

ASX RELEASE

9 September 2019

FUNDING UPDATE

Kleos Space S.A. (ASX: KSS, Frankfurt: KS1), (**Kleos or Company**), a space-powered Radio Frequency Reconnaissance data-as-a-service (DaaS) company, announced on 22 August 2019, it had entered into a binding term sheet for a A\$3.3 million debt instrument, to be issued in the form of secured convertible notes.

Kleos advises that definitive documentation for the first tranche of convertible notes with a face value of A\$2.2 million has been executed, raising A\$2.0 million (before costs). The application monies have been remitted to Kleos, and the notes will be issued this week. Kleos advises that the security for the convertible notes will not be put in place before the issue of the notes, and that Kleos is required to grant the security no later than 8 October 2019. Failure to grant the security by this date will constitute an event of default of the note terms.

The key take outs include:

- **Debt to equity conversion at A\$0.50 – 160% premium¹**
- **A\$3.3 million debt instrument (A\$2.2 million first tranche, A\$1.1 million second tranche)**
- **Investors able to subscribe for the Second Tranche notes with an aggregate face value of A\$1.1 million**
- **Funding starts procurement of 2nd cluster of satellites and their 2020 launch**
- **Provides a springboard for accelerated revenue post launch of the Kleos' Scouting Mission²**

Full details of the debt instrument are included in Schedule A of the ASX announcement, "Funding to Start Procurement of the 2nd Cluster of Satellites", dated 22 August 2019.

Andy Bowyer, CEO of Kleos, said, "Finalisation of this funding will keep Kleos on track to achieve its business objectives, accelerate business development and revenue generating programmes.

Procurement of our 2nd cluster of satellites can now commence, and 2020 launch to be booked over the coming months. The second cluster will collect more data which in turn means an improved and higher value product for our customers."

Diary Note: Andy Bowyer, CEO of Kleos will be visiting investors and stakeholders in Australia between 17 and 20 September 2019.

¹ Premium based on closing price 16/8/19 of A\$0.31.

² The multi-satellite Scouting Mission system will form the foundation of a constellation that delivers a global picture of hidden maritime activity, enhancing the intelligence capability of government and commercial entities when AIS (Automatic Identification System) is defeated, imagery is unclear, or targets are out of patrol range. The first scouting mission is made up of 4x nano-satellites built by GomSpace in Denmark, each the size of a shoebox.

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About Kleos Space S.A. (ASX: KSS, Frankfurt: KS1)

Kleos Space S.A. is a Space enabled, Activity Based Intelligence, Data as a Service company based in Luxembourg. Kleos Space aims to guard borders, protect assets and save lives by delivering global activity-based intelligence & geolocation as a service. The first Kleos Space satellite system, known as Kleos Scouting Mission (KSM), will deliver commercially available data and perform as a technology demonstration. KSM will be the keystone for a later global high capacity constellation. The Scouting Mission will deliver targeted daily services with the full constellation delivering near-real-time global observation – www.kleos.space.