

**BAE Systems Applied
Intelligence (Connect) A/S**
Sundkrogsgade 5
DK-2100 Copenhagen Ø

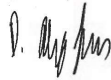
**BAE Systems Applied Intelligence
(Connect) A/S**

Annual report 2020

The annual report was presented and adopted at the
Company's annual general meeting

on 24 June 2021

chairman



Contents

Company Details	2
Statement by the Board of Directors and the Executive Board	3
Independent auditor's report	4
Management's review	7
Operating review	7
Financial statements 1 January – 31 December 2020	8
Income statement	8
Balance sheet	9
Notes	11

Company details

BAE Systems Applied Intelligence (Connect) A/S
Sundkrogsgade 5
DK-2100 Copenhagen Ø

CVR no.: 28 90 05 54
Established: 22 June 2005
Registered office: Aalborg
Financial year: 1 January – 31 December

Board of Directors

Daniel Rhys Jones (Chairman)
David John Lawton
Anthony Graham Jordan

Executive Board

David John Lawton

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
City Tower
Vaerkmestergade 2
8000 Aarhus C
Denmark

Annual general meeting

The annual general meeting will be held on 24 June 2021.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BAE Systems Applied Intelligence (Connect) A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

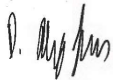
We recommend that the annual report be approved at the annual general meeting on 24 June 2021.

Nørresundby,
Executive Board:



David John Lawton

Board of Directors:



Daniel Rhys Jones
Chairman



David John Lawton



Anthony Graham Jordan

Independent auditor's report

To the shareholder of BAE Systems Applied Intelligence (Connect) A/S

Opinion

We have audited the financial statements of BAE Systems Applied Intelligence (Connect) A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Henrik Vedel
State-Authorised Public Accountant
MNE no 10052

Management's review

Operating review

Principal activities

The primary activities of the Company are the development, purchase and sales of information technology equipment and associated support services.

Development in activities and financial position

Loss for the year came in at DKK 21k

Equity was DKK -834k at 31 December 2020. Management has addressed the fact that the Company has lost more than 50% of its share capital, and it is Management's opinion that this will not have any negative impact on the Company's operations and that the share capital will be re-established by means of a capital contribution from the parent undertaking. Accordingly, Management is of the opinion that the Company has sufficient cash resources to carry out operations and activities for 2021.

Subsequent events

No events have occurred after the financial year end, which could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross loss/profit		-18	-654
Other financial income	2	-6	652
Other financial expenses	3	3	3
Profit before tax		-21	1
Tax on profit for the year		0	0
Profit /Loss for the year		-21	1
Proposed profit appropriation			
Retained earnings		-21	1
		-21	1

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets			
Investments in associate	4	535	535
		535	535
Total fixed assets		535	535
Current assets			
Receivables			
Other receivables		34	0
Receivables from group entities		0	0
Group tax receivable		0	0
		0	0
Cash at bank and in hand		106	192
Total current assets		140	192
TOTAL ASSETS		675	727

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	5	500	500
Retained earnings		-1,334	-1,313
Total equity		-834	-813
Current liabilities			
Trade & other payables		28	160
Payables to group entities		1,481	1,380
Tax Payable		0	0
		1,509	1,540
Total liabilities other than provisions		1,509	1,540
TOTAL EQUITY AND LIABILITIES		675	727

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of BAE Systems Applied Intelligence (Connect) A/S for 2020 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

According to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

According to section 86 (4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement since the Company is included in the consolidated cash flow statement of the ultimate parent undertaking, BAE Systems PLC.

The financial statements of BAE Systems Applied Intelligence A/S and its group entities are included in the consolidated financial statements of BAE Systems PLC.

The consolidated financial statements of BAE Systems PLC may be obtained from the Company or at the website, www.baesystems.com.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/ expenses.

Foreign group entities

As for foreign entities, financial statement items are translated using the following principles:

- Balance sheet items are translated at closing rates
- Income statement items are translated at the rates at the date of the transaction
- Any exchange differences resulting from the translation of opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly to equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items "Revenue" to and including "Other external costs" are aggregated in the item "Gross profit".

Revenue derived from professional services represents the value of work completed, including attributable profit, based on the stage of completion achieved on each project on completion of milestones as set out in our terms of engagement.

Revenue from the sale of products is recognised on delivery to the customer. Revenue from licence sales is recognised where there is persuasive evidence that an arrangement exists, delivery has occurred and no significant vendor obligations remain, the fee is fixed or determined and collectability is probable. Revenue from support and maintenance contracts is recognised evenly over the period of the support contract.

Other external costs include costs related to distribution, sale, administration, premises, computer equipment, etc.

Financial income and expenses

Financial income and expenses includes interest income and expenses, realised and unrealised capital gains and losses and exchange gains and losses on foreign currency transactions, etc. Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period.

Tax on profit/loss for the year

The Company is jointly taxed with all Danish group entities. Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full absorption).

Tax for the year includes current tax on the year's projected taxable income and the year's deferred tax adjustments less the share of tax for the year attributable to changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Investments

Investments in subsidiaries are measured at cost. Where the net realisable value is lower than cost, investments are written down to this lower value.

Dividends from investments in subsidiaries are recognised in the income statement if the dividends are attributable to earnings generated subsequent to the acquisition of the company.

Impairment of non-current assets

The carrying amount of non-current assets is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and projected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that an individual receivable has been impaired. Impairment tests are conducted of individual assets or groups of assets when there is an objective indication that they may be impaired.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forward, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement for the year.

Liabilities other than provisions

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.

Other liabilities are measured at amortised cost, which, essentially, corresponds to fair value.

Financial statements 1 January – 31 December

Notes

DKK'000	2020	2019
2 Financial income		
Foreign exchange gains	0	652
Interest income from group entities	0	0
Carrying amount at 31 December	0	652
3 Financial expenses		
Foreign exchange losses	0	0
Bank charges	3	3
Carrying amount at 31 December	0	3
4 Investments in associate		
Cost at 1 January	535	535
Additions during the year	0	0
Cost at 31 December	535	535
Carrying amount at 31 December	535	535

Name: BAE Systems Communications Solutions LLC

Registered Office: Knowledge Oasis, Building 4,
 Second Floor, 0402-Z427,
 Knowledge Oasis Muscat, Oman

Owner's Share: 45%

	DKK 000's
Share Capital	2,369
Equity	8,271
Profit for year	135

Financial statements 1 January – 31 December

Notes

5 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2020	500	-1,313	-813
Transferred; see the profit appropriation			
Prior year movements		-21	-21
Equity at 31 December 2020	500	-1,334	-834

The share capital consists of 500 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

The share capital is unchanged in the past 5 years.

6 Contractual obligations, contingencies, etc.

Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where BAE Systems Applied Intelligence A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

7 Related parties

BAE Systems Applied Intelligence (Connect) A/S is part of the consolidated financial statements of BAE Systems PLC, United Kingdom, which is the smallest group in which the Company is included as a subsidiary.

The Company has not had any significant transactions that have not been concluded on an arm's length basis.

The consolidated financial statements of BAE Systems PLC can be obtained by contacting the Company or at the following website: www.baesystems.com.