

The background of the cover features a central globe of the Earth, glowing with orange and yellow light. The globe is overlaid with a complex network of white lines and dots, suggesting a global network or data flow. Two dark silhouettes of hands are positioned at the bottom, reaching up to support the globe. Surrounding the globe are several glowing, white, elliptical orbits, similar to those of a Bohr model of an atom, set against a background of a sunset or sunrise sky with soft clouds and scattered light particles.

IDEAS TO REALITY

**2021
Annual
Report**



AEROSPACE NATIONAL SECURITY SURFACE TRANSPORTATION

MISSION

ENSCO cultivates the ideas of our employees and customers, delivering leading-edge research, development, products and services in the aerospace, national security and surface transportation markets.

We foster top science and engineering talent, creating an environment where employees can tackle our customers' problems in creative and unique ways.

VISION

To create and apply advanced, emerging technologies to make the impossible, possible.



The President's Message

To Our Customers, Employees and Shareholders:

This was a year of firsts. In the space of just 12 months, ENSCO won the largest program award in company history, completed our first company acquisition, realigned our corporate structure to meet market needs and earned our first national Top Workplace award.

At the same time, we increased company revenue and profitability over the preceding year, developed new offerings and capabilities in many areas important for our customers and maintained a high level of customer and employee satisfaction.

Taking the Lead in Surface Transportation Innovation

For a half-century, the 52-square-mile Transportation Technology Center (TTC) in Pueblo, Colorado, with its laboratories and miles of test track, has been a national hub for rail innovation. The Federal Railway Administration (FRA), the U.S. Department of Transportation (DOT) agency that owns and oversees TTC, decided to broaden the center's focus to include all forms of surface transportation. In March, it awarded ENSCO a \$571 million contract to fulfill this vision.

Under the contract, which includes a five-year base period and three five-year renewal options, ENSCO will operate and maintain the TTC and will provide research, development, testing, engineering and training services for FRA and other DOT agencies. ENSCO will also expand the use of the facility to other government and commercial entities, fulfilling FRA's more expansive conception of the center.

ENSCO will be working with existing site stakeholders, including the Association of American Railroads (AAR), its member railroads and rail equipment suppliers, to continue important railroad research underway at the center, while at the same time extending the capabilities of the site to encompass other modes of transportation. In doing so, ENSCO will be relying on partners including commercial companies and a consortium of universities and academic research centers. ENSCO will complete the transition of operations, maintenance and research programs by October 2022.

Fueling Growth Through Acquisition

Two years ago, ENSCO's leadership team concluded that selective acquisitions would enable us to build capacity in targeted areas more rapidly and that such acquisitions should become an important driver of ENSCO's growth. The procurement of Colorado Springs-based Exostrategies, announced in April, represents our first effort to put this strategy into effect. This acquisition of a leading space and intelligence program services provider gives ENSCO access to new products and solutions, provides an infusion of fresh talent and enhances our presence in both aerospace and national security markets.

The Exostrategies skill set complements our own. ENSCO's capabilities in systems engineering, cybersecurity, verification and validation, and data management mesh well with Exostrategies' expertise in enterprise architecture, agile risk management, modeling and simulation, and lifecycle affordability. The resulting synergies will allow ENSCO to deepen its relationships with existing customers and offer a more compelling suite of services to new ones.

Refocusing Our Organization

We realize that markets and customers are always in a state of change. Accordingly, ENSCO periodically evaluates our organizational structure to better match our strengths to market opportunities, maximize internal synergies and enhance career opportunities. As a result of our spring 2021 assessment, we concluded that the TTC program award, convergence between government and commercial aerospace industries, and the increasing importance of cybersecurity in aerospace provided the impetus to realign our company structure.

In June, we announced two major changes. To capitalize on tremendous surface transportation opportunities presented by the TTC program, we created the ENSCO Surface Transportation Group (STG), comprising two divisions: Applied Technology and Engineering (ATE) and Rail. The ATE Division will focus on the TTC program and other government surface transportation research, engineering, testing and training programs. The Rail Division will be responsible for continuation and growth of our commercial railway technology, products and services and operate in partnership with our two subsidiaries—ENSCO Rail, Inc. and ENSCO Rail Australia.

