

Registration number: 13039768

# **Rolls-Royce SMR Limited**

Annual Report and Financial Statements

for the Year Ended 31 December 2024

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## **Rolls-Royce SMR Limited**

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**Rolls-Royce SMR Limited**  
**Company Information**

|                             |                                                                                                                                                                                 |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>            | Jorge Acevedo<br>Faisal Al-Thani<br>Sean Benson<br>Neil Fleming<br>Dominic Horwood<br>Stephen Lovegrove<br>Anna Mascolo<br>William Morris<br>Tomáš Pleskač<br>Silvana Jirotkova |
| <b>Company Secretary</b>    | Justine Blakesley                                                                                                                                                               |
| <b>Registered office</b>    | C/O Rolls-Royce Plc<br>Moor Lane<br>Derby<br>Derbyshire<br>DE24 8BJ                                                                                                             |
| <b>Registration number</b>  | 13039768                                                                                                                                                                        |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH                                                          |

**Rolls-Royce SMR Limited**  
**Strategic Report**  
**for the year ended 31 December 2024**

The Directors present their Strategic Report on Rolls-Royce SMR Limited (the Company) together with the Directors' Report and the audited Financial Statements for the year ended 31 December 2024.

**Principal activities**

The principal activities of the Company are nuclear engineering and the development of a Small Modular Reactor (SMR) design.

**Business review**

The Company recorded a loss before taxation of £115,095,000 (2023: £78,078,000) largely due to research and development expenditure incurred of £150,950,000 (2023: £115,046,000) and administrative expenses of £56,225,000 (2023: £32,923,000) partly offset by income from government grants of £86,905,000 (2023: £65,457,000) recognised within other income. The increase in research and development expenditure is in line with the increase in engineering employees working on the development of an SMR design as the Company continues to progress through the Generic Design Assessment (GDA) process.

At 31 December 2024 the Company had net assets of £18,044,000 (2023: £81,210,000). The decrease is predominantly due to research and development expenditure during the year.

The Company has successfully completed the second step in the assessment by the UK's independent nuclear regulators and has now progressed to step three of the GDA.

On 29 October 2024 it was announced that ČEZ Group (CEZ) made an equity investment into the Company to join their global capabilities in order to deploy SMR technology in the Czech Republic.

On 10 June 2025 the Company was selected as the preferred bidder to partner with Great British Energy-Nuclear (GBN) to develop small modular reactors, subject to final government approvals and contract signature.

**Key performance indicators**

The Company's Directors believe that there are no key performance indicators which are necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business.

**Principal risks and uncertainties**

The Company acts, where appropriate, in accordance with the Group policies set by Rolls-Royce Holdings plc, the ultimate parent undertaking. The Group has an established and structured approach to risk management, detailed in the 2024 Annual Report of Rolls-Royce Holdings plc which is publicly available from the address in note 18.

The principal risk recognised by the Directors is that the SMR design does not generate a viable product at the conclusion of the project. To mitigate this risk, the Company is consolidating proven, existing technology to form the basis of the SMR design and has partnered with shareholders who are industry leaders with expertise in this field.

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, 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 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.

**Rolls-Royce SMR Limited**  
**Strategic Report**  
**for the year ended 31 December 2024 (continued)**

**Section 172(1) statement (continued)**

*Likely consequences of any decisions in the long-term*

To discharge their Section 172 duties, the Company's Directors had regard to the factors set out above in making the principal decisions taken by the Company.

The Board of Directors fulfils its duties to act in good faith to promote the success of the Company through its implementation of its Strategic Plan. The Board has defined the vision of the Company as 'Clean Affordable Energy for All' with its mission to create a world class enduring enterprise to design and deploy a global fleet of standardised and investible nuclear power stations.

The Board ensures that priorities and initiatives feed directly into one or more of the following fundamental strategic goals: (1) design the power station; (2) grow the business; (3) build the power station; and (4) deliver a fleet. The Board review and consider the various stakeholders when arriving at recommended business decisions consistent with the strategy.

During the year, the Directors considered the Company's strategic direction. This in turn creates the long-term value for shareholders, recognising that the longer-term success of the business depends on the effects of the SMR business activities on a wider society. In a year marked by external shocks, both geopolitical and macro-economic, domestic (e.g. change in UK Government) and international, the Board discussions focused on strategies to grow the business within this context. Examples of Board decisions during 2024 include:

- review of the Company's operational structure;
- review of the Company's funding position and strategy both in the near and longer term;
- approval of key supply chain contracts and partnerships;
- approval of key policies and procedures;
- appointment of key executives and senior executives to support the business strategy;
- frequent discussion on market dynamics, and the changing status of key customer contact opportunities.

*The interests of the Company's employees*

The Directors recognise that the success of the business depends on attracting, retaining and motivating talented people. The Directors consider and assess the implications of decisions on our people, where relevant and feasible. The Directors seek to ensure that the Company remains a responsible employer, including with respect to pay and benefits, health and safety issues and the workplace environment.

Our workforce is our most valuable asset. The Company invests in training and coaching. The personal development of our employees is a key pillar of the Company's strategy.

The Board have also considered initiatives during 2024, including a review of roles, remuneration and incentives against the current market indicators for fair and competitive remuneration packages for all employees and their roles.

Examples of the Board's engagement with employees during 2024 include:

- requesting that all employees participate in an online culture survey in order to help in the assessment of employees concerns and aspirations;
- reviewing feedback from regular townhalls held with all employees; and
- reviewing salary scales and benefit provisions to ensure that there is an agreed framework for reward and recognition for all employees.

*The need to foster the Company's business relationships with suppliers, customers and others.*

Delivering our strategy requires a strong, mutual and beneficial relationship with suppliers, customers, governments and joint venture partners. The Directors receive updates on engagement at Board meetings.

**Rolls-Royce SMR Limited**  
**Strategic Report**  
**for the year ended 31 December 2024 (continued)**

**Section 172(1) statement (continued)**

In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Company's integrity, brand and reputation.

Examples of the Board's engagement with suppliers, customers and others during 2024 include:

- receiving regular updates and feedback from supplier and customer opportunities to assist in decision making regarding customer focussed initiatives, priorities and partnerships; and
- supporting executives with Government led discussions.

