



Kratos Receives \$34.8M Contract for Valkyrie Mission System Integration

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SAN DIEGO, Jan. 21, 2025 (GLOBE NEWSWIRE) -- [Kratos Defense & Security Solutions, Inc.](#) (Nasdaq: KTOS), a Technology Company in Defense, National Security and Global Markets, announced today a \$34,856,449 award modification to a previously awarded cost-plus-fixed-fee contract from the U.S. Marine Corps. The expanded scope is to support the XQ-58A Unmanned Aerial Systems mission systems and subsystems integration for the Marine Air-Ground Task Force Unmanned Aerial System Expeditionary (MUX) Tactical Aircraft (TACAIR).

Since 2022, Kratos and its industry partner, Northrop Grumman, have been working with the U.S. Marine Corps to define operational requirements for the MQ-58 Valkyrie variant. The team recently demonstrated advanced collaborative capabilities during the Penetrating Affordable Autonomous Collaborative Killer Portfolio (PAACK-P) program, which is transitioning to MUX TACAIR in 2025. The modification contract provides the additional non-recurring engineering and material to support the planned spiral developmental efforts, as well as additional flight tests for the continuing capability enhancement of the Valkyrie system.

Work under this contract will be performed in Sacramento, California, Oklahoma City, Oklahoma, China Lake, California and Patuxent River, Maryland.

Col Derek Brannon, Director of the HQ USMC Cunningham Group, said, "The U.S. Marine Corps is at the vanguard of collaborative combat aircraft (CCA) development and intends to field an operational CCA squadron with a tactically relevant aircraft equipped with effective, affordable mission system payloads."

Steve Fendley, President of Kratos Unmanned Systems Division, said, "The Valkyrie is validating the thesis that uncrewed system development and evaluation can be executed at a fraction of the cost and schedule required for manned military jet aircraft systems. The immediate takeaway is recognizing that uncrewed systems can be teamed in the very near term with existing fielded manned aircraft—reducing risk and increasing effectiveness and life of the manned systems long before replacement or next generation manned systems can be fielded, not to mention afforded. It's an incredible opportunity."

The Kratos XQ-58A Valkyrie is a high-performance, runway-independent tactical unmanned aerial vehicle capable of long-range flights at high-subsonic speeds. Combining affordability, survivability, long-range, high-subsonic speeds, maneuverability and ability to carry flexible mission kit configurations and mix of lethal weapons from its internal weapons bay and wing stations, the XQ-58A provides unmatched operational flexibility at an affordable price for multiple DoD customers.

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.

Press Contact:

Claire Burghoff

claire.burghoff@kratosdefense.com

Investor Information:

877-934-4687

investor@kratosdefense.com



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