The second change was to merge our Avionics subsidiary with the Aerospace Science and Engineering (ASE) Division into a new Aerospace Engineering Group (AEG). The ASE Division has historically focused on government space programs but recently has been expanding into the commercial aerospace market. The Avionics subsidiary, which historically focused on commercial aviation, has begun pursuing government aerospace opportunities. The reason for this overlap is straightforward: the military and commercial markets are increasingly adopting common standards and development and verification methods and sharing common concerns for airworthiness, safety and cybersecurity of new technology.

With a unified management and market presence, we believe we can better capture opportunities in both government and commercial markets while combining and strengthening our core competencies in systems engineering and integration, software, verification and validation, and cybersecurity for aerospace systems.

New and Improved Offerings and Capabilities

Throughout the year, ENSCO continued to aggressively fund its internal research and development (IR&D) program to develop critically needed advanced technologies and capabilities. With guidance from ENSCO's Technology and Business Development Councils, we launched IR&D efforts that enhanced or advanced ENSCO critical capabilities in artificial intelligence/machine learning, cybersecurity, autonomous and machine vision systems, and other critical areas.

By supplementing customer-funded R&D programs with our own IR&D, we were able to make significant advances in electronic warfare areas such as spoofing detection and wireless time transfer, as well as introduce a next-generation of bio-detection system, accelerate SecDevOps software and hardware development and make strides in other areas critical for our customers.

The improved information exchange and learning achieved through quarterly IR&D reviews, lunchtime seminars and technical training ensure that all our customers benefit from technological advances and improved tools and processes developed in different parts of the company.

Our Dedicated Employees Lead to Customer Success

Our performance this year is a testament to the customer-centered culture we have created at ENSCO. We foster an environment where our employees are encouraged to go the extra mile, whether harnessing the latest advances in science and engineering to develop a solution that exceeds customer expectations or doing their best to deliver products and complete projects on time, regardless of obstacles. In the midst of the pandemic, our employees performed challenging work remotely from home, at ENSCO facilities, at customer sites, in the field and in multiple locations around the world to make sure we always delivered for our customers.



This dedication is a reflection of the culture we foster and the investment we have made in our employees. We place a priority on personal and professional development. In addition to our generous educational benefits, we conducted many training sessions this year, covering a range of topics from safety and security to business development and proposal-writing. In addition, we established two professional leadership development programs to prepare participants for positions of greater responsibility.

It is because of programs like these that ENSCO was named by the Top Workplaces organization to its national rankings of best companies and of best technology companies. In an era when switching companies is the norm, our employee retention significantly exceeds the industry average, and our staff has the assurance of knowing they can build a rewarding career at ENSCO. We are very proud of how this sets us apart.

Looking Ahead

The milestones we achieved this year position ENSCO for further growth. We will be pursuing new opportunities vigorously, following a four-part strategy to continue to focus on extraordinary customer service, bringing new and innovative solutions to our current and new customers and markets, and strengthening and broadening our position in core markets:

- **First**, we will continue to concentrate on critical growing markets, zeroing in on relationship-building and early engagement to identify and help shape solutions that will make a difference for our customers' programs. We will be pursuing larger, higher-value programs within core markets and expanding our capabilities through training, internal research and development investment and key new hires.
- **Second**, we will continue to invest in technologies and technical capabilities like artificial intelligence, machine learning and cybersecurity, paying particular attention to the capabilities that differentiate us and provide extraordinary value to our customers.
- **Third**, thanks to our financial strength and deep understanding of our markets, we will pursue strategic acquisitions that bring new capabilities to strengthen the company's offerings and supplement our organic growth.
- **And fourth**, we will focus on attracting highly skilled employees, improving engagement and retention while maintaining low attrition.

I am heartened by all ENSCO accomplished in 2021 in moving from *ideas to reality*. We have established a more aggressive trajectory for our company, enabling us to deliver more comprehensive services to an expanding list of customers. As a result, I believe the coming years will be extremely exciting and beneficial for our customers, employees and shareholders.