*The impact of the Company's operations on the community and the environment*

As part of the Rolls-Royce Group, the Company has sustainability and environmental goals firmly embedded in its culture and strategy. The Board recognises the relevance of leading the Company in such a way that it contributes to wider society. A key focus for the Directors during the year, was the impact of the economic climate.

*The desirability of the Company maintaining a reputation for high standards of business conduct*

The Board reviewed and approved the ethics and compliance frameworks. This, in conjunction with the Board monitoring compliance with governance standards, helps to ensure that Board-level decisions and decisions of the executive team promote high standards of business conduct. Our Code of Conduct ensures high standards are approved and communicated throughout the Company.

*The need to act fairly between members of the Company.*

After weighing up all relevant factors, the Directors consider which action best enables delivery of the Company strategy through the long-term, taking into consideration the effect on the Company's stakeholders.

**Non-financial and sustainability information statement**

The Company is a subsidiary of the Rolls-Royce Holdings plc 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 2024 on page 32.

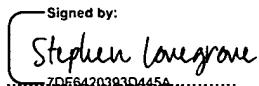
**Climate-related corporate reporting**

The Company adopts the policies and frameworks set by the Group which include the sustainability measures set out in the Rolls-Royce Holdings plc 2024 Annual Report on pages 32 to 45. 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 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 Annual Report on page 212. The Rolls-Royce Holdings plc Annual Report has been prepared for the same financial year as the Company.

Approved by the Board on 26 September 2025 and signed on its behalf by:

Signed by:  
  
Stephen Lovegrove  
Director

**Rolls-Royce SMR Limited**  
**Directors' Report**  
**for the year ended 31 December 2024**

The Directors present their report together on the Company together with the Strategic Report and the audited Financial Statements for the year ended 31 December 2024.

**Directors**

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

Jorge Acevedo (appointed 1 February 2024)  
Faisal Al-Thani  
Sean Benson  
Neil Fleming  
Ralph Hunter (resigned 31 January 2024)  
Dominic Horwood  
Stephen Lovegrove (appointed 1 January 2024)  
Anna Mascolo  
William Morris  
Tomáš Pleskač (appointed 4 March 2025)  
Adam Riddle (resigned 30 July 2025)  
Silvana Jirotkova (appointed 7 July 2025)

**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 financial year and remain in force at the date of the approval of these Financial Statements.

**Results and dividends**

The Company made a loss after taxation for the year of £116,682,000 (2023: £78,078,000). The net assets of the Company are £18,044,000 (2023: £81,210,000).

The Directors do not recommend the payment of a dividend (2023: £nil).

**Post balance sheet events**

On 7 January 2025 the Company issued 56,727 ordinary shares for a cash consideration of £80,000,000.

On 8 January 2025 the Company issued 3,546 ordinary shares for a cash consideration of £5,000,000.

On 4 March 2025 CEZ became a shareholder in the Company. Following further investment from CEZ of £100,037,034 on this date in exchange for 107,943 ordinary shares, the immediate parent company, Rolls-Royce plc, relinquished control of the Company.

On 2 June 2025 the Company issued 3,545 ordinary shares for a consideration of £5,000,000. The Company received services from a supplier as consideration for these shares (further details on how these are accounted for are outlined in note 15).

On 10 June 2025 the Company was selected as the preferred bidder to partner with Great British Energy-Nuclear (GBN) to develop small modular reactors, subject to final government approvals and contract signature.

On 7 July 2025 the Company issued 106,364 ordinary shares for a cash consideration of £150,000,000.

**Future developments**

The Directors expect to continue to progress the development of the SMR design.

## **Rolls-Royce SMR Limited**

### **Directors' Report for the year ended 31 December 2024 (continued)**

#### **Research and development**

During the year the Company spent £150,950,000 (2023: £115,046,000) on research and development.

#### **Financial risk management**

The Company has an established, structured approach to risk management. The following financial risks are considered key by the Directors:

##### *Credit risk*

The Company's credit risk is primarily attributable to its amounts receivable from other group undertakings. The amounts in the Statement of Financial Position are stated after provisions for impairment. Amounts due from other group undertakings are supported by Rolls-Royce plc. Therefore the overall credit risk to the Company is considered to be low.

##### *Interest risk*

Cash balances are held at floating rates and the Company is therefore exposed to movements in interest rates which is mitigated as part of the Group's policies for managing the overall interest risk at group level.

#### **Going concern**

The Company incurred a loss of £116,682,000 (2023: £78,078,000) in the year as it continues to engage in the development of a SMR design. At 31 December 2024 the Company had net assets of £18,044,000 (2023: £81,210,000), which included a net intercompany creditor position of £2,604,000 (2023: net debtor of £100,936,000) with other group companies which is payable on demand.

The Directors of the Company have prepared the Financial Statements on a going concern basis which assumes the Company will continue in operation for at least 12 months from the date of approval of the Financial Statements and be able to meet its obligations as they fall due.

In forming this judgement, the Directors have taken account of the cash flow requirements of the business for the 15-month period to 31 December 2026 under two scenarios, being a base case and a severe but plausible downside case. The base case forecast reflects the Director's expected operating cash flows, and funding following the Company's success in the Great British Energy-Nuclear's bidding process. On 10 June 2025, the Company was selected as the preferred bidder to partner with Great British Energy-Nuclear to develop small modular reactors, subject to final government approvals and contract signature. This forecast also includes funding already received by the Company from shareholders during 2025, with shares issued for cash consideration of £335,037,000. This expected base case forecast indicates that the business will be cash generative throughout the forecast period.

As part of the going concern assessment the Directors have also considered a severe but plausible downside cash flow forecast scenario, which does not include the benefit of any expected but as yet unsecured forms of funding and the expected contract with Great British Energy-Nuclear. This forecast also reflects the Company's ability to reduce spend in certain areas and indicates that the Company will need to secure additional funds by mid-2026.

#### *Material uncertainty*

The Company has made significant progress in exploring funding options to continue to develop the SMR design. However, as these funds are not yet secured, they have been excluded in the severe but plausible downside cash flow forecast. In the absence of secured funding the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. To mitigate these conditions management is well advanced in contract negotiations with Great British Energy-Nuclear, following selection as preferred bidder in June 2025, and also with existing shareholders, future customers and lenders to secure the funding required.

