



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 045 379
Organisasjonsform: Aksjeselskap
Foretaksnavn: ROLLS-ROYCE ELECTRICAL NORWAY AS
Forretningsadresse: Jarleveien 8A
7041 TRONDHEIM

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: Sigurd Øvrebø
Dato for fastsettelse av årsregnskapet: 30.05.2023

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, 16.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Revenue	1, 2	112 375 416	119 009 931
Sum inntekter		112 375 416	119 009 931
Kostnader			
Raw materials and consumables used		9 392 317	9 437 751
Employee benefits expense	3	48 907 668	40 814 985
Depreciation and amortisation expenses	4, 5	5 250 676	6 306 157
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4, 5		
Other expenses	2, 3, 6	38 568 694	48 881 843
Sum kostnader		102 119 354	105 440 736
Driftsresultat		10 256 062	13 569 196
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	7		
Annen renteinntekt	7	5 508	4 491
Other financial income	7	99 191	43 103
Sum finansinntekter		104 699	47 594
Rentekostnad til foretak i samme konsern	7		
Annen rentekostnad	7		
Other financial expenses	7	14 189	395 572
Sum finanskostnader		14 189	395 572
Netto finans		90 510	-347 978
Ordinært resultat før skattekostnad		10 346 573	13 221 217
Income tax expense	8	2 295 013	2 916 706
Ordinært resultat etter skattekostnad		8 051 560	10 304 511
Årsresultat		8 051 560	10 304 511
Årsresultat etter minoritetsinteresser		8 051 560	10 304 511



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Totalresultat		8 051 560	10 304 511
Overføringer og disponeringer			
Other equity		8 051 560	10 304 511
Sum overføringer og disponeringer		8 051 560	10 304 511



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Development	4, 5		
Patents, licenses, trademarks, and similar rights	5	1 522 156	2 060 767
Utsatt skattefordel	8	556 420	372 310
Goodwill	5		
Sum immaterielle eiendeler		2 078 577	2 433 077
Varige driftsmidler			
Machinery and equipment	4	2 455 216	1 881 118
Equipment and other movables	4	9 755 853	13 620 067
Sum varige driftsmidler		12 211 069	15 501 185
Finansielle anleggsmidler			
Lån til foretak i samme konsern	2		
Lån til tilknyttet selskap og felles kontrollert virksomhet	2		
Sum anleggsmidler		14 289 645	17 934 261
Omløpsmidler			
Varer			
Sum varer	9	494 744	2 389 119
Fordringer			
Accounts receivables		3 417 603	7 590 096
Other short-term receivables	10	13 755 118	10 744 520
Konsernfordringer	2	20 236 931	20 259 999
Sum fordringer		37 409 652	38 594 615
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	11	68 057 570	55 589 135
Sum bankinnskudd, kontanter og lignende		68 057 570	55 589 135
Sum omløpsmidler		105 961 966	96 572 869



Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		120 251 611	114 507 130
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	12, 13	30 030 000	30 030 000
Overkurs	12	27 000 000	27 000 000
Sum innskutt egenkapital		57 030 000	57 030 000
Opptjent egenkapital			
Other equity	12	43 807 232	35 755 672
Sum opptjent egenkapital		43 807 232	35 755 672
Sum egenkapital		100 837 232	92 785 672
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8		
Annen langsiktig gjeld			
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		4 483 852	7 739 004
Tax payable	8	2 479 122	3 194 221
Public duties payable		3 333 614	2 315 780
Utbytte	12		
Kortsiktig konserngjeld	2		
Other current liabilities	10	9 117 792	8 472 453
Sum kortsiktig gjeld		19 414 379	21 721 458
Sum gjeld		19 414 379	21 721 458
SUM EGENKAPITAL OG GJELD		120 251 611	114 507 130



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 531265

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Bekreftet av representant for selskapet: Sigurd Øvrebø
Dato for fastsettelse av årsregnskapet: 30.05.2023

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja

Grunnlag for avgivelse

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

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Brønnøysundregistrene, 01.07.2023



Organisasjonsnr: 921 045 379
ROLLS-ROYCE ELECTRICAL NORWAY AS

RESULTATREGNSKAP

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ROLLS-ROYCE ELECTRICAL NORWAY AS

BALANSE

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Organisasjonsnr: 921 045 379
ROLLS-ROYCE ELECTRICAL NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
6

Antall årsverk i regnskapsåret
39.00

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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To the General Meeting of Rolls-Royce Electrical Norway AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Rolls-Royce Electrical Norway AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 10 May 2023
PricewaterhouseCoopers AS

Jan Roger Hånes
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Hånes, Jan Roger	BANKID	2023-05-10 15:56

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- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



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The seal is a guarantee for the authenticity
of the document.



