

Registration number: 04691779

Rolls-Royce Solutions UK Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2025

Rolls-Royce Solutions UK Limited

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Rolls-Royce Solutions UK Limited

Company Information

Directors

Tobias Ostermaier
Bruce Phillips
Samuel Weckel
Andreas Goertz
Simone Ruehfel

Secretary

Leah Worthy

Registered number

04691779

Registered office

Rolls-Royce plc
Moor Lane
Derby
Derbyshire
DE24 8BJ
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

Rolls-Royce Solutions UK Limited

Strategic Report for the year ended 31 December 2025

The Directors present their Strategic Report on Rolls-Royce Solutions UK Limited (the Company) together with the Directors' Report and the audited Financial Statements for the year ended 31 December 2025.

Principal activities

Rolls-Royce Power Systems AG (RRPS) provides world-class power and propulsion solutions and complete life-cycle support under the product and solution brand *mtu*. The Company is a wholly owned subsidiary of RRPS, which in turn is a wholly owned subsidiary of Rolls-Royce Holdings plc (The "Group"). The Company is responsible for selling and servicing the comprehensive portfolio of *mtu* branded products and systems, based on both gas and diesel engines to our customers in the UK and Ireland serving our core markets: Power Generation, Marine & Governmental and Rail. Service revenue comes from each of these core markets, and accounts for 38.6% of our total revenue (2024: 29.9%). All of our Rail revenue comes from services. The Company also develops, supplies and supports automation systems and electrical solutions for commercial marine and naval applications to customers worldwide under the NautiQ Solutions brand.

Business review

The Company had revenue in 2025 of £187,855,000 (2024: £220,712,000) and profit before tax of £19,093,000 (2024: £25,402,000). Revenues decreased in 2025 by 15% (2024 increase by 25%).

Revenue from Original Equipment (OE) decreased by £39,458,000 (2024 increased by £44,243,000) during 2025, this was mainly due to a decrease in revenue in the Power Generation sector of £44,559,000 (2024 increase of £26,889,000) and the Marine sector of £2,506,000 (2024 decreased by £2,420,000) offset by an increase in revenue from the Governmental sector of £7,607,000 (2024 increased by £19,774,000).

The decrease in Power Generation OE revenue was predominantly a result of delays to datacentre projects, these delays are expected to be temporary, and significant growth is expected to return in future years. In 2025 the Company secured its first contract to supply and construct a grid-scale BESS (battery energy storage system) project in Scotland, with the majority of revenue expected in 2026.

Our datacentre customer has a number of legal entities in different Countries and we can receive orders from any of these entities. In 2025 we delivered no orders to their Irish entity (2024: £40,300,000). This is the sole reason for the reduction in revenue to Ireland in 2025.

The decrease in Marine OE revenue was due to financial instability within the yacht manufacturing industry.

The Governmental sector generated increased revenues in 2025 due to the ramp-up in engine deliveries for a major land defence programme and significant progress in the electrical switchboards design and production program.

Revenue from services increased during 2025 by £6,601,000 (2024 no change to 2023), this was mainly due to an increased number of Power Generation value care agreements for annual services of installed equipment. The Rail sector is the main contributor to service revenue, this remained stable during 2025.

The Company had net current assets of £39,759,000 (2024: £33,692,000) and total net assets of £53,893,000 (2024: £39,530,000). Inventories and work in progress increased by £8,192,000 this is substantially due to increased aftersales revenue and contract assets of £6,787,000, due to revenue being recognised on long term projects where invoices have not yet been raised to the customer. Trade and other receivables reduced by £15,555,000 while trade and other payables of £3,862,000 contributed to the increase in current assets.

Rolls-Royce Solutions UK Limited

Strategic Report for the year ended 31 December 2025 (continued)

Business review (continued)

The reduction in trade and other receivables was mainly due to a reduction in amounts owed by Group undertakings relating to cash pooling, in part due to the payment for Powerfield Limited, mentioned below. Contract assets increased due to the delivery of components related to a large defence contract.

Total net assets increased due to an increase in fixed assets of £3,142,000 driven by investment in a new test bed and the renovation of office space, and the acquisition of Powerfield Limited of £6,778,049 mentioned below.

The Company continues to actively manage its net asset value by keeping inventory level increases to a minimum while the Company continues to expand. Work in progress is driven by work done on behalf of Rolls-Royce Solutions GmbH and is seeing an increase due to a higher volume of service contracts. The Company also aims to keep overdue customer debts to a minimum and actively pays suppliers to terms. Inventory levels have increased in 2025 mainly due to increased work in progress and engines being held due to delivery delays to customers.

The Company has been exploring options to increase capacity and resilience in order to serve the anticipated growth in demand for services. On the 1st October 2025, the Company acquired a 100% ownership in another Rolls-Royce established entity, Powerfield Limited, for £6,778,049. This investment was subsequently impaired by £718,162 to reflect only the anticipated future cashflows of the current business; the potential future plans for the business were not considered due to levels of uncertainty.

Key performance indicators (KPI)

The key financial performance indicators monitored by the business were as follows:

	2025	2024
Revenue (%) (decrease) increase	(15%)	25%
Gross profit margin (%)	19%	15%
Revenue per average headcount (£'000)	616	756
ROS (return on sales) (%) (operating profit / revenue)	10%	10%
ROCE (return on capital employed) (operating profit/net assets) (%)	34%	58%

The reason for the revenue decrease is outlined above. The gross profit margin increase of 4% is attributed to stronger margins from service activities and sale of spare parts and a one-off bad debt provision release.

The decrease in revenue per average headcount is due to the decrease in revenue as outlined above while business headcount requirements did not change significantly.

Return on sales (ROS) has remained stable despite an increase in gross margin, this is due to an increase in administrative expenses primarily relating to increased recharges from Rolls-Royce Solutions GmbH to reflect the cost of management time and business support. Return on capital employed (ROCE) has decreased due to a 19% reduction in operating profit primarily due to an increase in administrative expenses as outlined above, and an increase in net assets of 36% also outlined above.

Rolls-Royce Solutions UK Limited

Strategic Report for the year ended 31 December 2025 (continued)

Key performance indicators (KPI) (continued)

Non-financial indicators include the number of sickness days which was an average of 1.4 days per staff member in 2025 (2024: 1.3 days). This is not considered a KPI for the Company. This low level of sickness had minimal impact on the business.