A handwritten signature in black ink that reads "Boris Nejkovsky". The signature is written in a cursive style and is followed by a long horizontal line.

Boris Nejkovsky
President



The redesigned contactless MicroSearch® human presence detection system

National Security

The National Security Solutions (NSS) Division continued its solid technical program execution in 2021 underpinning strong revenue growth. The division won a number of classified contracts, laying the foundation for future performance, and expanded several existing long-term programs across various government agencies. At the same time, NSS continued to refine its competencies to better align with Department of Defense, Department of Homeland Security and intelligence community priorities. That is our strategy for taking *ideas to reality*.

Responding to Sophisticated Adversaries

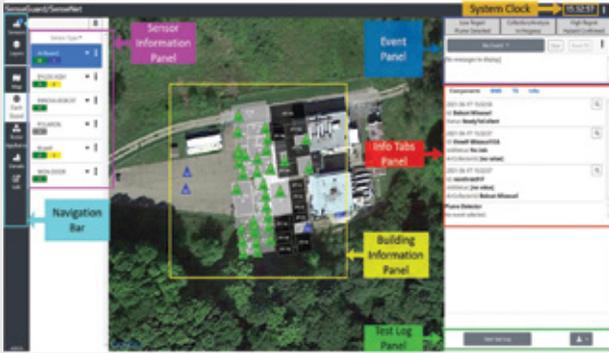
As our customers' emphasis shifts from asymmetric warfare to conflict with sophisticated near-peer adversaries, NSS has refocused and strengthened its artificial intelligence/machine learning (AI/ML) capabilities. Our goal is to give our customers the ability to extract meaningful information in the overwhelming amounts of available or accessible

data. We are also finding smarter ways to process data, on the edge as well as in the Cloud, to make this information available to decision-makers in real time.

The shift of emphasis to near-peer adversaries has also led us to enhance our cybersecurity capabilities. We provide defense cyber and information assurance solutions as well as offensive cyber solutions, finding vulnerabilities in adversaries' systems and devising methods to exploit them.

Building Our Threat Identification Portfolio

Our expertise in AI/ML complements our portfolio of warning and protection capabilities to address threats from chemical, biological, radiological, nuclear, and explosive (CBRNE) weapons. This year, the Department of Homeland Security awarded ENSCO a contract to pursue further development of a real-time bio-threat awareness system for its SenseNet program. As part of this latest phase of the contract, we are integrating AI/ML capability to better identify signals of interest and environmental anomalies that could represent a difficult-to-detect threat.



Our skills in applying leading-edge science and engineering to the CBRNE threats has enabled us to grow our relationship with a number of defense agencies and led to a standalone contract addressing specific treaty monitoring needs. Our responsibilities include expert technical and scientific support for seismo-acoustic data collection, analysis and algorithm development, and training and other AI/ML solutions.

The Next Step in Human Presence Detection

NSS also took steps this year to ensure the relevancy of existing products. A prime example is the introduction of a totally redesigned version of MicroSearch®, our human presence detection system (HPDS). MicroSearch is used by customers around the world to combat human smuggling and illegal border crossing as well as to provide security for prisons and high-value facilities.

This new release highlights the versatility that our core competencies provide. Thanks to our leadership in advanced signal processing, we were able to migrate from a contact system to one featuring contactless standoff vehicle sensors. MicroSearch is now the only HPDS on the market that provides true contactless vehicle and container inspection, achieving enhanced inspector safety, cost-savings, and operational efficiency while still ensuring the highest degree of accuracy and reliability.



