



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### 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: 21.03.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 28.07.2023



### Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sales revenue	2, 20	1 083 675 009	1 496 179 286
Other operating revenues		1 173 301	
<b>Sum inntekter</b>		<b>1 084 848 310</b>	<b>1 496 179 286</b>
<b>Kostnader</b>			
Use of raw materials and semi-man. products	8, 20	329 023 397	547 007 852
Wages, salaries and social welfare costs	3, 11	308 421 726	364 770 992
Depreciation	6, 7	127 835 583	74 321 484
Other operating expenses	3, 4, 20	202 680 596	339 160 634
<b>Sum kostnader</b>		<b>967 961 301</b>	<b>1 325 260 962</b>
<b>Driftsresultat</b>		<b>116 887 009</b>	<b>170 918 324</b>
<b>Finansinntekter og finanskostnader</b>			
Other financial income		500 000	
Annen renteinntekt			691
Currency loss/gain	19	96 504 836	-225 811 859
<b>Sum finansinntekter</b>		<b>97 004 836</b>	<b>-225 811 168</b>
Rentekostnad til foretak i samme konsern	20	-3 976	-1 248 146
Other net interest expenses		402 552	451 688
<b>Sum finanskostnader</b>		<b>398 576</b>	<b>-796 458</b>
<b>Netto finans</b>		<b>96 606 261</b>	<b>-225 014 711</b>
<b>Ordinært resultat før skattekostnad</b>		<b>213 493 270</b>	<b>-54 096 387</b>
Tax on ordinary result	5	46 553 163	-11 867 061
<b>Ordinært resultat etter skattekostnad</b>		<b>166 940 107</b>	<b>-42 229 326</b>
<b>Årsresultat</b>		<b>166 940 107</b>	<b>-42 229 326</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>166 940 107</b>	<b>-42 229 326</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Totalresultat</b>		<b>166 940 107</b>	<b>-42 229 326</b>
<b>Overføringer og disponeringer</b>			
Allocated to other equity	17	166 940 107	
Allocated from other equity			-42 229 326
<b>Sum overføringer og disponeringer</b>		<b>166 940 107</b>	<b>-42 229 326</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Capitalized development costs	6	180 406 186	192 445 366
Capitalized startup costs	6	61 209	49 741
Capitalized entry fee costs	6	78 019 830	83 122 055
Utsatt skattefordel	5	66 121 369	87 660 796
<b>Sum immaterielle eiendeler</b>		<b>324 608 593</b>	<b>363 277 958</b>
<b>Varige driftsmidler</b>			
Land	7	1 301 391	1 301 391
Buildings	7	43 109 747	43 839 239
Machinery, furniture, equipment	7	284 089 342	377 292 555
<b>Sum varige driftsmidler</b>		<b>328 500 480</b>	<b>422 433 185</b>
Investments in shares	9		
Other long-term receivables	10		
<b>Sum anleggsmidler</b>		<b>653 109 073</b>	<b>785 711 143</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>	8	<b>354 897 045</b>	<b>351 431 376</b>
<b>Fordringer</b>			
Customer receivables	12	98 241 704	68 632 601
Group trade receivable	12, 13	257 263 808	388 883 747
Other current receivables	4, 14	150 333 761	141 355 994
Konsernfordringer	13	594 931 318	225 312 025
<b>Sum fordringer</b>		<b>1 100 770 590</b>	<b>824 184 367</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits	15		7 290 555
<b>Sum bankinnskudd, kontanter og lignende</b>			<b>7 290 555</b>
<b>Sum omløpsmidler</b>		<b>1 455 667 636</b>	<b>1 182 906 298</b>



