rentekostnad til foretak i samme konsern	3	-8 462 000	-4 000
Other net interest expenses		162 000	403 000
<b>Sum finanskostnader</b>		<b>-8 301 000</b>	<b>399 000</b>
<b>Netto finans</b>		<b>196 247 000</b>	<b>96 606 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>2 461 025 000</b>	<b>213 493 000</b>
Tax on ordinary result	5	541 352 000	46 553 000
<b>Ordinært resultat etter skattekostnad</b>		<b>1 919 673 000</b>	<b>166 940 000</b>
<b>Årsresultat</b>		<b>1 919 673 000</b>	<b>166 940 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>1 919 673 000</b>	<b>166 940 000</b>
<b>Totalresultat</b>		<b>1 919 673 000</b>	<b>166 940 000</b>



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>Overføringer og disponeringer</b>			
Ordinært utbytte		2 790 000 000	
Allocated to other equity	14		166 940 000
Allocated from other equity		-870 327 000	
<b>Sum overføringer og disponeringer</b>		<b>1 919 673 000</b>	<b>166 940 000</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Capitalized development costs	5	28 420 000	180 406 000
Capitalized startup costs	5	49 000	61 000
Capitalized entry fee costs	5		78 020 000
Utsatt skattefordel	13		96 174 000
<b>Sum immaterielle eiendeler</b>		<b>28 468 000</b>	<b>354 662 000</b>
<b>Varige driftsmidler</b>			
Land	5	1 301 000	1 301 000
Buildings	5	43 618 000	43 110 000
Machinery, furniture, equipment	6	303 459 000	284 089 000
<b>Sum varige driftsmidler</b>		<b>348 378 000</b>	<b>328 500 000</b>
Investments in shares	9		
Other long-term receivables	10		
<b>Sum anleggsmidler</b>		<b>376 847 000</b>	<b>683 162 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>	7	<b>270 975 000</b>	<b>354 897 000</b>
<b>Fordringer</b>			
Customer receivables	15	144 130 000	98 242 000
Group trade receivable	15, 16	166 152 000	257 264 000
Other current receivables	16	194 195 000	150 334 000
Konsernfordringer	3, 16	2 655 305 000	594 931 000
<b>Sum fordringer</b>		<b>3 159 783 000</b>	<b>1 100 771 000</b>
Bank deposits	15		
<b>Sum omløpsmidler</b>		<b>3 430 757 000</b>	<b>1 455 668 000</b>
<b>SUM EIENDELER</b>		<b>3 807 604 000</b>	<b>2 138 830 000</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	14, 17	112 500 000	112 500 000
Overkurs	14	4 875 000	4 875 000
<b>Sum innskutt egenkapital</b>		<b>117 375 000</b>	<b>117 375 000</b>
<b>Opptjent egenkapital</b>			
Other equity	14	524 301 000	1 422 404 000
<b>Sum opptjent egenkapital</b>		<b>524 301 000</b>	<b>1 422 404 000</b>
<b>Sum egenkapital</b>		<b>641 676 000</b>	<b>1 539 779 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	20	89 004 000	107 337 000
Utsatt skatt		298 377 000	30 053 000
Other provisions	20	102 349 000	203 193 000
<b>Sum avsetninger for forpliktelser</b>		<b>489 730 000</b>	<b>340 583 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>489 730 000</b>	<b>340 583 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	3, 3, 16	136 575 000	107 947 000
Tax payable	13	169 080 000	25 423 000
Public duties payable		22 755 000	7 013 000
Utbytte		2 200 000 000	
Other short-term liabilities		104 642 000	83 647 000
Advance from customer		43 145 000	34 437 000
<b>Sum kortsiktig gjeld</b>		<b>2 676 198 000</b>	<b>258 468 000</b>
<b>Sum gjeld</b>		<b>3 165 928 000</b>	<b>599 051 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 807 604 000</b>	<b>2 138 830 000</b>



INCOME STATEMENT			
GKN AEROSPACE NORWAY AS			
	Note	Adjusted 2022	Adjusted 2021
OPERATING REVENUES			
Sales revenue	2,3	1 446 881	1 083 675
Other operating revenues	4,5	1 904 582	1 173
Total operating revenues		3 351 463	1 084 848
OPERATING EXPENSES			
Use of raw materials and semi-man. products	3,7,10	464 256	364 630
Wages, salaries and social welfare costs	8	324 669	308 422
Depreciation	5,6	45 520	127 836
Other operating expenses	3,8	252 239	202 681
Total operating expenses		1 086 684	1 003 570
Operating profit		2 264 779	81 278
FINANCIAL INCOME AND EXPENSES			
Other financial income	11	500	500
Currency loss/gain	12	187 446	96 505
Interest received from group companies	3	8 462	4
Other net interest expenses		162	403
Result from financial income and expenses		19 627	96 606
Profit and loss before taxes		2 461 025	177 884
Tax on ordinary result	13,10	541 352	38 720
NET PROFIT FOR THE YEAR		1 919 673	139 164
APPLICATION OF NET PROFIT FOR THE YEAR			
Dividende end June	14	590 000	
Dividende Year End	14	2 200 000	
Allocated to other equity	14		139 164
From equity	14	-870 327	
Total		1 919 673	139 164

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Balance sheet			
GKN AEROSPACE NORWAY AS			
	Note	Adjusted 2022	Adjusted 2021
Assets			
FIXED ASSETS			
Intangible fixed assets			
Capitalized development costs	5	28 420	180 406
Capitalized startup costs	5	49	61
Capitalized entry fee costs	5	0	78 020
Deferred tax	5	0	73 954
Total intangible fixed assets		28 468	332 441
			0
Tangible fixed assets			
Land	6	1 301	1 301
Buildings	6	43 618	43 110
Machinery, furniture, equipment	6	303 459	284 089
Total tangible fixed assets		348 378	328 500
TOTAL FIXED ASSETS		376 846	660 941
CURRENT ASSETS			
Inventories	7	270 975	319 289
Receivables			
Customer receivables	15	144 130	98 242
Group trade receivable	15,16	166 152	257 264
Other current receivables	11,17	194 195	150 334
Other receivables to group companies	15	2 655 305	594 931
Total receivables		3 159 783	1 100 771
TOTAL CURRENT ASSETS		3 430 758	1 420 060
TOTAL ASSETS		3 807 604	2 081 001

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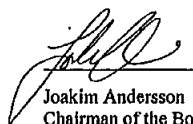


