

ASX RELEASE

26 April 2022

Kleos Space Q1 2022 Activities Update and Outlook

Highlights:

- **Monthly revenues in March 2022: A\$167k**
- **On track to achieve 2022 targetsⁱ:**
 - **Monthly EBITDA positive status during mid-2022**
 - **End 2022 ARR of US\$18Mⁱⁱ**
- **Introduced new Mission-as-a-Service offering (MaaS), providing customers with the option for a dedicated and taskable RF reconnaissance mission**
 - **Complements the Data-as-a-Service (DaaS) offering, and fulfils the growing demand for dedicated data collection capacity to meet individual intelligence, surveillance, and reconnaissance mission requirements**
 - **MaaS model offers the opportunity to increase monthly revenues with long term and low risk contracts without market adoption lag**
- **Successful launch of third cluster of four satellites, Patrol Mission**
- **Fourth satellite cluster, Observer Mission, preparing for upcoming launch**
- **Continuing to build world class industry partnerships including with NASDAQ-listed Satellogic (NASDAQ: SATL)**

Kleos Space (ASX: **KSS**, Frankfurt: **KS1**) (**Kleos** or **Company**), a space-powered Radio Frequency Reconnaissance data-as-a-service company (**DaaS**), provides the following update for the quarter ending 31 March 2022 (**Q1 2022**), along with its Appendix 4C cash flow report.

Commenting on the Company's Q1 2022 quarter progress, Kleos Space CEO Andy Bowyer said:

"Kleos hit an important commercialisation milestone in Q1, booking first significant revenues and growing the revenue generation and data collection capacity by expanding satellite constellation. We remain confident of achieving our target during FY22ⁱ.

"Over the coming year, we will continue to focus on transitioning the business to significant growth and achieving our profitability and revenue targets. We are leveraging industry partnerships and engagement to build market recognition with key target customers in the US, UK, EU, South & Latin America and Asia Pacific. In parallel, constellation planning is underway to prepare the business for sustainable growth to match the market demand across the DaaS & new MaaS offerings.

"Our exceptional team continues to develop world class intellectual property, ensuring our product offering remains at the forefront of the industry and caters to the evolving needs of our governmental and commercial customers. The defence sector is an early adopter of

emerging technologies and ongoing innovation will deliver long-term value for our shareholders”

COMMERCIAL PROGRESSⁱ



Monthly revenue in March was A\$167,000. The Company remains on track to achieve its targeted monthly EBITDA-positive status during mid-2022 and to achieve an ARR of US\$18 million by the end of the year.

Kleos currently has a global pipeline of more than 260 government and commercial dealsⁱⁱⁱ, spanning defence departments, national security agencies, coast guards, sanctions agencies and data aggregators.

The pipeline includes a EUR 900,000 contract anticipated to be signed imminently, with revenues expected to be recognised in the majority in Q2 2022.

Introduced Mission-as-a-Service offering

During the quarter, Kleos diversified its business model to include a Mission-as-a-Service (**MaaS**) offering, providing customers with exclusive access to Kleos’ dedicated, in-orbit radio frequency reconnaissance satellite clusters for fixed periods of time & capacity.

Each Mission-as-a-Service contract will be tailored to suit the customer requirements, with the associated revenue based on the percent of satellite capacity needed, level of taskability required (i.e. how bespoke the mission is) and associated data rights (i.e. exclusivity). Pricing is set to achieve the Company’s goals for profitability and returns.

Kleos’ additional product offer caters to growing market demand and complements its existing DaaS business model, which delivers geolocated RF activity over areas of interest to multiple government and commercial subscribers.



Kleos Space CEO Andy Bowyer said “Our discussions with government departments, national security agencies and commercial entities have highlighted a growing need for dedicated mission capability, including unrestricted access and utilisation of sensor outputs. Our new Mission-as-a-Service offering delivers that capability to customers at a revenue level that achieves our targets without the ramp up period.