### Balanse

Beløp i: NOK	Note	2021	2020
<b>SUM EIENDELER</b>		<b>2 108 776 709</b>	<b>1 968 617 441</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	16, 17	112 500 000	112 500 000
Overkurs	17	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	17	1 422 403 939	1 255 463 129
Result brought forward (aut)			
<b>Sum opptjent egenkapital</b>		<b>1 422 403 939</b>	<b>1 255 463 129</b>
<b>Sum egenkapital</b>		<b>1 539 778 939</b>	<b>1 372 838 129</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	11, 21	78 374 211	101 818 231
Other provisions	7, 19, 21	232 155 812	279 046 134
<b>Sum avsetninger for forpliktelser</b>		<b>310 530 023</b>	<b>380 864 365</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>310 530 023</b>	<b>380 864 365</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	20, 13, 20	107 947 438	47 166 017
Tax payable	5	25 423 330	31 419 572
Public duties payable		7 012 978	27 746 970
Other short-term liabilities		83 646 659	76 553 125
Advance from customer		34 437 341	32 029 263
<b>Sum kortsiktig gjeld</b>		<b>258 467 747</b>	<b>214 914 947</b>
<b>Sum gjeld</b>		<b>568 997 770</b>	<b>595 779 312</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 108 776 709</b>	<b>1 968 617 441</b>



# Deloitte.

Deloitte AS  
Erik Børresens allé 2  
Postboks 2013 Strømsø  
NO-3003 Drammen  
Norway

Tel: +47 32 26 41 00  
www.deloitte.no

Til generalforsamlingen i GKN Aerospace Norway AS

UAVHENGIG REVISORS BERETNING

## Konklusjon

Vi har revidert GKN Aerospace Norway AS' årsregnskap som består av balanse per 31. desember 2021, 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 2021, 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 de internasjonale revisjonsstandardene 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 slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants utstedt av the 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.no](http://www.deloitte.no) to learn more.

© Deloitte AS

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

Penneo Dokumentnøkkel: QY50F-CLISD-MF2KU-WS36F-MQGN6-CEFDU



## 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 avvirket.

### *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 som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på 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 den interne 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 regnskapsestimaterne og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av årsregnskapet, basert på innhentede revisjonsbevis, og 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 inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter 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 omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Drammen, 21. mars 2022  
Deloitte AS

Kjartan Kvamme  
statsautorisert revisor

Penneo Dokumentnøkkel: QYS0F-CLISD-MF2KLU-WS36F-MQGN6-CEFDU



# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Kjartan Kvamme

Statsautorisert revisor

Serienummer: 9578-5993-4-908992

IP: 85.165.xxx.xxx

2022-04-06 15:08:16 UTC



Penneo Dokumentnøkkel: QYS0F-CLISD-MF2KU-WS36F-MQGN6-CEFDU

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>



**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*

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
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*



<b>INCOME STATEMENT</b>			
<b>GKN AEROSPACE NORWAY AS</b>			
	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>			
Sales revenue	2, 20	1 083 675	1 496 179
Other operating revenues		1 173	0
<b>Total operating revenues</b>		<b>1 084 848</b>	<b>1 496 179</b>
<b>OPERATING EXPENSES</b>			
Use of raw materials and semi-man. products	8, 20	329 023	547 008
Wages, salaries and social welfare costs	3, 11	308 422	364 771
Depreciation	6, 7	127 836	74 321
Other operating expenses	3, 4, 20	202 681	339 161
<b>Total operating expenses</b>		<b>967 961</b>	<b>1 325 261</b>
<b>Operating profit</b>		<b>116 887</b>	<b>170 918</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Other financial income		500	0
Other interest income		0	1
Currency loss/gain	19	96 505	-225 812
Interest received from group companies	20	4	1 248
Other net interest expenses		403	452
<b>Result from financial income and expenses</b>		<b>96 606</b>	<b>-225 015</b>
<b>Profit and loss before taxes</b>		<b>213 493</b>	<b>-54 096</b>
Tax on ordinary result	5	46 553	-11 867
<b>NET PROFIT FOR THE YEAR</b>		<b>166 940</b>	<b>-42 229</b>
<b>APPLICATION OF NET PROFIT FOR THE YEAR</b>			
Allocated to other equity	17	166 940	0
Allocated from other equity		0	-42 229
<b>Total</b>		<b>166 940</b>	<b>-42 229</b>

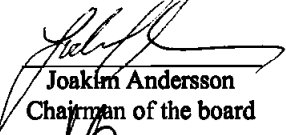
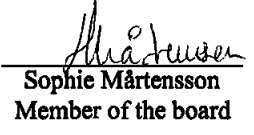
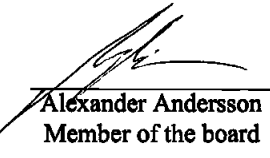