EQUITY AND LIABILITIES	Balance sheet GKN AEROSPACE NORWAY AS		
	Note	2022	Adjusted 2021
EQUITY			
Restricted equity			
Share capital	14,18	112 500	112 500
Share premium reserve	14,18	4 875	4 875
Total restricted equity		117 375	117 375
Retained earnings			
Other equity	14,18	524 301	1 394 628
Total retained earnings		524 301	1 394 628
Total equity		641 676	1 512 003
LIABILITIES			
Provisions			
Early retirement and other employee obligations	20	89 004	107 337
Deferred tax	13	298 377	
Other provisions	8, 20	102 349	203 193
Total provisions		489 730	310 530
Long-term liabilities			
Short-term liabilities			
Trade creditors	3	130 704	102 371
Group trade creditors	3,16	5 871	5 577
Tax payable	13	169 078	25 423
Public duties payable		22 755	7 013
Dividend	14	2 200 000	
Other short-term liabilities		104 642	83 647
Advance from customer		43 145	34 437
Total short-term liabilities		2 676 195	258 468
TOTAL LIABILITIES		3 165 928	568 998
TOTAL EQUITY AND LIABILITIES		3 807 604	2 081 001

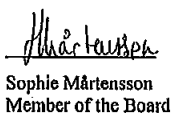
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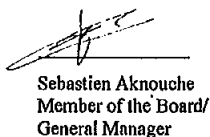
Kongsberg, 13 March 2023



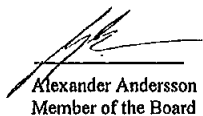
Joakim Andersson  
Chairman of the Board



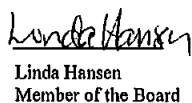
Sophie Mårtensson  
Member of the Board



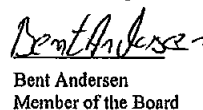
Sebastien Aknouche  
Member of the Board/  
General Manager



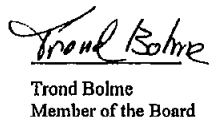
Alexander Andersson  
Member of the Board



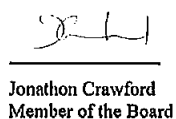
Linda Hansen  
Member of the Board



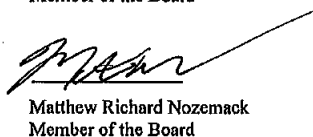
Bent Andersen  
Member of the Board



Trond Bolme  
Member of the Board



Jonathon Crawford  
Member of the Board



Matthew Richard Nozemack  
Member of the Board



## GKN AEROSPACE NORWAY AS

### CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER

	Note	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxes		2 461 025	177 884
Depreciation	6,7	45 520	127 836
Profit on fixed asset disposals	7	(1 904 035)	(595)
Taxes	5	(25 423)	(31 420)
Adjustment no cash effect		-	-
Change in inventories, customer receivables and payable to suppliers	8, 12, 13	122 279	187 515
Change in other accrued income and accrued expenses		(118 895)	(83 211)
Change in other accrued income and accrued expenses		580 471	378 007
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>580 471</b>	<b>378 007</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible fixed assets	7	(48 622)	(16 864)
Sale of tangible fixed assets	7	366	0
Sale of intangible fixed assets	6	2 118 159	1 185
Change in loan to group		(2 116 900)	0
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>(46 997)</b>	<b>(15 679)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		533 474	362 329
Loan to group	13	56 526	(369 619)
Paid dividends		(590 000)	0
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>(533 474)</b>	<b>(369 619)</b>
<b>Net cash flow for the year</b>	<b>A+B+C</b>	<b>0</b>	<b>(7 291)</b>
Bank deposits at 1. January		0	7 291
<b>BANK DEPOSITS AT 31. DECEMBER</b>		<b>0</b>	<b>(0)</b>

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## GKN AEROSPACE NORWAY AS

NOTES TO THE ACCOUNTS ON 31 DECEMBER 2022  
(All amounts in NOK thousand unless specified with decimals)

### NOTE 1 - ACCOUNTING PRINCIPLES

The annual accounts are drawn up in compliance with the Norwegian Accounting Act of 1998 and prepared in accordance with accepted Norwegian accounting standards.

#### Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the Company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

#### Prior year adjustment

Prior year adjustment is judged toward's the NGAAP. Material prior years error is booked against Equity. The comparative number for 2021 is shown in separate note.

#### Main principle for valuation and classification of assets and liabilities

Fixed assets are valued at purchase cost, but written-down to market value when a value reduction is not expected to be temporary. Fixed assets with a limited economic lifetime are depreciated as planned. Long-term liabilities are recorded in the balance sheet at the nominal amount at the date of establishment. Long-term liabilities are not revalued at actual value as a result of changes in interest rate.

Current assets are valued at the lowest of purchase cost and actual value. Current liabilities are recorded on the balance sheet as the nominal amount at the establishment date. Current liabilities are not revalued at actual value as a result of changes in interest rate.

#### Assets and liabilities in foreign currencies

Current assets and liabilities in foreign currencies are translated into Norwegian kroner (NOK) at the exchange rate on the balance date.

#### Currency in P&L

Income and cost in P&L is booked the the monthly currency rate based on Norwegian Bank last month average currency rate.

#### Forward contracts and options

The Company's cash flows are secured through forward foreign currency contracts. These are measured at fair value through the income statement under financial expenses in accordance with NRS 18 Financial assets and liabilities. Hedge accounting is not applied.

#### Intangible fixed assets

The Company's own technology projects of permanent nature are capitalized and amortized according to the project's useful life time, while projects of non-permanent nature are charged against operating income.

The Company's share of entry fee and purchased development costs for the engine programs are capitalized in the balance sheet. The entry fee and purchased development costs are amortized on a straight line basis over the estimated sales period for these engine programs, or over a maximum period of 25 years.

In addition, the Company capitalizes start-up costs in connection with these engine programs. Start-up expenses are costs related to design and tooling. The costs for design are capitalized as development costs and the costs for tooling are capitalized as tangible assets. The costs are amortized on a straight line basis over the estimated useful lifetime.

The Company has sold intangible fixed asset in connection to Sales of GenX TRF. The transfer is carried out by a valuation of the business operation relating to the GenX TRF which corresponds to fair value and arms lengths principle. The valuation is based on net present value factors, timelines and other parameters aligned to arms lengths principle. Valuation of the right to produce GenX TRF was determined by acknowledging that net present value of future cash flows was the most correct method. The valuation method came through an impairment-model frequently used within GKN determining intangible contracts. The model assesses volumes, selling- and cost prices according to agreements and budgets on top of market based presumptions. Values are calculated less than 4 weeks prior the parties accepting the agreement.

#### Tangible fixed assets

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule. The impact of changes in the depreciation schedule are carried out over the remaining amortization period. Expenditures for maintenance and repairs are expended as incurred. Major replacements and renewals are capitalized and any assets replaced are retired.