Skatteetaten

Vår dato 17.09.2020	Din/Deres dato 03.09.2020	Saksbehandler Vibeke Horne
800 80 000 Skatteetaten.no	Din/Deres referanse AR387656155	Telefon 90518192
Org.nr 974761076	Vår referanse 2020/5866625	Postadresse Postboks 9200 Grønland 0134 OSLO

ROLLS-ROYCE ELECTRICAL NORWAY AS
Jarleveien 8A
7041 TRONDHEIM

Att. James Whiteley

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Rolls-Royce Electrical Norway AS, org.nr. 921 045 379

Vi viser til deres brev av 3. september 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Rolls-Royce Electrical Norway AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Rolls-Royce Electrical Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Rolls-Royce Electrical Norway AS er eid av et utenlandsk selskap. Selskapet driver virksomhet knyttet til produksjon av elektromotorer, generatorer og transformatorer. Flere av styremedlemmene i selskapet er utenlandske.

Skattekontorets 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 mv., 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 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 "informativ regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets 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 skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Annual Report 2022

Rolls-Royce Electrical Norway AS

Directors' Report
Income statement
Balance sheet
Cash flows
Notes to the Accounts

Org.no.: 921 045 379



Directors' annual report 2022 for Rolls-Royce Electrical Norway AS

The nature of the business

Rolls-Royce Electrical Norway AS is 100% owned by Rolls-Royce plc. The ultimate parent company being Rolls-Royce Holdings plc, which has its business address in London, is listed on the London Stock Exchange, and prepares consolidated accounts within which Rolls-Royce Electrical Norway AS is consolidated. The company is located in Trondheim municipality.

Rolls-Royce Electrical Norway AS is a company whose business includes electrification in aircraft, marine and subsea. Deliveries include R&D, testing, commissioning and product deliveries.

The cash flow from operating activities is NOK 13,9 million in 2022, cash flow from investing activities is NOK -1,4 million, and cash flow from financing activities is NOK 0,0 million. The favourable cash position at the year end is NOK 68,1 million, up from NOK 55,6 million.

Going concern

In accordance with the regnskapslovens § 3-3a, it is confirmed that the conditions required for continued operation are present, and that this assumption is used as the basis for the preparation of the accounts.

Statement of the annual accounts

The board does not know of any matters of importance for judging the company's position and results that do not appear in the profit and loss statement and the balance sheet with notes.

Electrification in our core markets continue to be important to reach global CO2 targets. This is the main driver for continued operation and growth in Rolls-Royce Electrical Norway AS.

Other than those mentioned above, no post financial year end events or transactions have occurred which, in the board's view, are important in assessing the financial statement.

Outlook for 2023

Rolls-Royce Electrical Norway AS continue to have a strong foundation of contracts entering the year. By the end of Q1 deliveries are going as planned. In addition to former product deliveries, a major EU-funded project has been started on group level, in which Rolls-Royce Electrical Norway contributes with engineering services. It is expected that deliveries will continue similarly going into Q2-Q4, both in terms of turnover and profit.

Financial risk

The company's revenues and costs are primarily in Norwegian Kroner. Where the company does invoice customers in a foreign currency the revenue is calculated based on Norwegian Kroner price, the financial risk being foreign exchange movement during debtor day period. If deemed necessary hedging is available via Rolls-Royce Group Treasury. The company undertakes no hedging of interest rates and has no long-term borrowings in place. No significant financial risk exists.

Market Risk

The global trend towards electrification is the driving force behind Rolls-Royce Electrical Norway AS's business. The market for electrification in specific business sectors can change for many reasons affecting those business sectors, for example the effect Corona had on aviation. These market changes can have knock on effects of temporarily reducing R&D towards electrification. However, the general trend towards electrification across all Rolls-Royce business sectors continues. This should allow Rolls-Royce Electrical



Norway AS to benefit from the market growth in our core markets.