**Rolls-Royce SMR Limited**  
**Directors' Report**  
**for the year ended 31 December 2024 (continued)**

**Going concern (continued)**

The Directors believe the Company will be successful in obtaining adequate funding for its needs and, accordingly, have prepared these financial statements using the going concern basis of accounting. However, as funding has not been formally secured as at the date of approval of these financial statements, there is a material uncertainty related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

**Employees**

There are regular and topical engagements with employees through structured programmes, including:

- Let's Talk Forum-regular meetings with employee representatives and the executive, this is a consulting and informing body wherein the executives engage on key topics.
- Town Halls-regular meetings with all employees and the executive team, this forum enables engagement with all employees on activities.
- There is also an Annual Employee Engagement Survey which engages with all employees and a Pulse Survey which is completed twice a year, testing key themes through employee focus groups.

The Company wants all employees to be at their best. There is a responsibility on the Company to create an inclusive culture, free from bullying and harassment, where everyone is treated with dignity and respect. There is a duty of care to the Company's people, which includes workplace adjustments that will create a better work experience for anyone who is unable to effectively perform their role due to a disability or condition.

The Workplace Adjustments policy enables the business to support those with disabilities – new starters or existing employees with a newly acquired disability – to do just that. The Workplace Adjustments policy is available to all employees on the intranet.

The application process for all candidates carries the following statements in relation to our culture and recruitment process:

*"At Rolls-Royce SMR, we are committed to ensuring that our teams reflect the communities we serve and that everyone can be themselves at work. We know that diverse teams are more innovative and get better results, and that our people can thrive and be more successful in truly inclusive cultures. Join us and help shape our culture."*

The Company can accommodate reasonable adjustments at interview in line with our Reasonable Adjustments policy and issue all new starters with a voluntary survey to help understand the diversity of the Company's people, and new starters are asked to declare whether they consider themselves disabled.

The Company works towards an inclusive culture for career development and would make reasonable adjustments to aid disabled candidates.

**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 4).

**Independent auditors**

In accordance with section 485 of the Companies Act 2006, the Directors have appointed PricewaterhouseCoopers LLP as the Company's auditor. PricewaterhouseCoopers LLP have

## **Rolls-Royce SMR Limited**

indicated their willingness to be in office and are deemed to be appointed under section 487(2) of the Companies Act 2006. **Directors' Report for the year ended 31 December 2024 (continued)**

### **Statement of Directors' Responsibilities in respect of the Financial Statements**

The Directors are responsible for preparing the Annual Report and the 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.

### **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 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 on 26 September 2025 and signed on its behalf by:

Signed by:

  
Stephen Lovegrove

Stephen Lovegrove  
Director

## **Rolls-Royce SMR Limited**

### **Independent auditor's report to the members of Rolls-Royce SMR Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss 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 2024; the Income Statement, Statement of Comprehensive Income and 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.

##### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company has prepared cash flow forecasts that reflect a severe but plausible downside scenario. These indicate additional funding will be required to meet its obligations within a period of 12 months from the date of approval of the financial statements. This funding is not secured as at the date of approval of the financial statements. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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

## **Rolls-Royce SMR Limited**

### **Independent auditor's report to the members of Rolls-Royce SMR Limited**

#### **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 2024 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

## **Rolls-Royce SMR Limited**

### **Independent auditor's report to the members of Rolls-Royce SMR Limited**

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 applicable 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 applicable 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 posting inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiries with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of the Board of Directors and its committees;
- Enquiries with the company's in-house General Counsel in regards to any known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias);
- Identifying and testing unusual journal entries, in particular journal entries posted with unusual account combinations;
- Review of company related matters reported through the Rolls-Royce group whistleblowing facility; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our audit testing.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Rolls-Royce SMR Limited**

### **Independent auditor's report to the members of Rolls-Royce SMR Limited**

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's directors 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.



Terry Shah (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 September 2025

**Rolls-Royce SMR Limited**  
**Income Statement**  
**for the year ended 31 December 2024**

|                                           | Note | 2024<br>£ 000           | 2023<br>£ 000          |
|-------------------------------------------|------|-------------------------|------------------------|
| Other income                              | 3    | 86,905                  | 65,457                 |
| Research and development expenses         |      | (150,950)               | (115,046)              |
| Administrative expenses                   |      | <u>(56,225)</u>         | <u>(32,923)</u>        |
| <b>Loss before financing and taxation</b> | 3    | <b>(120,270)</b>        | <b>(82,512)</b>        |
| Finance costs                             |      | (49)                    | (102)                  |
| Finance income                            | 7    | <u>5,224</u>            | <u>4,536</u>           |
| <b>Loss before taxation</b>               |      | <b><u>(115,095)</u></b> | <b><u>(78,078)</u></b> |
| Income tax                                | 8    | <u>(1,587)</u>          | <u>–</u>               |
| <b>Loss for the financial year</b>        |      | <b><u>(116,682)</u></b> | <b><u>(78,078)</u></b> |

The above results were derived from continuing operations.

The notes on pages 17 to 31 form an integral part of these Financial Statements.

**Rolls-Royce SMR Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2024**

|                                                           | <b>2024</b><br>£ 000    | <b>2023</b><br>£ 000   |
|-----------------------------------------------------------|-------------------------|------------------------|
| Loss for the financial year                               | <u>(116,682)</u>        | <u>(78,078)</u>        |
| <b>Total comprehensive expense for the financial year</b> | <b><u>(116,682)</u></b> | <b><u>(78,078)</u></b> |

The notes on pages 17 to 31 form an integral part of these Financial Statements.