GROWTH IN ACTION

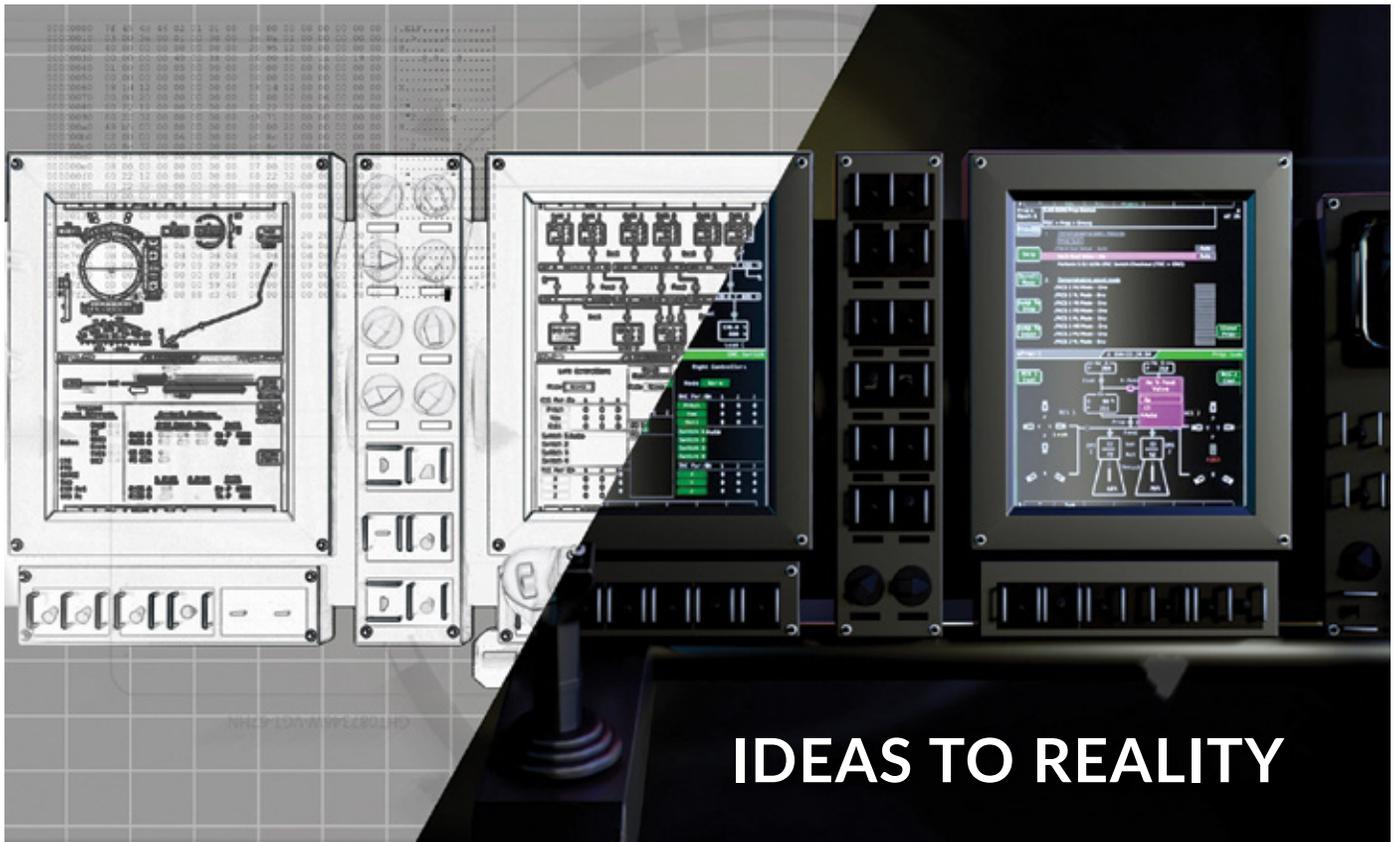
Positioning, Navigation and Timing

ENSCO is a well-regarded leader in positioning, navigation and timing (PNT), devising new, more accurate methods of PNT and, when confronted by more sophisticated adversaries, developing methods to determine when PNT systems are compromised.

For instance, NSS has developed AI/ML algorithms to authenticate Global Navigation Satellite System signals. This software can be deployed on edge devices to provide real-time situational awareness. This software was successfully demonstrated in several operational scenarios.

“Our success this year is a testament to our employees’ adaptability, flexibility and determination to deliver for our customers.”