“Unlike our DaaS business model, which will continue to build, where multiple customers access the same commercial dataset, MaaS is tailored to meet the need of specific ISR requirements of an individual customer mission. As our constellation grows, we will offer a combination of DaaS data sets enabling the opportunity to monetise the high volume, low value contract market and MaaS offering to deliver dedicated, high value contract opportunities. This blend of offering reflects the balance of needs between the commercial and non-commercial customer we have witnessed developing over the last few years.”

Kleos’ constellation roadmap includes the deployment of new clusters in a short timeframe, increasing accuracy, improving latency and supporting a range of intelligence, defence, security, and commercial missions through enhanced situational awareness. Kleos is targeting up to 20 satellite clusters for optimal global coverage for its DaaS and MaaS offerings.

New Partnerships

Kleos’ data complements existing datasets (both commercially available in the marketplace and proprietary data sets), the Company often partners with other GEOINT data integrators, aggregators, and analytics providers. During the quarter, Kleos signed agreements with NASDAQ-listed Satellogic (NASDAQ: SATL) and command-and-control platform Advanced Ground Information Systems Inc (AGIS).

Kleos is partnering with Satellogic to pursue large-scale governmental and commercial tenders. Satellogic is a leading global provider of high-resolution satellite imagery to governments and commercial customers, and currently has 17 satellites in low Earth orbit. Its high-resolution, high-frequency earth observation platform improves access and affordability of geospatial data for mainstream applications. Under the partnership, Kleos’ RF geolocation data will be layered with other types of Earth observation data as a comprehensive ISR offering. The integrated datasets improve situational awareness and provide critical insights, which enable decision-making at scale for government and commercial customers. The partnership opens the doors for collaboration on current and future opportunities.

AGIS is integrating Kleos’ electronic intelligence (ELINT) data within its Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance and Reconnaissance (C5ISR) system to provide improved hostile and illegal shipping awareness combined with the ability to direct forces. AGIS simultaneously processes up to 200,000 real-time sensor reports, delivering command and control communications capabilities to its US military, government and first responder customers. Its C5ISR system enables data interoperability between US and NATO C5ISR systems to provide a common operational picture.

TECHNICAL LEADERSHIPⁱ

Kleos' satellites are flown in formations targeting precision geolocation intelligence. The ability to geolocate radio transmissions provides a valuable ISR capability and enhances detection of illegal activity. Kleos' RF geolocation data can be used to establish a baseline pattern of behaviour or validate existing ISR datasets, such as SAR and high-resolution imagery.

The successful launch of the Patrol Mission brings Kleos' low Earth orbit constellation to 12 satellites, which, following commissioning of this mission, will increase daily data collection capacity to a maximum of 253 million km² and improve revisit rates globally, including key Areas of Interest.

Kleos' constellation provides worldwide coverage across multiple areas of interest as required by the user base. For optimal global coverage and near-real-time revisit rates, Kleos is targeting a total constellation of up to 20 clusters.

Kleos' satellites are quick to build and deploy with each new cluster significantly increasing data collection capability, data accuracy and revenue opportunities as subscribers pay for data on a volume basis (million km²/ month collected).



Figure 1: Kleos Patrol Mission being launched by SpaceX on April 1st 2022 (image source SpaceX)

The Company's industry leading technology is supported by a world-class global team, including experts in military affairs (Chair / Director EMEA BD AirCdre Peter Round), nanosatellite software and operations (CTO Vincent Furia), space technology innovation (CINO Miles Ashcroft) and intelligence community (US Director Karyn Hayes-Ryan).