**Rolls-Royce SMR Limited**  
**Statement of Financial Position**  
**as at 31 December 2024**  
**(Registration number: 13039768)**

|                                              | <b>Note</b> | <b>2024</b><br><b>£ 000</b> | <b>2023</b><br><b>£ 000</b> |
|----------------------------------------------|-------------|-----------------------------|-----------------------------|
| <b>Non-current assets</b>                    |             |                             |                             |
| Intangible assets                            | 9           | 123                         | 207                         |
| Property, plant and equipment                | 10          | 2,860                       | 2,534                       |
| Right-of-use assets                          | 11          | 1,014                       | 1,023                       |
| Deferred tax assets                          | 8           | -                           | 435                         |
|                                              |             | <b><u>3,997</u></b>         | <b><u>4,199</u></b>         |
| <b>Current assets</b>                        |             |                             |                             |
| Trade and other receivables                  | 12          | 62,933                      | 111,514                     |
| Other financial assets                       |             | 51                          | -                           |
| Cash and cash equivalents                    |             | <b><u>12,467</u></b>        | <b><u>8,616</u></b>         |
|                                              |             | <b><u>75,451</u></b>        | <b><u>120,130</u></b>       |
| <b>Current liabilities</b>                   |             |                             |                             |
| Lease liabilities                            | 13          | (329)                       | (254)                       |
| Trade and other payables                     | 14          | (58,334)                    | (39,971)                    |
| Other financial liabilities                  |             | (26)                        | -                           |
|                                              |             | <b><u>(58,689)</u></b>      | <b><u>(40,225)</u></b>      |
| <b>Total assets less current liabilities</b> |             | <b><u>20,759</u></b>        | <b><u>84,104</u></b>        |
| <b>Non-current liabilities</b>               |             |                             |                             |
| Lease liabilities                            | 13          | (691)                       | (761)                       |
| Trade and other payables                     | 14          | (2,024)                     | (2,133)                     |
|                                              |             | <b><u>(2,715)</u></b>       | <b><u>(2,894)</u></b>       |
| <b>Net assets</b>                            |             | <b><u>18,044</u></b>        | <b><u>81,210</u></b>        |
| <b>Equity</b>                                |             |                             |                             |
| Called up share capital                      | 16          | 780                         | 727                         |
| Share premium                                |             | 279,603                     | 228,183                     |
| Accumulated losses                           |             | (262,339)                   | (147,700)                   |
| <b>Total equity</b>                          |             | <b><u>18,044</u></b>        | <b><u>81,210</u></b>        |

The Financial Statements on pages 13 to 30 were approved and authorised for issue by the Board on 26 September 2025 and signed on its behalf by:

Signed by:

  
 7DF84203930445A...  
 Stephen Lovegrove  
 Director

The notes on pages 17 to 31 form an integral part of these Financial Statements.

**Rolls-Royce SMR Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2024**

|                                                             | Note | Called up<br>share capital<br>£ 000 | Share<br>premium<br>£ 000 | Accumulated<br>losses<br>£ 000 | Total<br>equity<br>£ 000 |
|-------------------------------------------------------------|------|-------------------------------------|---------------------------|--------------------------------|--------------------------|
| <b>At 1 January 2024</b>                                    |      | 727                                 | 228,183                   | (147,700)                      | 81,210                   |
| Loss for the financial year                                 |      | —                                   | —                         | (116,682)                      | (116,682)                |
| Total comprehensive<br>expense                              |      | —                                   | —                         | (116,682)                      | (116,682)                |
| <b>Transactions with owners in their capacity as owners</b> |      |                                     |                           |                                |                          |
| Proceeds from shares<br>issued                              |      | 35                                  | 33,373                    | —                              | 33,408                   |
| Share issues for services<br>rendered                       | 16   | 18                                  | 18,047                    | —                              | 18,065                   |
| Share-based payment<br>transactions                         | 15   | —                                   | —                         | 2,043                          | 2,043                    |
| <b>At 31 December 2024</b>                                  |      | <b>780</b>                          | <b>279,603</b>            | <b>(262,339)</b>               | <b>18,044</b>            |

|                                                             | Note | Called up<br>share capital<br>£ 000 | Share<br>premium<br>£ 000 | Accumulated<br>losses<br>£ 000 | Total<br>equity<br>£ 000 |
|-------------------------------------------------------------|------|-------------------------------------|---------------------------|--------------------------------|--------------------------|
| <b>At 1 January 2023</b>                                    |      | 619                                 | 123,363                   | (67,490)                       | 56,492                   |
| Loss for the financial year                                 |      | —                                   | —                         | (78,078)                       | (78,078)                 |
| Total comprehensive<br>expense                              |      | —                                   | —                         | (78,078)                       | (78,078)                 |
| <b>Transactions with owners in their capacity as owners</b> |      |                                     |                           |                                |                          |
| Proceeds from shares<br>issued                              |      | 100                                 | 97,273                    | —                              | 97,373                   |
| Share issues for services<br>rendered                       | 16   | 8                                   | 7,547                     | (7,555)                        | —                        |
| Share-based payment<br>transactions                         | 15   | —                                   | —                         | 5,423                          | 5,423                    |
| <b>At 31 December 2023</b>                                  |      | <b>727</b>                          | <b>228,183</b>            | <b>(147,700)</b>               | <b>81,210</b>            |

**Share premium**

This represents proceeds received in excess of the nominal value of ordinary shares issued, less the costs of issue of £1,592,000 (2023: £2,627,000).

The notes on pages 17 to 31 form an integral part of these Financial Statements.

**Rolls-Royce SMR Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2024**

**1 General information**

The Company is a private company limited by shares, incorporated and domiciled in the East Midlands, United Kingdom. The address of its registered office is C/O Rolls-Royce plc, Moor Lane, Derby, Derbyshire, DE24 8BJ.

**Principal activities**

The principal activities are nuclear engineering for the development of a small modular reactor design.

**2 Material accounting policies**

The material accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year 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, except where fair value requirements have been applied under the framework, in accordance with the Companies Act 2006.

In these Financial Statements the Company has applied 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); and
  - 111 (statement of cash flows information).
- IAS 7, *Statement of cash flows*;
- Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- Paragraph 38 of IAS 1, *Presentation of Financial Statements* to present comparative information requirements in respect of
  - paragraphs 53(a) and (h) of IFRS 16;
  - paragraph 73(e) of IAS 16 *Property, plant and equipment*; and
  - paragraph 118(e) of IAS 38 *Intangible assets* (reconciliations between the carrying amount at the beginning and end of the period);
- IFRS 7 *Financial Instruments: Disclosures*;
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation);
- The requirements of IAS 24 *Related Party Transactions* and has, therefore, not disclosed transactions between the Company and other entities part of a wholly owned group; and
- Paragraph 52 of IFRS 16, *Leases*.

**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 2024 that have a material impact on the Company's Financial Statements.