#### The annual rent for non-financial assets are charged as expenses.

Dilapidation provision for rented premises is recognized in balance.

#### Shares and holdings in affiliated companies

Investments in affiliated companies are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends and group contributions are recognized as other financial income.

#### Inventories

Inventories comprise purchased and own-manufactured goods, and are valued at the lower of historical purchase or production cost and estimated net realizable value. Historical production cost consists of direct materials, direct wages and variable and fixed production overheads. Deductions have been made for obsolescence.

#### Customer receivables

Customer receivables and other receivables are recorded in the balance sheet after deduction of provisions to cover anticipated losses. Provisions for losses are based on an individual valuation of each receivable.

#### Revenue

Revenue comprises sales revenue from goods delivered and services performed during the year. Income from sales of goods is recorded at time of delivery. Income from services is recorded as they are performed.



## Pensions

In accordance with Norwegian law, the Company is obliged to keep a pension scheme. The Company's scheme fulfills these requirements. The pension agreements are accounted in accordance with the Norwegian accounting standard for pension costs.

## Defined contribution plan

From 1 December 2009 the Company introduced a defined contribution pension scheme for all employees. With a defined contribution plan the Company pays contributions to an insurance Company. After the contribution has been made the Company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

## Defined benefit plan

In connection with the transition in 2009 to defined contribution plan was disability remain in a defined benefit scheme. According to Norwegian Pensions Act the Company has changed this scheme into a define contribution scheme from 01.01.2017.

## Taxes

Taxes are charged to expenses as they arise. This means, tax expenses are related to operating result before taxes. Tax relating to equity transactions, for example corporate contributions, is entered against equity.

The income tax expense comprises taxes payable (tax on current year taxable income) and changes in net deferred tax. Tax expense is charged between ordinary results and results of extraordinary items, in accordance with the tax basis. Deferred tax and deferred tax assets are presented as net in the balance sheet.

In fiscal year 2022 the income tax rate for calculation of current tax is 22%. Calculation of deferred tax at year-end 2022 is based on a tax rate of 22%.

## Director & Officers insurance

The company is included in a global insurance policy for Directors & Officers.

## Public subsidies and grants

Operating cost subsidies are recorded in the same period as the related costs, but only when it is probable that the conditions for receipt of the subsidies are or will be fulfilled. Investment grants are recorded net as a reduction of the related assets cost.

## Contract loss provision

The Company accrues provisions for expected losses on active contracts. Such losses are included in, respectively, other current and long-term liabilities in the balance sheet, and are recorded as ordinary operating expenses in the income statement.

## Impairments of tangible and intangible assets

Impairment testing is carried out as required provided indications that a tangible or an intangible asset has declined in value. The testing is carried out to determine any impairment through calculation of asset's recovery value. If the calculated recovery value is less than the carrying value, a write down is made to the asset's carrying value.

## Affiliated businesses transactions

As part of its normal business, a significant number of the Company's transactions are with affiliated businesses according with the arm's-length principle.

## Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short-term highly liquid placement with original maturities of three months or less.

## NOTE 2 - SALES REVENUE

Product area	2022	2021
Exhaust housing	523 990	473 843
Case and Ring	391 115	251 413
Shaft	219 110	144 920
Guide vanes	209 755	166 379
Others	102 911	48 294
<b>Total</b>	<b>1 446 881</b>	<b>1 084 848</b>

Geographic distribution	2022	2021
USA	166 320	160 693
France	678 203	457 935
Sweden	486 802	424 731
Norway	5 355	1 188
Belgia		32 676
Italia	109 971	0
Japan	230	7 625
<b>Total</b>	<b>1 446 881</b>	<b>1 084 848</b>

Revenue comprises sales revenue from goods delivered and services performed during the year. Income from sales of goods is recorded at time of delivery. Spare part compensation is included in sales revenue and the exact amount is finalized in April each year.

This years estimated revenue is TNOK 144.314 (53.180 in 2021) and is booked as sales revenue and other current receivable.

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## NOTE 3 – TRANSACTIONS WITH RELATED PARTIES

### Related parties:

Melrose Industries Plc	Ultimate parent Company
GKN Holding Ltd (GKN)	Parent Company
GKN Aerospace Sweden AB (GAS)	Parent Company
GKN Aerospace Newington (GANE)	Sister Company
GKN Enterprise Ltd	Parent Company
GKN Aerospace Services LTD (GKN A.Serv.)	Sister Company
GKN Group Services LTD (GKN Gr.Serv.)	Sister Company
GKN Aerospace Manchester inc	Sister Company
GKN Aerospace Munich	Sister Company
GKN Aerospace Chemie_	Sister Company
GKN Aerospace India	Sister Company
Kongsberg Terotech AS (KTT)	Owner's share 50 %

Different transactions have been made during the year between the related parties. All transactions are carried out as part of the normal business and at arm's length principle. The most significant transactions are:

	2022	2021
Sale of goods and services to GAS	495 146	431 569
Sale of Genx contract	1 904 035	0
Purchase of raw materials from GAS, India, Manchester and GANE	122 363	146 574
Purchase of IT services and common costs from GAS	5 219	3 689
Purchase of common costs from GKN Ltd	65 075	60 538
Purchase of maintenance services from KTT	37 870	29 642
Net Interest receivable /loan GKN	8 462	4

Sale of Genx contract is shown in Note 5

Remuneration of senior management is shown in Note 8 and balances with companies in the GKN Group are described in note 16.

The trade creditors to KTT were MNOK 5 141 at 31. December 2022 and interCompany accounts are shown in note 16.

Treasury department in Melrose Industries Plc trades forward contract shown in note 12.

## NOTE 4 – PUBLIC SUBSIDIES AND GRANTS

The Company received in 2022 TNOK 1 447 from Viken Fylkeskommune. This grants has been used for development and training of employees.

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## NOTE 5 – INTANGIBLE FIXED ASSETS

	Entry fee	Development	Start-up costs	Total
Purchase cost 01.01.	132 638	542 905	159 851	835 414
Additions				
Disposals	-132 638	-256 306	-63 832	-452 796
Reclassification	0	0	0	0
Purchase costs 31.12.	0	286 599	96 019	382 618
Acc. Depreciations 01.01.	54 638	362 497	159 791	576 926
Disposal	-59 740	-116 357	-63 819	-239 917
Acc. Depreciations 31.12.	0	258 179	95 970	354 150
Balance sheet value 31.12.	0	28 420	49	28 469
Current year depreciations	5 102	12 039	0	17 141
Economic lifetime	10-25 years	10-25 years	5-25 years	
Depreciation plan	Straight line	Straight line	Straight line	

The intangible fixed assets are costs for participation in the engine programs GENx, GE90 and CFM56 7B6, of which GENx makes up the lion part. The amortization period for the GENx program started in 2010.

