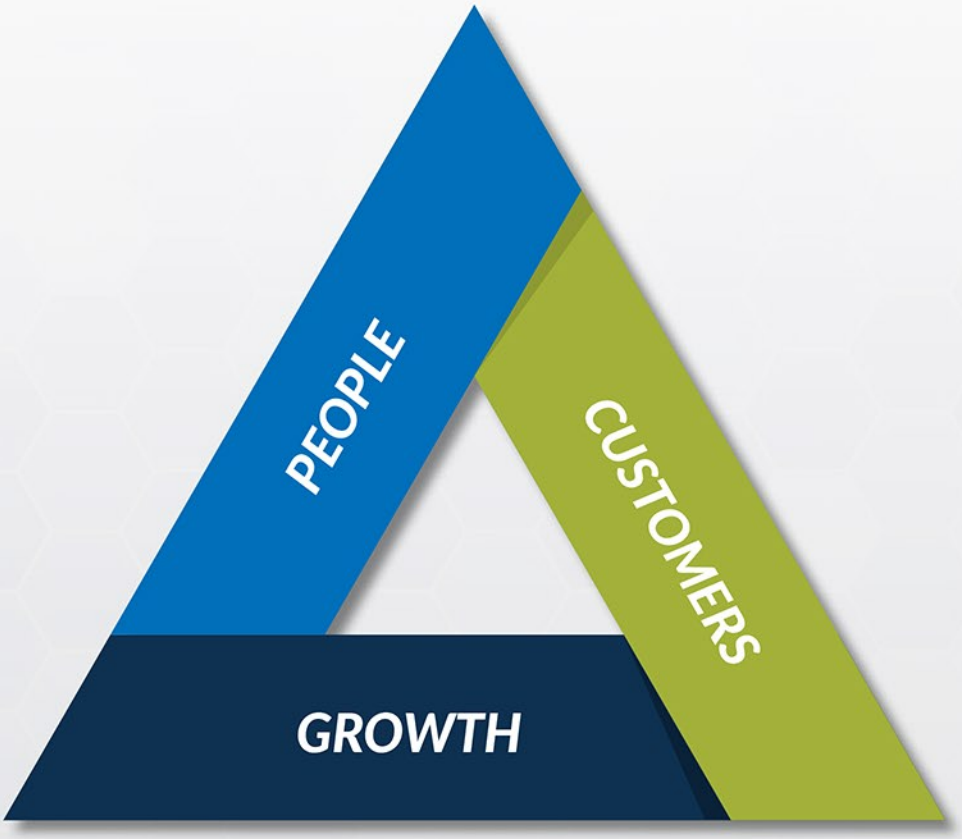
ENSCO

Ideas to Reality®

PEOPLE | CUSTOMERS | GROWTH

2022 ANNUAL REPORT

ENSCO
Ideas to Reality®



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

Our formula for success is both powerful and straightforward: by providing an exceptional experience for our people and customers, we will achieve sustained growth over the long term.

Our starting point is ENSCO's people. Our team includes highly talented engineers, program managers, and business leaders, as well as critical operational support organizations. They are distinguished by their creativity, initiative, and overriding desire to make a difference in the world.

It is the caliber of our people that makes it possible for us to attract customers seeking partners capable of solving their most pressing and complex technical challenges. By hiring and retaining the best and brightest, ENSCO is able to bring high quality, innovation, and value to each of our customers' programs. We focus on meeting and exceeding our customer's goals and objectives, while providing extraordinary customer service above and beyond that provided by our competitors.

ENSCO's focus on people and customers drives our growth. It has produced dramatic improvement in program outcomes while enabling us to achieve greater productivity and lower costs. In addition, our ability to attract the best personnel in technologically rich application areas creates opportunities to do more for existing customers and attract new ones. This growth, in turn, creates a virtuous circle, energizing our employees' professional development and encouraging collaboration across programs, leading to innovation that allows us to better serve customers and grow even further.

A Year of Accomplishment

Our dedication to customers paid off in the form of $157 million in contract awards that strengthen national security and protect surface, air, and space systems. They include a contract to continue our longstanding support of mission-critical aviation hardware and software for BAE Systems, a range network Systems Engineering and Integration (SE&I) extension from the U.S Space Force Space and Missile Systems Center, and a contract with Etihad Rail in the United Arab Emirates to deliver a new track inspection vehicle and provide up to 15 years of data analysis and support services. These wins incorporated three of our strategic technological strengths: AI/ML, cybersecurity, and ultrasonic inspection.