**Going concern**

The Company incurred a loss of £116,682,000 (2023: £78,078,000) in the year as it continues to engage in the development of a SMR design. At 31 December 2024 the Company had net assets of £18,044,000 (2023: £81,210,000), which included a net intercompany creditor position of £2,604,000 (2023: net debtor of £100,936,000) with other group companies which is payable on demand.

## **Rolls-Royce SMR Limited**

### **Notes to the Financial Statements for the year ended 31 December 2024 (continued)**

#### **2 Material accounting policies (continued)**

##### **Going concern (continued)**

The Directors of the Company have prepared the Financial Statements on a going concern basis which assumes the Company will continue in operation for at least 12 months from the date of approval of the Financial Statements and be able to meet its obligations as they fall due.

In forming this judgement, the Directors have taken account of the cash flow requirements of the business for the 15-month period to 31 December 2026 under two scenarios, being a base case and a severe but plausible downside case. The base case forecast reflects the Director's expected operating cash flows, and funding following the Company's success in the Great British Energy-Nuclear's bidding process. On 10 June 2025, the Company was selected as the preferred bidder to partner with Great British Energy-Nuclear to develop small modular reactors, subject to final government approvals and contract signature. This forecast also includes funding already received by the Company from shareholders during 2025, with shares issued for cash consideration of £335,037,000. This expected base case forecast indicates that the business will be cash generative throughout the forecast period.

As part of the going concern assessment the Directors have also considered a severe but plausible downside cash flow forecast scenario, which does not include the benefit of any expected but as yet unsecured forms of funding and the expected contract with Great British Energy-Nuclear. This forecast also reflects the Company's ability to reduce spend in certain areas and indicates that the Company will need to secure additional funds by mid-2026.

##### **Material uncertainty**

The Company has made significant progress in exploring funding options to continue to develop the SMR design. However, as these funds are not yet secured, they have been excluded in the severe but plausible downside cash flow forecast. In the absence of secured funding the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. To mitigate these conditions management is well advanced in contract negotiations with Great British Energy-Nuclear, following selection as preferred bidder in June 2025, and also with existing shareholders, future customers and lenders to secure the funding required.

The Directors believe the Company will be successful in obtaining adequate funding for its needs and, accordingly, have prepared these financial statements using the going concern basis of accounting. However, as funding has not been formally secured as at the date of approval of these financial statements, there is a material uncertainty related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of Financial Statements requires the use of certain critical estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are as follows:

##### ***Critical accounting judgement – Value of share-based payment in exchange for services***

The Company receives services from a supplier as consideration for its equity instruments which meets the definition of a share-based payment. The Company values the share-based payments using the direct method in line with IFRS 2 *Share-based payments*. The services received are for bespoke activities that in many instances cannot be procured elsewhere or benchmarked against similar services received from other third parties. As a result, the Company makes a judgement that the fair value of the share-based payments is equal to the market value of the services receivable. See note 15 for further detail.

## **Rolls-Royce SMR Limited**

### **Notes to the Financial Statements for the year ended 31 December 2024 (continued)**

#### **2 Material accounting policies (continued)**

The material accounting policies applied in the preparation of these Financial Statements are set out below.

##### **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 'Pounds 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 retranslated 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 initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on foreign exchange transactions and the retranslation of monetary items into functional currencies would be included within net financing.

##### **Government grants**

Government grants receivable are recognised in the income statement within Other Income so as to match them with the related expenses that they are intended to compensate. Grants are recognised at their fair value where there is reasonable assurance based on current and past submissions of grant claims and approval thereof from the grant body that the grant will be received, and the Company will comply with all attached conditions.

Government grants relating to costs incurred are accrued within trade and other receivables if not received at the financial year end.

##### **Research and development**

Expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase. All research phase expenditure is charged to the income statement. Development expenditure is recognised as an internally generated intangible asset (programme asset) only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

More specifically, development costs are capitalised from the point at which the following conditions have been met:

- the technical feasibility of completing the programme and the intention and ability (availability of technical, financial and other resources) to complete the programme asset and use or sell it;
- the probability that future economic benefits will flow from the programme asset; and
- the ability to measure reliably the expenditure attributable to the programme asset during its development.

|                                                        |                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Income tax expense/credit</b>                       | The tax expenses for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively. |
| <b>2 Material accounting policies (continued)</b>      |                                                                                                                                                                                                                                                                                                                                                                            |
| <b>for the year ended 31 December 2024 (continued)</b> |                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Notes to the Financial Statements</b>               |                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Rolls-Royce SMR Limited</b>                         |                                                                                                                                                                                                                                                                                                                                                                            |

## **Rolls-Royce SMR Limited**

### **Notes to the Financial Statements for the year ended 31 December 2024 (continued)**

#### **2 Material accounting policies (continued)**

##### **Financial assets and liabilities**

###### *Classification*

All recognised financial assets that are within the scope of IFRS 9 *Financial Instruments* are required to be measured subsequently at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

###### *Impairment of financial assets*

In relation to the impairment of financial assets the expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

###### *Financial liabilities*

Financial liabilities primarily consist of trade and other payables to group undertakings and accruals. All financial liabilities are classified and measured at amortised cost.

###### **Trade and other receivables**

Trade and other receivables relate to amounts due from customers and group undertakings for goods sold or services provided in the ordinary course of business, accrued grant income, social security and prepayments. These balances, excluding prepayments, are classified as financial assets and are subject to IFRS 9 expected credit loss model. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

When assessing impairment of trade and other receivables, the Directors consider factors including the credit rating of the receivable and the ageing profile of receivables, historical experience and future expectation. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Where this assessment results in a significant expected credit loss a provision will be booked against the corresponding receivable.

Prepayments mainly relate to payments made by the Company in advance to cover fees for share issues to be made in future periods.

###### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand. The company does not hold any short-term deposits or other cash equivalents at the reporting date.

###### **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.

## **Rolls-Royce SMR Limited**

### **Notes to the Financial Statements for the year ended 31 December 2024 (continued)**

#### **2 Material accounting policies (continued)**

##### **Leases (continued)**

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.

##### **Share-based payments**

###### *Share-based payments to employees*

The parent company on behalf of the Company provides share-based payment arrangements to certain employees. These are equity-settled arrangements and are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest, except where additional shares vest as a result of a market-based performance condition in the Performance Share Plan.

