



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: 15.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 27.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sales revenue	2, 20	1 496 179 000	2 066 066 000
Other operating revenues			562 000
Sum inntekter		1 496 179 000	2 066 628 000
Kostnader			
Use of raw materials and semi-man. products	8, 20	547 008 000	643 957 000
Wages, salaries and social welfare costs	3, 11	364 771 000	442 277 000
Depreciation	6, 7	74 321 000	53 096 000
Other operating expenses	3, 4, 20	339 161 000	264 910 000
Sum kostnader		1 325 261 000	1 404 239 000
Driftsresultat		170 918 000	662 388 000
Finansinntekter og finanskostnader			
Other financial income			479 000
Annen renteinntekt		1 000	4 000
Currency loss/gain	19	-225 812 000	-47 730 000
Sum finansinntekter		-225 811 000	-47 246 000
Rentekostnad til foretak i samme konsern	20	-1 248 000	-29 893 000
Other net interest expenses		452 000	577 000
Sum finanskostnader		-796 000	-29 317 000
Netto finans		-225 015 000	-17 930 000
Ordinært resultat før skattekostnad		-54 096 000	644 459 000
Tax on ordinary result	5	-11 867 000	141 845 000
Ordinært resultat etter skattekostnad		-42 229 000	502 614 000
Årsresultat		-42 229 000	502 614 000
Årsresultat etter minoritetsinteresser		-42 229 000	502 614 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Totalresultat		-42 229 000	502 614 000
Overføringer og disponeringer			
Ordinært utbytte			1 363 215 000
Allocated to other equity	17		
Allocated from other equity		-42 229 000	-860 601 000
Sum overføringer og disponeringer		-42 229 000	502 614 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Capitalized development costs	6	192 445 000	204 485 000
Capitalized startup costs	6	50 000	49 000
Capitalized entry fee costs	6	83 122 000	88 224 000
Utsatt skattefordel	5	87 661 000	32 810 000
Sum immaterielle eiendeler		363 278 000	325 567 000
Varige driftsmidler			
Land	7	1 301 000	1 301 000
Buildings	7	43 839 000	44 132 000
Machinery, furniture, equipment	7	377 293 000	362 930 000
Sum varige driftsmidler		422 433 000	408 363 000
Investments in shares	9		
Other long-term receivables	10		
Sum anleggsmidler		785 711 000	733 930 000
Omløpsmidler			
Varer			
Sum varer	8	351 431 000	568 344 000
Fordringer			
Customer receivables	12	67 657 000	91 387 000
Group trade receivable	12, 13	388 884 000	302 384 000
Other current receivables	4, 14	142 331 000	255 607 000
Konsernfordringer	13	225 312 000	230 771 000
Sum fordringer		824 184 000	880 150 000
Bankinnskudd, kontanter og lignende			
Bank deposits	15	7 291 000	6 895 000
Sum bankinnskudd, kontanter og lignende		7 291 000	6 895 000
Sum omløpsmidler		1 182 906 000	1 455 389 000



Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		1 968 617 000	2 189 320 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16, 17	112 500 000	112 500 000
Overkurs	17	4 875 000	4 875 000
Sum innskutt egenkapital		117 375 000	117 375 000
Opptjent egenkapital			
Other equity	17	1 255 463 000	1 320 283 000
Sum opptjent egenkapital		1 255 463 000	1 320 283 000
Sum egenkapital		1 372 838 000	1 437 658 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	11	101 818 000	23 480 000
Other provisions	7, 19	279 046 000	200 011 000
Sum avsetninger for forpliktelser		380 864 000	223 491 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		380 864 000	223 491 000
Kortsiktig gjeld			
Leverandørgjeld	20, 13, 20	47 166 000	221 706 000
Tax payable	5	31 420 000	135 892 000
Public duties payable		27 747 000	31 769 000
Other short-term liabilities		76 553 000	90 039 000
Advance from customer		32 029 000	48 766 000
Sum kortsiktig gjeld		214 915 000	528 171 000
Sum gjeld		595 779 000	751 661 000
SUM EGENKAPITAL OG GJELD		1 968 617 000	2 189 320 000