With ongoing awareness and reinforced processes, the Company continues to look at ways of managing its business through the effective implementation of KPI reviews. These KPI's along with the management information, financial and non-financial of the business are assessed on a regular basis by the Directors and the senior leadership team within Rolls-Royce Power Systems

Given the nature of the Company's activities, the Directors believe that no further key performance indicators are necessary or appropriate for an understanding of the Company's specific development, performance or the financial position of its business.

Principal risks and uncertainties

The Group has an established and structured approach to risk management which is detailed in the Rolls-Royce Holdings plc 2025 Annual Report, which is publicly available from the address in note 22. The Company acts in accordance with the policies as set out in the Group accounts to manage and mitigate the risks identified. The Directors of the Company's ultimate parent have approved policies for the management of the foreign currency exchange rate risk and these are managed across the Group.

The principal financial risks to which the Company is exposed are detailed in the Directors' Report. The Directors do not consider there to be any additional principal risks for the Company.

Section 172(1) statement

Section 172(1) of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172(1) requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Further details on how the Directors' duties are discharged, and the oversight of these duties in making the principal decisions taken by the Company are included below.

The Company's key stakeholders are its employees, its immediate parent RRPS, its suppliers and its customers. The Directors of the company work closely with RRPS. This engagement with its shareholder includes a formal annual review by the board of RRPS.

Key customer reviews are held on a regular basis. Supplier meetings are held during the year as part of the Company's quality review process. The outcomes of these meetings are presented in the Company's bi-monthly management meetings, and to the Directors at quarterly board meetings. These reviews are documented in the minutes of those meetings.

There is regular engagement with employees with a town hall business review where health and safety, operations and HR topics are presented and the meeting finishes with a question-and-answer session. The Company fully recognises the responsibilities for the health and safety of all its employees, visitors, contractors and of the community by adopting the health and safety policies of the Group. The Company engages employees when health and safety matters are considered, and new policies formulated. Engagement with employees occurs quarterly with Company update meetings.

Rolls-Royce Solutions UK Limited

Strategic Report for the year ended 31 December 2025 (continued)

Principal risks and uncertainties (continued)

Section 172(1) statement (continued)

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2025.

Non-financial and sustainability information statement

The Company is a wholly owned subsidiary of the Group and therefore the non-financial and sustainability information disclosures required in relation to both Rolls-Royce Holdings plc and the Company have been included in the Rolls-Royce Holdings plc Annual Report on page 38.

Climate-related corporate reporting

The Company adopts the policies and frameworks set by the Group which include the sustainability measures set out in the Rolls-Royce Holdings plc 2025 Annual Report on pages 38-47 and the Climate Review. The Company is aligned to the objectives of the Group. The Directors fully recognise their responsibility to have regard to the impact of the Company's operations on the community and environment.

Streamlined Energy & Carbon Reporting (SECR)

The Company is a wholly owned subsidiary of the Group and therefore the SECR disclosures required in relation to both Rolls-Royce Holdings plc and the Company have been included in the Rolls-Royce Holdings plc 2025 Annual Report on page 40. The Rolls-Royce Holdings plc 2025 Annual Report has been prepared for the same financial year as the Company.

Employee Engagement

Employee engagement is a priority for the Group, of which the Company is a part. The Group's approach to achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Group, health and safety, operations and HR topics is a mix of locally driven and Group-wide global engagement. Our Voice is our employee engagement survey and allows our people to provide anonymous feedback on a regular basis.

The Group provides a variety of channels for communication and engagement including interactive learning sessions, through Employee Forum, and with our employee resource groups to ensure we remain connected to our people. Group incentive schemes and share programmes are available to the Company's employees. Learning and technology sit at the core of the Group's culture.

The Group invested in learning and development, reflecting our transition to a new learning culture focused on providing on-demand learning and resources which are fully integrated into the flow of work. Leatro, our digital learning tool, facilitates learning in a style and pace to suit our colleagues' learning requirements. The Group maintained focus on creating an inclusive and more representative employee population.

The Group has matured its inclusion and belonging strategy through four key pillars: leadership and governance; attracting and recruiting; retention; and development. The Company gives full and fair consideration to all employment applications from people with disabilities. If an employee becomes disabled whilst working for the Company we take steps to support their continued working, including wherever possible, making adjustments to ways of working. All employees can take advantage of our learning programmes, often available online, and promotion opportunities are open to all employees regardless of any disabilities.

Rolls-Royce Solutions UK Limited

**Strategic Report
for the year ended 31 December 2025 (continued)**

Approved by the Board and signed on its behalf by:

Signed by:

Bruce Phillips

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Bruce Phillips
Director

18 June 2026

Rolls-Royce Solutions UK Limited

Directors' Report for the year ended 31 December 2025

The Directors present their report on the Company together with the Strategic Report and the audited Financial Statements for the year ended 31 December 2025.

Directors

The Directors who held office during the year and up to the date of signing the Annual Report and Financial Statements were as follows:

Tobias Ostermaier

Bruce Phillips

Samuel Weckel

Andreas Goertz

Simone Ruehfel

Qualifying third-party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of the approval of this Annual Report and Financial Statements.

Results and dividends

The profit for the year ended 31 December 2025 amounted to £14,363,000 (2024: £18,360,000). The Company did not pay an interim dividend in 2025, and paid no dividend in 2025 in relation to 2024. (2024 (relating to 2023): £11,500,000). The Directors have not yet agreed a final dividend to be paid in relation to the 2025 results. (2024: £nil).

Future developments

The future strategy of the Company in each of its core markets is closely aligned to the overarching strategy of the parent RRPS group in the corresponding market sectors. The Company's strategy is well aligned with the RRPS group strategic priorities that were communicated at the Rolls-Royce plc Capital Markets Day in November 2024, namely: Power Generation; Marine; Governmental; Battery energy storage systems (BESS), and Service. Fundamentally, the Company aims to leverage the increasing portfolio of *mtu* branded products and systems to increase sales of original equipment and to secure and, if possible, increase market share in each of its core markets. The company is also increasing its focus on the sale of complete solution packages, including maintenance, rather than just a single engine sale, and in emerging markets for sustainable solutions such as microgrids and BESS.

Through the sale of Original Equipment the Company aims to increase the installed base of products being operated by customers in the UK and Ireland from which it can then generate additional parts and service revenues. Wherever possible the Company seeks to secure long term ValueCare service agreements (VCA) with its' customers. The VCA agreements are tailored to meet the needs of individual customers and include the provision of parts and preventative/corrective service activities. Furthermore, the Company offers remote digital services to connect customer assets and analyse their performance and optimise the ongoing maintenance activities.