The costs of these share-based payments are treated as a capital contribution from the parent company. Any payments made by the Company to its parent company, in respect of these arrangements, are treated as a return of this capital contribution.

The fair values of the share-based payment arrangements are measured as follows:

- i) Sharesave plans - using the binomial pricing model; and
- ii) Long-term incentive plan - using a pricing model adjusted to reflect non-entitlement to dividends (or equivalent) and any market-based performance condition.

Where services are received as consideration for the Company's equity instruments, the fair value of the services received is measured using the direct method.

A third-party supplier provides services to the Company and the invoices for these services are settled in the Company's own equity instruments. This arrangement is classified as an equity-settled share-based payment under IFRS 2 *Share Based Payments*.

The fair value of services received is measured using the direct method and corresponds to the value of the invoice. The fair value of services received therefore corresponds to the increase in equity at fair value.

## Rolls-Royce SMR Limited

### Notes to the Financial Statements for the year ended 31 December 2024 (continued)

#### 2 Material accounting policies (continued)

##### **Share-based payments (continued)**

###### *Share-based payments for services*

When shares are granted to settle the invoice, these vest immediately, however the income statement charge related to the issue of shares is only accelerated if there is no evidence to the contrary. As the Company track what services have been received in relation to specific invoices, the charge recognised will continue to be recognised in the period the service is received, rather than for the full amount of shares vested.

##### **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.

Transaction costs incurred in anticipation of an equity issuance are deferred on the balance sheet until the equity instrument is recognised.

##### **Rounding of amounts**

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

#### 3 Loss before financing and taxation

Arrived at after charging/(crediting):

|                                               | 2024     | 2023     |
|-----------------------------------------------|----------|----------|
|                                               | £ 000    | £ 000    |
| Gross research and development costs          | 150,950  | 115,046  |
| Depreciation of property, plant and equipment | 1,008    | 677      |
| Depreciation of right-of-use assets           | 302      | 266      |
| Amortisation of intangibles                   | 94       | 66       |
| Government grant funding <sup>1</sup>         | (86,905) | (65,457) |

<sup>1</sup> Credited to other income.

The Company has obtained government grant funding from Innovate UK, a part of UK Research and Innovation, for the development of a SMR design.

#### 4 Staff costs

The aggregate payroll costs were as follows:

|                       | Note | 2024         | 2023         |
|-----------------------|------|--------------|--------------|
|                       |      | £ 000        | £ 000        |
| Wages and salaries    |      | 59,943       | 47,536       |
| Social security costs |      | 5,672        | 4,966        |
| Other pension costs   |      | 5,845        | 4,127        |
| Share-based payments  | 15   | 434          | 203          |
|                       |      | <hr/> 71,894 | <hr/> 56,832 |

## Rolls-Royce SMR Limited

### Notes to the Financial Statements for the year ended 31 December 2024 (continued)

#### 4 Staff costs (continued)

The monthly average number of persons employed (including Directors) by the Company during the financial year, analysed by category was as follows:

|                | 2024<br>No. | 2023<br>No. |
|----------------|-------------|-------------|
| Salaried staff | <u>714</u>  | <u>590</u>  |

#### 5 Directors' remuneration

The Directors' remuneration for the year was as follows:

|              | 2024<br>£ 000 | 2023<br>£ 000 |
|--------------|---------------|---------------|
| Remuneration | <u>240</u>    | <u>284</u>    |

Remuneration does not include contributions to pensions or amounts receivable under long-term incentive schemes.

Contributions to defined contribution pension schemes during the year were £nil (2023: £nil). Aggregate amounts receivable under long-term incentive schemes were £nil (2023: £nil). No (2023: none) share options were exercised during the year.

In respect of the highest paid Director:

|              | 2024<br>£ 000 | 2023<br>£ 000 |
|--------------|---------------|---------------|
| Remuneration | <u>200</u>    | <u>130</u>    |

The above details of directors' remuneration do not include the remuneration of those Directors who were paid by Rolls-Royce plc. Those individuals also act as a Director for a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each subsidiary. No Director's fees (2023: one) were paid by Rolls-Royce plc and the amount attributable to the qualifying services provided by the Director to the Company has been included in the aggregate. No charge has been made to the Company for the qualifying services.

#### 6 Auditors' remuneration

The fee for the audit of these Financial Statements is £74,000 (2023: £57,000). £nil (2023: £32,000) was paid to the Company's auditors for non-audit services.

#### 7 Finance income

|                                | 2024<br>£ 000 | 2023<br>£ 000 |
|--------------------------------|---------------|---------------|
| Intercompany interest received | 3,836         | 4,029         |
| Foreign exchange gains         | <u>1,388</u>  | <u>507</u>    |
|                                | <u>5,224</u>  | <u>4,536</u>  |

## Rolls-Royce SMR Limited

### Notes to the Financial Statements for the year ended 31 December 2024 (continued)

#### 8 Income tax

Tax charged in the income statement:

|                                                                           | 2024<br>£ 000 | 2023<br>£ 000 |
|---------------------------------------------------------------------------|---------------|---------------|
| <b>Current tax</b>                                                        |               |               |
| Adjustments in respect of prior periods                                   | 1,152         | 435           |
| Total current tax expense                                                 | <u>1,152</u>  | <u>435</u>    |
| <b>Deferred taxation – origination and reversal of timing differences</b> |               |               |
| Origination and reversal of timing differences                            | 1,587         | –             |
| Adjustments in respect of prior periods                                   | (1,152)       | (435)         |
| Total deferred taxation charge/(credit)                                   | <u>435</u>    | <u>(435)</u>  |
| <b>Tax expense in the income statement</b>                                | <u>1,587</u>  | <u>–</u>      |

The tax assessed for the period is higher (2023: higher) than the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are reconciled below:

|                                                                                                      | 2024<br>£ 000    | 2023<br>£ 000   |
|------------------------------------------------------------------------------------------------------|------------------|-----------------|
| <b>Loss before tax</b>                                                                               | <u>(115,095)</u> | <u>(78,078)</u> |
| Loss before tax multiplied by the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). | (28,774)         | (18,348)        |
| <b>Effects of:</b>                                                                                   |                  |                 |
| Expenses not deductible                                                                              | 4,184            | 877             |
| Tax de-grouping charge <sup>1</sup>                                                                  | 28,734           | –               |
| Income not taxable                                                                                   | (1,224)          | –               |
| Deferred tax asset on losses not recognised                                                          | (1,333)          | 17,832          |
| Movement in deferred tax not recognised                                                              | <u>–</u>         | <u>(361)</u>    |
| <b>Total tax charge</b>                                                                              | <u>1,587</u>     | <u>–</u>        |

<sup>1</sup> The tax de-grouping charge arises on the dilution of the shareholding in the Company, by its parent Rolls-Royce plc, to below 75%. See note 19 for details on change of parent.