Balanse

Beløp i: NOK	Note	2020	2019
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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 29.01.2015	Vår dato 02.02.2015
Telefon 22078139	Deres referanse SBR	Vår referanse 2014/665525

PriceWaterhouseCoopers AS
Postboks 748
0106 Oslo

04 FEB. 2015

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: 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



Annual report 2020

GKN Aerospace Norway AS



GKN AEROSPACE



BOARD OF DIRECTORS' REPORT 2020

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. 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 2020 was just above 50% of the level in 2019 due to the Covid-19 pandemic. The pandemic has also resulted in 2021 volumes dropping to 2020 levels and an expected 10-15% decline in sales for 2021. Recovery is most possibly not starting before 2022, 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. Long term cost competitiveness by introduction of 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.

Results and financial conditions

The annual account for 2020 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 2 066 million in 2019 to NOK 1 496 million in 2020.

The operating profit was NOK 170 million in 2020 compared to NOK 662 million in 2019. Net loss after taxes was NOK 42 million in 2020 versus net profit NOK 503 million in 2019.



Compared to sales, the operating expenses were higher in 2020 than 2019 due to the Covid-19 pandemic.

Profit of the year has been allocated as follows	(42 229)
Allocated from other equity	(42 229)
Total allocated	(42 229)

The total equity amounts to NOK 1 372 million and the equity ratio is 70% compared to 66% in 2019.

In 2020, the Company invested NOK 71 million in plant, production machinery and equipment. Write off machinery has been NOK 18 million.

The Company's liquidity position is satisfactory. The Company is lending to companies in the same group.

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

The Company has a high currency risk and the expenses in NOK are hedged by entering into long-term forward contracts. The loss before taxes had a negative impact of NOK 50 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 393 highly skilled employees at the end of 2020, compared to 531 in 2019. The distribution was 229 operators and 164 salaried personnel. During 2020, due to the Covid-19 pandemic, the Company has been through a right-sizing process and have decreased with 138 employees from 2019. Full time equivalent has been reduced from 510,5 at the end of 2019 to 310,7 in 2020.



The sick leave average was 5,3 % in 2020, compared to 3,9 % in 2019. Some of this increase is due to 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 2020, this cooperation has been very strong due to the right-sizing processes and furloughing.

The Company has a high focus on safety by identifying hazards (i.e. potential risks) and applying root cause analysis to mitigate risks. During 2020, there were 3 Lost Time Accidents reported, 321 hazards, 13 near misses and 9 minor incidents. A total of 858 hazards was solved through the year.

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

Gender

The Board of Directors has 2 female representatives. 51 out of 393 employees are female, giving a representation of 13%. 8 out of 41 leaders are female, giving a representation of 19,5%. 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 (GAS). Hourly load has been heavily reduced during 2020. 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.

The three-year implementation of Lean Operating Model (a GKN Aerospace initiative within the One Aerospace concept) is now through Phase 1 and Phase 2 exit is eminent. By entering Phase 3 in first half of 2021, learnings from Model area will be rolled out to the whole Company. Over the last year, principles as Daily Management Boards, 5S, Single Piece Flow, Kaizen Events, Continues improvements by Just Do It Kaizens and an increased focus on Hazards reporting has lead to:

- a cultural change where production is in the center of everything that we do
- 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 CO₂, 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 research and development work is partially funded by The Norwegian Research Council, Skattefunn, Manunet and Horizon 2020.



Prospects for the future

In 2020 the outbreak of Covid-19, resulted in what can be seen as a total stop in passenger air traffic. Initially leading to Airbus and Boeing shutting down their lines and global demand for new engines, as well as spare part plummeted. The military market pulled through unaffected and is now also 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. 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.

In general, the regions with large countries (China and US) are recovering faster than Europe and Middle East, as domestic flights are not hampered by different nation's strict Covid-19 policies. 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.