The Company has sold intangible fixed asset in connection to Sales of GENx TRF. The transfer is carried out by a valuation of the business operation relating to the GENx TRF which corresponds to fair value and arms lengths principle. The valuation is based on net present value factors, timelines and other parameters aligned to arms lengths principle. Valuation of the right to produce GENx TRF was determined by acknowledging that net present value of future cash flows was the most correct method. The valuation method came through an impairment-model frequently used within GKN determining intangible contracts. The model assesses volumes, selling- and cost prices according to agreements and budgets on top of market based presumptions. Values are calculated less than 4 weeks prior the parties accepting the agreement.

Sales value TNOK 2 116 900

NBV TNOK 212 865

Profit TNOK 1 904 035

## NOTE 6 – TANGIBLE FIXED ASSETS

	Land	Properties	Machinery and plants	Movables, Furniture, Tools	Total
Purchase cost 01.01.	1 301	75 832	926 311	186 201	1 189 645
Additions purchased assets		2 804	35 997	9 821	48 622
Disposal scrap					
Disposals sales		-170	-30 766	-1 396	-32 331
Reclassification		-960	6 694	-5 734	0
Purchase cost 31.12.	1 131	77 505	938 236	188 893	1 205 936
Acc. depreciations and write-downs 01.01.		32 721	720 923	107 499	861 142
Disposal scrap					
Disposal sales					
Reverse last year write off		-34	-30 536	-1 396	-31 965
Depreciations		1 200	21 649	5 529	28 377
Acc. depreciations and write-downs 31.12.		33 887	712 036	111 632	857 555
Balance sheet value as of 31.12.	1 131	43 617	226 201	77 260	348 378
Current year depreciations		1 200	21 282	5 529	28 011
Loss disposal scrap			366		366
Reversal last year write-downs					0
Impairment					0
Acc. Depreciations and write-downs 2022			21 649	5 529	28 377

In late 2020, as an effect of Covid 19 and the large reduction of flight marked , it was decided to move production of large parts to our owner GKN Aerospace Sweden AB. This process is finalized in 2022.

Economic lifetime	-	30-50 years	15 years	3-15 years
Depreciation plan	-	Straight line	Straight line	Straight line

	Land	Properties	Machinery and plants	Movables, Furniture, Tools	Total
Annual rent of non-financial assets					
Annual rent of non-reported assets in balance sheet	0	1 200	21 649	5 529	28 377
Rental period		0	2019-2023	0	
Dilapidation		11 932			11 932

Dilapidation provision for rented premises is recognized in balance. The provision is based on a calculation of what the cost will be setting the rented premises in same conditions it was as at the time of the rental. The cost of actual dilapidation will be booked against this provision. New valuation is done after most of the reorganisation is done and effect on P&L is booked as other cost for MNOK 17,9.

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NOTE 7 – INVENTORIES	2022	NY2021
Raw materials	78 080	98 663
Work in progress	94 136	130 443
Finished goods (purchased)	15 149	13 987
Finished goods (manufactured)	83 610	76 195
<b>Total</b>	<b>270 975</b>	<b>319 289</b>
Inventories carried at acquisition cost	234 470	271 094
Inventories carried at net realizable value	36 505	48 195
<b>Total</b>	<b>270 975</b>	<b>319 289</b>
Inventories have been deducted for obsolescence with	(95 801)	(114 175)

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## NOTE 8 - WAGES EXPENSES

	2022	2021
Wages, salaries and social welfare costs		
Wages and salaries	255 305	241 412
Social security payments	37 021	36 879
Pension costs	17 082	17 200
Other contributions	15 260	12 930
Total	324 669	308 422

Average number of man-labor years	344	336
-----------------------------------	-----	-----

	President	Board
Remunerations to President and Board of directors		
Remuneration	3 259 245	159 000
Pension contributions	210 987	
Other remuneration	669 950	

	2022	2021
Auditor		
The expensed fees to the Company's auditor consist of the following (VAT excluded):		
Statutory audit	1081	962
Fees for tax services	70	51
Fees for other audit related services	443	251
Total fee to the auditor	1594	1264

## NOTE 9 – PENSION COST, ASSET AND LIABILITIES

The Company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The Company's pension plan meet the requirements of this legislation.

### Defined contribution plan

The defined contribution plan organized in according with Norwegian legislation on defined contribution pensions ("lov om obligatorisk tjenestepensjon"), and covers 338 persons. Employees with salary over 12 G also have an extra defined contribution plan in addition to the collective defined contribution scheme. The additional pension scheme is financed from the Company's operations. The defined-contribution scheme is expensed on an ongoing basis.

### Defined benefit plan

With the transition in 2009 to defined contribution plan was disability remain in a defined benefit scheme. This scheme ceased from 31.12.2016 and from 01.01.2017 it has been be treated as a defined contribution plan. People who were disabled at the time of transition to the defined contribution scheme stays in the defined benefit plan. As at 31.12.2022 there are four people in the scheme and the value of the obligation is immaterial, hence the pension obligation has been removed from the balance and expensed on an ongoing basis.

### Accounting for the pension liability for the AFP plan

The Company has an actual financial liability due to the agreement for the AFP-plan. The benefits are financed through a collective agreement (LO/NHO). The information available is not sufficient in order to enable recognition of a pension liability. The plan is recognised as a defined contribution plan.

The Company has also an early retirement Scheme and the obligation is booked in balance.

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## NOTE 10 - CORRECTION \_USE OF RAW MATERIAL\_ INVENTORY \_ DEFERRED TAX\_ EQUITY

An error was discovered in the accounts for 2021. The error is due to an incorrect handling of a transaction and after assessing the nature and size of the error, it was decided to treat the error as follows; The error has been rectified in 2022 and we choose to show comparative installments for 2021 and give further comments in the note. The error resulted in an lower result for 2021 of NOK 35 million and an positive change in deferred tax of a total of OK 7,833. The net effect for equity is NOK 27,775. The tax-related calculated value for inventory was not incorrect and therefore the tax is only the result reported correctly. The error in percentage share of equity is 1.80% and of total capital 1.32%. Details shown below.