Thanks to our growth, we were able to increase the size of our workforce by 7.5 percent. In addition, we earned eight prestigious awards and certifications recognizing ENSCO's employee-focused policies and culture.

Laying the Foundation for an Exciting Future

Over the past two years, ENSCO has taken a number of steps that build on this strong foundation and better position our company for future growth. Two years ago, we had four divisions. Over the last year we combined them into two, the Mission Systems Group and the Surface Transportation Group. This reorganization enables us to better leverage common skills, knowledge, and experience, reduce indirect costs, and improve sharing across common application areas. We are already seeing benefits accrue to our customers from this change.

In 2021, we combined our Avionics subsidiary with the Aerospace Science and Engineering Division to form the Aerospace Engineering Group (AEG). This year, realizing that we could even more effectively tap expertise across our company, we merged National Security Systems (NSS) with AEG to create the Mission Systems Group.

From a customer's perspective, the consolidation provides better access to capabilities and technologies that have emerged across our Aerospace Engineering and National Security business units. For employees, it provides increased opportunities for career growth and avenues to apply their expertise in new areas.

Ramping Up at the Transportation Technology Center

ENSCO's Surface Transportation Group assumed management in October 2022 of the Transportation Technology Center (TTC), a 52-square-mile research, testing, and training facility owned by the Federal Rail Administration (FRA). TTC has long been a national hub for rail innovation. As part of the $571 million contract it awarded ENSCO last year, FRA expanded the center's mission to include all forms of surface transportation. ENSCO will operate and maintain the TTC, providing a range of services to FRA and other U.S. Department of Transportation agencies, as well as government and commercial entities from around the world.

This contract is transformative for ENSCO. It expands our ability to play a critical role in the safety and innovation in the rail industry, while enabling us to broaden our offerings to include other modes of transportation. And thanks to our new streamlined organization, it will serve as an incubator for business growth across the company, providing opportunities to introduce key company capabilities in critical infrastructure protection to better serve existing customers, and reach new ones. For example, the Mission Systems Group and Surface Transportation Group have already launched a series of cyber security training courses at TTC to train hundreds of Department of Homeland Security (DHS) Transportation Security Administration (TSA) surface transport inspectors for advancing the information security of transportation systems.

Setting the Stage for Growth

The strength of our balance sheet gives us the liberty to pursue acquisitions as well as grow organically. The ideal candidate shares our culture and brings new capabilities, technologies, customers, and markets to expanding our business more quickly and at lower cost than we could organically. Our integration of Exostrategies, the space and intelligence program services provider purchased last year, has gone well, giving us confidence in acquisitions as a viable strategy going forward. In addition to giving ENSCO access to Exostrategies' expertise in enterprise architecture, agile risk management, modeling and simulation, and lifecycle affordability that offer value customers, it provided an infusion of fresh talent and enhanced our presence in both aerospace and national security markets.

In addition, we have instituted a number of operational and financial measures that simplify processes, increase efficiency, and allow us to scale as we grow. Consolidation has reinforced these efforts, enabling us to standardize how we run our businesses, reduce duplication, and lower costs.

Looking Forward

ENSCO's continued growth over our 52-year history has provided an ever-increasing opportunity for our customers and employees to meet their highest expectations. For our customers, this can be measured in the innovations we introduce that help them meet their mission challenges, in the process lowering costs, improving efficiencies, delivering quality, and providing higher value. For our employees, opportunity can be gauged by the technical and professional growth we foster, the continuing learning we encourage, and the company's recognition of exceptional contributions.

It is precisely because of the value we provide customers and employees that, as we look to the future, we believe ENSCO's prospects are excellent.

Jeffrey M. Stevens,
President

OUR FORMULA FOR SUCCESS

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PEOPLE

Because people provide the foundation for our growth, we work hard to provide an attractive environment at ENSCO for employees to build their careers. There are many compelling reasons why people come to ENSCO and stay here. They are attracted by the opportunityto engage in challenging projects of national and international importance. ENSCO engineers, for instance, test and certify the avionics that ensure the safety and reliability of global air travel. They develop new ways to protect the GPS system from cyberattack. At the Transportation Technology Center (TTC), they are gearing up to play an important role in the next evolution of surface transportation, defined by new propulsion systems and autonomous control. Their efforts are appreciated. Our employees are valued for their innovation, their technical know-how, and their overriding desire to help our customers succeed.