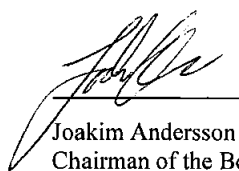
The importance of being engaged on the defense side of the market is growing with the increased tension in the world. It is important to maintain a position as a reliable supplier in order to be able to capture increased volume shares, as well as parts of any new systems and platforms being developed.

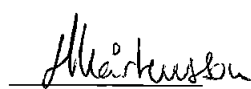
Increased focus on environment makes it important to keep focused on, and be involved in, the new solutions under development. Even with the current low oil prices, the demand for alternative and new solutions will sustain.

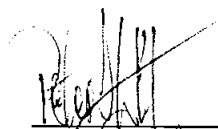
With decline in the growth rates, the importance of being competitive in terms of delivery precision and quality is getting even stronger than it was pre Covid-19 in order to secure increased volume shares and orders in the long term.





Kongsberg, 15 March 2021

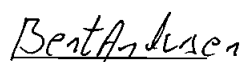

Joakim Andersson
Chairman of the Board



Sophie Mårtensson
Member of the Board



Peter Hjortsberg
Member of the Board/
General Manager



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




INCOME STATEMENT			
GKN AEROSPACE NORWAY AS			
	Note	2020	2019
OPERATING REVENUES			
Sales revenue	2, 20	1 496 179	2 066 066
Other operating revenues		0	562
Total operating revenues		1 496 179	2 066 628
OPERATING EXPENSES			
Use of raw materials and semi-man. products	8, 20	547 008	643 957
Wages, salaries and social welfare costs	3, 11	364 771	442 277
Depreciation	6, 7	74 321	53 096
Other operating expenses	3, 4, 20	339 161	264 910
Total operating expenses		1 325 261	1 404 239
Operating profit		170 918	662 388
FINANCIAL INCOME AND EXPENSES			
Other financial income		0	479
Other interest income		1	4
Currency loss/gain	19	-225 812	-47 730
Interest received from group companies	20	1 248	29 893
Other net interest expenses		452	577
Result from financial income and expenses		-225 015	-17 930
Profit and loss before taxes		-54 096	644 459
Tax on ordinary result	5	-11 867	141 845
NET PROFIT FOR THE YEAR		-42 229	502 614
APPLICATION OF NET PROFIT FOR THE YEAR			
Dividende		0	1 363 215
Allocated from other equity		-42 229	-860 601
Total		-42 229	502 614



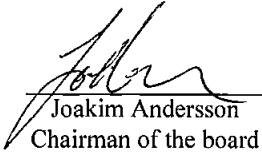
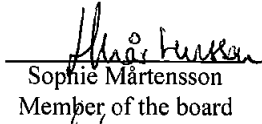
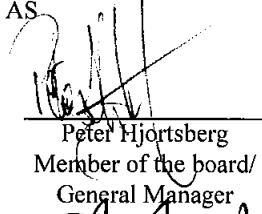
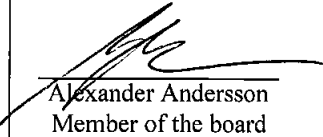
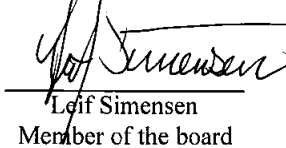



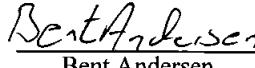
Balance sheet			
GKN AEROSPACE NORWAY AS			
Assets	Note	2020	2019
FIXED ASSETS			
Intangible fixed assets			
Capitalized development costs	6	192 445	204 485
Capitalized startup costs	6	50	49
Capitalized entry fee costs	6	83 122	88 224
Deferred tax	5	87 661	32 810
Total intangible fixed assets		363 278	325 567
Tangible fixed assets			
Land	7	1 301	1 301
Buildings	7	43 839	44 132
Machinery, furniture, equipment	7	377 293	362 930
Total tangible fixed assets		422 433	408 363
TOTAL FIXED ASSETS		785 711	733 930
CURRENT ASSETS			
Inventories	8	351 431	568 344
Receivables			
Customer receivables	12	67 657	91 387
Group trade receivable	12, 13	388 884	302 384
Other current receivables	4, 14	142 331	255 607
Other receivables to group companies	13	225 312	230 771
Total receivables		824 184	880 150
Bank deposits	15	7 291	6 895
TOTAL CURRENT ASSETS		1 182 906	1 455 389
TOTAL ASSETS		1 968 617	2 189 320