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 2024, 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 SMR Limited****Notes to the Financial Statements  
for the year ended 31 December 2024 (continued)****8 Income tax (continued)**

|                | <b>At 1<br/>January<br/>2024<br/>£ 000</b> | <b>Adjustment<br/>in respect of<br/>prior years<br/>£ 000</b> | <b>Recognised<br/>in income<br/>statement<br/>£ 000</b> | <b>At 31<br/>December<br/>2024<br/>£ 000</b> | <b>Recognised<br/>as Deferred<br/>Tax Asset<br/>£ 000</b> |
|----------------|--------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------|
| R&D credit     | 435                                        | 1,152                                                         | (1,587)                                                 | —                                            | —                                                         |
| Net tax assets | 435                                        | 1,152                                                         | (1,587)                                                 | —                                            | —                                                         |

The Company has tax losses on which a deferred tax asset has not been recognised. The cumulative losses of £120,503,000 (2023: £130,604,000) were not recognised because, as at the balance sheet date the Company did not expect to have sufficient taxable profits against which those losses could be offset.

**9 Intangible assets**

|                                 | <b>Software<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|---------------------------------|---------------------------|------------------------|
| <b>Cost</b>                     |                           |                        |
| At 1 January 2024               | 278                       | 278                    |
| Additions                       | 10                        | 10                     |
| At 31 December 2024             | 288                       | 288                    |
| <b>Accumulated amortisation</b> |                           |                        |
| At 1 January 2024               | (71)                      | (71)                   |
| Amortisation charge             | (94)                      | (94)                   |
| At 31 December 2024             | (165)                     | (165)                  |
| <b>Net book value</b>           |                           |                        |
| At 31 December 2024             | 123                       | 123                    |
| At 31 December 2023             | 207                       | 207                    |

Amortisation of £94,000 (2023: £66,000) is included in administrative expenses in the income statement.

**Rolls-Royce SMR Limited****Notes to the Financial Statements  
for the year ended 31 December 2024 (continued)****10 Property, plant and equipment**

|                                 | Plant and<br>equipment<br>£ 000 | Total<br>£ 000 |
|---------------------------------|---------------------------------|----------------|
| <b>Cost</b>                     |                                 |                |
| At 1 January 2024               | 3,328                           | 3,328          |
| Additions                       | 1,334                           | 1,334          |
| At 31 December 2024             | <u>4,662</u>                    | <u>4,662</u>   |
| <b>Accumulated depreciation</b> |                                 |                |
| At 1 January 2024               | (794)                           | (794)          |
| Charge for the year             | (1,008)                         | (1,008)        |
| At 31 December 2024             | <u>(1,802)</u>                  | <u>(1,802)</u> |
| <b>Net book value</b>           |                                 |                |
| At 31 December 2024             | <u>2,860</u>                    | <u>2,860</u>   |
| At 31 December 2023             | <u>2,534</u>                    | <u>2,534</u>   |

Depreciation of £1,008,000 (2023: £677,000) is included in administrative expenses in the income statement.

**11 Right-of-use assets**

|                                 | Land and<br>buildings<br>£ 000 | Total<br>£ 000 |
|---------------------------------|--------------------------------|----------------|
| <b>Cost</b>                     |                                |                |
| At 1 January 2024               | 1,329                          | 1,329          |
| Additions                       | 293                            | 293            |
| At 31 December 2024             | <u>1,622</u>                   | <u>1,622</u>   |
| <b>Accumulated depreciation</b> |                                |                |
| At 1 January 2024               | (306)                          | (306)          |
| Charge for the year             | (302)                          | (302)          |
| At 31 December 2024             | <u>(608)</u>                   | <u>(608)</u>   |
| <b>Net book value</b>           |                                |                |
| At 31 December 2024             | <u>1,014</u>                   | <u>1,014</u>   |
| At 31 December 2023             | <u>1,023</u>                   | <u>1,023</u>   |

There were additions to right-of-use assets during 2024 of £293,000 (2023: modifications of £(60,000)).

Depreciation of £302,000 (2023: £266,000) is included in administrative expenses in the income statement.

The total cash outflow for leases in 2024 was £364,000 (2023: £326,000).

**Rolls-Royce SMR Limited****Notes to the Financial Statements  
for the year ended 31 December 2024 (continued)****12 Trade and other receivables**Amounts due within one year:

|                                     | 2024<br>£ 000 | 2023<br>£ 000 |
|-------------------------------------|---------------|---------------|
| Accrued grant income                | 34,296        | -             |
| Prepayments                         | 16,039        | 2,218         |
| Social security and other taxes     | 12,598        | 6,281         |
| Amounts due from group undertakings | -             | 103,000       |
| Other receivables                   | -             | 15            |
|                                     | <hr/> 62,933  | <hr/> 111,514 |

**13 Leases**

The Income Statement shows the following amounts relating to leases:

|                                             | 2024<br>£ 000 | 2023<br>£ 000 |
|---------------------------------------------|---------------|---------------|
| Depreciation charge on right-of-use assets  | 302           | 266           |
| Interest expense (included in finance cost) | <hr/> 81      | <hr/> 91      |

**14 Trade and other payables**Amounts due in more than one year:

|                | 2024<br>£ 000 | 2023<br>£ 000 |
|----------------|---------------|---------------|
| Other payables | <hr/> 2,024   | <hr/> 2,133   |

Amounts due within one year:

|                                   | 2024<br>£ 000 | 2023<br>£ 000 |
|-----------------------------------|---------------|---------------|
| Accrued expenses                  | 22,144        | 18,865        |
| Trade payables                    | 21,346        | 7,775         |
| Other payables                    | 12,240        | 9,080         |
| Amounts due to group undertakings | 2,604         | 2,064         |
| Deferred grant income             | <hr/> -       | <hr/> 2,187   |
|                                   | <hr/> 58,334  | <hr/> 39,971  |

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Rolls-Royce SMR Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2024 (continued)**

**15 Share-based payments**

**Share-based payments to employees**

Charges for share-based payments to employees in the year were £434,000 (2023: £203,000).