The long-term outlook for the company remains positive. The Company is experiencing sustained levels of high demand in key industry sectors such as the datacentre market and is developing a promising pipeline of BESS opportunities. Nevertheless, as many of the markets are changing, some rapidly, it is therefore important that the Company regularly reviews its strategy to ensure it maintains and increases market share in its traditional core markets and is well positioned to take advantage of emerging opportunities.

Rolls-Royce Solutions UK Limited

Directors' Report for the year ended 31 December 2025 (continued)

Future developments (continued)

The acquisition of the Powerfield business during the year will support the continued growth of the Company, specifically in relation to its' service activities in the Rail, Marine and Governmental and Powergen sectors by enabling the Company to utilise spare capacity at Powerfield's premises.

The current principal activity of Powerfield Limited is the production of switchboards to the Company and the repair and overhaul of power generation, transmission and conversion equipment for the Ministry of Defence.

The acquisition will provide the Company with additional skills, capabilities and resources alongside additional production and test capacities that will increase levels of resilience across the business. This is an important consideration given the population of *mtu* products in each of our core markets is continuing to grow along with the customers/markets that we serve.

Financial risk management

The following financial risks are considered by the Directors:

Foreign exchange risks

The Company purchases all engines and spare parts in Euros and sells these in a mixture of Euros and GBP. Long lead times between order placement and delivery can cause large foreign exchange variances. The Company has the option to place hedges, managed by the treasury department in RRPS, to minimise this risk.

Price risks

The Company has no exposure to equity securities price risk as it holds no listed or other equity investments. There is some exposure to the risk of material purchase prices rising due to the cost of raw materials rising from the factory. As a general rule, these price rises occur twice a year (on 1 January and 1 July) and customers are notified of the price increases at the same time. Price rises were managed and communicated to customers where applicable.

Credit risks

The Company's exposure to credit risk takes the form of a loss that would be recognised if counterparties failed to, or were unable to, meet their payment obligations.

Liquidity risk

The Company is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value. Although the Company is not in an overdraft position on any of its bank accounts, it could request an intercompany loan if needed from the Group. The Company's largest creditor is a related party and so the likelihood of the Company being asked to repay the balance immediately is minimal and RRPS have confirmed their continued support.

Interest rate cash flow risk

Amounts of interest are received and paid from the Company's bank accounts and from the Company's cash pooling arrangements with RRPS. There is a risk if the Company were overdrawn for long periods that the amount of interest payable could be quite high and a risk of falling interest rates reducing the interest we receive on surplus cash balances.

Cash pooling

There is a system in place whereby all excess cash is pooled centrally within RRPS. All surplus cash is sent via this method but can be requested back at any time with 24 hours notice, there is a small risk that we might need our cash back at short notice and be unable to make a payment.

Rolls-Royce Solutions UK Limited

Directors' Report for the year ended 31 December 2025 (continued)

Going concern

The Financial Statements have been prepared on a going concern basis. The Directors consider that the Company will have sufficient financial resources to meet its obligations for the foreseeable future that is for at least 18 months from the balance sheet date to June 2027. Trading performance of the Company in 2025 was strong, there is good visibility of the order pipeline and no areas of trading performance which would negatively impact the future cashflow of the business. The company's contracts are predominately long term and original equipment in nature; the risk is spread across multiple business segments. The original equipment allows the business to maintain a steady stream of service and aftermarket work.

The company is part of the Group cash sweeping arrangements and maintains a healthy cash balance. There are significant intercompany flows with other Group companies which are settled in a timely manner between parties.

Rolls-Royce Power Solutions, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle their liabilities as they fall due for a period of at least 18 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis.

Engagement with suppliers, customers, and others

The Company aims to foster enduring relationships with its stakeholders as identified in the Section 172 statement in the Strategic Report (see pages 2 to 5).

The Company's activities affect a wide range of stakeholders and the Company engages with these stakeholders and listens to their differing inputs and priorities as an everyday part of its business and uses the input and feedback to inform its decision-making process. The Company utilises various engagement methods with its customers which include regular customer reviews. The outcome of these meetings is presented in the Company's bi-monthly management meeting, and to the Directors at quarterly board meetings. These reviews are documented in the minutes of those meetings.

Engagement with all stakeholders takes place on a regular basis. Regular company meetings are held with all staff invited to attend, where updates on topics such as health and safety, business performance and people are provided.

Resources and any other relevant employee engagement topics are presented in an open forum where questions and feedback are encouraged. Each month, internal department business review meetings are held between department heads and the Directors and each quarter a board meeting is held where information from these meetings is presented and recorded in the minutes. Further information on how the Company engages with its suppliers and customers can be found in the Section 172 statement in the Strategic Report (see pages 4-5).

Engagement with key suppliers takes place, in the form of some suppliers attending monthly or quarterly meetings to discuss supplier performance and issues from the business which impact on the suppliers. As part of the quality process, audits are conducted on certain suppliers during the year to review performance and to ensure the products and services they offer to the Company meet the required standards.

The Group, of which the Company is a part, is committed to continuing communication and dialogue with employees. The existence of a group-wide intranet enables engagement and communication with employees throughout the Group on a single platform. The Company and employee representatives continue to work closely together to improve the quality of employee engagement and participation in the development of the business.

Rolls-Royce Solutions UK Limited

Directors' Report for the year ended 31 December 2025 (continued)

Engagement with suppliers, customers, and others (continued)

The Company's investment in training and development programmes ensures that all employees have the opportunity to attain the highest level of skill and employees are encouraged to take responsibility for their personal development. Opportunities are available to extend their

competency levels using a range of the latest education and training techniques. The use of appraisal systems and personal development planning enables managers to support employees in their careers.

The Group has responded appropriately to the Russia-Ukraine conflict to comply with international sanctions and export control regime, and to continue to implement the business decision to exit from Russia. The Company was not trading in Russia or Ukraine so has seen no loss of business.

The current war in Iran and surrounding areas has no immediate impact on the Company. The Company does not trade with these Countries, nor rely on goods travelling directly through the Strait of Hormuz. The Company will continue to monitor any impacts and costs that the company might incur.