	Final 2021	Prior year adjusted 2021	Prior year adjustment	Description
<b>Profit &amp; Loss</b>				
Total operating income	1 084 848	1 084 848		
Use of raw materials	329 023	364 631	35 608	Increased cost
P&L before tax	213 493	177 885	-35 608	Reduced P&L before tax
Deferred tax	21 539	13 706	-7 833	Lower deferred tax
Payable tax	25 014	25 014		
Net Profit for the year	170 415	142 640	-27 775	Net effect for P&L
<b>Balance sheet</b>			Prior year adjustment	
Deferred tax	66 121	73 954	7 833	Increased deferred tax
Inventory	354 897	319 289	-35 608	Increased cost, lower inventory
Total assets	2 108 777	2 081 001	-27 775	Reduced value total assets
Equity	1 539 777	1 512 002	-27 775	Net effect Equity
Tax payable	25 424	25 424		No change tax payable
Total Equity and liabilities	2 108 777	2 081 001	-27 775	Reduced Equity and Liabilities
In Percent of total equity	-1,80 %			
In Percent of total asset	-1,32 %			

## NOTE 11 - SHARES

GKN Aerospace Norway AS owns shares in the following:

	Ownership	Currency	Total share capital	Number of shares	Nominal value	Book value
Kongsberg Terotech AS	50 %	NOK	500	2500	250	0
Kongsberg Technology Training Centre AS	33 %	NOK	3000	1000	1000	0

## NOTE 12 - FORWARD CONTRACTS

The Company has enter into forward contracts of a total value of MNOK 1 819 and the unrealized gain/loss is the difference between the forward exchange rate and the fair value.

					2022	2021
Period until due date	Currency	Amount	Forward rate	Closing rate		Unrealized gain
2023 - 2027	NOK	-1 819 065 000	-	9,8130		
2023 - 2027	USD	179 531 855	-	9,8130		
Fair value adjustments					100 845	46 890
Booked liability					(95 941)	(196 785)

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## NOTE 13 – TAXES

	2022	NY2021
<b>Tax expenses for current year</b>		
Taxes payable on year's result	(169 080)	(25 424)
Taxes from prior year, paid	59	(1)
Taxes from prior year, paid		409
<b>Total tax payable</b>	<b>(169 021)</b>	<b>(25 014)</b>
Changes in deferred tax (asset) liability	(372 332)	(13 707)
Changes in deferred tax due to changes in tax rate		
Changes in deferred tax, accounting principle		
Changes in deferred tax (asset) liability from prior year		
<b>Total tax expenses for current year</b>	<b>(541 352)</b>	<b>(38 720)</b>
<b>Tax payable for current year</b>	<b>2022</b>	<b>2021</b>
Ordinary result before tax cost	2 461 025	177 884
Permanent differences	(64)	(20)
Changes in temporary differences	(1 591 571)	(15 410)
Adjustment forward contracts, see note 17 for further explanation	(100 845)	(46 890)
Tax effect booked directly against equity		
Basis taxes payable	768 546	115 563
Tax 22% (22%)	169 080	25 424
Taxes from prior year, not paid		
Penalty tax on tax prior year		
<b>Tax payable in the balance sheet</b>	<b>169 080</b>	<b>25 423</b>
<b>Specification and basis for deferred tax:</b>	<b>2022</b>	<b>2021</b>
Fixed assets	474	(4 722)
Current assets	(26 405)	(38 469)
Liabilities	1 478 133	(96 183)
Forward contracts	(95 941)	(196 785)
Basis deferred tax	1 356 259	(336 160)
Tax 22%(22%)	298 378	(73 954)
<b>Total deferred tax (asset) liability</b>	<b>298 378</b>	<b>(73 954)</b>
<b>Effect of the prior year adjustment from Note 10</b>		<b>2021</b>
Temporary difference Inventory before adjustment		-119 072
Temporary difference Inventory after adjustment		-83 464
Adjustment		-35 608
Deferred tax adjustment		-7 834

This gives a total les tax cost in P&L and a higher value of deferred tax benefit in the balance sheet. Details i Note 10

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## NOTE 14 - EQUITY

	Share capital	Share premium reserve	Other equity	Total
Equity 01.01.2022 as previously reported	112 500	4 875	1 422 404	1 539 779
Prior years adjustment			(27 776)	(27 776)
Profit and loss of the year			1 919 673	1 919 673
End dividend June 2022			(590 000)	(590 000)
Dividend Year end			(2 200 000)	(2 200 000)
<b>Equity 31.12.2022</b>	<b>112 500</b>	<b>4 875</b>	<b>524 301</b>	<b>641 676</b>

Prior years adjustment

Last year's statutory account was reported with a result that was TNOK 27 776 to high and equity to low.

The effect on statutory accounts is shown in separate note number 10

The total equity, before dividend, amounts to NOK 2 837 million and the equity ratio is 74,7% compared to 73,0% in 2021. The dividend will be offset the loan to GKN Aerospace Sweden AB. Initially, When offset of loan and dividend has been done the Equity will be NOK T 637 149, and equity ratio 39,63 %.

## NOTE 15 – CUSTOMER RECEIVABLES

	2022	2021
Customer receivables	18	144 130
Group customer receivables		2 655 305
Provision for bad debts		
<b>Total</b>	<b>2 799 435</b>	<b>693 173</b>

## NOTE 16 – INTERCOMPANY ACCOUNTS

Assets	2022	2021
Customer receivables	166 152	257 264
Other receivables	2 655 305	594 931
<b>Total asset</b>	<b>2 821 458</b>	<b>852 195</b>
Liabilities	2022	2021
Liabilities to group companies		
Group trade creditors	5 871	5 577
Other short-term liabilities		
<b>Total liabilities</b>	<b>5 871</b>	<b>5 577</b>

Other receivables includes receivable towards GKN Aerospace Sweden AB for the sales of Genix contract. See note 5

## NOTE 17 – OTHER CURRENT RECEIVABLES

	2022	2021
V.A.T	4 160	11 558
Prepaid expenses	6 002	22 619
Other receivables	184 032	116 157
<b>Total</b>	<b>194 195</b>	<b>150 334</b>

## NOTE 18 – SHARE CAPITAL

The Company share capital comprises 112 500 shares at NOK 1,000 each and the owners have one vote per share. The shares are owned as follows:

	2022	2021
GKN Aerospace Sweden AB A- aksjer	100 000	100 000
GKN Aerospace Sweden AB B-aksjer	12 500	12 500
<b>Total</b>	<b>112 500</b>	<b>112 500</b>

The parent Company for GKN Aerospace Norway AS is GKN Aerospace Sweden AB, Trollhättan, Sweden. The consolidated accounts for GKN Group can be inquired from GKN Ltd (Birmingham, UK). The ultimate company is Melrose Industries Plc(UK).

