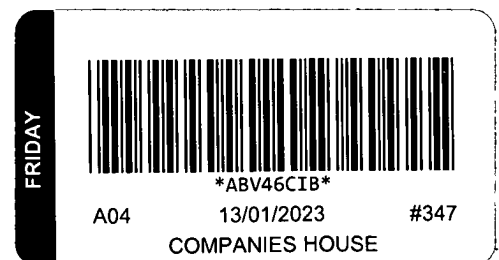


**L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED
(FORMERLY EDO MBM TECHNOLOGY LIMITED)**

Report and Financial Statements

For the year ended 31 December 2021



L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2021

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L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2021

OFFICERS AND PROFESSIONAL ADVISORS

Directors

G Gardner
R Mares
N Rodd
R Smith

Secretary

N Rodd

Registered Office

Emblem House
Home Farm Business Park
Home Farm Road
Brighton
East Sussex
BN1 9HU

Bankers

JP Morgan Chase N.A.
25 Bank Street
Canary Wharf
London
E14 5JP

Auditor

Ernst & Young LLP
R+
2 Blagrove Street
Reading
Berkshire
RG1 1AZ

STRATEGIC REPORT

The directors present their Strategic report for the year ended 31 December 2021.

BUSINESS MODEL

The principal activity of the company continues to be design, manufacture and assembly of a range of high integrity electro-mechanical equipment, primarily for airborne platforms in an expanding international market. This remains the key business focus, consistent with the previous year.

A healthy combination of technology and demand led growth is identified. This combined with strategic customer relationship and legacy platform incumbency, supports confidence for inward investment and the international market reach.

FINANCIAL REVIEW

The directors are pleased to be able to report a profit before tax for the year of £5.41m (2020 £4.22m) which they consider to be encouraging given the Company's ongoing transition into offering customers fully integrated solutions which has resulted in an increase in the overhead and intergroup support costs incurred by the business. Further as the losses on the ongoing development programmes were fully provided in the previous year the impact of these on the current year's results has been fully mitigated resulting in an increased operating margin. The position of the company at the period end is set out in the balance sheet on page 13 and in the related notes commencing on page 15.

The key measurement of effectiveness of its operations is customer on time delivery and product performance. Despite a complex portfolio of products and wide customer base, on time delivery against date promised is usually in excess of 85%. Despite the introduction of several new products to market, warranty returns remain negligible - at less than 1%.

Through 2021 Defence-related revenue continued to dominate and remained subject to reduced government expenditure, especially within Western Europe and North America. 2022 is expected to see an incremental increase in export sales and further maturing of new technology product based solutions with new opportunities as a result of the ongoing Ukraine/Russia conflict.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The business operates in a highly competitive market, which is a continuing risk to the company. The risk is managed by providing high value offerings and services to its customers closely aligned to their specific needs and expectations and whilst cuts in Government funding represents a potential risk given the current world instability this is considered low risk.

The company sources products primarily from within the UK due to the critical nature of the products and markets served. There are several high value strategic suppliers based in Western Europe and the USA, and the company is therefore exposed to movements in the Euro / Dollar to Pound exchange rate. Risk of fluctuations is minimised because of the level of Euro and Dollar customer revenues and limited long term contracts

Competitive Risk

The majority of our contracts are obtained through a competitive bidding process. The successful award of these contracts is uncertain. To continue to operate successfully the company relies on a diverse portfolio of specialist products and capabilities, which enables us to support our prime contractors and commercial customers. The company continues to invest in capital equipment, research and development and focused training to maintain product and program capabilities.

Legislative Risk

As a contractor and sub-contractor to the UK and US Governments, we are subject to various laws and regulations that are more restrictive than those applicable to non-government contractors. Failure to comply with these regulations may impact on the performance of company. The company adopts best practice in all its transactions with governmental bodies. The company regularly reviews and audits these practices to ensure ongoing compliance.