—Vernon Joyner, Vice President, National Security Solutions Division



Aerospace

There is perhaps no business operation more delicate, yet more important, to the future of an organization than managing a successful integration. This year, the Aerospace Engineering Group (AEG) conducted not one, but two integrations—assimilating newly purchased Exostrategies into the company and consolidating the Avionics subsidiary and the Aerospace and Science Engineering (ASE) division. Both initiatives significantly advanced ENSCO's goal of broadening and strengthening its position in core markets, providing greater latitude to translate *ideas to reality*.

ENSCO approached the first acquisition in its corporate history deliberately. Exostrategies had been a subcontractor for a number of years, giving us the time to evaluate the advantages of a potential purchase before making a formal offer. The acquisition provided talent in an area of particular importance to our existing clients—risk mitigation and threat management—while providing additional exposure to NASA and other customers. Thanks to our close existing relationship, the integration has proceeded smoothly.

The consolidation of Avionics and ASE into a single organization was facilitated by the increasing overlap between customers' needs. Our avionics expertise was increasingly attractive to our military customers while the rapid growth of commercial space created demand for our deep understanding of government range procedures. A case in point: this year, ENSCO was awarded a subcontract from a major commercial space provider to help it understand the data management and configuration management issues that define the government launch environment. Combining the two groups ensures clear lines of communication, strengthens our offerings and avoids duplication of effort.

These were time-consuming activities, requiring careful planning, transparent communication and meticulous implementation, yet AEG did not allow these initiatives to distract from its primary role: helping customers pursue their missions. Each year, the Space Force rates ENSCO's support on its range network systems engineering and integration program. For the fourth year in a row, ENSCO received a top score of 100 percent.

Creating New Capacity and Introducing New Products

Throughout the year, ENSCO also maintained the pace of innovation that fuels our ongoing success. We continued to enhance our cybersecurity expertise in the face of rapid technological change. For example, developing methods to exploit 5G technologies that would safeguard the Department of Defense (DoD) satellite system from cyber threats. This year, ENSCO sponsored an internal R&D project on improving cybersecurity of aerospace systems throughout the design cycle.

In addition, we introduced a new version of the IData® HMI Tool Suite, a data-driven solution that accelerates the design, development and certification of next-generation flight-critical displays and mission display units. It includes tools to allow developers to incorporate such features as multitouch cockpit functions and 2D and 3D design in digital maps.

At the same time, we continued to secure important contracts. Among our key wins this year was a Research, Development, Test & Evaluation, Engineering, and Technical Support (RETS) award from the Office of the Under Secretary of Defense for Research and Engineering. RETS was introduced in 2020 to help the DoD strengthen its engineering capabilities to facilitate modernization efforts and support joint warfighting efforts.



GROWTH IN ACTION

Architex

Thanks to the Exostrategies acquisition, ENSCO has added Architex™ to its line of aerospace offerings. Architex is an agile, customizable Cloud-based software-as-a-service application that enables organizations to manage enterprise evolution from three main standpoints: risk management, lifecycle affordability and enterprise architecture. It is widely used by the Air Force and intelligence communities. Besides its ability to provide additional revenue for the division, we expect Architex to open doors to new customers.

“We have assembled a talented group of individuals into a single, highly capable team to offer a wide range of systems engineering, cybersecurity, risk management and other mission-critical components for our aerospace and avionics markets.”

—Kevin Pruett, Senior Vice President,
Aerospace Engineering Group



The Transportation Technology Center in Pueblo, Colorado

Surface Transportation

The Surface Transportation Group (STG) had another growth year in 2021, thanks in large part to our leadership in railway track inspection technology. We combined advanced sensor packages with AI/ML and advanced Cloud-based data analytics platforms. Additionally, we expanded our commercial customer base in North America and abroad, even in the midst of the pandemic. We now have clients on six continents in 13 countries, including more than 75 railways and more than 600 systems in operation.

This year, we added a number of new capabilities to our track inspection product line including autonomous machine vision. We also continued to increase the amount of data our rail-car-mounted platforms send to the Cloud. Since our track inspection technologies were introduced, we have dramatically increased transmission from 1 kb to 250 Mb per mile. These advances enable more complex sensor packages to be operated autonomously.