## NOTE 19 - BANK

	2022	2021
Liquid assets as of 31 December 2022 include no restricted funds.		
In connection with withholding employee taxes the Company has a bank guarantee of:	25 000	25 000
The Company has also a bank guarantee	10 000	10 000
Following asset is provided as guarantee to Melrose Industry PLC ( ultimate Company in group).		
Total fixed assets	376 798	586 988
Inventory	270 975	319 289
Receivables	144 130	98 242
Other receivables	194 195	150 334
<b>Total asset guarantee</b>	<b>986 098</b>	<b>1 154 853</b>

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## NOTE 20 – PROVISION, ESTIMAT

	2022	2021
Severance	47 464	48 506
Retention, accrual	29 608	16 198
		13 671
<b>Total</b>	<b>77 072</b>	<b>78 374</b>
Dilapidation	11 932	28 963
Early retirement, other employee obligation and dilapidation	89 004	107 337
Obligation hedge contracts	95 941	196 785
Fair value accrual	6 408	6 408
<b>Other Provision</b>	<b>102 349</b>	<b>203 193</b>

## NOTE 21 – CONTRACTUAL OBLIGATIONS

The signed contractual obligations reflect committed future purchases for the period 2023-2024

	2022	2021
Material and semi-manufactured products	509	418
Investments	41 866	52 662

## NOTE 22 – SUBSEQUENT EVENTS

The war in Ukraine and the sanctions could have consequences for the company. Russia and Ukraine are both producers of titanium and nickel, but we do not buy directly from companies in these countries. Even if we do not buy directly from the land meision an effect of the war has been seen in 2022 through increased raw material prices and reduced access to materials.

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## BOARD OF DIRECTORS' REPORT 2022

### Overview

GKN Aerospace Norway (the Company) is a manufacturing company that produces jet engine components. The Company is 100% owned by GKN Aerospace Sweden AB that in turn is part of the global company GKN Aerospace.

The Company is located in Kongsberg, Norway.

As the international aerospace market over time is expanding, the aircraft manufacturers' backlog represents many years of production ahead. However, the COVID crisis that has perdured during most part of 2022 (Asia reopened their borders in last quarter) has disrupted the market and accelerated a trend where the airlines now prefer flying narrow-body aircrafts and propose more point-to-point flights. This has created a very volatile demand situation on the wide-body aircrafts and several order cancellations. The wide-body market has now started to recover as long-haul flights are getting more traction, however the trend is much slower on this segment. The aerospace market is highly competitive and the Company is working on continuous improvements (Lean operational principals), Industry 4.0 and automation to meet future competition.

The Company production volume in 2022 was approximately 35% higher than the level in 2021 thanks to a quick recovery trend as Covid-19 pandemic restrictions were lifted in more and more regions. The air traffic has now recovered to over 89% of pre-COVID levels in 2019 and airlines are pushing for steep ramp-ups in new aircraft deliveries, especially on narrow-body aircraft (A320, B737). The demand situation is also recovering on older wide-body platforms used for freight (B 777).

A new issue arose in 2022 as the demand came back strong: the overall raw material supply chain is struggling to ramp-up as they went through lay-offs during COVID and lost competence and capacity. The Russia attack on Ukraine has also led to a sanctions where Russia cannot be used as a supplier of raw material anymore, making the supply issue even more critical with lead-times increasing from months to years for order of new material

The aerospace business is traditionally heavily constrained capacity wise, but as an effect of lower customer demands, many companies are fighting for new volumes. In order to increase volume shares and get new business, the Company is dependent on keeping and improving good customer relations by focusing on performing on time deliveries and depleting backlog. In 2022 the Company has continued improving backlog in key programs with GE and PW, making it possible to discuss volume upshare opportunities as the demand grows back (CFM56, PW1000, LEAP 1B and 1A and F135 platforms).

Long term cost competitiveness by introducing Lean as well as impeccable quality, leveraging



the Companies unique competence, in addition to the commercial success of the new platforms where the Company is a supplier, must be achieved.  
As more suppliers compete solely on cost, it is also important to offer the customer a differentiated offer, for example through product functionality benefits and life of program service (manufacturing and MRO (Maintenance, Repair and Overhaul)). The Company is positioning themselves as Center of Excellence for Shafts and Vanes and Small&Medium Cases, where technology insertion and Operational Excellence will be the key to growth.

## Results and financial conditions

The annual accounts for 2022 has been prepared under the assumption of the Company as a going concern.

The Financial statements for the Company has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and the presented information gives a true and fair view of the Company's assets, liabilities, financial position and result for the financial year.

The total sales revenue for the Company increased from NOK 1 085 million in 2021 to NOK 3 351 million in 2022, however the comparative sales in 2022 to 2021 was NOK 1 447. Figures for 2022 above has been significantly impacted by selling the rights for producing Genx TRF from the Company to GKN Aerospace Sweden AB as a part of the Nordics project focusing on restructuring the business from a Group point of view

The operating profit was NOK 2 265 million in 2022 compared to NOK 116 million in 2021. Net profit before taxes was NOK 2 461 million in 2022 versus NOK 178 million in 2021. The comparative numbers for operating profit was NOK 361 vs NOK 81, and for net profit before taxes was NOK 556 vs NOK 213.

Comparing the sales revenue isolated, the operating expenses in percent improved versus 2021. Cost for materials were proportionally at the same level as for 2021. A decrease in other operational expenses, especially for depreciations, is the largest source for improved margin. As for depreciation the 2021 comparison included a change in lifetime valuation on assets used in the area for large structures as part of the production being moved to GKN Aerospace Sweden.

Profit of the year – NOK 1 920 million - has been allocated as follows:

Eod dividend june	NOK 590 million
Dividend payable year end	NOK 2 200 million
From other equity	NOK -870 million
Total allocated	NOK 1 921 million



The total equity , before dividend, amounts to NOK 2 843 million and the equity ratio is 74,7% compared to 73,0% in 2021. The dividend will be offset the loan to GKN Aerospace Sweden AB imidiatly. When offset of loan and dividend has been done the Equity will be NOK 642 million , and equity ratio 39,95 %.

In 2022, the Company invested NOK 47 million in plant, production machinery and equipment. Depreciation was NOK 46 million, a significant decrease due to lifetime valuations in 2021.

The Company's liquidity position is satisfactory. The Company is lending available liquidity to other companies within the Group through cash pooling. As per year end the Company has issued a loan to GKN Aerospace Sweden in order to finance their acquisition of production rights for Genx TRF. The intention is to settle the loan through dividend payable at the earliest convenience.

The majority of the currency flow is in USD and the functional currency for the Company is USD. The financial security for the Company is secured by guarantees from the parent company in USD.