Technical Skill Risk

There is a continuing demand for qualified technical personnel, and we believe that our future growth and success will depend upon our ability to attract, train and retain such personnel. Competition for personnel in the industry is intense, and there are a limited number of persons with knowledge of, and experience in, this industry. Although we currently experience relatively low rates of turnover for our technical personnel, the rate of turnover may increase in the future. An inability to attract or maintain a sufficient number of technical personnel could have a material adverse effect on our contract performance or on our ability to capitalize on market opportunities. The company seeks to maintain and expand upon its technical expertise through regular in-house and external training and by selective recruitment of experienced personnel and graduate trainees.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. These are minimised by robust contracting practices throughout the supply chain and customer base, tight credit controls and robust review policies.

Foreign exchange risk

The business activities expose it primarily to the financial risks of changes in foreign currency exchange rates as suppliers are predominantly UK-based, while the customer base is global.

This exposure is mitigated by transacting foreign sales in GBP wherever possible and it is worth noting that almost 76% of the company's sales for the period are denominated in GBP.

Credit risk

The principal financial assets are bank balances and trade receivables however the company does not have a significant concentration of credit risk, with exposure spread over a large number of customers and the use of "Proforma Invoices" for new customers or historical poor payers.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Price risk

The company is exposed to commodity price risk due to the purchase of various raw materials where supply costs are potentially volatile. This commodity price risk is mitigated by incorporating known cost increases into the item's selling prices, and wherever possible fixing supply contract prices for the duration of the requirement.

Liquidity risk

The company generates a positive cash flow from its trading activities however should there ever be an issue with liquidity then support from the Group would be sought.

COVID 19

Despite the apparent diminishing risk associated with COVID19 the directors of the Company have completed a range of forecasts and "what if scenarios" to address the impact of the pandemic through the review period. These show that the company has significant financial resources and is in a strong position to deal with the possible economic impact. We have reviewed the possible effect of a temporary reduction in revenue either due to a mandated shutdown period or temporary drop in customer demand and do not see any impact to the business aside from a possible immaterial movement of revenue and profit to subsequent periods. However, this is highly unlikely based on the company's strong performance through the peak of the pandemic.

CORPORATE AND SOCIAL RESPONSIBILITY

Our values — "Respect, Responsibility and Integrity" — are at the heart of the business. They guide us in making business decisions; governing our organisation; improving the environment and caring for our employees. We are committed to developing and maintaining strong safety and environmental management programs with auditable and actionable target improvements.

FUTURE DEVELOPMENTS

The business has considerable financial resources and has identified a number of potential prospects for the financial year 2022 which includes greater work-share on the international JSF aircraft platform, technology led opportunities on the emerging unmanned air platform market and UK Ministry of Defence Sovereign capability requirements. The directors believe that the company is well placed in the market and fully prepared to invest and exploit the targeted growth areas, domestically and internationally which include adding a temporary warehouse on the existing site to support this projected growth.

POST BALANCE SHEET EVENTS

Following a review of the wider L3Harris UK operations by the ultimate parent, the Company changed its name from EDO MBM Technology Limited to L3Harris Release & Integrated Solutions Limited in January 2022.

Further, following the invasion of Ukraine by Russia in February 2022, the company has seen an increased level of enquiries for its products in particular related to Unmanned Aerial Vehicles that are expected to result in additional business in the medium term.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT AND STAKEHOLDER ENGAGEMENT

The Board of L3Harris Release & Integrated Solutions Ltd consider that they have adhered to the requirements of Section 172 of the Companies Act 2006 and have, in good faith, acted in a way they consider would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters in its decision-making.

The new reporting legislation around stake holder engagement is welcomed by the Board and the commentary and table below sets out our S172 statement. The statement provides details of key stakeholder engagement undertaken by the Board during the period and how this helps the Board to factor potential impacts on stakeholders in the decision making process.

General

L3Harris Release & Integrated Solutions Ltd promotes the highest standards of governance and ensures that these standards cascade throughout the company.