Liquidity risk

The company has minimal large investments and related financial outlays. The company can both contribute to and draw upon borrowed Group funds as it seems fit.

Working environment, gender equality and discrimination

The board considers the working environment in the company to be good. There are continuous ongoing measures to maintain this status. Employees in the company have not been exposed to accidents or injuries in connection with the performance of their work. Total sickness absence last year has been a total of 4,6% of total working hours in the financial year.

Rolls-Royce Electrical Norway AS aims to be a workplace where there is full equality between women and men. It has incorporated a personnel policy which is considered to be gender neutral in all areas. At the end of the year, the company had 39 employees, 5 women and 34 men. The company's board consists of 5 people, of which 2 are women.

Transparency

According to the Transparency Act (Åpenhetsloven) the Company is obliged to carry out due diligence in accordance with OECD Guidelines for Multinational Enterprises. The due diligence is carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions. The strategy and requirements for the business impact on environmental, social and ethical sustainability is available on Rolls-Royce Plc website:

<https://www.rolls-royce.com/sustainability.aspx>

Environmental reporting

The company does not conduct activities that pollute the external environment.

Liability insurance

There is a general insurance for Directors & Officer's Liability signed with Nightingale Insurance Ltd.

Annual result and dispositions

In 2022 the company had a net profit before tax of NOK 10 346 573. Tax expense was NOK 2 295 013, making the annual result NOK 8 051 560.

Allocation of earnings

Allocated to dividend: NOK 0
To other equity: NOK 8 051 560



Trondheim, 10.05.2023
The board of Rolls-Royce Electrical Norway AS

Robert Emmerson Watson
chairman of the board

Stig Ove Stornes
member of the board

Julia Adelheid Gross
member of the board

Charlotte Ellen Strachan
member of the board

Sigurd Øvrebø
general Manager



Income Statement

Rolls-Royce Electrical Norway AS

Operating income and operating expenses	Note	2022	2021
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Employee benefits expense	3	48 907 668	40 814 985
Depreciation and amortisation expenses	4, 5	5 250 676	6 306 157
Other expenses	2, 3, 6	38 568 694	48 881 843
Total expenses		102 119 354	105 440 736
Operating profit		10 256 062	13 569 196
Financial income and expenses			
Other interest income	7	5 508	4 491
Other financial income	7	99 191	43 103
Other financial expenses	7	14 189	395 572
Net financial items		90 510	-347 978
Net profit before tax		10 346 573	13 221 217
Income tax expense	8	2 295 013	2 916 706
Net profit		8 051 560	10 304 511
Net profit or loss		8 051 560	10 304 511
Allocated to			
Other equity		8 051 560	10 304 511
Total		8 051 560	10 304 511



Balance Sheet 31.12

Rolls-Royce Electrical Norway AS

Assets	Note	2022	2021
Fixed assets			
Intangible assets			
Patents, licenses, trademarks, and similar rights	5	1 522 156	2 060 767
Deferred tax assets	8	556 420	372 310
Total intangible assets		2 078 577	2 433 077
Property, plant and equipment			
Machinery and equipment	4	2 455 216	1 881 118
Equipment and other movables	4	9 755 853	13 620 067
Total property, plant and equipment		12 211 069	15 501 185
Total non-current assets		14 289 645	17 934 261
Current assets			
Inventories	9	494 744	2 389 119
Debtors			
Accounts receivables		3 417 603	7 590 096
Other short-term receivables	10	13 755 118	10 744 520
Receivables from group companies	2	20 236 931	20 259 999
Total receivables		37 409 652	38 594 615
Cash and cash equivalents	11	68 057 570	55 589 135
Total current assets		105 961 966	96 572 869
Total assets		120 251 611	114 507 130



Balance Sheet 31.12

Rolls-Royce Electrical Norway AS

Equity and liabilities	Note	2022	2021
Equity			
Paid-in capital			
Share capital	12, 13	30 030 000	30 030 000
Share premium reserve	12	27 000 000	27 000 000
Total paid-up equity		57 030 000	57 030 000
Retained earnings			
Other equity	12	43 807 232	35 755 672
Total retained earnings		43 807 232	35 755 672
Total equity		100 837 232	92 785 672
Current liabilities			
Trade payables		4 483 852	7 739 004
Tax payable	8	2 479 122	3 194 221
Public duties payable		3 333 614	2 315 780
Other current liabilities	10	9 117 792	8 472 453
Total current liabilities		19 414 379	21 721 458
Total liabilities		19 414 379	21 721 458
Total equity and liabilities		120 251 611	114 507 130

