



Naval Air Systems Command Awards Kratos Sole Source \$29.2 Million Initial Contract for Full Rate Production (Lot 1) of the BQM-177A Subsonic Aerial Target System

October 5, 2020

SAN DIEGO, Oct. 05, 2020 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS), a leading National Security Solutions provider and industry-leading provider of high-performance, jet-powered unmanned aerial systems, announced today that Kratos has received an initial \$29,221,165 Full Rate Production (FRP) contract for Lot 1 of the BQM-177A Subsonic Aerial Target (SSAT) from the U.S. Navy for the procurement of 35 targets aircraft and technical data.



BQM-177A Subsonic Aerial Target

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/501adb2b-7f89-493d-b4d3-82c5ee9f33d9>

Steve Fendley, President of Kratos Unmanned Systems Division, said, "This FRP 1 award, coupled with the site activation efforts we are undertaking around the globe in support of the U.S. Navy, in spite of the significant challenges posed by the current pandemic, represents a huge stride forward towards achievement of Full Operational Capability for the BQM-177A SSAT within the coming fiscal year. Kratos is immensely proud of our role as the sole-source provider of this high-performance unmanned aerial system emulating the most advanced cruise missile threats posed by potential adversaries. We look forward to providing this revolutionary and evolutionary capability to the U.S. Navy and its allied and coalition partners for the next several decades, with this program and platform expected to be one of our most important and fastest growing."

The work under this contract will be primarily conducted in Kratos facilities in Sacramento, CA, and Ft. Walton Beach, FL. Total contract value if the options for Lots 2 and 3 are both exercised at the maximum production quantities is \$130,133,795.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS) develops and fields transformative, affordable technology, platforms and systems for United States National Security related customers, allies and commercial enterprises. Kratos is changing the way breakthrough technology for these industries are rapidly brought to market through proven commercial and venture capital backed approaches, including proactive research and streamlined development processes. At Kratos, affordability is a technology, and we specialize in unmanned systems, satellite communications, cyber security/warfare, microwave electronics, missile defense, hypersonic systems, training, combat systems and next generation turbo jet and turbo fan engine development. For more information, please visit www.KratosDefense.com.

Notice Regarding Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future

events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 29, 2019, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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Source: Kratos Defense & Security Solutions, Inc.