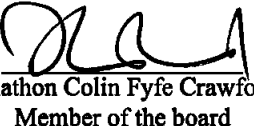
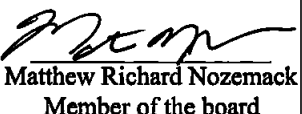
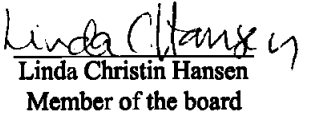
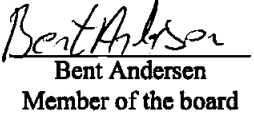



<b>Balance sheet</b>			
<b>GKN AEROSPACE NORWAY AS</b>			
<b>Assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Capitalized development costs	6	180 406	192 445
Capitalized startup costs	6	61	50
Capitalized entry fee costs	6	78 020	83 122
Deferred tax	5	66 121	87 661
<b>Total intangible fixed assets</b>		<b>324 609</b>	<b>363 278</b>
<b>Tangible fixed assets</b>			
Land	7	1 301	1 301
Buildings	7	43 110	43 839
Machinery, furniture, equipment	7	284 089	377 293
<b>Total tangible fixed assets</b>		<b>328 500</b>	<b>422 433</b>
<b>TOTAL FIXED ASSETS</b>		<b>653 109</b>	<b>785 711</b>
<b>CURRENT ASSETS</b>			
Inventories	8	354 897	351 431
<b>Receivables</b>			
Customer receivables	12	98 242	68 633
Group trade receivable	12, 13	257 264	388 884
Other current receivables	4, 14	150 334	141 356
Other receivables to group companies	13	594 931	225 312
<b>Total receivables</b>		<b>1 100 771</b>	<b>824 184</b>
Bank deposits	15	0	7 291
<b>TOTAL CURRENT ASSETS</b>		<b>1 455 668</b>	<b>1 182 906</b>
<b>TOTAL ASSETS</b>		<b>2 108 777</b>	<b>1 968 617</b>



<b>Balance sheet</b>			
<b>GKN AEROSPACE NORWAY AS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital	16, 17	112 500	112 500
Share premium reserve	17	4 875	4 875
<b>Total restricted equity</b>		<b>117 375</b>	<b>117 375</b>
<b>Retained earnings</b>			
Other equity	17	1 422 404	1 255 463
<b>Total retained earnings</b>		<b>1 422 404</b>	<b>1 255 463</b>
<b>Total equity</b>		<b>1 539 779</b>	<b>1 372 838</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Early retirement and other employee obligations	11, 21	78 374	101 818
Other provisions	7, 19, 21	232 156	279 046
<b>Total provisions</b>		<b>310 530</b>	<b>380 864</b>
<b>Long-term liabilities</b>			
<b>Short-term liabilities</b>			
Trade creditors	20	102 371	43 565
Group trade creditors	13, 20	5 577	3 601
Tax payable	5	25 423	31 420
Public duties payable		7 013	27 747
Other short-term liabilities		83 647	76 553
Advance from customer		34 437	32 029
<b>Total short-term liabilities</b>		<b>258 468</b>	<b>214 915</b>
<b>TOTAL LIABILITIES</b>		<b>568 998</b>	<b>595 779</b>
<b>TOTAL EQUITY AND LIABILITEIS</b>		<b>2 108 777</b>	<b>1 968 617</b>



<b>Balance sheet</b>		
<b>GKN AEROSPACE NORWAY AS</b>		
Kongsberg, 21.03.2022 The board of GKN AEROSPACE NORWAY AS		
 Joakim Andersson Chairman of the board	 Sophie Mårtensson Member of the board	 Alexander Andersson Member of the board
 Leif Simensen Member of the board	 Jonathon Colin Fyfe Crawford Member of the board	 Matthew Richard Nozemack Member of the board
 Linda Christin Hansen Member of the board	 Bent Andersen Member of the board	 Sebastien Aknouche President