Branches

The Company has a branch registered in Ireland under the name Rolls-Royce Solutions UK Limited and registered number 908662.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Rolls-Royce Solutions UK Limited

Directors' Report for the year ended 31 December 2025 (continued)

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Signed by:

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Bruce Phillips
Director
18 June 2026

Independent auditors' report to the members of Rolls-Royce Solutions UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Rolls-Royce Solutions UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Statement of Financial Position as at 31 December 2025;
- the Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework

and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in significant accounting estimates, namely long-term contract accounting. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Identifying, and where appropriate testing, unusual or unexpected journal entries, in particular journal entries posted with unusual account combinations;
- Identifying high risk contracts then corroborating, and where appropriate challenging, management's estimates in the cost to complete forecast; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher

than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Charlotte Marnham

Charlotte Marnham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 June 2026

Rolls-Royce Solutions UK Limited**Income Statement
for the year ended 31 December 2025**

	Note	2025 £ 000	2024 £ 000
Revenue	3	187,855	220,712
Cost of sales		<u>(152,849)</u>	<u>(186,840)</u>
Gross profit		35,006	33,872
Administrative expenses		(15,562)	(9,487)
Research and Development expenses		<u>(960)</u>	<u>(1,583)</u>
Operating profit	4	18,484	22,802
Finance income	8	2,005	3,173
Finance costs	9	<u>(1,396)</u>	<u>(573)</u>
Profit before taxation		19,093	25,402
Income tax expense	10	<u>(4,730)</u>	<u>(7,042)</u>
Profit for the financial year		14,363	18,360

**Statement of Comprehensive Income
for the year ended 31 December 2025**

	2025 £ 000	2024 £ 000
Profit for the financial year	<u>14,363</u>	<u>18,360</u>
Total comprehensive income for the year	14,363	18,360

The notes on pages 19 to 40 form an integral part of these Financial Statements.

Rolls-Royce Solutions UK Limited

Statement of Financial Position
as at 31 December 2025
(Registration number: 04691779)

	Note	2025 £ 000	Represented 2024 £ 000
Fixed assets			
Intangible assets	11	31	307
Property, plant and equipment	12	8,416	5,274
Right-of-use assets	13	5,891	6,866
Investments	14	6,060	-
		20,398	12,447
Current assets			
Inventories	15	23,459	15,267
Trade and other receivables	16	67,503	83,058
Contract assets	17	10,296	3,510
		101,258	101,835
Current liabilities			
Lease liabilities	18	(1,014)	(952)
Trade and other payables	19	(37,784)	(40,829)
Provisions	20	(3,211)	(4,028)
Contract liabilities	17	(19,490)	(22,334)
Net current assets		39,759	33,692
Total assets less current liabilities		60,157	46,139
Non-current liabilities			
Lease liabilities	18	(4,552)	(5,420)
Provisions	20	(1,142)	(1,085)
Deferred tax liabilities	10	(570)	(104)
Net assets		53,893	39,530
Equity			
Called up share capital	21	400	400
Other reserves		(11,250)	(11,250)
Retained earnings		64,743	50,380
Total equity		53,893	39,530

The 2024 accounts have been represented to show provisions separately from trade and other payables.

The Financial Statements on pages 16 to 40 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Signed by:

 A472A6E85E7C4A5

Bruce Phillips

Director

18 June 2026

Rolls-Royce Solutions UK Limited

Statement of Changes in Equity
For the year ended 31 December 2025

	Called up share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total shareholders funds £ 000
At 1 January 2025	400	(11,250)	50,380	39,530
Profit for the financial year	-	-	14,363	14,363
Total comprehensive income	-	-	14,363	14,363
At 31 December 2025	400	(11,250)	64,743	53,893

	Called up share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total shareholders funds £ 000
At 1 January 2024	400	(11,250)	43,520	32,670
Profit for the financial year	-	-	18,360	18,360
Total comprehensive income	-	-	18,360	18,360
Dividends Paid	-	-	(11,500)	(11,500)
At 31 December 2024	400	(11,250)	50,380	39,530

The notes on pages 19 to 40 form an integral part of these Financial Statements.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025

1 General information

The Company is a private company, limited by shares and incorporated and registered in the United Kingdom.

The principal activity of the Company is the sale and service of off-highway diesel engines primarily in our core markets: Power Generation, Marine & Governmental, and Rail. The Company also develops, supplies and supports automation systems and electrical solutions for commercial marine and naval applications to customers worldwide under the NautIQ Solutions brand.

The address of its registered office is Moor Lane, Derby, Derbyshire, DE24 8BJ, England. The trading address of the Company is Unit 29, The Birches Industrial Estate, East Grinstead RH19 1XZ.

2 Significant accounting policies

The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Financial Statements.

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

In these Financial Statements the Company has taken the exemptions available under FRS 101 in respect of the following disclosures:

- The following paragraphs of IAS 1, *Presentation of Financial Statements*:

- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A-38B (detail in respect of minimum comparative information);
- 38C-38D (additional comparative information);
- 40A (third statement of financial position);
- 111 (statement of cash flows information); and
- 134-136 (capital management disclosures).

- IAS 7, *Statement of cash flows*;

- IFRS 7, *Financial Instruments: Disclosures*;

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*;

- Paragraph 38 of IAS 1, *Presentation of Financial Statements* - comparative information requirements in respect of:

- paragraph 73(e) of IAS 16, *Property, plant and equipment*; and
- paragraph 79(a)(iv) of IAS 1.

- The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group;

- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation);

- Paragraph 18A of IAS 24, *Related party disclosures* (disclosure of amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity);

- IFRS 16 *Leases*:

Lessees - Exemption from the requirements of paragraph 52 is available when IFRS 16 applies. Also, exemption from the requirements of paragraph 58, provided that the disclosure of details of indebtedness required by paragraph 61(l) of Schedule 1 to SI 2008/410 is presented separately for lease liabilities and other liabilities, and in total.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Basis of preparation (continued)

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, no new standards or IFRIC interpretations that are effective for the year ended 31 December 2025 that have a material impact on the Company's Financial Statements. IFRS 18, Presentation and Disclosure in Financial Statements comes into effect from 1 January 2027. The Company will be ready to implement this new presentation requirement for the statement of profit or loss, alongside new definitions and disclosures related to non-IFRS performance measures.

Going concern

The Financial Statements have been prepared on a going concern basis. The Directors consider that the Company will have sufficient financial resources to meet its obligations for the foreseeable future that is for at least 18 months from the balance sheet date to June 2027. Trading performance of the Company in 2025 was strong, there is good visibility of the order pipeline and no areas of trading performance which would negatively impact the future cashflow of the business. The company's contracts are predominately long term and original equipment in nature; the risk is spread across multiple business segments. The original equipment allows the business to maintain a steady stream of service and aftermarket work.