Contracted Mission Schedule

Mission Name	Launch Date (Actual/Scheduled)	Data Collect Capacity in million km ² /day (constellation cumulative basis) <i>Data sold to customers on a per million km² basis</i>	15-degree latitude 'Area of Interest' average daily revisits (constellation cumulative basis) <i>Data value increases in line with revisit rates</i>	Mission Status
Scouting Mission (KSM1)	7 November 2020	15	2.1	Operational
Vigilance Mission (KSF1)	29 June 2021	134	3.4	Operational
Patrol Mission (KSF2)	1 April 2022	253	4.7	Launched
Observer Mission (KSF3)	Q2/3 2022*	372	6.0	Preparing for launch

***launch date currently under assessment to mitigate potential risk raised as a result of recent notification of revised launch vibration levels.**

CORPORATE DEVELOPMENT

Leadership

During the quarter, Richard Marsden joined Kleos' global team as a Finance Manager based in Luxembourg. He brings extensive finance and accounting experience with previous roles at KPMG, EY and Good Year Tire & Rubber.

Events & Conferences

Industry conferences and events are key to building awareness of the company's RF geolocation data with potential end-user subscribers as well as system integrators and analytics providers. Kleos participated at several key industry conferences during the quarter.

Key events:

- In February, Chair & Director EMEA Peter Round spoke at the [DGI Geospatial Intelligence for National Security](#) in London. DGI is Europe's largest annual meeting for military, civilian and industry geospatial intelligence leaders.
- Kleos' CEO Andy Bowyer spoke at the [2022 SmallSat Symposium](#) in Silicon Valley, discussing critical trends and disruptive nanosatellite technology.
- Kleos participated at The NewSpace Roundtable event as part of the "Connected World Series" organised by [c21-virtual](#).

Upcoming conferences:

- 24 April 2022: Exhibiting at GEOINT 2022, Denver.

Videos and podcasts

Kleos' activities are also promoted through its owned content channels:

- Episode 5 of the *Kleos Insights* interview series features Senior Signal Processing Engineer Rami Othman and Space Systems Engineer Federico Gardosi discussing constellation coverage and key areas of interest. The episode was released on [YouTube](#) and [Spotify](#).

FINANCIALS^{iv}

The Appendix 4C quarterly cashflow report for Q1 2022 is attached. Cash and cash equivalents were EUR 3.6 million (A\$5.4 million) as at 31 March 2022. Revenue in Q1 2022 was: EUR 107k (A\$167k).

Total cash flow in the quarter was an outflow of EUR 2.1 million (A\$3.6 million), after a net operating cash outflow of EUR 1.6 million (A\$2.5 million). The following is a summary of receipts and expenditures for business activities in the March 2022 quarter (refer also accompanying ASX Appendix 4C):

(EUR'000)	Mar Qtr	Year to date (3 months)
Receipts from customers	59	59
Product manufacturing and operating costs	-136	-136
Research and development	-4	-4
SG&A (Corporate Overhead)	-1,542	-1,542
Investing Activities	-741	-741
Financing payments / receipts	17	17
Other (FX movement on cash balance)	204	204

OUTLOOKⁱ

Kleos remains focused on continuing to enhance the quality and frequency of its satellite capacity and data delivery and converting introductory subscriber contracts to repeat recurring revenue, targeting monthly EBITDA positive status during mid-2022. In addition, Kleos will continue to build its constellation to increase the value and volume of its radio frequency geolocation data, growing revenues.

Kleos' FY22 priorities are:

- Onboard new data subscribers, increasing revenue as higher-value data sets become available
- Data delivery from the Vigilance Mission (KSF1) satellites
- Launch the Patrol Mission (KSF2) satellites in April 2022
- Build and launch the Observer Mission (KSF3) satellites in mid-2022
- Enable customers to access additional data sets from the Patrol and Observer Missions.

This announcement has been approved for release by the Company's Board

- ENDS -



Investor information:

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About Kleos Space S.A.