GKN AEROSPACE NORWAY AS

CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER

	Note	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxes		213 494	-54 096
Depreciation	6,7	127 836	74 321
Profit on fixed asset disposals	7	-595	0
Taxes	5	-31 420	(141 084)
Adjustment no cash effect		-	-
Change in inventories, customer receivables and payable to suppliers	8, 12, 13	151 905	(20 397)
Change in other accrued income and accrued expenses		-83 211	207 441
Change in other accrued income and accrued expenses			
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>378 007</b>	<b>66 186</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
		<b>43 653</b>	
Investments in tangible fixed assets	7	-16 864	(71 250)
Sale of tangible fixed assets	7	1 185	0
Investments in intangible fixed assets		-	0
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>(15 679)</b>	<b>(71 250)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		<b>362 329</b>	<b>41 843</b>
Loan to group	13	(369 619)	5 459
Paid dividends			0
Issue of new debt			0
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>(369 619)</b>	<b>5 459</b>
Net cash flow for the year	<b>A+B+C</b>	<b>(7 291)</b>	<b>395</b>
Bank deposits at 1. January		7 291	6 895
<b>BANK DEPOSITS AT 31. DECEMBER</b>		<b>(0)</b>	<b>7 291</b>
		0	



## GKN AEROSPACE NORWAY AS

### NOTES TO THE ACCOUNTS ON 31 DECEMBER 2021 (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.

##### 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. Result is booked at monthly exchange rate based on Norges Bank's average last month exchange 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.

##### 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 expensed 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.

The Company has three different types of pension schemes.

### 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.

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.

A defined benefit plan is a pension scheme which defines a pension payment which an employee will receive at pension age. The pension payments are normally dependent on one or more factors such as age, number of years in the Company, and salary. The commitment relating to the defined benefit plan on the balance sheet is the present value of the defined benefits at the balance sheet date less fair value of the pension funds (amount paid to an insurance Company), adjusted for estimate differences and expenses relating to former period's pension earnings not recognised in the income statement. The pension commitments are calculated annually by an independent actuary on a straight-line earning profile basis. Changes to the pension plan are expensed over the expected remaining earning period.

### AFP

The Company also has a pension plan that entitles the employees life-long benefits in addition to other plans. The benefits are financed through a collective agreement ( LO/NHO). The plan is a defined plan with limited funding and where plan assets are not segregated. The information required calculating a proportional share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. The Company therefore accounts for the plan as if it were a defined contribution plan.

## 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 2021 the income tax rate for calculation of current tax is 22%. Calculation of deferred tax at year-end 2021 is based on a tax rate of 22%.

### Director & Officers insurance policy

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.

### 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

	2021	2020
<b>Product area</b>		
Exhaust housing	473 843	801 709
Case and Ring	251 413	260 316
Shaft	144 920	155 824
Guide vanes	166 379	187 108
Others	48 294	91 222
<b>Total</b>	<b>1 084 848</b>	<b>1 496 179</b>

	2021	2020
<b>Geographic distribution</b>		
USA	160 693	179 510
France	457 935	571 365
Sweden	424 731	726 881
Norway	1 188	9 656
Japan	7 625	8 767
<b>Total</b>	<b>1 084 848</b>	<b>1 496 179</b>

## NOTE 3 - WAGES EXPENSES

	2021	2020
<b>Wages, salaries and social welfare costs</b>		
Wages and salaries	241 412	293 549
Social security payments	36 879	41 151
Pension costs	17 200	14 260
Other contributions	12 930	15 811
<b>Total</b>	<b>308 422</b>	<b>364 771</b>

	2021	2020
<b>Average number of man-labor years</b>	<b>336</b>	<b>318</b>

	President	Board
<b>Remunerations to President and Board of directors</b>		
Remuneration	1 662	161
Pension contributions	77	
Other remuneration	311	

	2021	2020
<b>Auditor</b>		
The expensed fees to the Company's auditor consist of the following (VAT excluded):		
Statutory audit	962	989
Fees for tax services	51	77
Fees for other audit related services	251	162
<b>Total fee to the auditor</b>	<b>1264</b>	<b>1227</b>

## NOTE 4 -- PUBLIC SUBSIDIES AND GRANTS

The Company received in 2021 TNOK 60 from "Skattefunn" and TNOK 2 408 from Norges Forskningsråd. These grants are funding research and development projects to increase the efficiency of the manufacturing processes. The Company received in 2021 TNOK 3 174 in funds from the covid 19 cash support scheme.