The Company has a currency risk as most local expenses are in NOK and are hedged by entering into long-term forward contracts. The profit before taxes had a positive impact of NOK 95 million in 2022 due to unrealized gain on foreign exchange contracts, since the Company do not use hedge accounting.

GKN Ltd, the parent company of GKN Aerospace Sweden AB, has a satisfactory financial position, sufficient to finance long-term investments.

Since the Company's customers are major Original Engine Manufacturers (OEM), the credit risk is normally considered low. The pandemic has led to a sharpened focus on credit risk.

The Company will continue with considerable internal actions to further reduce working capital and expenses combined with increasing production efficiency, in order to meet the objectives of the strategic plan. The combination of high raw material prices and the relatively high Norwegian cost level will challenge the Company's competitive position.

## **Personnel**

The Company had 344 highly skilled employees at the end of 2022, compared to 336 in 2021. The distribution was 177 operators and 167 salaried personnel.

During 2022, we have been working with right-sizing and organizational development to meet our new strategy as a site with two value streams and center of excellence in Shafts and Small&Medium cases. Recruitment and investment in new competence has been central, but challenging due to huge competition from other nearby companies. The growth has been 8 employees, 36 employees was recruited and 28 left.



Full time equivalent of the 344 employees at year-end 2022 was 329,1.

The sick leave average was 5,3% in 2022. This is higher than planned, but we have experienced periods with covid and a several of our employees being home sick as a consequence.

Productivity improvements have been, and will continue to be, a priority in the coming years.

The Company interacts closely with the employee Unions, to continuously improve the working conditions. In 2022, this cooperation has been very strong due to the project of moving fabrication of large structures to GKN Aerospace Sweden. Due to this project, the Company will no longer have the need for employees having welding competence. Together with the Unions, we have been working hard trying to find new opportunities for our welders and retrain them for new competences. By doing this we have been able to give our welders new jobs and reduced the Company's need for external recruitment. The Company received in 2022 TNOK 1 447 from Viken Fylkeskommune. These grant is used for the development and training of employees.

The Company has a high focus on safety by identifying hazards (i.e. potential risks) and applying root cause analysis to mitigate risks. During 2022, there were 0 Lost Time Accidents reported, 4440 hazards, 0 near misses and 0 minor incidents. A total of 4587 hazards were solved through the year.

The working conditions are considered good and efforts to improve health and safety are ongoing.

The company is included in a global insurance policy for Directors & Officers. The policy covers for the personal liability of employees acting on behalf of GKN Ltd and subsidiaries as Director or Officer.

## Gender

The Board of Directors has 2 female representatives. 46 out of 344 employees are female, giving a representation of 13%. 8 out of 40 leaders are female, giving a representation of 20%. The Company has 24 female employees with higher education.

The Company has equal salary policy for female and male employees.  
There are no part time positions, but the Company is flexible regarding individual needs.

The Company has a gender equality policy. Due to few female employees, the Company is actively recruiting females when possible. The applicable recruitment base is however small, both for engineers and for operators in particular.

The Company has a recruitment and personnel policy intended to ensure equal opportunities and rights, and to prevent discrimination based on ethnicity, disabilities, national origin, ancestry, color, language, religion or belief.



## **Transparency Act**

The Company work actively and continuously to comply with the Transparency Act. Our focus is to avoid breach of human rights and decent working conditions and environments, including involvement through our suppliers and business. Learn more about our efforts in terms of risk mapping, compliance and due diligence assessments, including our supply chain, in our annual report. This will be publically available on our website by 30<sup>th</sup> June 2023:  
[gknposten.no/apenhetsloven](https://gknposten.no/apenhetsloven)

## **Promoting equality and preventing discrimination**

The Company has established an Equality and Inclusion Group (EIG) consisting of our Union representatives, HR team and members of management. EIG has conducted a qualitative mapping of our processes and work environment to see if we had any breaches, or risk of breaches, to the above commitment.

EIG was also asked to suggest measures to counteract any breaches/ risk of breaches. Further information will be available on our website: [gknposten.no/Equality](https://gknposten.no/Equality) and preventing discrimination.

## **Environment**

GKN Aerospace Norway is an environmentally sound company. The Company is complying with governmental regulations concerning pollution and environmental control. The Company is working systematically with matters concerning the environment, and is certified to the environmental standard ISO 14001:2015.

The main environmental challenges are related to the production, but with very low risk of accidental pollution to air or water. The Company is utilizing a limited number of hazardous chemicals in its production, but they are all according to the Norwegian government's emission permits. The Company is doing its utmost to reduce the impact of its activities, and actively and continuously work to integrate sustainability throughout the entire business. As part of the Company's environmental strategy, it is a goal to reduce the use of energy, water and hazardous waste, which is executed through improved processes and procedures, and is an ongoing effort. Reduction in energy usage has been achieved through improved ventilation, LED lights and heat recovery projects.



## Company development

The Company development has been heavily challenged by the global Covid-19 pandemic, as well as by the decision to move fabrication of large structures to GKN Aerospace Sweden.

2022 has been a pivotal year with the exit of two fabrication programs (GENX TRF and PW1500/1900 24K) while we got a quick ramp-up in our Shaft and Small and Medium Cases Centers of Excellence. Hourly load has increased by 35% in 2022 while changing the mix of products in the shop. As production volumes have shifted between value streams within the Company and this has led to personnel working within effected areas, or with specific capabilities, several have been retrained and transferred into other areas where capacity need is increasing.

Ahead, share and volume increase in current programs will be critical in addition to extreme focus on multiple NPIs (New Program Introduction). This will be further stressed during the final phase out of fabricated structures as our last large fabricated structure will be discontinued in 2023 (PW4000 TEC), leading to an end of the welding capability at the Company.

2023 is the last year of our Nordics restructuring project and should see the completion of all transfer activities between the sites of Trollhattan and Kongsberg. This should also conclude the activities related to release of shop floor not needed after fabrication stop, machines and equipment disposal or reallocation, as well as completion of our workforce realignment to the company portfolio post fabricated-structures. This last part is a success factor for our growth in the coming years as about 20% of our workforce are being retrained in 2023 to support the ramp-up in new products.