At ENSCO, employees can count on making contributions almost immediately. To encourage them to have even greater impact as time goes on, we help defray the costs of certification and advanced degree programs. We also routinely review our compensation and benefits package to ensure it is competitive with our peers and commensurate with employee efforts.

In addition, we provide opportunities for professional, as well as technical, growth. We offer training programs for new supervisors and employees to help them succeed in their new roles, a leadership development program for high-potential individuals, and an executive development program, in effect a mini-MBA program, to prepare employees for senior management.

We also place a premium on fostering a fair and welcoming environment, providing each employee with the opportunity to thrive. We are deeply committed to the principles of diversity, equity, and inclusion. All ideas are welcome, and we approach all interactions respectfully. Compared to our peers, we have a diverse workforce and a high percentage of women in leadership roles.

EMPLOYEE TESTIMONIALS

Matthew Dick – *I've been at ENSCO for over 12 years and it's been an amazing place to work at. The thing that keeps me drawn to ENSCO is its culture that fosters mutual respect of others while building winning and innovative teams. It's a rare combination for a company to have both and for that I am lucky and proud to be at ENSCO.*

Selenda Grimes – *ENSCO has provided me the opportunity to work with a team of talented and dedicated people that truly believe in the missions we support. Knowing that those missions consistently save lives helps me appreciate the value our team and company provides to our country. We do important things in our work and ENSCO enables us to have the environment to do that to the best of our ability.*

OUR FORMULA FOR SUCCESS

Our internal surveys reveal that ENSCO employees appreciate the flexibility that enables them to act on their ideas and the sense of common purpose and camaraderie that makes collaboration so satisfying. Ultimately, our employees find ENSCO a fulfilling place to work because it affords them the opportunity to achieve their aspirations while serving others.

Recognized for Workforce Excellence

We are proud of the accolades we have earned for making ENSCO a better place to work.

CUSTOMERS

At ENSCO, we embrace difficult challenges, working hand-in-hand with our customers to solve their most complex and urgent problems. Our goal is not simply to exceed their expectations but to anticipate them.

We do so by investing in a series of fundamental technologies—including high-performance cloud computing, artificial intelligence and machine learning, cybersecurity, autonomy, advanced manufacturing, sensors and signal processing—that give us the breadth and depth of expertise needed to deliver powerful new capabilities to our customers.

And we are constantly looking ahead, working tirelessly to improve our products and solutions. For instance, having just introduced our new Ultrasonic Rail Flaw System, we are now developing a high-speed version capable of inspecting rail at speeds up to 80 kph. And to meet the demand among rail customers for autonomous systems, we are moving our machine vision systems to fully autonomous operation. We also use our expertise to develop new solutions. For instance, we are developing the ability to use unmanned aerial vehicles for antenna testing, enabling us to create a lower-cost, a more reliable, repeatable, and location-independent characterization service.

PEOPLE | CUSTOMERS | GROWTH

These innovations have their origin in our extensive independent research and development (IR&D) program. Ideas are put forward by employees, evaluated by a dedicated group of business and technology leaders, and reviewed quarterly for their relevance to customer needs and opportunities.

We also cultivate specific domain expertise in such areas as Positive Train Control (PTC), CBRNe warning systems, launch safety and satellite control, and avionics certification to provide our customers with the industry-leading subject matter experts. We seek opportunities to extend our domain expertise to adjacent fields. Our move from rail to surface transportation at the Transportation Technology Center is an example of this.

But technological expertise and domain knowledge are not in themselves sufficient. Because our people enjoy what they do and feel a true sense of partnership with our customers, they go above and beyond to fulfill their missions, sometimes putting in long hours and traveling around the world to ensure that our customers missions are met. It is this level of service that accounts for the high ratings they provide. Our range network customers, for instance, rated ENSCO exceptional in all seven categories in the annual Contractor Performance Assessment Reporting System (CPARS) survey. We are extremely proud of these accolades.