## NOTE 5 – TAXES

	2021	2020
<b>Tax expenses for current year</b>		
Taxes payable on year's result	(25 424)	(31 419)
Taxes from prior year, paid	410	0
<b>Total tax payable</b>	<b>(25 015)</b>	<b>(36 611)</b>
Changes in deferred tax (asset) liability	(21 540)	48 479
<b>Total tax expenses for current year</b>	<b>(46 553)</b>	<b>11 868</b>
<b>Tax payable for current year</b>		
Ordinary result before tax cost	213 494	(54 096)
Permanent differences	(20)	560
Changes in temporary differences	(51 018)	140 911
Adjustment forward contracts, see note 17 for further explanation	(46 890)	50 072
Tax effect booked directly against equity	0	28 962
<b>Basis taxes payable</b>	<b>115 565</b>	<b>166 409</b>
Tax 22% (22%)	25 424	36 610
Taxes from prior year, not paid	0	(3 192)
<b>Tax payable in the balance sheet</b>	<b>25 424</b>	<b>31 419</b>
<b>Specification and basis for deferred tax:</b>		
Fixed assets	(4 722)	87 371
Current assets	(2 861)	(125 074)
Liabilities	(96 183)	(117 079)
Forward contracts	(196 785)	(243 676)
Basis deferred tax	(300 553)	(398 458)
Tax 22%/(22%)	(66 121)	(87 661)
<b>Total deferred tax (asset) liability</b>	<b>(66 121)</b>	<b>(87 661)</b>

## NOTE 6 – INTANGIBLE FIXED ASSETS

	Entry fee	Development	Start-up costs	Total
Purchase cost 01.01.	132 658	542 905	159 840	835 403
Additions	0	0	11	11
<b>Purchase costs 31.12.</b>	<b>132 658</b>	<b>542 905</b>	<b>159 851</b>	<b>835 414</b>
Acc. Depreciations 01.01.	49 536	350 459	159 790	559 785
Acc. Depreciations 31.12.	54 641	362 497	159 791	576 929
<b>Balance sheet value 31.12.</b>	<b>78 019</b>	<b>180 406</b>	<b>62</b>	<b>258 487</b>
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 7BE, of which GENx makes up the lion part. The amortization period for the GENx program started in 2010.



## NOTE 7 – TANGIBLE FIXED ASSETS

	Land	Properties	Machinery and plants	Movables, Furniture, Tools	Total
Purchase cost 01.01.	1 301	75 806	932 709	201 061	1 210 877
Additions purchased assets	0	25	23 435	-6 597	16 864
Disposal scrap	0	0	-27 121	-8 789	-35 910
Disposals sales	0	0	-1 193	-993	-2 186
Reclassification	0	0	-1 520	1 520	0
<b>Purchase cost 31.12.</b>	<b>1 301</b>	<b>75 832</b>	<b>926 311</b>	<b>186 201</b>	<b>1 189 646</b>
Acc. depreciations and write-downs 01.01.	0	31 966	660 430	96 046	788 442
Disposal scrap	0	0	-27 099	-8 715	-35 814
Disposals sales	0	0	-1 007	-590	-1 597
Depreciations	0	1 338	88 599	20 758	110 695
<b>Acc. depreciations and write-downs 31.12.</b>	<b>0</b>	<b>32 722</b>	<b>720 923</b>	<b>107 499</b>	<b>861 143</b>
<b>Balance sheet value as of 31.12.</b>	<b>1 301</b>	<b>43 110</b>	<b>205 805</b>	<b>78 284</b>	<b>328 500</b>
Current year depreciations	0	1 338	27 376	6 995	35 709
Current year change in dep., lifetime	0	0	63 282	13 303	76 585
Reversal last year write-downs	0	0	-3 666	0	-3 666
Impairment	0	0	1 606	460	2 066
<b>Acc. Depreciations and write-downs 2021</b>	<b>0</b>	<b>1 338</b>	<b>88 599</b>	<b>20 758</b>	<b>110 695</b>

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 ongoing and change in lifetime for Asset is booked as increased depreciations. Plan to be finalized in 2022.