The four-year implementation of Lean Operating Model (a GKN Aerospace initiative within the One Aerospace concept) is now through Phase3, when the Operating Model has been extended from the model area (Phase 2 successfully closed in 2021) to the entire site (Layout Improvements, Inventory Entitlement securing on-time delivery, Improvement Kaizen leading to Lead-time Reduction) . We plan to exit Phase 3 this year and deploy LEAN to all support functions, taking the next step from 'Operational Excellence' to 'Enterprise Excellence'. Over the last year, principles as Daily Management Boards, 5S, Single Piece Flow, Kaizen Events, Continuous improvements by Just Do It Kaizens and an increased focus on Hazards reporting has led to:

- a cultural change where production is in the center of everything that we do
- increased engagement in our teams as all our employees are empowered to solve the problems where they occur
- increased rate readiness and decreased vulnerability of both production and engineer staff, by clear processes, increased flexibility and competence
- improved competitiveness by reduced labor resources per produced part, supported by increased automation and improved process robustness



## Research and Development

The Company has through the Global Technology Centre in Trollhättan a profound strategy for research and development, to improve competitiveness and to be in the forefront utilizing modern technologies in order to ensure Lean manufacturing with a zero defect mind-set.

The main focus is on digitalization and utilizing Industry 4.0 possibilities. With emphasis on data usage, advanced control of manufacturing systems and automation. As the Lean Operating Model is adopted throughout the company, it is natural to link the development activities to this, and make sure that the technologies being developed strengthens and supports the Lean implementation.

Another important area is automating inspection of parts. The Company has participated in a global GKN research project for automating visual inspection of jet engine parts. For the Company the focus is on automating visual inspection of shafts, which is only produced in Kongsberg within the GKN family.

The Company is also involved in the development of the next generation jet engine within the Clean Sky 2 program, aimed at developing innovative, cutting-edge technology for reducing CO<sub>2</sub>, gas emissions and noise levels produced by aircraft. GKN Aerospace Norway has in 2022 produced a test shaft for a test engine in Clean Sky 2. The Company gains through this knowledge regarding future jet engine component designs, as well as taking part in the technology development.

No research grants from national funding agencies has been received for the research and development work in 2022.

## Prospects for the future

2022 has seen a continuous improvement of the Covid-19 pandemics situation with successive removal of all travel restrictions and an air-traffic recovery to 89% of pre-Covid levels as of January 2023. The trend has been steadily positive with the last market to reopen being Asia. Regional aircrafts and Narrowbody have led the recovery and return to 2019 levels are now reached, while Widebody has trailed behind and return to earlier levels seems unlikely in the next two years.

With the Russian attack on Ukraine and the decision of two Nordics countries to join NATO in 2022, the focus on defense has increased regionally leading to more opportunities for our company not only on military engines production but also MRO activities in Norway. The importance of being engaged on the defense side of the market is growing with the increased tension in the world. It is important to maintain a position as a reliable supplier in order to be able to capture increased volume shares, as well as parts of any new systems and platforms being developed.

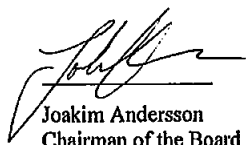


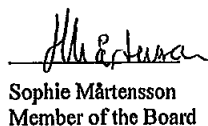
This implies that the Company with its future focus on predominantly Narrowbody engines and Military engines, producing for engines in the aftermarket phase and for new build of engines, is well positioned in the aircraft engines business.

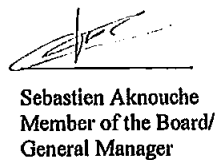
Increased focus on environment makes it important to keep focused on, and be involved in, the new solutions under development. The oil prices have been raising again and the global supply chain has been disturbed to new levels, not being able to cope with a steep ramp-up and having to find new solutions outside of Russia. The demand for alternative and new solutions will sustain: most OEMs are now engaged in electric, hybrid electric or hydrogen technology programs. We also can use the supply chain crisis as an opportunity for creativity, for example developing local alternative casting and forging solutions through on-site additive manufacturing which also contribute to a real energy saving and positive impact on global warming. Technology initiatives are taking speed again as the worst of the COVID crisis seems to be behind us and aircraft manufacturers want to be positioned for long-term growth.

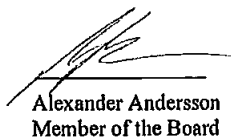


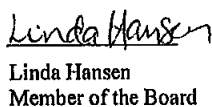
Kongsberg, 13 March 2023

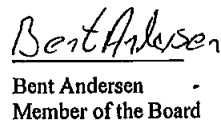
  
Joakim Andersson  
Chairman of the Board

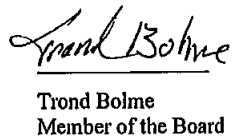
  
Sophie Mårtensson  
Member of the Board

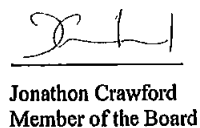
  
Sebastien Aknouche  
Member of the Board/  
General Manager

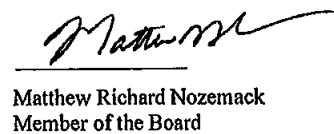
  
Alexander Andersson  
Member of the Board

  
Linda Hansen  
Member of the Board

  
Bent Andersen  
Member of the Board

  
Trond Bolme  
Member of the Board

  
Jonathon Crawford  
Member of the Board

  
Matthew Richard Nozemack  
Member of the Board



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Til generalforsamlingen i GKN Aerospace Norway AS

UAVHENGIG REVISORS BERETNING

## Konklusjon

Vi har revidert årsregnskapet for GKN Aerospace Norway AS som består av balanse per 31. desember 2022, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

## Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

## Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

## Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

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Registrert i Foretaksregisteret Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: N4NPP-1W78Y-LZHW6-C154L-DENDG-8HVUW



## Deloitte.

side 2

Uavhengig revisors beretning -  
GKN Aerospace Norway AS

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

### *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Drammen, 13. mars 2023  
Deloitte AS

Kjartan Kvamme  
statsautorisert revisor

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**Kjartan Kvamme**

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## Skattedirektoratet

Saksbehandler  
Torstein Kinden Helleland

Deres dato  
29.01.2015

Vår dato  
02.02.2015

Telefon  
22078139

Deres referanse  
SBR

Vår referanse  
2014/665525

PriceWaterhouseCoopers AS  
Postboks 748  
0106 Oslo

04 FEB. 2015

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for GKN Aerospace Norway AS, org. nr. 943 771 030

Vi viser til deres brev av 29. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for GKN Aerospace Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering GKN Aerospace Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

GKN Aerospace Norway AS er direkte eiet av det svenske selskapet GKN Aerospace Sweden AB, og den ultimate eieren av hele konsernet er det engelske selskapet GKN Plc. Selskapet produserer flymotorkomponenter. Selskapet opererer i en internasjonal bransje, hvor kunder og leverandører i all hovedsak er utenlandske. I forbindelse med prosjektene i utlandet foregår all kommunikasjon på engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som*

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E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er datterselskap til et utenlandsk selskap. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. I forbindelse med prosjektene i utlandet foregår all kommunikasjon på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*