But our technology was just one reason for our success this year. We have built an outstanding team

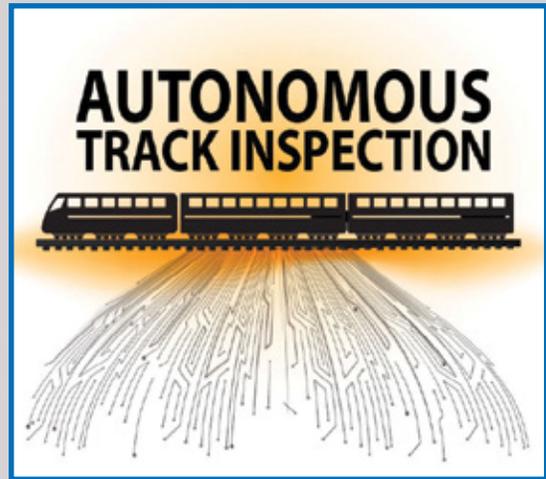
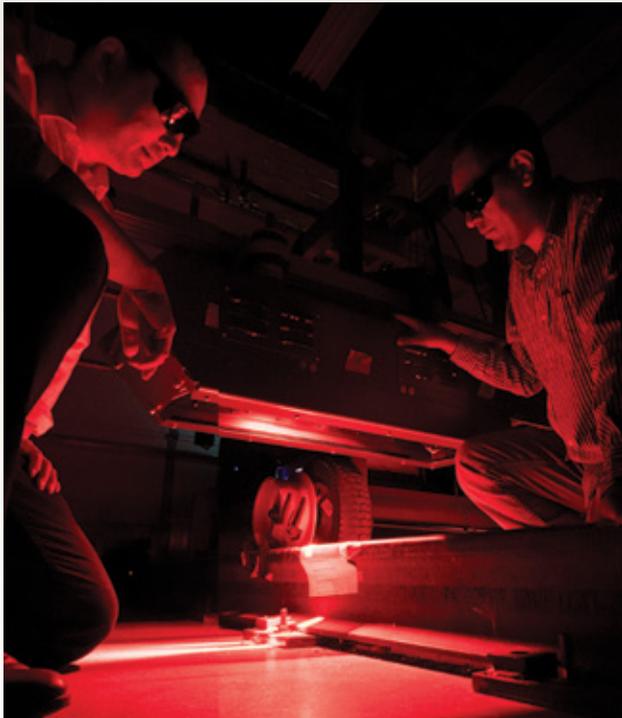
of business, engineering, manufacturing and service professionals dedicated to meeting the needs of our global customers and setting the stage for future technology and service growth. In 2021, despite the challenges of the pandemic, they continued to design, manufacture and assemble new equipment for global delivery, and operated and maintained track inspection equipment throughout the world. They worked tirelessly running vehicle and track testing-and-qualification programs and remotely supported customer software to ensure on-board track inspection vehicles and Cloud-based data analytics platforms were always operational.

Entering New Modes of Surface Transportation

Having become the dominant supplier of railway track inspection technology and services to the railroad industry, our path forward entails transferring our expertise to other modes of surface transportation. Our success in securing the Federal Railway Administration Transportation Technology Center (TTC) contract this year elevates our ability to pursue this strategy. It is a long-term game-changer for ENSCO.

In our role as the future operator and maintainer of the TCC, we will conduct engineering, research, testing and training in areas of national priority for railroads and broader surface transportation. The key areas we will serve in rail and beyond include alternative and zero emission fuels; autonomous vehicles; Intelligent Transportation Systems (ITS) and the interconnectivity between different modes of surface transportation; 5G communications in transportation; cybersecurity of transportation systems; nontraditional and emerging transportation technology (NETT); and pipeline inspection and protection.

Our newly formed STG comprises two divisions that leverage ENSCO's technology and capabilities portfolio while focusing on specific market segments. The Applied Technology and Engineering (ATE) Division serves federal government surface transportation programs including railway, pipelines, bus, trucking and nontraditional and emerging transportation technology (NETT). The Rail Division, supported by ENSCO Rail and ENSCO Rail Australia subsidiaries, provides commercial railway technology products and services including track infrastructure condition assessment, testing and asset management, as well as rolling stock modeling, simulation and testing to qualify railway vehicles for service.