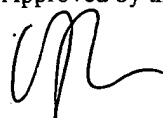
Principal decisions

For the year ending 31 December 2021, the Board consider that the following are examples of principal decisions that it made in the period: reviewing business continuity plan for Vacuum Cadmium (Vac – cad) plating performed in Europe, discussion of key contract awards and further pursuits and consideration of the interim dividend.

The table below sets out our key stakeholders and provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder consideration in the decision making process.

Stakeholders	Our approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of returns	Our ultimate shareholders, through our parent company, are institutional and individual investors who own securities in our parent, L3Harris Technologies Inc. Performance metrics and updates are provided by the Board to our parent company, with subsidiary performance cascaded up the group.	As a Board, we aim to provide clear information to our parent company and ultimate shareholders, being honest and transparent as to the performance of the business. Value is generated for shareholders by delivering on the business plan.
Customers Listening to our customers helps us to better understand their needs and provide suitable reliable solutions	As a company we actively engage with and solicit feedback from our customers based on our current performance but also their future needs and how best we can support them	"Voice of the customer" input is used by the Board to critic and evaluate the Company's strategic growth plan
Community/wider society Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact	As a Defence company we are unfortunately subject to local protest and as such purposefully seek to maintain a low profile within the wider community	The Board continually monitors the situation with the "Protestor Community" in terms of the impact on the business and our employees. We also look to support local causes where possible

Approved by the Board of Directors and signed on behalf of the Board.



G Gardner
 Director
 19th December 2022

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2021

Results and dividends

The profit, after tax, for the year amounted to £6,982k (2020: £3,883k). The directors made an interim dividend payment of £0.87 per ordinary share (2020: £0.65 per ordinary share) during the year and do not propose making a final dividend.

Research and development

During the period the company has continued to invest in developing its core capabilities and product ranges. This investment is considered by the directors to be of a medium to long term nature and returns from this are expected in a similar time frame.

Directors

The directors who served during the period and to the date of signing this report are shown below:

G Gardner
R Mares
N Rodd
R Smith

Qualifying third party indemnity provisions

The company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Energy and carbon report

	Current reporting period Year ended 31 December 2021	Prior reporting period Year ended 1 January 2021
Energy consumption used to calculate emissions: /kWh	938,354	891,902
Emissions from combustion of gas (Scope 1) tCO ₂ e	31,202	28,480
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	Nil	Nil
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	3,687	2,788
Emissions from purchased electricity (Scope 2, location- based) / tCO ₂ e	159,933	169,170
Total gross CO ₂ e based on above	194,823	200,438
Intensity ratio: tCO ₂ e gross figure / GBP 1,000,000 revenue	5,673	5,234
Methodology	Emissions are calculated using the actual consumption and the "Government conversion factors for company reporting of greenhouse gas emissions" published at www.gov.uk	Emissions are calculated using the actual consumption and the "Government conversion factors for company reporting of greenhouse gas emissions" published at www.gov.uk

DIRECTORS' REPORT (CONTINUED)

Going Concern

The Director's consider the following to be the key financial performance indicators:

	2021	2020
Sales	£34.34m	£38.30m
Operating profit	£5.35m	£4.17m
Order input	£21.61m	£19.00m

In determining if the company is a going concern, the Directors have reviewed the forecast for the period to December 2023 and stress-tested various scenarios over this period. The forecasts indicate that the company will continue as a going concern with the current facilities available to it, even in the case of a significant reduction in activity. Further the group has considerable financial resources together with long-term contracts with a number of customers and suppliers and therefore in the event of the loss or suspension of one of its main contracts the company would look to seek support from the group and thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Other disclosures

Disclosure regarding financial risk management policies and objectives, exposure to financial risk and further information on future developments are included in the strategic report.

Disclosure of information to the auditor

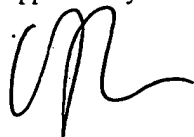
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

EY have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board by:



G Gardner
Director

19th December 2022

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance.