Balance sheet			
GKN AEROSPACE NORWAY AS			
EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Restricted equity			
Share capital	16, 17	112 500	112 500
Share premium reserve	17	4 875	4 875
Total restricted equity		117 375	117 375
Retained earnings			
Other equity	17	1 255 463	1 320 283
Total retained earnings		1 255 463	1 320 283
Total equity		1 372 838	1 437 658
LIABILITIES			
Provisions			
Early retirement and other employee obligations	11	101 818	23 480
Other provisions	7, 19	279 046	200 011
Total provisions		380 864	223 491
Long-term liabilities			
Short-term liabilities			
Trade creditors	20	43 565	176 657
Group trade creditors	13, 20	3 601	45 049
Tax payable	5	31 420	135 892
Public duties payable		27 747	31 769
Other short-term liabilities		76 553	90 039
Advance from customer		32 029	48 766
Total short-term liabilities		214 915	528 171
TOTAL LIABILITIES		595 779	751 661
TOTAL EQUITY AND LIABILITIES		1 968 617	2 189 320





Balance sheet		
GKN AEROSPACE NORWAY AS		
15.03.2021		
The board of GKN AEROSPACE NORWAY AS		
 Joakim Andersson Chairman of the board	 Sophie Mårtensson Member of the board	 Peter Hjortsberg Member of the board/ General Manager
 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



GKN AEROSPACE NORWAY AS

CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER

	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		-54 096	644 459
Depreciation	6,7	74 321	53 096
Profit on fixed asset disposals	7	0	982
Taxes	5	(141 084)	(150 252)
Change in inventories, customer receivables and payable to suppliers	8, 12, 13	(20 397)	18 228
Change in other accrued income and accrued expenses		207 441	(49 049)
Change in other accrued income and accrued expenses			
Net cash flow from operating activities	A	66 186	517 463
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible fixed assets	7	(71 250)	(71 250)
Sale of tangible fixed assets	7	0	0
Investments in intangible fixed assets		0	0
Net cash flow from investing activities	B	(71 250)	(71 250)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan to group	13	5 459	939 347
Paid dividends		0	(1 363 215)
Issue of new debt		0	0
Net cash flow from financing activities	C	5 459	(423 868)
Net cash flow for the year	A+B+C	395	22 345
Bank deposits at 1. January		6 895	7 225
BANK DEPOSITS AT 31. DECEMBER		7 291	29 570
		7 291	



GKN AEROSPACE NORWAY AS

NOTES TO THE ACCOUNTS ON 31 DECEMBER 2020

(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.

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.

From 2020 is dilapidation for rented asset recognized in balance as provision and directly in equity.

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 2020 the income tax rate for calculation of current tax is 22%. Calculation of deferred tax at year-end 2020 is based on a tax rate of 22%.

Public subsidies and grants

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

Contract loss provision

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

Impairments of tangible and intangible assets

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

Affiliated businesses transactions

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

Cash flow statement

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



NOTE 2 - SALES REVENUE

Product area	2020	2019
Exhaust housing	801 709	957 904
Case and Ring	260 316	512 604
Shaft	155 824	224 477
Guide vanes	187 108	271 298
Others	91 222	99 784
Total	1 496 179	2 066 066

Geographic distribution	2020	2019
USA	179 510	134 197
France	571 365	997 066
Sweden	726 881	900 584
Norway	9 656	9 478
Japan	8 767	24 741
Total	1 496 179	2 066 066

