

ASX RELEASE

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Satellite Assets and Data Delivery Update

Kleos Space S.A. (ASX: KSS, Frankfurt: KS1) (Kleos or Company), a space-powered defence & intelligence technology company, provides an update on its satellite assets and data delivery.

The Company notes that it has made significant technological advancements across its proprietary signal processing technology which enables geolocation from data collection with as few as two satellites in a cluster. This technological innovation is not only a valuable asset but also significantly reduces the revenue risk associated with all the challenges of operating satellites.

The Company also notes that it has previously disclosed anomalies of two individual satellites, KSF1-C in the Vigilance Mission and KSF2-B in the Patrol Mission. The Company continues to work with the manufacturer ISISPACE to resolve these anomalies however the Company has determined conservatively to impair both satellites as further detailed below. The Company notes that this decision was made today.

The Company reiterates that last week it achieved the milestone of daily product data delivery to its early adopters and that this data delivery is unaffected.

The data delivery milestone includes delivery of the Kleos Guardian LOCATE data product that is generated by processing raw data collected by satellite missions using Kleos' proprietary intelligence platform to deliver frequency, time, latitude and longitude of radio frequency activity to a high accuracy, and is sold on an Area-of-Interest basis.

As previously disclosed, in October 2022 the Company identified an anomaly of a single satellite (KSF1-C) in the Vigilance Mission that was preventing the satellite from supporting the mission. Due to the technical complexity of satellite launch and early operations it is common for technical issues to result in extended periods of time whilst solutions are sought and implemented. In most instances such technical issues are not deemed material, as they are subsequently resolved, and the satellite restarts operations. In this case, the satellite manufacturer believes the anomaly can be resolved, but Management has taken a conservative position by recommending that the satellite is impaired. Despite the impairment, the remaining Vigilance Mission satellites will still be contributing the anticipated revenues over its remaining 18-month mission life. Furthermore, once the manufacturer has resolved the anomaly, a reversal of the impairment will be pursued.

Following the recent disclosure that one of the Patrol Mission satellites (KSF2-B) had an anomaly, Management has recommended also to impair this satellite. As with KSF1-C, the manufacturer believes the satellite's anomaly can be resolved, but due to the technical risk and timescale Management is taking this more conservative position. Due to the inherent redundancy of the



Kleos satellite cluster architecture, the remaining Patrol Mission satellites are capable of maintaining both the anticipated future revenues and earnings, despite the individual asset impairments.

Kleos' radio frequency geolocation data enhances the intelligence, surveillance, and reconnaissance (ISR) capabilities of governments and commercial entities. It complements existing datasets to improve the detection of illegal and hidden activity such as piracy, drug and people smuggling, illegal fishing and border challenges.

The Company emphasises that the remaining satellites in the Vigilance Mission (KSF1) and the Patrol Mission (KSF2) will be able to remain in commercially viable operation, notwithstanding the two satellite impairments. Furthermore, Kleos does not believe these two satellite impairments will impact future cash flows or revenue generation from the Kleos constellation. The Company will impair the carrying value of both satellites as of 31 December 2022, resulting in an expected EUR 1.4 million impairment expense.

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This announcement has been authorised by the Company's Board of Directors.

For further information, please contact:

Kleos Space S.A.

Alan Khalili

LUX P: +352 2088 2290

UK P: +44(0)330 0571886

US P: +1 202-866-8794

E: alan.khalili@kleosglobal.com

Reign Advisory

AUS P: +61 2 9174 5388

E: kss@reignadvisory.com

About Kleos Space S.A.

Kleos is a Space-powered defence & intelligence technology Company with operations in Luxembourg, the U.S. and U.K. Kleos uses RF sensors in Space to collect radio transmissions (RF Data) in key areas of interest around the globe. Collected data is processed through Kleos' proprietary processing platform delivering an intelligence output, in order to efficiently uncover and expose activity on land and sea. Intelligence product customers, including analytics and intelligence entities, license data on a subscription basis (Data-as-a-Service aka DaaS), 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 performed 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, was launched in January 2023. For more information visit: www.kleos.space