The directors are 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of L3Harris Release & Integrated Solutions Limited for the period 2nd January 2021 to 31st December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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.

Conclusions relating to 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 evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included evaluating forecasts for a period of twelve months from when the financial statements are authorised for issue.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 CONTINUED

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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 (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 CONTINUED

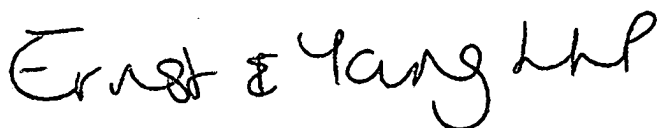
102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Money Laundering regulations and relevant tax compliance regulations in the United Kingdom.

- We understood how L3Harris Release & Integrated Solutions Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:
 - Review of all minutes of board meetings held during the period and through to the most recent meeting held prior to the approval of these financial statements;
 - Review of accounting policies and completion of a disclosure checklist to assess compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Company law requirements;
 - Review of any relevant correspondence with local tax authorities; and
 - Review of any relevant correspondence received from regulatory bodies
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included identification of related parties, understanding the company's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level. We also held discussions with management and those charged with governance to gain an understanding of those areas of the financial statements which are susceptible to fraud, as identified by management. Following these procedures, we identified a risk of management override of control and risk of inappropriate revenue recognition. We gained an understanding of the entity level of controls and policies that the company applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on journals indicating large or unusual transactions, or meeting our defined risk criteria based on our understanding of the business, reviewing accounting estimates for evidence of management bias and enquiries of senior members of the management team regarding their knowledge of any instances of non-compliance with laws and regulations that could impact the financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate Allen (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
21 December 2022

L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2021

	Note	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Turnover	2	34,337	38,298
Cost of sales		(20,865)	(25,346)
Gross profit		13,472	12,952
Administrative expense		(8,120)	(8,784)
Operating profit	3	5,352	4,168
Interest receivable and similar income	6	53	51
Profit on ordinary activities before taxation		5,405	4,219
Tax credit/(charge) on profit on ordinary activities	7	1,577	(336)
Profit on ordinary activities after taxation		6,982	3,883
Total comprehensive income		6,982	3,883

All results are from continuing operations in both the current year and preceding period.

The notes on pages 15 to 24 form part of these financial statements.

L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED

BALANCE SHEET **At 31 December 2021** **Company number: 00402684**

	Note	At 31/12/2021 £000	At 1/1/2021 £000
Fixed assets			
Tangible assets	8	712	762
Current assets			
Stocks	9	2,110	2,005
Debtors	10	12,073	11,180
Cash at bank		4,417	6,960
		18,600	20,145
Creditors: amounts falling due within one year	11	(3,552)	(6,605)
Net current assets		15,048	13,540
Total assets less current liabilities		15,760	14,302
Provisions for liabilities and charges	12	(3,180)	(4,164)
Net assets		12,580	10,138
Capital and reserves			
Called up share capital	14	5,200	5,200
Share premium account		10	10
Profit and loss account		7,370	4,928
Shareholder's funds		12,580	10,138

The financial statements of L3Harris Release & Integrated Solutions Limited, were approved by the Board and authorised for issue on 19th December 2022 and signed on its behalf by



G Gardner
Director

The notes on pages 15 to 24 form part of these financial statements.

L3HARRIS RELEASE & INTEGRATED SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share Capital £000's	Share Premium £000's	Profit and Loss £000's	Total £000's
4 January 2020	5,200	10	4,450	9,660
Dividends	-	-	(3,405)	(3,405)
Profit for the period	-	-	3,883	3,883
Total comprehensive income for the period	-	-	478	478
As at 1 January 2021	5,200	10	4,928	10,138
1 January 2021	5,200	10	4,928	10,138
Dividends	-	-	(4,540)	(4,540)
Profit for the period	-	-	6,982	6,982
Total comprehensive income for the period	-	-	2,442	2,442
As at 31 December 2021	5,200	10	7,370	12,580

The notes on pages 15 to 24 form part of these financial statements.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

General information paragraph:

L3Harris Release & Integrated Solutions Limited is private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

Basis of preparation paragraph:

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see below).