NOTE 3 - WAGES EXPENSES

Wages, salaries and social welfare costs	2020	2019
Wages and salaries	293 549	344 250
Social security payments	41 151	52 539
Pension costs	14 260	24 605
Other contributions	15 811	20 883
Total	364 771	442 277

Average number of man-labor years	318	511
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Remunerations to President and Board of directors	President	Board
Remuneration	3 345	161
Pension contributions	86	
Other remuneration	339	

Auditor	2020	2019
The expensed fees to the Company's auditor consist of the following (VAT excluded):		
Statutory audit	989	980
Fees for tax services	77	138
Fees for other audit related services	162	0
Total fee to the auditor	1227	1 118

NOTE 4 - PUBLIC SUBSIDIES AND GRANTS

The Company received in 2020 TNOK 410 from "Skattefunn" and TNOK 868 from Norsk Forskningsråd og TNOK 1 365 fra Enova. These grants are funding research and development projects to increase the efficiency of the manufacturing processes. The Company received in 2020 TNOK 4 257 in funds from the covid 19 cash support scheme.



NOTE 5 – TAXES

Tax expenses for current year	2020	2019
Taxes payable on year's result	(31 419)	(135 778)
Taxes from prior year, paid	0	0
Total tax payable	(36 611)	(135 781)
Changes in deferred tax (asset) liability	48 479	(6 063)
Total tax expenses for current year	11 867	(141 845)

Tax payable for current year	2020	2019
Ordinary result before tax cost	(54 096)	644 458
Permanent differences	560	289
Changes in temporary differences	140 911	6 884
Adjustment forward contracts, see note 17 for further explanation	50 072	(34 443)
Tax effect booked directly against equity	28 962	0
Basis taxes payable	166 409	617 189
Tax 22% (22%)	36 610	135 779
Taxes from prior year, not paid	(5 192)	0
Tax payable in the balance sheet	31 419	135 781

Specification and basis for deferred tax:	2020	2019
Fixed assets	87 371	81 614
Current assets	(125 074)	(13 124)
Liabilities	(117 079)	(23 523)
Forward contracts	(243 676)	(193 603)
Basis deferred tax	(398 458)	(148 636)
Tax 22%/(22%)	(87 661)	(32 700)
Total deferred tax (asset) liability	(87 661)	(32 700)

NOTE 6 – INTANGIBLE FIXED ASSETS

	Entry fee	Development	Start-up costs	Total
Purchase cost 01.01.	132 658	542 905	159 838	835 402
Additions	0	0	0	0
Purchase costs 31.12.	132 658	542 905	159 838	835 402
Acc. Depreciations 01.01.	44 432	338 420	159 791	542 643
Acc. Depreciations 31.12.	49 537	350 458	159 791	559 787
Balance sheet value 31.12.	83 122	192 445	50	275 615
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	74 957	901 983	161 386	1 139 627
Additions purchased assets	0	803	29 206	41 242	71 251
Purchase cost 31.12.	1 301	75 761	931 189	202 628	1 210 879
Acc. depreciations and write-downs 01.01.	0	30 826	611 565	88 872	731 263
Disposal	0	0	0	0	0
Reclassification	0	0	0	0	0
Acc. depreciations and write-downs 31.12.	0	31 966	660 430	96 046	788 443
Balance sheet value as of 31.12.	1 301	43 840	270 710	106 582	422 433
Current year depreciations	0	1 140	30 705	7 174	39 019
Write down	0	0	18 161	0	18 161
Acc. Depreciations and write-downs 2020	0	1 140	48 865	7 174	57 180
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	18 845	318	465	19 629
Rental period		2020-2031	2020-2021	2020-2021	
From 2020 is dilapidation for rented asset included as an provision in balance.		28 962			28 962

NOTE 8 – INVENTORIES

	2020	2019
Raw materials	100 052	147 403
Work in progress	141 334	238 937
Finished goods (purchased)	9 993	19 274
Finished goods (manufactured)	100 053	162 730
Total	351 431	568 344
Inventories carried at acquisition cost	299 431	488 704
Inventories carried at net realizable value	52 001	79 640
Total	351 431	568 344
Inventories have been deducted for obsolescence with	(196 177)	(103 724)

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 393 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 31.12.2020 there are few 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.