CUSTOMER TESTIMONIAL

I wanted to highlight the exceptional work your ENSCO team has performed over the last year and a half in preparation for the DISA Cybersecurity Service Provider (CSSP) Evaluation. The evaluation of the USSF Cyber Defense Correlation Center for Space (CDCC-S) capability to operate as a Mission System CSSP is a significant step in defending our nation's most critical mission systems.

OUR FORMULA FOR SUCCESS

GROWTH

The combination of outstanding talent delivering innovation that anticipates the needs of our customers is ENSCO's formula for growth. The reorganization and realignment of our organization has positioned us to maximize the potential of this approach. The consolidation of three former business groups into the Missions Systems Group fosters cross-pollination of ideas and expertise within Missions Systems as well as with the Surface Transportation Group. This streamlined structure will accelerate the development of new products and solutions that benefit our customers and provide new opportunities for our employees. Because we are leveraging talent across a larger base, consolidation also provides the scale to take on larger projects.

ENSCO's success in winning new business directly benefits our customers and employees by enabling ENSCO to acquire new skills, knowledge, and expertise in important areas for protecting surface, air, and space systems. An example of new growth that embodies this benefit is a recent contract award by Department of Energy (DOE) to construct and test a railcar that will transport spent nuclear fuel. This program has allowed us to bring on an array of new engineers and capabilities for long-term support of DOE needs. Our unleveraged balance sheet and healthy cash flow also affords us the option of acquiring growth-stimulating capacities though M&A to continue bringing new capabilities to our customers and opportunities for our employees.

GROWTH TESTIMONIAL

We view growth as its own multiplier. The additional revenue it generates will enable us to increase our investment in technology, better serve existing customers and enlarge our customer base.

In addition, we have built on the synergy that exists between ENSCO and its customers to focus our customer support strategy on critical investments that map closely with our customers' long-term needs. Many of our successful new business initiatives have led to ENSCO opening offices in closer proximity to our customers. This has directly reduced the cost of engagement and improved the communications between ENSCO staff and our customers' program managers and staff.

We view growth as its own multiplier, enabling us to increase our investment in vital technologies, engineering labs, sensitive compartmented information facilities, independent research and development, and capital programs that directly benefit our customers. Growth has enabled us to better attract and retain employees, the kind who are energized by the possibility of applying their expertise to ever-more complex technological challenges.

MSG

MISSION SYSTEMS GROUP

This year's merger of our National Security Systems (NSS) and Aerospace Engineering Group (AEG) into a single Missions Systems Group (MSG) represents an important step forward for ENSCO. Over the last decade, we have seen the needs of our customers at the Department of Defense (DoD) converge around a core group of services and technologies and we have developed expertise in all areas. These include systems integration and engineering (SE&I), cybersecurity, advanced sensor systems, and positioning, navigation, and timing (PNT). We have also developed capabilities in response to customer needs in geophysical and atmospheric science, expanded AI/ML applications in classified signal and information processing applications, and unique small size, weight, and power data collection systems.

By combining these two divisions into a single matrix organization, we can better capitalize on the full range of our extensive core capabilities and subject matter expertise and better connect our people, tools, and capabilities with customer goals. A key example of our success is our Research, Development, Test and 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 in specific technologies to facilitate modernization efforts and support joint warfighting efforts. Because NSS and AEG both possess expertise in these technologies, integration creates more seamless collaboration to meet the requirements of our DoD customer.

In integrating these two divisions, we are taking our lead from the successful merger of our Avionics subsidiary with our Aerospace Science and Engineering Division last year. Our goal is to make the merger a positive step for employees as well as customers, creating growth opportunities for our scientists and engineers who find their expertise in demand across a greater number of domains.

A Successful Year

The awards we secured this year demonstrate the momentum of the Mission Systems Group. The largest of them was a recompete for long-term customer BAE Systems. We support hardware and software for avionics, engines, and flight control systems, ensuring the safety of the millions of airline passengers globally.

We also secured an important extension of our range network SE&I contract, which we first won in 2016. This contract is an example of the transformative nature of such an award. As a result of this program, we have brought new cybersecurity capabilities to our Surface Transportation customers, expanded the number of personnel at the highest levels of clearance and access, and added to our capabilities as we work to become one of the top three providers in each of our markets, an achievement that benefits our customers.