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

Annual rent of non-financial assets	Land	Properties	Machinery and plants	Movables, Furniture, Tools	Total
Annual rent of non-reported assets in balance sheet	0	18 657	226	289	19 171
Rental period		2021-2028	2021-2021	2021-2022	
<b>Dilapidation</b>	<b>28 962</b>				<b>28 962</b>

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.

## NOTE 8 – INVENTORIES

	2021	2020
Raw materials	118 197	100 052
Work in progress	138 751	141 334
Finished goods (purchased)	13 987	9 993
Finished goods (manufactured)	83 962	100 053
<b>Total</b>	<b>354 897</b>	<b>351 431</b>
Inventories carried at acquisition cost	306 702	299 431
Inventories carried at net realizable value	48 195	52 001
<b>Total</b>	<b>354 897</b>	<b>351 431</b>
Inventories have been deducted for obsolescence with	(114 175)	(196 177)

## NOTE 9 - 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 11 – 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 336 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 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 31.12.2021 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.

## NOTE 12 – CUSTOMER RECEIVABLES

	2021	2020
Customer receivables	98 242	67 657
Group customer receivables	594 931	388 884
<b>Total</b>	<b>693 173</b>	<b>456 541</b>

## NOTE 13 – INTERCOMPANY ACCOUNTS

	2021	2020
<b>Assets</b>		
Customer receivables	257 264	388 884
Other receivables - Cash Pool	594 931	225 312
<b>Total asset</b>	<b>852 195</b>	<b>614 196</b>
<b>Liabilities</b>		
Group trade creditors	5 577	3 601
<b>Total liabilities</b>	<b>5 577</b>	<b>3 601</b>



## NOTE 14 – OTHER CURRENT RECEIVABLES

	2021	2020
V.A.T	11 558	2 582
Prepaid expenses	22 619	16 732
Other receivables	116 157	123 018
<b>Total</b>	<b>150 334</b>	<b>142 331</b>

## NOTE 15 – BANK

	2021	2020
Bank		
Liquid assets as of 31 December 2021 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 (ultimat Company in group):		
Total fixed assets	586 988	716 210
Inventory	354 897	351 431
Receivables	98 242	67 657
Other receivables	150 334	141 766
<b>Total asset guarantee</b>	<b>1 190 461</b>	<b>1 277 064</b>

## NOTE 16 – 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:

		2021	2020
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 Lmt (Birmingham, UK). The ultimate company is Melrose Industries Plc(UK).

## NOTE 17 – EQUITY

	Share capital	Share premium reserve	Other equity	Total
Equity 01.01.2021 as previously reported	112 500	4 875	1 255 463	1 372 838
Profit and loss of the year	0	0	166 940	166 940
<b>Equity 31.12.2021</b>	<b>112 500</b>	<b>4 875</b>	<b>1 422 403</b>	<b>1 539 778</b>

## NOTE 18 – CONTRACTUAL OBLIGATIONS

The signed contractual obligations reflect committed future purchases for the period 2021 - 2022

	2022	2021
Material and semi-manufactured products	417 784	316 684
Investments	52 662	80 918



## NOTE 19 - FORWARD CONTRACTS

The Company has entered into forward contracts of a total value of MNOK 1 999,4 and the unrealized gain/loss is the difference between the forward exchange rate and the fair value.

Period until due date	Currency	Amount	Forward rate	Closing rate	2021	2020
					Unrealized gain	Unrealized loss
2022 - 2027	NOK	-1 520 300 000	-10,24	8,8073		
2022 - 2027	USD	148 441 303	-10,24	8,8073		
Fair value adjustments					46 890	(50 072)
Booked liability					(196 785)	(243 676)

## NOTE 20 - TRANSACTIONS WITH RELATED PARTIES

### Related parties:

Melrose Industries Plc	Ultimate parent Company
GKN Holding Lmt (GKN)	Parent Company
GKN Aerospace Sweden AB (GAS)	Parent Company
GKN Aerospace Newington (GANE)	Sister Company
GKN Enterprise Lmt	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 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:

	2021	2020
Sale of goods and services to GAS	431 569	726 881
Purchase of raw materials from GAS, India, Manchester and GANE	146 574	36 214
Purchase of IT services and common costs from GAS	3 689	7 825
Purchase of common costs from GKN Ltd	60 538	44 096
Purchase of maintenance services from KTT	29 642	32 460
Net interest receivable /loan GKN	4	1 248

Remuneration of senior management is shown in Note 3 and balances with companies in the GKN Group are described in note 13.