The company is part of the Group cash sweeping arrangements and maintains a healthy cash balance. There are significant intercompany flows with other Group companies which are settled in a timely manner between parties.

Rolls-Royce Power Solutions, a parent undertaking, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle their liabilities as they fall due for a period of at least 18 months from the date of signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Company financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies. Accounting policies are reviewed annually for appropriateness. Estimates and judgements are evaluated continually and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, with any changes arising being recognised in the period in which the change in estimate is made or the final result determined.

Some of the Company's significant accounting policies are considered by the Directors to be critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These are discussed below:

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Long Term Contracts

The Company has long-term contracts that fall into different accounting periods, and which can extend over several years, the most significant of these are the design and development of automation systems and electrical solutions within the NautiQ business. Some of these long-term contracts include significant estimates and assumptions. The estimated revenue and costs are inherently imprecise, and significant estimates are required to assess schedules and technical risks linked to the design and development of the bespoke solutions to meet difficult technical parameters and the level of costs to be incurred over the term of the contracts and associated revenue. In later phases of these contracts, estimates and allowances need to be made to account for increase in material prices because of changes in economic conditions (inflation and hyperinflation), schedule delays that can be caused by several factors (re-work, customer requirements, supply chain performance). Revenue and cost estimates are updated regularly by management. The estimates used take account of the inherent uncertainties, constraining the expected level of revenue as appropriate.

For one of the contracts with an onerous contract provision, management has assumed that the contract will be terminated. However, it remains possible that the contract could be amended. The decision to account for the contract on the basis that it will be terminated is considered by management to be a significant judgement

Sensitivity Analysis

A sensitivity analysis was performed on the material contract.

The business has a contract which involves building products which are all unique to the contract and first of a kind manufacture for the supplier. The profitability of the contract is dependent on the accuracy of the forecasted costs. A 10% increase in the estimated total cost of the contract would result in a reduction of £0.7m in the revenue recognised in the current period and a corresponding decrease in pre-tax profit.

Exemption from preparing consolidated financial statements

The Financial Statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of a group parent, Rolls-Royce Holdings plc, a company incorporated in the United Kingdom, which are publicly available. The address of the parent company's registered office is set out in note 22.

Foreign currency transactions and balances

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in 'Pound Sterling' (£), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the Company at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not translated. Foreign exchange differences arising on translation are recorded in net financing in the Income Statement.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the goods or services supplied, stated net of value added taxes. The Company's sales relate to the import and distribution of *mtu* engines and the associated sale of parts and labour services to maintain and repair those engines; and development, supply and support of automation systems and electrical solutions for commercial marine and naval applications.

Revenue is recognised when performance obligations have been satisfied. A five-step recognition model is used to apply the standard as follows: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenue when (or as) each performance obligation is satisfied.

Revenue recognition (continued)

Revenue for original equipment, such as standard engines, and revenue from some services, such as the supply of spare parts, single servicing and maintenance activities, represent amounts billed to customers and other Group companies for equipment and services provided by the Company's employees. This revenue is recognised at point in time, when the Company has fulfilled its performance obligations in relation to the supply of those goods and services as the right to the revenue has been earned and revenue and costs can be easily measured. A receivable is recognised when the goods or services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of bespoke engines, from delivery of more complex service contracts and revenue from the sale of systems project solutions as well as revenue from contracts for design, development, manufacture and delivery of automation systems and electrical controls is recognised over time and is stated at the cost appropriate to their stage of completion plus attributable profit, less amounts recognised in previous years. A contract asset / liability is recognised where payment is received in arrears / advance of the revenue recognised in meeting performance obligations. A provision is made for any contract losses as soon as they are foreseen.

Finance income and costs

Interest receivable/payable is credited/charged to the income statement using the effective interest method.

Income tax expense/credit

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements
for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Income tax expense/credit (continued)

The Company is within the scope of the OECD Pillar Two (Global Minimum Tax) model rules, which came into effect from 1 January 2024. For the period to 31 December 2025, the Company has no related current tax exposure and the Company has continued to apply the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Research and Development costs

Research and development costs are written off in the same year unless they meet the Company criteria to become an Intangible asset.

Intangible assets

Development expenditure is classified as an intangible asset and amortised on a straight-line basis over its useful economic life, up to a maximum of ten years, if the directors are satisfied as to the technical, commercial and financial viability of the individual projects.

Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and any provision for impairment in value.

Depreciation

Land is not depreciated. Depreciation on other assets is provided on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment and right-of-use assets over their estimated useful lives or lease life if that is shorter.

Asset class

Leasehold property improvements
Plant and equipment
Fixtures and fittings

Depreciation method and rate

Over the length of the lease
Over 3 – 10 years
Over 4 years

Assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments

Investments held as non-current assets are shown at cost less accumulated impairment losses.

Impairment of non-financial assets

Impairment of non-current assets is considered in accordance with IAS 36 *Impairment of Assets*. Intangible assets that are not yet available for use are tested for impairment annually. Other intangible assets and property, plant and equipment are assessed for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be below its carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Inventories

Inventory, including work in progress is valued at the lower of cost and net realisable value on a weighted average basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads, including depreciation of property, plant and equipment, that have been incurred in bringing the inventory to its present location and condition. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets and liabilities

Classification

Financial assets

Financial assets primarily include trade receivables and cash and cash equivalents (comprising cash at bank) held by the Rolls-Royce Power Systems AG entity. These financial assets are measured as follows:

- Trade receivables, both third party and intercompany, and amounts owed by group undertakings related to cash pooling arrangements are classified as held to collect and measured at amortised cost; less any expected credit losses;
- Contract assets are classified as held to collect and measured at amortised cost;

Financial assets and liabilities

Financial liabilities

Financial liabilities primarily consist of trade payables, contract liabilities and lease liabilities. These financial liabilities are measured as follows:

- Trade payables, both third party and intercompany, and contract liabilities are recognised initially at fair value, and then subsequently at amortised cost using the effective interest method.