Kleos is a space-enabled radio frequency Reconnaissance data-as-a-service company with operations in Luxembourg, the US and UK. Kleos locates radio transmissions in key areas of interest around the globe, efficiently uncovering data points to expose human activity on land and sea. Using clusters of four satellites, proprietary radio frequency data (RF Data) is collected, transmitted to the ground, processed, and delivered to customers worldwide. Customers, including analytics and intelligence entities, will license data on a subscription basis (Data-as-a-Service aka DaaS) or as a dedicated mission on a bespoke contract basis, for government and commercial use cases – aiding better and faster decision making. Kleos' first satellite cluster, the Scouting Mission (KSM), successfully launched in November 2020 and is performing as a test and technology demonstration whilst collecting data. The company's second satellite cluster, the Vigilance Mission, successfully launched in June 2021 and its Patrol Mission launched in April 2022. Kleos' fourth cluster, the Observer Mission, is targeted for a mid-2022 launch. These satellite clusters form the foundation of a global high-capacity constellation of up to 20 satellite clusters, which will deliver high value global observation. For more information visit: www.kleos.space

ⁱ The forward-looking statements relating to targets involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, and achievements to differ materially from any future results, performance or achievements, expressed or implied by these forward looking statements. Relevant factors may include, but are not limited to, technical and launch delays, satellite health status, foreign exchange fluctuations and general economic conditions, increased costs, the risk and uncertainties associated with space technology, Geopolitical and social risks, Supplier delivery issues, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues, covid 19 or other pandemic impacts, and litigation. For further information as to the risks which may impact the Company's results and performance, please see the risk factors included in the Prospectus lodged with ASX in August 2018.

ⁱⁱ this target is formed with reference to the current customer base and the satellite capacity that is anticipated to be online by the end of the year, and is subject to the risk factors set out in footnote i.

ⁱⁱⁱ A qualified deal is defined as such through detailed communication in some form with the customer, i.e. ensuring that the KSS products can fulfil the customer need and there is a procurement budget available. The negotiations on these deals have advanced beyond the unqualified lead stage, but contracts have not yet been signed, or contracts have been signed but are subject to the delivery of data.

^{iv} FX average rates applied for Q1: A\$ 1 = EUR 0.6420 and USD 1 = EUR 0.8899. FX period end rates applied for Q1: A\$ 1 = EUR 0.6756 and USD 1 = EUR 0.9071

This release does not in any jurisdiction, constitute or form part of, and should not be construed as, any offer for sale of, or solicitation of any offer to buy, or any investment advice in connection with any securities of Kleos, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Kleos Space S.A.

ABN

625 668 733

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter EURO'000	Year to date (3 months) EURO'000
1. Cash flows from operating activities		
1.1 Receipts from customers	59	59
1.2 Payments for		
(a) research and development	-4	-4
(b) product manufacturing and operating costs	-136	-136
(c) advertising and marketing	-53	-53
(d) leased assets		
(e) staff costs	-814	-814
(f) administration and corporate costs	-645	-645
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	-1	-1
1.6 Income taxes paid	-29	-29
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-1,623	-1,623
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-741	-741
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter EURO'000	Year to date (3 months) EURO'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-741	-741

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1	1
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	25	25
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-9	-9
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	17	17

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,785	5,785
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-1,623	-1,623
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-741	-741

Consolidated statement of cash flows		Current quarter EURO'000	Year to date (3 months) EURO'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	17	17
4.5	Effect of movement in exchange rates on cash held	204	204
4.6	Cash and cash equivalents at end of period	3,642	3,642

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter EURO'000	Previous quarter EURO'000
5.1	Bank balances	3,642	5,785
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,642	5,785

6.	Payments to related parties of the entity and their associates	Current quarter EURO'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end EURO'000	Amount drawn at quarter end EURO'000
7.1	Loan facilities	137	137
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The company has received a loan of €146,456.98 from the Luxembourg government. The loan bears interest at 0.5% with repayment over the 4 years 2022 to 2025.		

8.	Estimated cash available for future operating activities	EURO'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,623
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,642
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	3,642
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.24
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 April 2022.

Authorised by: The Board.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.