GROWTH IN ACTION

Track Inspection Systems

ENSCO is the global leader in track inspection systems because we are constantly working to better meet customer needs. We focus on:

- Developing intelligent AI/ML systems that minimize false positives
- Improving the accuracy of advanced track location determination algorithms
- Applying methods to stream large volumes of data over wireless networks communications
- Deploying robust onboard, self-contained power management solutions
- Applying data analytics tools to the millions of miles of data collected each year to trend and predict track maintenance needs into the future.

"We are excited to announce our newly formed Surface Transportation Group, maintaining our focus on railway safety engineering, testing, research and training products and services while expanding into broader surface transportation through the Transportation Technology Center."

—Jeffrey Stevens, Senior Vice President,
Surface Transportation Group



Creating the Workforce That Will Sustain Our Growth

All our accomplishments this year speak volumes about the creativity, flexibility and determination of our staff, who attained these results in the midst of the pandemic. This year, as in the past, our employees provided our customers with outstanding service, going above and beyond to help them complete their missions.

Our success in translating *ideas into reality* reflects, in part, the qualifications of our personnel. A full third of employees hold master's degrees and six percent have earned PhDs. ENSCO is also proud of the extraordinary innovation our employees bring to our client programs. One reason ENSCO was named winner of two Top Workplaces awards this year—in both national and technology-company rankings—was the emphasis we place on personal and professional development. In addition to underwriting enrollment at local universities, we offer training and mentoring in bringing innovative solutions to our clients' challenges and in business-related topics such as safety, security,

program management and proposal writing. Our two professional leadership development programs, designed to prepare participants for positions of greater responsibility, directly benefit our customers through enhanced personnel retention and the development of our next generation of leaders.

Another source of our positive and creative culture is our longstanding effort to make ENSCO an inclusive workplace, one in which all ideas and perspectives are valued. These efforts were recognized this year when ENSCO was named to the Top Diversity Employers 2021 listing by Circa. We were cited for our dedication and commitment to building a diverse workforce and an inclusive culture.



We also keep our culture vital by cultivating young talent. We were proud to be selected to WayUp's list of the Top 100 Internship Programs of 2020. We made sure our interns had a worthwhile, challenging professional experience even while many of them were working remotely.

Delivering in the Midst of a Pandemic

Our “can-do” attitude was evident this year at ENSCO. With the pandemic dictating that many employees work full- or part-time from home, we found ways to move forward and strengthen our business, while helping our customers fulfill their missions. Staff at all levels demonstrated flexibility, determination and ingenuity.

For those whose responsibilities included conducting field tests and working in laboratories and secure areas, we developed safety protocols that prevented any significant Covid-19 outbreaks within the company. Our employees worked in many different locations, traveled across the country and internationally, and conducted work under various pandemic-related restrictions to serve our customers.



GROWTH IN ACTION

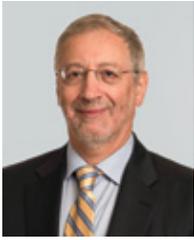
Learning and Innovation

One reason ENSCO is a satisfying place to work is the emphasis we place on creating novel solutions to challenges our customers often face. For instance, one of the roadblocks to more widely applying artificial intelligence is a lack of sufficient training data. Working together, members of the Surface Transportation Group and National Security Solutions Division developed an approach based on synthetically enhanced training sets that proved highly effective in training machine-learning algorithms. A project like this highlights our collaborative culture—and the range of expertise across the company—to devise innovative practical approaches to meet our customers' needs.

“What I have always appreciated during my career at ENSCO are the opportunities for professional and intellectual growth you gain by working with smart employees on important technically challenging problems.”

—Boris Nejikovsky, President, ENSCO

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Boris Nejikovsky
President



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Chief Financial Officer



Theodore G. Freeman
Chief Information Officer



Vernon R. Joyner
Vice President
National Security Solutions



Seth R. Levy
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Chief Ethics Officer



Denise Perry
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Kevin S. Pruett
Senior Vice President
Aerospace Engineering Group



Jeffrey M. Stevens
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