The trade creditors to KTT were MNOK 3 636 at 31. December 2021 and interCompany accounts are shown in note 13.

Treasury department in Melrose Industries Plc trades forward contract shown in note 19.

## NOTE 21 - PROVISION, ESTIMAT

	2021	2020
Severance	48 506	48 506
Retention	16 198	0
Early retirement scheme	13 671	53 313
<b>Total</b>	<b>78 374</b>	<b>48 506</b>
<b>Dissipation</b>	<b>28 963</b>	<b>28 963</b>

## 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. Indirectly the impact can come in the longer terms on increased raw material prices and reduced access to materials. In short term we are covered by agreements in both quantity and price.



## BOARD OF DIRECTORS' REPORT 2021

### 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 2021 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. While it is expected that the wide-body market will recover, 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 2021 was approximately 85% of the level in 2020 due to the continuation of the Covid-19 pandemic. Volumes are slowly coming back, but the pandemic has taken its toll also in 2021. By end 2021 we are looking at approx. 30% below 2019 levels, an increase from last year end at approx. 50% below 2019. It is expected that air traffic recovery will continue to catch up, but it is not likely to reach 2019 level before 2024, of course pending positive effects of vaccination and people reverting to old travel habits.

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 2021 the Company has improved backlog in key programs with GE and PW, making it possible to discuss volume upshare opportunities as the demand grows back (CFM, PW1000, LEAP 1B 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). The Company is positioning themselves as Center of Excellence for Shafts, Vanes and Small&Medium Turbine Cases, where technology insertion and Operational Excellence will be the key to growth.



## Results and financial conditions

The annual accounts for 2021 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 decreased from NOK 1 496 million in 2020 to NOK 1 085 million in 2021.

The operating profit was NOK 116 million in 2021 compared to NOK 171 million in 2020. Net profit before taxes was NOK 213 million in 2021 versus net loss NOK 54 million in 2020. Compared to sales, the operating expenses in percent were almost the same over the two years. We see a proportionally lower cost for materials in 2021. A similar decrease in other operational expense was related to large provisions for severances in 2020. In 2021, the depreciation has almost doubled due to change in lifetime valuation on assets used in area for large structures as this production is to be moved to GKN Aerospace Sweden.

Profit of the year – NOK 167 million - has been allocated as follows:

Allocated to other equity	NOK 167 million
Total allocated	NOK 167 million

The total equity amounts to NOK 1 540 million and the equity ratio is 73% compared to 69,7% in 2020.

In 2021, the Company invested NOK 16 million in plant, production machinery and equipment. Increase in depreciation due to lifetime valuation was NOK 75 million.

The Company's liquidity position is satisfactory. The Company is lending available liquidity to other companies within the Group.

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 loss before taxes had a negative impact of NOK 54 million in 2020 due to unrealized loss 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, 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 336 highly skilled employees at the end of 2021, compared to 393 in 2020. The distribution was 181 operators and 155 salaried personnel.

During 2021, due to the Covid-19 pandemic and moving fabrication of large structures to GKN Aerospace Sweden, the Company has been through a right-sizing process and have decreased with 57 employees from 2020.

Full time equivalent at year-end 2021 was 320,1- which is higher than at the end of 2020, where the number was 310,7. The reason is utilization of the furlough scheme in 2020.

The sick leave average was 6,1% in 2021, compared to 5,3% in 2020. The increase is explained by Covid-19 and quarantine situations.

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 2021, this cooperation has been very strong due to the move of fabrication of large structures to GKN Aerospace Sweden and right-sizing processes.

The Company has a high focus on safety by identifying hazards (i.e. potential risks) and applying root cause analysis to mitigate risks. During 2021, there were 0 Lost Time Accidents reported, 4150 hazards, 2 near misses and 3 minor incidents. A total of 4188 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. 47 out of 336 employees are female, giving a representation of 14%. 9 out of 42 leaders are female, giving a representation of 21%. The Company has 26 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.