Trondheim, 10.05.2023
The board of Rolls-Royce Electrical Norway AS

Robert Emmerson Watson
chairman of the board

Stig Ove Stornes
member of the board

Julia Adelheid Gross
member of the board

Charlotte Ellen Strachan
member of the board

Sigurd Øvrebø
general Manager



Cash Flow Statement

Rolls-Royce Electrical Norway AS

	Note	2022	2021
Cash flows from operating activities			
Profit/loss before tax		10 346 573	13 221 217
Taxation paid	8	-3 194 222	-5 788 923
Ordinary depreciation	4, 5	5 250 676	6 306 157
Change in inventory	9	1 894 375	-289 516
Change in accounts receivable		4 172 493	-2 196 989
Change in accounts payable		-3 255 153	-1 198 365
Change in other accrual items	10	-1 324 356	-1 756 977
Net cash flows from operating activities		13 890 385	8 296 603
Cash flows from investment activities			
Payments to buy tangible assets	4	1 421 949	5 472 445
Net cash flows from investment activities		-1 421 949	-5 472 445
Cash flows from financing activities			
Net change in cash and cash equivalents		12 468 435	2 824 159
Cash and cash equivalents at the start of the period		55 589 135	52 764 975
Cash and cash equivalents at the end of the period	11	68 057 570	55 589 134



Notes to the financial statement 2022

Accounting principles

The annual accounts have been prepared in accordance with the Accounting Act and Norwegian generally accepted accounting principles, and under the assumption of continued operations.

Use of estimates

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from sale of goods are recognised in the income statement when both risk and control have passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Revenue from sale for services

Revenues for services are recognised when the services are performed.

Classification and assessment of balance sheet items

Assets intended for long term ownership or use are classified as fixed assets. Fixed assets are valued at acquisition cost. Current assets and current liabilities include items due for payment within one year of the balance sheet date, along with inventory items. Current assets are valued at the lower of acquisition cost and estimated fair value. Receivables are classified as current assets if they are to be repaid within one year. Similar criteria apply to current liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets. Some items are assessed according to other rules. The items in question will be among the items covered below.

Intangible assets

Expenditure on Research and Development is capitalised when a future economic benefit relating to the development of an identifiable intangible asset can be identified, and the expenses can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are depreciated on a straight-line basis over the asset's expected useful life. Research costs are always expensed following the changes in Norwegian accounting law.

Fixed assets

Tangible fixed assets are capitalised and depreciated on a straight-line basis down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment is expensed on an ongoing basis.

Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Land is not depreciated.

Leased fixed assets are capitalized as fixed assets if the lease is considered financial.

Expenses for renting other fixed assets are expensed as operating costs. Prepayments are reflected in the balance sheet as a prepaid expense, and are distributed over the rental period.

Impairment of fixed assets



Notes to the financial statement 2022

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use. Value in use is the present value of future cash flows related to the asset.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Inventory

The inventory of purchased goods is valued at the lower of acquisition cost according to the FIFO principle and net sales value. Finished goods of own production and work in progress are valued at production cost.

Receivables

Trade receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Pensions

Pension schemes financed via hedged schemes are not capitalized. The pension premium is considered in these cases such as pension costs and are classified together with wage costs

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

Deferred tax on surplus values in connection with acquisitions of subsidiaries will not be settled.

List of deferred tax assets on net tax-reducing differences that have not been offset and losses to carry forward, is justified by assumed future earnings. Deferred tax assets that can be capitalized and deferred tax is entered net in the balance sheet.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognised as financial income and expenses.

