



Air Force Awards Kratos Sole Source \$79.8 Million Contract for 60 BQM-167A Target Aircraft Systems (Lot 20)

September 17, 2024

SAN DIEGO, Sept. 17, 2024 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq: KTOS), a technology company in Defense, National Security and Global Markets, today announced that Kratos has received a \$79,870,161.48 Firm Fixed Price delivery order for the Lot 20 procurement of 60 aircraft, mission kits, certain flight consumables, and technical data for the BQM-167A Air Force Subscale Aerial Target (AFSAT) under a five-year base contract. The award incorporates Gas, Aero, Payload, Power (GAPP) enhancements that include the largest capability upgrade to date for the BQM-167A Product Baseline. The increased capabilities provided by the GAPP upgrade marks an indisputable enhancement in the BQM-167A's evolution to keep pace replicating more advanced threats, thereby improving the weapon systems verification and training efforts the BQM-167A helps enable for the USAF. This contract also represents the largest single buy of BQM-167As by the Air Force Life Cycle Management Center, Eglin AFB, Florida.



Kratos / USAF BQM-167A AFSAT in Flight with Extremal Mission Payloads

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/3fa3de68-7494-4fbd-83d1-506c8ca9333c>

Steve Fendley, President of Kratos Unmanned Systems Division, said, "As our nation's peer threat countries continuously grow their capabilities in both technology and mass, our country must train our military and test our defenses against current, relevant, accurate, and representative threat systems. Kratos is proud its BQM-167A has been a part of this solution for over 20 years and of the GAPP upgrades which increase the capability and extend the relevance of this affordable threat representative aircraft for years to come. We appreciate the collaborative, cooperative, positive team relationship we share with the USAF which enables Kratos and the USAF's personnel to work in concert to realize these critical capability systems for our nation's defense."

Work will be performed at a Kratos manufacturing facility. Total contract value if the options for Lots 17-21 and Spares are all exercised at the maximum production quantities is \$374,043,801.76.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS) is a technology, products, system and software company addressing the defense, national security, and commercial markets. Kratos makes true internally funded research, development, capital and other investments, to rapidly develop, produce and field solutions that address our customers' mission critical needs and requirements. At Kratos, affordability is a technology, and we seek to utilize proven, leading-edge approaches and technology, not unproven bleeding edge approaches or technology, with Kratos' approach designed to reduce cost, schedule and risk, enabling us to be first to market with cost effective solutions. We believe that Kratos is known as an innovative disruptive change agent in the industry, a company that is an expert in designing products and systems up front for successful rapid, large quantity, low-cost future manufacturing which is a value add competitive differentiator for our large traditional prime system integrator partners and

also to our government and commercial customers. Kratos intends to pursue program and contract opportunities as the prime or lead contractor when we believe that our probability of win (PWin) is high and any investment required by Kratos is within our capital resource comfort level. We intend to partner and team with a large, traditional system integrator when our assessment of PWin is greater or required investment is beyond Kratos' comfort level. Kratos' primary business areas include virtualized ground systems for satellites and space vehicles including software for command & control (C2) and telemetry, tracking and control (TT&C), jet powered unmanned aerial drone systems, hypersonic vehicles and rocket systems, propulsion systems for drones, missiles, loitering munitions, supersonic systems, space craft and launch systems, C5ISR and microwave electronic products for missile, radar, missile defense, space, satellite, counter UAS, directed energy, communication and other systems, and virtual & augmented reality training systems for the warfighter. For more information, 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 31, 2023, 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.

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