Impairment

IFRS 9 *Financial Instruments* sets out the basis for the accounting of expected credit losses (ECLs) on financial assets and contract assets resulting from transactions within the scope of IFRS 15. The Company has adopted the simplified approach to provide for ECLs, measuring the lifetime loss allowance at a probability weighted amount that considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions of customers. These are incorporated in the simplified model adopted by using credit ratings which are publicly available or through internal risk assessments derived using customer's latest available financial information. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The ECLs are updated at each reporting date to reflect changes in credit risk since initial recognition. ECLs are calculated for all financial assets in scope, regardless of whether or not they are overdue.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Contract assets and liabilities

Contract assets, mainly comprising of accrued income, primarily relate to the Company's right to consideration for work completed but not yet invoiced at the reporting date in accordance with IFRS 15. Contract liabilities, mainly comprising of deferred income, primarily relate to the consideration received from customers in advance of transferring goods or services or meeting performance obligations.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentive receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for termination of the lease, if the lease term reflects the Company exercising that option.

Where leases commence after the initial transition date, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability or a revaluation of the liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Each right-of-use asset is depreciated over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Company, in which case the asset is depreciated to the end of the useful life of the asset.

Payments associated with the short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Dilapidations

IAS37(85)(a),(b) the Company is required to restore the leased premises of its offices and warehouses to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

The dilapidations provision has been estimated using an independent survey of the buildings and considers the worst case scenario, discounted to reach a current value.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

2 Significant accounting policies (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less, or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.

Defined contribution plan

A defined contribution plan is a post-retirement benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which they are declared.

Recharges

Final Intra-group transactions are enacted where necessary to achieve appropriate cost ownership and visibility and accurate financial statements in line with government accounting or transfer pricing rules.

All arrangements between group legal entities are carried out on an arm's length basis, supported by appropriate transfer pricing documentation, agreed through the annual planning process approved by the Board.

All approved invoices are paid at each scheduled intercompany payment run.

Rounding of amounts

All amounts in the Financial Statements have been rounded to the nearest thousand Pounds Sterling unless otherwise stated.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

3 Revenue

A revenue core market analysis is presented as follows:

	2025 £ 000	2024 £ 000
Power Generation (diesel engines, gas combined heat and power (CHP) and kinetic power)	70,030	114,589
Marine (Commercial and Yacht engines and NautIQ)	2,497	5,003
Defence & Governmental (Military vehicle engines and NautIQ)	42,747	35,140
Services	72,581	65,980
	<u>187,855</u>	<u>220,712</u>

The Company has one (2024: one) external customer within the Power Generation market that generated 34% (2024: 50%) of the Company's total revenue, and one (2024: one) external customer within the Defence & Governmental market that generated 17% (2024: 12%) of the Company's total revenue.

A geographical analysis of revenue by destination of direct customers is presented as follows:

	2025 £ 000	2024 £ 000
United Kingdom	142,128	142,551
Ireland	1,643	41,502
Germany	40,614	32,695
Europe and Rest of World	3,470	3,964
	<u>187,855</u>	<u>220,712</u>

The analysis of the Company's revenue for the year by basis of recognition is as follows:

	2025 £ 000	2024 £ 000
Point in Time	142,334	180,233
Over time	45,521	40,479
Total	<u>187,855</u>	<u>220,712</u>

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

4 Operating profit

Arrived at after charging:

	2025 £ 000	2024 £ 000
Amortisation charge of intangible assets	142	205
Depreciation charge of property, plant and equipment	1,006	622
Depreciation charge of right-of-use assets	1,148	1,017
Charge for impairment of intangible assets	162	587
Charge for impairment of investment	718	-
Charge for impairment of fixed assets	-	25
Audit fees payable to the Company's auditors	180	175
Total staff costs	22,806	20,565

5 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2025 £ 000	2024 £ 000
Wages and salaries	18,960	17,375
Social security costs	2,408	1,893
Other pension costs	1,438	1,297
	<u>22,806</u>	<u>20,565</u>

The monthly average number of persons, including Directors, employed by the Company during the year was as follows:

	2025 No.	2024 No.
Administration	22	23
Sales	38	38
Product support	198	173
Engineering and project support	47	58
	<u>305</u>	<u>292</u>

Rolls-Royce Solutions UK Limited**Notes to the Financial Statements
for the year ended 31 December 2025 (continued)****6 Directors' remuneration**

The Directors' remuneration for the year was as follows:

	2025	2024
	£ 000	£ 000
Remuneration	<u>253</u>	<u>271</u>

Remuneration does not include amounts receivable under long-term incentive schemes.

Contributions to defined contribution pension schemes during the year were £19,813 (2024: £15,953). Aggregate amounts receivable under long-term incentive schemes were £159,636 (2024: £217,282).

Four Directors (2024: four) are employed by another group company and received no payment for their services to Rolls-Royce Solutions UK Limited as the amounts for qualifying services to the Company can't be reliably measured to the year ended 31 December 2025 (2024: £nil).

In respect of the highest paid Director:

	2025	2024
	£ 000	£ 000
Aggregate of remuneration	<u>253</u>	<u>271</u>

Aggregate of remuneration does not include contributions to pensions but does include amounts receivable under long-term incentive schemes.

Contributions to defined contribution pension schemes were £19,813 (2024: £15,953).

During the current year, the highest paid Director did exercise share options (2024: did not exercise share options) and during the current year did receive shares (2024: did receive shares) in respect of qualifying services under a long-term incentive scheme.

7 Auditors' remuneration

The fees for the audit of the Company Financial Statements for the year ended 31 December 2025 were £180,000 (2024: £175,000).

No (2024: none) amounts were paid to the Company's auditors for non-audit services.

8 Finance income

	2025	2024
	£ 000	£ 000
Foreign exchange gain	-	693
Other interest receivable	<u>2,005</u>	<u>2,480</u>
	<u>2,005</u>	<u>3,173</u>

Other interest receivable relates to interest income on group cash pooling.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

9 Finance costs

	2025 £ 000	2024 £ 000
Foreign exchange loss	893	-
Net loss on financial instruments	92	92
Interest expense on leases	355	372
Other interest payable	56	109
	<u>1,396</u>	<u>573</u>

Other interest payable relates to payable on bank balances that were overdrawn at times during the year, paid to group undertakings.

10 Income tax expense

Tax charged in the Income Statement:

	2025 £ 000	2024 £ 000
Current tax		
UK corporation tax charge on profit for the year (Group relief payable)	4,262	6,361
Adjustments in respect of prior years	(4)	44
Irish corporation tax charge in respect of prior years	6	-
	<u>4,264</u>	<u>6,405</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	672	647
Adjustments in respect of prior years	(206)	(10)
Total deferred taxation	<u>466</u>	<u>637</u>
Tax expense in the income statement	<u>4,730</u>	<u>7,042</u>

The tax on profit before tax for the year is lower than (2024: higher than) the standard rate of corporation tax in the UK of 25.0% (2024: 25.0%).