Warranties, guarantee commitments/complaints and service

Provision for warranties and service work for completed projects / sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognised in the income statement on a straight-line basis over the warranty and service period.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



Notes to the financial statement 2022

Note 1 Sales income

By business area	2022	2021
Engineering services, intercompany	92 642 418	98 253 415
Engineering services, Kongsberg	17 083 848	20 673 468
Engineering services, other external parties	2 649 151	5 923 409
Total	112 375 417	124 850 293

Geographic breakdown	2022	2021
Norway	16 834 753	18 710 568
Germany	54 016 783	25 999 163
Sweden	3 493 987	7 695 613
United Kingdom	38 029 894	66 406 891
South Korea	0	197 696
Total	112 375 417	119 009 931

Note 2 Intercompany transactions

Intercompany receivables	2022	2021
Rolls-Royce plc	3 976 695	16 959 461
Rolls-Royce Defence UK	3 708 397	98 688
Rolls-Royce Electrical Bavaria	3 212 057	3 201 850
Rolls-Royce Solutions GmbH	6 988 703	0
Rolls-Royce Deutschland	2 351 078	0
Total intercompany receivables	20 236 930	20 259 999

Intercompany sales	2022	2021
Rolls-Royce Plc	21 265 658	69 817 699
Rolls-Royce Defence UK	16 764 236	0
Rolls-Royce Corporation	0	9 117 260
Rolls-Royce Deutschland	11 134 761	0
Rolls-Royce Solutions GmbH	15 505 301	0
Rolls-Royce Electrical Bavaria	27 972 462	19 318 456
Total intercompany sales	92 642 418	98 253 415

Other revenue not related to intercompany sales is sales to external customers regarding engineering and manufacturing services.



Notes to the financial statement 2022

Note 3 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2022	2021
Salaries/wages	39 120 056	32 684 394
Social security fees	6 084 562	4 966 828
Pension expenses	1 917 541	1 761 664
Other remuneration	1 785 509	1 402 099
Total	48 907 668	40 814 985

Average number of employees during the accounting year 43 39

Remuneration to executives	General Manager	Board
Salaries/wages	1 952 790	0
Pension expenses	97 640	0
Other remuneration	153 574	0
Total	2 204 004	0

The General Manager's salary includes a management and performance bonus calculated by Rolls-Royce Group, his other remuneration includes share based payment paid as a retention bonus. No salary or other benefits have been paid to others on the board. No loan or security has been provided to the general manager or other leading persons.

OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirement of this law.

Liability insurance

There is a general insurance for Directors & Officer's Liability signed with Nightingale Insurance Ltd.

Auditors

For 2022 PwC continues its role as the company's auditor. Compensation listed ex. VAT.

Year	2022	2021
Annual audit	273 427	280 000
Other audit services	95 000	6 200
Total compensation	368 427	286 200

Other audit services are related to additional auditing on projects receiving public grants. Annual audit costs are accounted for as services are being delivered.



Notes to the financial statement 2022

Note 4 Tangible assets

	Construction in process	Plant & machinery	Equipment, fixtures & fittings	Total
Acquisition cost 01.01.2022	1 749 836	2 701 917	23 585 361	28 037 114
Inflow of purchased tangible assets	1 525 118	0	139 583	1 664 701
Reclassification	-3 241 518	895 805	2 102 962	-242 751
Acquisition cost 31.12.2022	33 436	3 597 722	25 827 906	29 459 064
Accumulated depreciations 31.12	0	1 142 506	16 105 489	17 247 995
Book value 31.12.2022	33 436	2 455 216	9 722 417	12 211 069
Acc. depreciations and write-downs 01.01.2022	0	820 799	11 715 131	12 535 930
This year's depreciation	0	321 707	4 390 358	4 712 065
Acc. depreciations and write-downs 31.12.2022	0	1 142 506	16 105 489	17 247 995
Economic lifetime	0 years	3-10 years	3-5 years	

Note 5 Intangible assets

	Licenses
Acquisition cost 01.01.2022	3 359 766
Acquisition cost 31.12.2022	3 359 766
Accumulated depreciations 31.12	1 837 609
Book value 31.12.2022	1 522 156
Acc. depreciations and write-downs 01.01.2022	1 298 999
This year's depreciation	538 610
Acc. depreciations and write-downs 31.12.2022	1 837 609
Economic lifetime	3-10 years



Notes to the financial statement 2022

Note 6 Leases

Annual rent of off-the-balance-sheet fixed assets	2022	2021
Buildings including real estate	4 883 435	4 612 415
Total	4 883 435	4 612 415

Note 7 Specification of financial income and financial expenses

Financial income	2022	2021
Other interest income	5 508	4 491
Agio	99 191	43 103
Total financial income	104 699	47 594

Financial expenses	2022	2021
Other financial expenses	105	0
Disagio	14 084	395 572
Total financial expenses	14 189	395 572



