



## Naval Air Systems Command Awards Kratos Sole Source \$49.6 Million Initial Contract for Full Rate Production (Lot 4) of the BQM-177A Subsonic Aerial Target System

February 23, 2023

SAN DIEGO, Feb. 23, 2023 (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 a \$49,568,200 Full Rate Production (FRP) contract for Lot 4 of the BQM-177A Subsonic Aerial Target (SSAT) from the U.S. Navy for the procurement of an additional 55 aircraft, mission kits, certain flight consumables, and technical data.



*Kratos BQM-177A Subsonic Aerial Target is launched from a ship during a recent training mission is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/b78b901b-31db-481f-8c07-e7ffe5c08867>*

**Steve Fendley, President of Kratos Unmanned Systems Division**, said, "Since becoming an aerial target system provider in the early 2000s, Kratos has produced and delivered well over 1,000 high performance jet target aircraft across our family of systems and customers. For the U.S. Navy, following the first full-rate production award in October 2020, the combined Navy-Kratos team has completed activation of all four operational sites around the globe; delivered an additional 77 BQM-177A SSAT Air Vehicles; and declared full operational capability. To have achieved all of this during the pandemic – with unprecedented labor and supply chain disruptions and a very unusual economic environment – is nothing short of remarkable. Today's announcement marks the next step in our continuing efforts to provide world class training capabilities to the U.S. Navy and its allied and coalition partners for the next several decades and beyond. I couldn't be more proud of this team and its exceptional achievements. We are laser-focused on the customer mission capability and these incredibly high-performance-to-cost-ratio systems that deliver key, threat representative capabilities to support the Navy's ever increasing (quantity, technical, performance) training and test needs."

**Don Blottenberger, Program Manager for the Navy's Aerial Targets program office (PMA-208)**, said, "The BQM-177 is quickly becoming a workhorse of the Navy targets inventory. Target presentations have never been more important than they are right now based on real world events and new capabilities under development. It provides reliable presentations of evolving missile and aircraft threats to test our developmental weapon systems and provide training to our deploying sailors preparing to go into harm's way. The hard work of the team — one team across Kratos and the Navy Aerial Targets office — will provide cost effective, quality target presentations through the next decade."

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 5, 6, and 7 are all exercised at the maximum production quantities is \$227,647,890.

### 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, small to mid-sized jet engines and technology, training, and combat systems. For more information go to [www.KratosDefense.com](http://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 25, 2022, 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.

**Kratos BQM-177A**



**Kratos BQM-177A Subsonic Aerial Target is launched from a ship during a recent training mission.**