

ASX RELEASE

14 March 2023

Operations Approval Obtained and Technical Update

Kleos Space S.A. (ASX: KSS, Frankfurt: KS1) (Kleos or Company), a space-powered defence & intelligence technology company, is pleased to confirm the extension of its Luxembourg spacecraft operational authorisation, and to provide an update following entering operational phase with daily data delivery to customers.

Spacecraft Operations Authorisation

As advised in the Company's activities report lodged with ASX on 31 January 2023, the renewal of the space operations authorisation had been delayed. The Luxembourg Ministry of Economy has now confirmed that the authorisation for the Company to operate a constellation of up to eighty spacecraft has been issued, following fulfilment of the administrative requirements of a new licencing regime, that was required to be completed by 17 March 2023.

Intelligence Product Delivery

Kleos' intelligence products have now been delivered to Government and commercial customers against a daily operational service level for a consistent two-month period.

The Company offers Geospatial Intelligence (Guardian LOCATE) products that are generated by processing data collected by Kleos satellites over predefined Standard Collection Zones (**SCZs**) that contain numerous customer areas of interest. Current SCZs are Europe and Asia Pacific. Revenues are generated by selling subscriptions granting a license to access all available intelligence products on a SCZ basis, including to an additional government intelligence agency to which products are being delivered in Q1 and Q2.

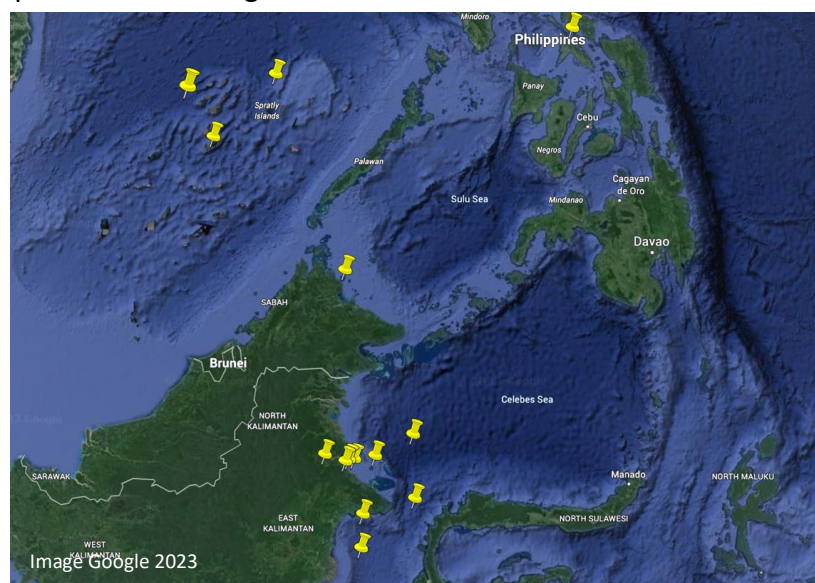


Figure 1: Example of Kleos Intelligence Product output from the APAC SCZ

Figure 1 illustrates the Kleos geospatial intelligence product output, delivering exceptionally accurate location of handheld radio communication transmitters being used in heavily-contested areas of the earth such as the South China Sea.

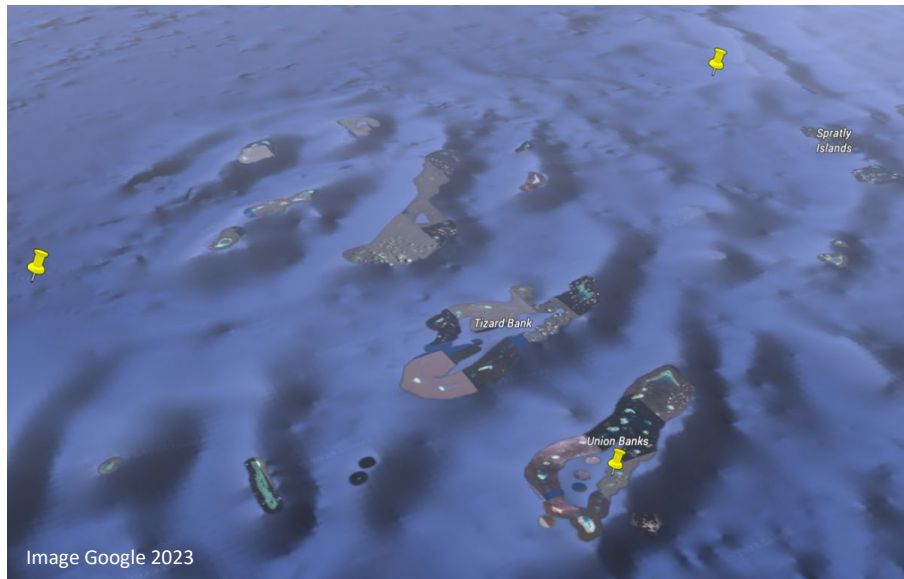


Figure 2: Located (ranging from 0.5km to 8km accuracy) Radio Activity in the contested Spratly Islands from where Chinese Fishing Militia are understood to operate. Activity was located on 9 March 2023 at Union Banks

The users of Kleos' intelligence products gain valuable insights into human activity where tracking systems are not used or obfuscated (for example, ship AIS transponders are often not used near contested islands in the South China Sea) or imagery when restricted by cloud cover.

Revenue & Contract Delivery¹

Following entering operational mode, the Company announced revenue recognition of €900k (A\$1.4 million) in February. Evaluation data is now being accessed by 12 government agencies and 31 commercial entities. The Company is working on converting the evaluation agreements into growing revenues.

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This announcement has been authorised by Executive Director, Andrew Bowyer.



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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, 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

¹The statements relating to the constellation status, delivery of the data product and revenue timings involve known and unknown risks, uncertainties and other factors that may cause the Company's actual performance, and achievements to differ materially from any performance or achievements, expressed or implied by these statements including the ability of any individual satellite to generate useful collected data. Relevant factors may include, but are not limited to, technological resourcing, technical and launch delays, satellite health status, the ability for the satellite manufacturer to resolve any known or unknown issues in a timely manner, accounting treatment of assets to comply with IFRS rules, 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. The Company monitors these factors to make periodic assessments, which could result in the impairment of the intellectual property and satellite assets which are not able to contribute to free cash flow as intended. There is a risk that the long-term revenues associated with the cluster may be negatively impacted and/or that short-term revenues may be delayed until the next cluster becomes commercially operational. 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.