During the year, the Company participated in the following share-based payment plans operated by Rolls-Royce Holdings plc:

*Long Term Incentive Plan (LTIP)*

These plans involve the award of shares to participants subject to performance conditions. Vesting of the performance shares is based on the achievement of both non-market based conditions (e.g. operating profit and free cash flow) and a market based performance condition (e.g. TSR) over a three-year period.

*ShareSave share option plan*

Based on a three or five year monthly savings contract, eligible employees are granted share options with an exercise price of up to 20% below the share price when the contract is entered into. Vesting of the options is not subject to the achievement of a performance target. The plan is HM Revenue & Customs approved.

No share options were exercised during the financial year. The closing price at 31 December 2024 was 569p (2023: 300p). There were no exercisable options outstanding at 31 December 2024 (2023: £nil).

Share options outstanding at 31 December 2024 have the following expiry dates and exercise prices:

| Grant - vest | Expiry date<br>(31 January) | Exercise price in<br>pence per share<br>option | ShareSave share options<br>(number) |        |
|--------------|-----------------------------|------------------------------------------------|-------------------------------------|--------|
|              |                             |                                                | 2024                                | 2023   |
| 2021 - 2025  | 2025                        | 97                                             | 39,494                              | 40,747 |

**Share-based payments in exchange for services**

During the year, the Company received services from a supplier as consideration for its own equity instruments. The fair value of the services received is measured using the direct method and reflects the market value of the services received during the financial year – see note 2 for more information. During the year, an expense of £14,262,000 (2023: £5,220,000) was incurred. See note 16 for shares issued in the year in exchange for services.

**16 Called up share capital**

**Allotted and fully paid**

|                            | 2024    |       | 2023    |       |
|----------------------------|---------|-------|---------|-------|
|                            | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £1 each | 780     | 780   | 727     | 727   |

**Rolls-Royce SMR Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2024 (continued)**

**16 Called up share capital (continued)**

**Rights, preferences and restrictions**

Ordinary shares are the only share type and have the following rights, preferences and restrictions:

Any proxy appointed by a member will be entitled to vote on a show of hands or a poll, with each member entitled to one vote. The Company may declare dividends by ordinary resolution but no dividend should exceed the amount recommended by the Directors.

On 2 January 2024, 35,000 shares were issued for cash consideration of £35,000,000.

**Shares issued in exchange for services**

During the year, the Company received services from a supplier as consideration for its own equity instruments. The fair value of the services received is measured using the direct method and reflects the market value of the services received during the financial year – see note 2 for more information. During the year to 31 December 2024, 18,065 shares (2023: 7,555) were issued in exchange for services.

On 1 June 2024, 9,450 shares were issued for consideration of £9,450,000.

On 1 December 2024, 8,615 shares were issued for consideration of £8,615,000.

**17 Related party transactions**

Related party transactions took place with the National Skills Academy for Nuclear Limited (NSAN) and Assystem Energy & Infrastructure Limited (Assystem).

NSAN ceased to be a related party due to an executive team member who worked for the business leaving during 2024. Transactions while NSAN was a related party, relating to membership and training in 2024 totalled £104,000 (2023: £94,000).

Assystem became a related party during the year due to a close person of an executive team member taking on a senior role at the company. Transactions subsequent to this related party connection relating to the development of nuclear power products in 2024 totalled £2,962,000 (2023: £nil). The outstanding balance with Assystem at 31 December 2024 is a payable of £1,594,000.

The company has a dormant subsidiary called Rolls-Royce SMR (North America) LLC that is incorporated in Delaware, United States of America, with a nominal investment value.

**Rolls-Royce SMR Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2024 (continued)**

**17 Related party transactions (continued)**

During the year, the Company transacted with other members of the Group.

*Purchases with other group undertakings*

|                 | <b>2024</b><br>£ 000 | <b>2023</b><br>£ 000 |
|-----------------|----------------------|----------------------|
| Rolls-Royce plc | 8,723                | 6,648                |

*Receivables with other group undertakings*

|                 | <b>2024</b><br>£ 000 | <b>2023</b><br>£ 000 |
|-----------------|----------------------|----------------------|
| Rolls-Royce plc | -                    | 103,000              |

*Payables with other group undertakings*

|                 | <b>2024</b><br>£ 000 | <b>2023</b><br>£ 000 |
|-----------------|----------------------|----------------------|
| Rolls-Royce plc | 2,604                | 2,064                |

**18 Parent and ultimate parent undertaking**

The Company's immediate parent is Rolls-Royce plc.

As at the balance sheet date, the ultimate parent undertaking and controlling party was Rolls-Royce Holdings plc, which was the parent undertaking of the largest group to consolidate these Financial Statements. Rolls-Royce plc was the parent undertaking of the smallest group to consolidate these Financial Statements. See note 19 for changes in ownership after the balance sheet date.

Both sets of Financial Statements are available upon request from Kings Place, 90 York Way, London, N1 9FX, United Kingdom.

**19 Post balance sheet events**

On 7 January 2025 the Company issued 56,727 ordinary shares for a cash consideration of £80,000,000.

On 8 January 2025 the Company issued 3,546 ordinary shares for a cash consideration of £5,000,000.

On 4 March 2025 CEZ became a shareholder in the Company. Following further investment from CEZ of £100,037,034 on this date in exchange for 107,943 ordinary shares, the immediate parent company, Rolls-Royce plc, relinquished control of the Company.

On 2 June 2025 the Company issued 3,545 ordinary shares for a consideration of £5,000,000. The Company received services from a supplier as consideration for these shares (further details on how these are accounted for are outlined in note 15).

On 10 June 2025 the Company was selected as the preferred bidder to partner with Great British Energy-Nuclear (GBN) to develop small modular reactors, subject to final government approvals and contract signature.

On 7 July 2025 the Company issued 106,364 ordinary shares for a cash consideration of £150,000,000.