Our expertise in PNT has led to ENSCO receiving a contract from the Space Systems Command as part of a larger award to provide PNT SE&I. This is the first time we have provided PNT expertise for space customers. Our expertise in cybersecurity is recognized as first class and has led to ENSCO securing an Agile Cyber Intelligence 3 (ACT 3) contract. We will be applying our radio-frequency cybersecurity capabilities and unique ENSCO algorithms, many of which were developed through our electronic warfare IR&Ds. This contract also entails focus on cyber-network exploitation, another ENSCO strength.

Our Next Step

Going forward, we will continue to develop our expertise in cybersecurity, PNT, artificial intelligence, and other key technologies. We recognize, however, that staying current in these technologies is not sufficient. Because advances often outstrip development times, ENSCO employs a preplanned product improvement strategy that ensures that advances can be integrated in customer programs throughout their lifecycle. The breadth of ENSCO's expertise also gives us the ability to introduce new services as customer needs change. As an example, as the effects of climate change impact our customers' missions, ENSCO is leveraging our strong meteorological group to help customers make immediate decisions as well as plan for the future.

Developing Alternatives to GPS

ENSCO's assured positioning, navigation, and timing technologies (A-PNT)—based on machine learning, patented timing communications and ranging (TCR) IP cores, and advanced sensing—can help address the challenges of conducting complex military missions in GPS-denied or otherwise compromised navigation warfare environments.

STG

SURFACE TRANSPORTATION GROUP

This was a pivotal year for the Surface Transportation Group (STG). The Rail Division once again demonstrated its industry leadership in automated track inspection technologies by introducing ENSCO's groundbreaking Ultrasonic Rail Flaw System (URFS). URFS combines ultrasound to image the rail subsurface and advanced signal processing to identify defects that could lead to broken rails and derailments. This year, ENSCO signed a strategic contract with Etihad Rail, the developer and operator of the United Arab Emirates' national railway network, for a URFS track inspection vehicle. The contract also includes a 15-year service agreement to process and analyze the data generated by the vehicle. Expanding our presence in data management services provides an opportunity to use our expertise in data collection and analysis to assist our customers' planning for sustainment of their critical infrastructure for decades to come.

Our activities in FY2022 reflect the Rail Division's ability to serve customers in different sectors of the rail industry. This year, we completed the validation and testing of a track inspection vehicle—autonomously measuring such parameters as track geometry and overhead power wires — for the Metro Train Melbourne passenger rail system.

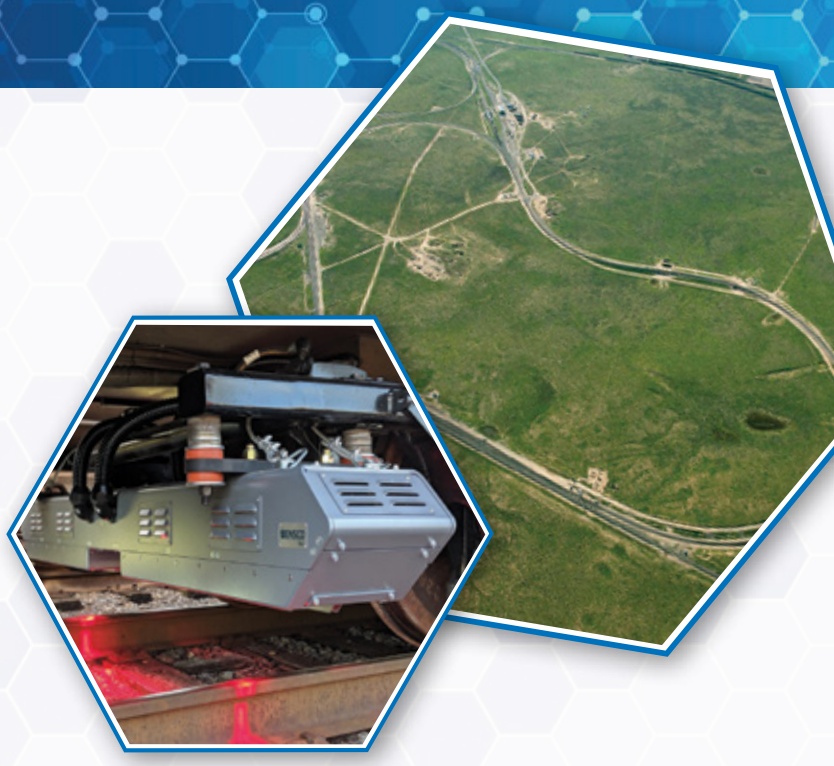
In addition, we secured an agreement with a private operator, Vale S.A., which maintains a vast freight rail network in Brazil to support its iron and nickel mining operations. We will be installing our Autonomous Track Geometry Measurement System and our Vehicle/Track Interaction Monitor on Vale locomotives and will use our Automated Maintenance Advisor to process the data they generate and recommend maintenance tasks to ensure uninterrupted service. Encouraged by the Vale contract, we will be opening a subsidiary in Brazil to focus on the highly promising South American market.