## **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. Hourly load has been heavily reduced during 2020 and stabilized during 2021. Ahead, share and volume increase in current programs will be critical in addition to extreme focus on multiple NPI (New Program Introduction). Over the last couple of years, production volumes has shifted between value streams within the Company and this has led to personnel working within effected areas, or with specific capabilities, have been transferred into other areas where capacity need is increasing. This will be further stressed during the phase out of fabricated structures, as two main products are to be discontinued in 2022 (GenX TRF and PW 24TK TEC) and our last large fabricated structure will be discontinued in 2023 (PW 4000 TEC), leading to an end of the welding capability at GAN.

The three-year implementation of Lean Operating Model (a GKN Aerospace initiative within the One Aerospace concept) is now through Phase3, when the Operating Model is extended from the



model area (Phase 2 successfully closed in 2021) to the entire site. All of our major Product Lines are to be Value Stream Mapped and made operationally excellent during 2022 (Layout Improvements, Inventory Entitlement securing on-time delivery, Improvement Kaizen leading to Lead-time Reduction). 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 maturing from typically Industry 3.0 to Industry 4.0. With emphasis on data usage, advanced control of manufacturing systems and automation. As the Lean Operating Model is being 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.

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. The Company gains knowledge regarding future jet engine component designs, as well as taking part in the technology development.

The project related to SFI manufacturing including automated deburring is partially funded by Skattefunn.



## Prospects for the future

In 2021, the continuation of the Covid-19 pandemic led to a succession of border closing or restrictions that continued to affect international travel heavily while domestic travel recovered quicker. The quick roll-out of vaccines enabled to keep people travelling but the recovery has been slower than foreseen, with 2021 ending at about 30% lower level of commercial traffic (passenger kilometer) than before the pandemic start in 2019. The military market pulled through unaffected and is still showing a bit of growth. Market analysts foresee a lengthy downturn and recovery period before we are back at 2019 demand, depending on segment and region of operations. New outbreaks can affect regional traffic as it has been seen with Omicron and the latest forecast is a full recovery by 2024 earliest.

In addition, effectiveness of the vaccine, rate of vaccination and countries desire, or lack of desire, to open up their borders is making it hard to predict the future recovery. Large countries like China have shown a political objective of 'Zero COVID' shutting down their air traffic during large parts of 2021, while USA for example has seen a domestic market recovery to levels close to before the pandemic.

Subsequently regional aircrafts and Narrowbody are leading the recovery and return to 2019 levels are expected 2023-2024, while Widebody is trailing behind and return to earlier levels seems unlikely. Especially Widebody with four engines that are basically not flying at all.

During the year, the Boeing B737MAX situation has been resolved and flights and deliveries are now picking up again.

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.


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.

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 by regional outbreaks leading to a large increase of freight costs in 2021. The demand for alternative and new solutions will sustain: most OEMs are now engaged in electric, hybrid electric or hydrogen technology programs. 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.

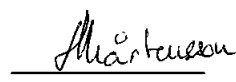


With decline in the growth rates in the short-term, the importance of being competitive in terms of delivery precision and quality is getting even stronger than it was pre Covid-19 in order to secure increased volume shares and orders in the long term.

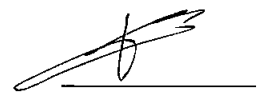
Kongsberg, 21 March 2022




Joakim Andersson  
Chairman of the Board



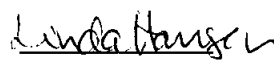
Sophie Mårtensson  
Member of the Board




Sebastien Aknouche  
Member of the Board/  
President



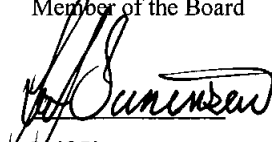
Alexander Andersson  
Member of the Board



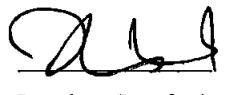
Linda Hansen  
Member of the Board



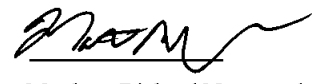
Bent Andersen  
Member of the Board



Leif Simensen  
Member of the Board



Jonathon Crawford  
Member of the Board



Matthew Richard Nozemack  
Member of the Board