The following principal accounting policies have been applied:

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of L3Harris Technologies Inc. as at 31 December 2021 and these financial statements may be obtained from 1025 West NASA Boulevard, Melbourne, FL USA 32919.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

- | | |
|---------------------|--------------------------------|
| Buildings | - over the life of the lease |
| Plant and machinery | - 10% to 33 1/3% straight line |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks and work in progress are stated at the lower of cost and net realizable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation in respect of a past event and it is probable that settlement will be required of an amount that can be reliably estimated.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met;
- Deferred tax balances are not recognised in respect of permanent differences; and
- Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income.

Operating lease agreements

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business plus amounts recoverable on contracts net of discounts and VAT. Turnover from the sale of goods is recognised in accordance with the agreed customer terms and conditions. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. In respect of long-term contracts, revenue is recognised on a percentage cost incurred basis in accordance with the guidelines of FRS 102 and amounts recoverable on contracts represent the excess of the value of work carried out to the balance sheet date over cumulative milestone billings.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Research & development

Research expenditure is charged to the Statement of Comprehensive Income as and when incurred. Development expenditure is charged to the Statement of Comprehensive Income as and when incurred unless it meets the recognition criteria for capitalisation. Should the recognition criteria be met any further development expenditure would be capitalised as an intangible asset.

Loss making contracts

A provision for the full loss is recognised at the point in time when the expected cost to deliver a contract is identified as exceeding the revenue associated with the contract. The effect of the time value of money is minimal and therefore the provision is not discounted.

Significant estimates and judgements

In preparing the financial statement the directors have had to make the following judgements:

- Determine the expected total cost (ETC) to execute a contract which is used as the basis for calculating the percent of completion and the associated revenue and if applicable, the need to recognise a provision for future losses.
- Determine whether leases entered by the Company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset along with any potential residual value.
- Make adequate provision where it is determined that the Company has any obligation at the reporting date because of a past event and that it is probable (i.e., more likely than not) that the Company will be required to transfer economic benefits in settlement and that the amount of the obligation can be estimated reliably.
- The company's corporation tax expense and related liability (or recoverable amount) are estimates as its corporation tax computation is only in draft form at the point the financial statements are signed. In addition, the company is part of a Group Payment Arrangement for tax purposes in the UK with fellow group undertakings, meaning it may benefit from loss relief from elsewhere in the group in a given year. However, these amounts may be uncertain until all the group's tax returns are filed. Both of these points mean that adjustments in respect of prior years may need to be disclosed in the taxation note.

Dividends

Equity dividends are recognized when they become legally payable.

Going concern

As at the statement of financial position date, the company has net assets of £12,580k (2020 - £10,138k) and has made a profit after tax in the year of £6,982k (2020 - £3,883k). In determining if the company is a going concern, the Directors have reviewed the forecast for the period to December 2023 and stress-tested various scenarios over this period. The forecasts indicate that the company will continue as a going concern with the current facilities available to it, even in the case of a significant reduction in activity. Further the group has considerable financial resources together with long-term contracts with a number of customers and suppliers and therefore in the event of the loss or suspension of one of its main contracts the company would look to seek support from the group and thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

2. TURNOVER

Turnover, which is stated net of value added tax, represents sales to third parties, and arises from the principal activity of the company. An analysis of turnover by geographical market is given below:

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
United Kingdom	23,844	27,372
Continental Europe	1,351	1,729
The Americas	9,142	9,197
	<u>34,337</u>	<u>38,298</u>

3. OPERATING PROFIT

This is stated after charging/crediting:

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	29
Depreciation of owned fixed assets	402	377
Operating lease rentals		
Land and buildings	309	312
Other operating leases	4	11
Foreign exchange loss/(gain)	445	(17)
Aggregate research and development expenditure	713	627
	<u>713</u>	<u>627</u>