Notes to the financial statement 2022

Note 8 Tax

This year's tax expense	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	2 479 123	3 194 221
Changes in deferred tax assets	-184 110	-277 515
Tax expense on ordinary profit/loss	2 295 013	2 916 706
Taxable income:		
Ordinary result before tax	10 346 573	13 221 217
Permanent differences	85 306	36 540
Changes in temporary differences	836 862	1 261 432
Taxable income	11 268 741	14 519 188
Payable tax in the balance:		
Payable tax on this year's result	2 479 122	3 194 221
Total payable tax in the balance	2 479 122	3 194 221
Calculation of effective tax rate		
Profit before tax	10 346 573	13 221 217
Calculated tax on profit before tax	2 276 246	2 908 668
Tax effect of permanent differences	18 767	8 039
Total	2 295 013	2 916 706
Effective tax rate	22,2 %	22,1 %

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2022	2021	Difference
Tangible assets	-2 299 418	-1 584 011	715 406
Stock	-117 163	0	117 162
Warranties	-112 602	-108 308	4 294
Total	-2 529 182	-1 692 320	836 862
Basis for deferred tax assets	-2 529 182	-1 692 320	836 862
Deferred tax assets (22 %)	-556 420	-372 310	184 110

Note 9 Inventory

	2022	2021
Stocks of raw materials	339 744	1 872 437
Stocks of goods in manufacture	155 000	238 921
Stocks of self-produced finished goods	0	277 761
Total inventory	494 744	2 389 119

The inventory value of Rolls-Royce Electrical Norway AS as at 31.12.2022 has been valued at acquisition cost for raw materials, and production cost for work in progress and finished goods. Non current inventory of NOK 117 163 has been corrected for during the accounting year.



Notes to the financial statement 2022

Note 10 Receivables and liabilities

The company has no debt secured by a mortgage in 2021. The company also has no long-term receivables or liabilities.

Other short-term receivables	2022	2021
Services provided, not invoiced	10 540 350	8 056 787
Prepayments	989 568	722 079
VAT returns	2 223 655	1 965 655
Other	1 545	0
Total other short-term receivables	13 755 118	10 744 520

Other short-term liabilities	2022	2021
Accrued, unpaid salary, vacation pay and social security	4 963 702	3 856 491
Warranties	112 602	108 308
Other accrued costs	4 041 488	4 507 653
Total other short-term receivables	9 117 792	8 472 453

Note 11 Bank deposits

Funds standing on the tax deduction account (restricted funds) are NOK 1 966 195.



Notes to the financial statement 2022

Note 12 Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	30 030 000	27 000 000	35 755 672	92 785 672
Annual net profit/loss			8 051 560	8 051 560
Equity 31.12	30 030 000	27 000 000	43 807 232	100 837 232

Note 13 Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	300	100 100	30 030 000

Shareholders:	Number of shares	Ownership
Rolls-Royce plc	300	0 %
Total number of shares	0	0 %

The company has one share class and all shares have equal voting rights. Rolls-Royce Electrical Norway AS is 100% owned by Rolls-Royce plc. The ultimate parent company being Rolls-Royce Holdings plc which has a business address in London and is listed on the London Stock Exchange, prepares consolidated accounts where Rolls-Royce Electrical Norway AS is included in the consolidation. The consolidated financial statements are available on the website <https://www.rolls-royce.com/investors.aspx>.



Notes to the financial statement 2022

Note 14 Public grants

In connection with a zero emissions aircraft project, in 2022 a government grant from the EU has been approved, with project start up from 01.01.2023, lasting until 31.12.2025.

Note 15 Contingent liabilities

In January 2017, after full cooperation, the Group concluded deferred prosecution agreements (DPA) with the SFO and the US Department of Justice (DoJ) and a leniency agreement with the MPF, the Brazilian federal prosecutors. The terms of both DPAs have now expired; the DPA with the DoJ was dismissed by the US District Court on 19 May 2020 and the SFO filed notice of discontinuance of proceedings with the UK Court on 18 January 2022. Certain authorities are investigating members of the Group for matters relating to misconduct in relation to historical matters. The Group is responding appropriately. Action may be taken by further authorities against the Group or individuals. In addition, the Group could still be affected by actions from customers and customers' financiers. The Directors are not currently aware of any matters that are likely to lead to a material financial loss over and above the penalties imposed to date, but cannot anticipate all the possible actions that may be taken or their potential consequences.