

ASX RELEASE

07 July 2023

Voluntary Suspension & Satellite Assets Update

Kleos Space S.A. (ASX: KSS, Frankfurt: KS1, Kleos or Company), a space-powered defence & intelligence technology company, provides an update on the voluntary suspension in trading of its listed securities (which commenced on 3 May 2023), and on the status of its satellite assets.

Financing

The Company advises that it is still working with its mandated broker to progress a secured converting note facility, which will fund initiatives to advance technical, commercial, and corporate milestones in 2023. The Company is advised that the process is taking longer than expected due to competing end of financial year commitments for market participants, and the Company is optimistic that the financing will be completed as planned.

Kleos is pleased to announce it has received additional support from the Company's financier, which has allowed an additional draw down of A\$650,000 under its existing debt facility. This funding should provide working capital for the Company through to the second half of July 2023, while a capital-raising transaction is being completed. (See the announcement lodged with ASX on 12 August 2022 for details of the facility arrangements). Once binding commitments have been received under the converting note facility, the Company is confident that it will be able to access additional debt funding to meet working capital requirements between announcement of a transaction and completion.

Assets

Kleos currently has three clusters (data collecting missions) in orbit. Vigilance Mission (KSF1) is operational, Patrol Mission (KSF2) is completing commissioning and expected to be operational in Q423, and Observer Mission (KSF3) is completing commissioning and expected to be operational in Q323.

Following a regular technical review of the Kleos satellite constellation, the Company has determined to impair two satellites (one each from KFS2 cluster and KSF3 cluster), given that Management has formed the view that the chance of successfully addressing the technical issues affecting operational value is low ($\leq 50\%$). The impairments are expected to result in a non-cash expense of EUR 1.5 million in the Company's accounts. Notwithstanding the impairment, recovery and repurposing efforts for the KSF3 satellite will continue after the clusters are fully commissioned. If the KSF3 satellite is brought back into operation, a reversal of the impairment will be pursued.



Despite the impairment, the Company's remaining satellites are still contributing the anticipated data, and no impact is anticipated on customer contracts, data product delivery, capability operational dates, cash generation or revenue targets previously disclosed to the market.

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

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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 R.F. 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, or DaaS), for government and commercial use cases – aiding better and faster decision making. For more information visit: www.kleosglobal.com