Getting Ready at the Transportation Technology Center

Our Applied Technology and Engineering (ATE) Division has been coordinating closely with the Federal Railway Administration (FRA) to transition into our management role at its Transportation Technology Center (TTC) in Pueblo, Colorado. This year, we commenced the planning stages for a new grade-crossing test bed at the facility. Collisions at grade crossing are a leading cause of death and injury and by evaluating emerging technologies to prepare for real-world implementation, we can reduce the number of casualties significantly. Thanks to FRA mandate to expand the activities of the site to encompass all of surface transportation, the new test bed could be used to assess intermodal approaches including technology on-board automobiles and trucks.

Over time, we envision responding to government and industry priorities by adding new test beds at the site and expanding applications for existing ones. Along with universities that are members of the Center for Surface Transportation Testing and Academic Research, ENSCO will be creating testbeds that provide insight on how to mitigate the effects of climate change and extreme events on the nation's rail system.

TTC represents growth opportunity for ENSCO not simply because it encourages us to expand into new transportation modes, but also because it will lead us to develop new aspects of our business that customers require, such as training. In 2022 we developed and delivered a four-week cybersecurity training program customized for Transportation Security Administration surface transportation security inspectors. We also created a one-week program for TSA executives.



We intend to expand the menu of training programs offered at TTC to include new initiatives for FRA employees as well as for other federal agencies and private companies. One of our partners, Ambipar Response, will be launching its operation at TTC in the coming year to train emergency responders for hazardous materials incidents involving all modes of surface transportation.

TTC provides an extraordinary opportunity for all those involved in surface transportation to take advantage of what will become the premier facility of its kind for research, development, testing, validation, and certification in the nation.

AT A GLANCE:
The Transportation Technology Center

- Fifty-two square miles northeast of Pueblo, Colorado.
- More than 50 miles of railroad test track
  - Arranged in different configurations for testing all aspects of vehicle-track interaction
  - Maximum test speeds up to 165 mph (265 kph.)
  - Overhead and third-rail electrification available
- Approximately nine miles of paved roads
- Approximately 50 miles of gravel roads
- Crash Test Wall
- Test Tunnel
- Test Fixtures

Our Path Forward: People, Customers, Growth

As we look to the future, through our focus on innovation, technical excellence, and operational efficiency, ENSCO will deliver solutions for our customers' most complex problems to strengthen national security and protect surface, air, and space systems. We are fully committed to delivering sophisticated, yet cost-effective, results to our customers through targeted investments in technology, infrastructure, and our people.

The ENSCO team is excited to expand our contributions to our customers' most critical challenges across the industries we serve. We will support national security through advanced sensing systems, mission planning tools, and the continued protection and expansion of U.S. space programs. In collaboration with our military and commercial partners, ENSCO will safeguard our air and rail transportation systems while expanding our capabilities across new modes of surface transportation. The results of our work will provide critical situational awareness to customer decision makers, prevent cybersecurity exploitations, and ensure the safe deployment of assets on the ground, in the air, and in space.

These contributions, coupled with the commitment to excellence that drives ENSCO employees, will further the missions of our customers, protect human lives, and safeguard assets throughout the world. Our direct connection to these essential missions and the unmistakable contributions that we deliver makes ENSCO an exciting place to work for our people and a valuable partner to our customers, ultimately resulting in our long-term growth.

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Customer Locations

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Colorado: Peterson AFB
Florida: Patrick AFB, Kennedy Space Center, Cape Canaveral AFS
New York: Endicott
Virginia: Herndon

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