4. STAFF COSTS

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Wages and salaries	6,023	5,718
Social security costs	585	581
Other pension costs	646	659
	<u>7,254</u>	<u>6,958</u>

The monthly average number of employees (including directors) during the period was as follows:

	Period ended 31/12/21	Period ended 1/1/21
Production	113	112
Sales and distribution	7	7
Administrative	8	7
	<u>128</u>	<u>126</u>

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2021

5. DIRECTORS' EMOLUMENTS

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Emoluments	384	407
Value of company pension contributions to money purchase schemes	36	42

The above excludes amounts paid to one of the directors who is remunerated in the US, however the amount of this remuneration attributable to the Company is negligible and for this director, their services as a director of this entity are incidental to their main employment.

	Period ended 31/12/21	Period ended 1/1/21
Members of money purchase pension schemes	3	3

The amounts in respect of the highest paid director are as follows:

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Emoluments	154	209
Value of company pension contributions to money purchase schemes	10	9

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Intercompany loan interest	53	51

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
UK corporation tax		
Current tax on profits of the year	-	-
Adjustment in respect of previous period	(1,361)	403
Total current tax	(1,361)	403
Deferred tax	(33)	(32)
Origination and reversal of timing differences	(183)	(35)
Taxation on profit on ordinary activities	(1,577)	336

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	Period ended 31/12/21 £000	Period ended 1/1/21 £000
Profit on ordinary activities before tax	5,405	4,219
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,027	802
Effects of:		
Expenses/(income) not deductible/(taxable) for tax purposes	4	1
Adjustment in respect of previous period	(1,518)	367
Effect of other tax rates/credits	(35)	4
Group Relief	(1,056)	(838)
Total tax charge for the period	(1,577)	336

Changes substantively enacted as part of the Finance Act 2016 on 15 September 2016, legislated for a reduction of UK corporation tax to 17% effective from 1 April 2020. On 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. This change was substantively enacted on 17 March 2020. On 3 March 2021, it was announced that the main rate of corporation tax would increase to 25% with effect from 1 April 2023 however on 23 September 2022, the government announced that the increase in the Corporation Tax main rate to 25% (previously announced at Spring Budget 2021) would no longer go ahead. The Corporation Tax main rate will, therefore, remain at 19% from 1 April 2023. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate of 19%. There were no other factors that may affect future tax charges.

The adjustment in respect of the previous period of (£1,518k) relates to group relief claimed on tax paid in the prior year. At the time of issuing the financial statements in the prior year, the amount of group relief available to the Company was unknown and this only became determinable on submission of the tax return for that respective period.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

8. TANGIBLE FIXED ASSETS

	Buildings £000	Plant & Machinery £000	Total £000
Cost:			
At 1 January 2021	1,598	2,974	4,572
Additions	-	333	333
Disposals	(37)	(106)	(143)
	<u>1,561</u>	<u>3,201</u>	<u>4,762</u>
At 31 December 2021			
	<u>1,561</u>	<u>3,201</u>	<u>4,762</u>
Accumulated depreciation:			
At 1 January 2021	1,318	2,492	3,810
Charge for the year	98	285	383
Disposals	(37)	(106)	(143)
	<u>1,379</u>	<u>2,671</u>	<u>4,050</u>
At 31 December 2021			
	<u>1,379</u>	<u>2,671</u>	<u>4,050</u>
Net book value:			
At 31 December 2021	<u>182</u>	<u>530</u>	<u>712</u>
At 1 January 2021	<u>280</u>	<u>482</u>	<u>762</u>

9. STOCKS

	At 31/12/2021 £000	At 1/1/2021 £000
Raw materials and consumables	1,799	1,683
Work in progress	311	322
	<u>2,110</u>	<u>2,005</u>

There are no material differences between the balance sheet value of stocks and their replacement cost.