The differences are reconciled below:

	2025 £ 000	2024 £ 000
Profit before taxation	<u>19,093</u>	<u>25,402</u>
Corporation tax at standard rate of 25.0% (2024: 25.0%)	4,773	6,350
Adjustments in respect of prior years	(205)	35
Expenses not deductible for tax	162	69
Movement in unrecognised Deferred Tax	-	588
Total tax charge	<u>4,730</u>	<u>7,042</u>

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements

for the year ended 31 December 2025 (continued)

10 Income tax expense (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2025	Recognised in income statement	At 31 December 2025	Recognise d as DTA	Recognised as DTL
	£ 000	£ 000	£ 000	£ 000	£ 000
Accelerated capital allowances	(104)	(466)	(570)	-	(570)
Net tax assets	(104)	(466)	(570)	-	(570)

Deferred tax movement during the prior year:

	At 1 January 2024	Recognised in income statement	At 31 December 2024	Recognise d as DTA	Recognised as DTL
	£ 000	£ 000	£ 000	£ 000	£ 000
Accelerated capital allowances	533	(637)	(104)	-	(104)
Net tax assets	533	(637)	(104)	-	(104)

A deferred tax asset of £588,000 (2024 £588,000) has not been recognised for certain unused gross tax losses attributable to the Servowatch business transferred in 2023 of £2,351,000 (2024: £2,351,000). The basis of non-recognition is that at the balance sheet date the Company did not expect the Servowatch business to have sufficient taxable profits against which those losses could be offset. The unused tax losses have no expiry and can be carried forward indefinitely.

The Company is within the scope of the OECD Pillar Two (Global Minimum Tax) model rules, which came into effect from 1 January 2024. For the period to 31 December 2025, the Company has no related current tax exposure and has continued to apply the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements
for the year ended 31 December 2025 (continued)

11 Intangible assets

	Capitalised Development Costs £ 000	Software £ 000	Assets under construction £ 000	Total £ 000
Cost				
At 1 January 2025	675	11	480	1,166
Additions	-	27	-	27
At 31 December 2025	675	38	480	1,193
Accumulated amortisation				
At 1 January 2025	377	2	480	859
Amortisation charge	136	5	-	141
Impairment	162	-	-	162
At 31 December 2025	675	7	480	1,162
Net book value				
At 31 December 2025	-	31	-	31
At 31 December 2024	298	9	-	307

Amortisation of £136,000 (2024: £205,000) is included in research and development in the income statement.

During the year, 1 asset was impaired with a NBV of £162,000. (2024: £587,000)

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

12 Property, plant and equipment

	Leasehold property improvements £ 000	Plant and equipment £ 000	Fixtures and fittings £ 000	Assets under construction £ 000	Total £ 000
Cost					
At 1 January 2025	2,665	6,783	338	949	10,735
Additions	1,101	989	290	1,793	4,173
Transfers	532	447	4	(983)	-
Disposals	(733)	(1,221)	(53)	-	(2,007)
At 31 December 2025	3,565	6,998	579	1,759	12,901
Accumulated depreciation					
At 1 January 2025	1031	4,291	114	25	5,461
Charge for the year	305	668	33	-	1,006
Eliminated on disposals	(722)	(1,219)	(41)	-	(1,982)
At 31 December 2025	614	3,740	106	25	4,485
Net book value					
At 31 December 2025	2,951	3,258	473	1,734	8,416
At 31 December 2024	1,634	2,492	224	924	5,274

Depreciation of £595,000 (2024: £371,000) is included in cost of sales, £7,000 (2024: £10,000) is included in selling costs, £384,000 (2024: £213,000) in admin costs and £20,000 (2024: £27,000) in research and development costs in the Income Statement.

During the year, no assets under construction were impaired (2024: 25,000)

At 31 December 2025 the Company was committed to capital expenditure of £730,000 (2024: £534,000).

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements
for the year ended 31 December 2025 (continued)

13 Right-of-use assets

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2025	8,204	1,791	9,995
Additions	-	197	197
Disposals	-	(91)	(91)
At 31 December 2025	8,204	1,897	10,101
Accumulated depreciation			
At 1 January 2025	2,573	556	3,129
Charge for the year	703	445	1,148
Eliminated on disposals	-	(67)	(67)
At 31 December 2025	3,276	934	4,210
Net book value			
At 31 December 2025	4,928	963	5,891
At 31 December 2024	5,631	1,235	6,866

Depreciation of £547,000 (2024: £417,000) is included in cost of sales and £601,000 (2024: £600,000) in admin costs in the income statement.

14 Investments

	Total £ 000
Subsidiaries	
Cost	
At 1 January 2025	16,518
Additions	6,778
At 31 December 2025	23,296
Provision for impairment	
At 1 January 2025	(16,518)
Impairment in year	(718)
At 31 December 2025	(17,236)
Carrying amount	
At 31 December 2025	6,060
At 31 December 2024	-

During the year, the Company acquired a 100% shareholding in Powerfield Limited, from Rolls-Royce plc for a consideration of £6.8m which was paid in cash.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying value of the Company's investments are reviewed for indicators of impairment on an annual basis. During the year ended 31 December 2025 an impairment charge of £718,000 has been recognised within operating expenses in relation to the Company's investment in Powerfield Limited.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

14 Investments (continued)

The carrying value of the Company's investment in Kinolt UK Limited is reviewed for indicators of impairment on an annual basis. In 2022, the investment was impaired to £nil, therefore no further impairment is required and no reversal of the impairment is required as the entity is still dormant

The following were direct subsidiary undertakings / participating interest of the Company as at 31 December 2025:

Company name	Share class	Address	% Holding 2025
Kinolt UK Ltd (dormant)	Ordinary	Kings Place, 90 York Way, London, United Kingdom, N1 9FX	100%
Powerfield Limited	Ordinary	Moor Lane, Derby, Derbyshire, DE24 8BJ	100%

15 Inventories

	2025 £ 000	2024 £ 000
Work in progress	10,596	5,724
Finished goods for resale	12,863	9,543
	<u>23,459</u>	<u>15,267</u>

There is no significant difference between replacement cost of raw materials, consumables, work in progress and finished goods for resale and their carrying amounts.

Changes in finished goods, consumables and work in progress recognised as cost of sales in the year amounted to £125,929,000 (2024: £158,467,000).

Inventories are stated after provisions for impairment of £820,000 (2024: £937,000).