	2020	2019
Early Retirement Scheme	49 495	23 480

NOTE 12 – CUSTOMER RECEIVABLES

	2020	2019
Customer receivables	67 657	91 387
Group customer receivables	388 884	302 384
Total	456 541	393 771

NOTE 13 – INTERCOMPANY ACCOUNTS

Assets	2020	2019
Customer receivables	388 884	302 384
Other receivables - Cash Pool	225 312	230 770
Total asset	614 196	533 155
Liabilities	2020	2019
Group trade creditors	3 601	45 049
Total liabilities	3 601	45 049



NOTE 14 – OTHER CURRENT RECEIVABLES

	2020	2019
V.A.T	2 582	7 518
Prepaid expenses	16 732	18 227
Other receivables	122 453	229 862
Total	141 766	255 607

NOTE 15 – BANK DEPOSITS - GUARANTIES

	2020	2019
Bank		
Liquid assets as of 31 December 2019 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 rent	10 000	10 000
Following asset is provided as guarantee to Melrose Industry PLC (ultimat Company in group):		
Total fixed assets	716 210	733 820
Inventory	351 431	568 344
Receivables	67 657	91 387
Other receivables	141 766	255 607
Total asset guarantee	1 277 064	1 649 158

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:

		2020	2019
GKN Aerospace Sweden AB	A- aksjer	100 000	100 000
GKN Aerospace Sweden AB	B-aksjer	12 500	12 500
Total		112 500	112 500

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 01.01.2020 as previously reported	112 500	4 875	1 320 283	1 437 658
Prior years adjustment (dilapidation)	0	0	(22 591)	(22 591)
Profit and loss of the year	0	0	(42 229)	(42 229)
Equity 31.12.2020	112 500	4 875	1 255 463	1 372 838

NOTE 18 - CONTRACTUAL OBLIGATIONS

The signed contractual obligations reflect committed future purchases for the period 2020 - 2021

	2021	2020
Material and semi-manufactured products	316 684	486 644
Investments	80 918	85 845



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	2020	
					Unrealized loss	Unrealized gain
2020 - 2026	NOK	1 999 400	9,8600	8,5866		
Fair value adjustments				-	(50 072)	34 443
Booked liability					(243 676)	(193 603)

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:

	2020	2020
Sale of goods and services to GAS	726 881	529 297
Purchase of raw materials from GAS, India, Manchester and GANE	36 214	105 743
Purchase of IT services and common costs from GAS	7 825	29 710
Purchase of common costs from GKN Ltd	44 096	21 234
Purchase of maintenance services from KTT	32 460	43 548
Net Interest receivable /loan GKN	1 248	29 893

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 2 140 at 31. December 2020 and interCompany accounts are shown in note 13.

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



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

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert GKN Aerospace Norway AS' årsregnskap som viser et underskudd på tkr 42 229. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2020, 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 lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder 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.

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 med revisjonen 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

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: H4KA1-Z1CSV-V6QTC-2Z1MM3-XHDGD-QQWDS



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side 2
Uavhengig revisors beretning -
GKN Aerospace Norway AS

samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder 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 lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår 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 regnskapet, 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 regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. 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, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll 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.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Drammen, 15. mars 2021
Deloitte AS

Sturle Holseter
statsautorisert revisor

Penneo Dokumentnøkke: H4KA1-ZTCSV-16QTC-22WMB-3XHDGD-Q0WDS



Deloitte.

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

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

To the General Meeting of GKN Aerospace Norway AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GKN Aerospace Norway AS showing a loss of TNOK 42.229. The financial statements comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

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Organisasjonsnummer: 980 211 282

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Independent Auditor's Report -
GKN Aerospace Norway AS

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Drammen, 15 March 2021
Deloitte AS

Sturle Holseter
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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Sturle Holseter

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