The amount of inventory recognised as an expense during the year was £14,858k (2020 - £17,649k)

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

10. DEBTORS

	At 31/12/2021	At 1/1/2021
	£000	£000
Trade debtors	3,101	2,743
Amounts owed by group undertakings (non-interest bearing)	1,063	721
Amounts owed by group undertakings (interest bearing)	-	3,759
Prepayments	438	150
Accrued income	5,526	3,247
Corporation tax	1,800	560
Deferred Tax	145	-
	<u>12,073</u>	<u>11,180</u>

The amounts owed by group undertakings (non-interest bearing) are unsecured, interest-free, have no fixed repayment date and are repayable on demand. The amounts owed by group undertakings (interest bearing) comprised two unsecured loan of £2,000k and £1,700k that bore interest at 2.2% and 1.62188% respectively and were originally due to be repaid in 2022 but were repaid early.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31/12/2021	At 1/1/2021
	£000	£000
Trade creditors	3,036	5,554
Amounts owed to group undertakings (non-interest bearing)	-	319
Other taxation	197	457
Accruals	319	275
	<u>3,552</u>	<u>6,605</u>

The amounts owed to group undertakings are unsecured, interest-free, have no fixed repayment date and are repayable on demand

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £000	Dilapidations £000	Contract Loss £000	Total £000
At 1 January 2021	71	340	3,753	4,164
Charged to profit and loss account	(71)	-	-	(71)
Utilised	-	-	(913)	(913)
	<u>-</u>	<u>340</u>	<u>2,840</u>	<u>3,180</u>
At 31 December 2021	-	340	2,840	3,180

Deferred taxation is provided when required as outlined in the accounting policies note

Dilapidations are provided to cover the Company's obligation under the current tenant repairing lease.

Contract loss is a provision to cover the expected loss on a contract as a result of the estimated cost to deliver it exceeding the revenue associated with it.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

13. COMMITMENTS UNDER OPERATING LEASES

At 1 January 2021 the company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	At 31/12/2021	At 1/1/2021	At 31/12/2021	At 1/1/2021
	£000	£000	£000	£000
Not later than 1 year	315	315	-	4
Later than 1 year and not later than 5 years	1,260	1,260	-	-
Later than 5 years	236	551	-	-
Total	1,811	2,126	-	4

14. CALLED UP SHARE CAPITAL

	At 31/12/2021	At 1/1/2021
	£000	£000
Allotted and called up		
5,200,000 Ordinary shares of £1 each	5,200	5,200

15. RESERVES

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the share premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. DIVIDENDS ON EQUITY SHARES

	Period ended	Period ended
	31/12/21	1/1/21
	£000	£000
Interim dividend paid of £0.87 (2020: £0.65) per share	4,541	3,405

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2021

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's intermediate parent undertaking is L3Harris Technologies Limited, a company incorporated in England.

L3Harris Technologies Inc., a company registered in the United States of America, is the ultimate parent undertaking of the largest and smallest consolidated group that includes the company. Copies of its group financial statements are available from 1025 West NASA Boulevard, Melbourne, FL USA 32919.

The Directors regard L3Harris Technologies Inc. as the ultimate controlling party.

18. SUBSEQUENT EVENTS

Following the end of the financial year ended on 31st December 2021, the world has continued to be impacted by the COVID-19 virus pandemic and this has adversely affected the United Kingdom and the global economy in general. The full effect of the pandemic on the financial results of the company for the 2022 accounting year is unknown due to the nature thereof. The directors give further details of their consideration of the effects of COVID-19 and the ongoing operation of the business in the strategic report on pages 2-5.

Further, following a review of the wider L3Harris UK operations by the ultimate parent, the Company changed its name from EDO MBM Technology Limited to L3Harris Release & Integrated Solutions Limited in January 2022.

During February 2022 Russia invaded Ukraine and as a result of the ongoing conflict the company has seen an increased level of enquiries for its products in particular related to Unmanned Aerial Vehicles that are expected to result in additional business in the medium term.