16 Trade and other receivables

	2025 £ 000	2024 £ 000
Trade receivables	22,039	23,042
Amounts due from group undertakings	5,169	7,338
Prepayments and accrued income	318	335
Amounts owed by group undertakings relating to cash pool	37,190	50,631
Core charge balance held by group companies	1,459	906
Other receivables	<u>1,328</u>	<u>806</u>
Total trade and other receivables	<u>67,503</u>	<u>83,058</u>

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

16 Trade and other receivables (continued)

Trade receivables of £nil (2024: £nil) fall due after more than one year.

Amounts due from group undertakings are unsecured and are payable according to agreed payment terms.

Trade and other receivables are stated after provisions for an ECL of £191,000 (2024: £1,151,000).

The core charge balance is unsecured, interest free and repayable on receipt of certain products by Rolls-Royce Solutions GmbH, all amounts fall due within one year. A core charge is the deposit value given to certain spare parts that can be exchanged for replacements. The company is entitled to a refund of the core charge paid once the exchanged part is returned to Rolls-Royce Solutions GmbH and meets the eligibility criteria for a refund.

17 Contract assets and liabilities

	Current		Non-current		Total	
	2025	2024	2025	2024	2025	2024
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Contract assets	10,296	3,510	-	-	10,296	3,510

No impairment losses of contract assets (2024: none) have arisen during the year to 31 December 2025.

	Current		Non-current		Total	
	2025	2024	2025	2024	2025	2024
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Contract liabilities	19,490	22,334	-	-	19,490	22,334

£12,733,000 of the opening contract liability has been recognised in income during the year to 31 December 2025 (2024: £26,423,000).

The contract liabilities balance has decreased by £2,844,000 in 2025 due to their conversion to revenue, and fewer new deposits being received in 2025 compared to 2024.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

18 Leases

Leases are fixed term and the Company does not have the automatic right to extend or purchase the leased assets. The leases are fixed rate leases.

The Company has lease contracts for offices, warehouses, equipment and vehicles which are used in their operations. The amounts recognised in the Financial Statements in relation to the leases are as follows:

Amounts recognised in the Statement of Financial Position

The Balance Sheet shows the following amounts relating to leases:

	2025 £ 000	2024 £ 000
Right-of-use assets		
Land and buildings	4,928	5,631
Plant and machinery	963	1,235
	<u>5,891</u>	<u>6,866</u>
Lease liabilities		
Current lease liabilities	1,014	952
Non-current lease liabilities	4,552	5,420
	<u>5,566</u>	<u>6,372</u>
	2025 £ 000	2024 £ 000
Future minimum lease payments on leases at 31 December:		
Within one year	1,260	1,237
In one to five years	3,651	3,990
After five years	1,532	2,303
Total gross payments	6,443	7,530
Impact of finance expenses	(877)	(1,158)
Carrying amount of liability	5,566	6,372
Of which: Current liabilities	1,014	952
Non-current liabilities	4,552	5,420

The total cash outflow for leases was £1,276,000 (2024: £1,091,000). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31 December 2025 was 4.99% (2024: 5.07%).

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

18 Leases (continued)

Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2025	2024
	£ 000	£ 000
Land and buildings	(703)	(689)
Plant and machinery	(445)	(328)
Depreciation charge on right-of-use assets	(1,148)	(1,017)
Interest expense (included in finance cost)	(355)	(372)
Expense relating to short-term leases of 12 months or less recognised as an expense	-	(116)

The leases primarily relate to land and buildings leased for 10 years. The remaining leases relate to plant and machinery including vehicles leased over two to five years.

19 Trade and other payables

	2025	2024
	£ 000	£ 000
Trade payables	2,039	3,292
Accruals	4,407	6,433
Amounts due to group undertakings	24,757	22,204
Social security and other taxes	2,150	2,523
Group relief payable	4,262	6,361
Other Creditors	169	16
	37,784	40,829

Trade payables of £nil (2024: £nil) fall due after more than one year.

Amounts due to group undertakings are unsecured, interest free, and are repayable according to agreed short term payment terms.

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

20 Provisions

In 2024 Provisions was shown within Trade and other Payables.

	Warranties £ 000	Claims & Litigation £ 000	Onerous Contracts £ 000	Dilapidations £ 000	Total £ 000
Cost					
At 1 January 2025	490	1,552	1,986	1,085	5,113
Provisions utilised	-	423	1,480	-	1,903
Additional charge	98	592	923	57	1,670
Provisions released	-	527	-	-	527
At 31 December 2025	588	1,194	1,429	1,142	4,353
Current liabilities	588	1,194	1,429	-	3,211
Non-current liabilities	-	-	-	1,142	1,142

Onerous contract provisions are recorded when the direct costs to fulfil a contract are assessed as being greater than the expected recoverable amount. Onerous contract provisions are measured on a fully costed basis. The Company continues to monitor onerous contract provisions for changes in the market and revises the provision as required. The provisions are expected to be utilized within 2026 as the customer contracts reach their conclusion.

Provisions for claims and litigation represent ongoing matters where the outcome for the Company may be unfavourable.

21 Called up share capital

	2025		2024	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid				
Ordinary shares of £1 each	400	400	400	400

Rights, preferences and restrictions

All shares are classified in shareholders' funds.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No dividend in relation to the 2025 financial statements has been agreed. The value per qualifying ordinary share is £0.00 (2024 dividend: £0.00 per qualifying ordinary share). The aggregate amount of the dividend paid in relation to the 2025 statements is £nil. (2024: £nil).

Rolls-Royce Solutions UK Limited

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

22 Contingent liabilities

Certain authorities are investigating members of the Group, of which the subsidiary operates, 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 other parties, including customers, customers' financiers and current and former investors, including certain potential claims in respect of the Group's historical ethics and compliance disclosures which have been notified to the Group. 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, to the Group or to the Company, but cannot anticipate all the possible actions that may be taken or their potential consequences.

23 Parent and ultimate parent undertaking

The Company's immediate parent is Rolls-Royce Power Systems AG, a company incorporated in Germany.

The ultimate parent undertaking and controlling party is Rolls-Royce Holdings plc, a company incorporated in the UK. The largest group of undertakings for which consolidated financial statements are prepared is that headed by Rolls-Royce Holdings plc and can be obtained from Kings Place, 90 York Way, London N1 9FX, United Kingdom.

The smallest group of undertakings for which consolidated financial statements are prepared is that headed by Rolls-Royce Power Systems AG which can be obtained from Maybachplatz 1, 88045, Friedrichshafen, Germany.