

**ASX RELEASE****28 August 2023****Company Update and Bankruptcy Proceedings**

**Kleos Space S.A. (ASX: KSS, Frankfurt: KS1, Kleos or Company)**, a space-powered defence & intelligence technology company, advises that the bankruptcy filing in Luxembourg which was initially envisaged to be lodged by 26 August 2023 (see the announcement lodged with ASX on 26 July 2023), based on the information available at that time, is no longer expected to be made on that timeline given the current situation of the Company.

Post the announcement on 26 July 2023, the Company received formal Expressions of Interest from multiple parties regarding the Company and Company assets. The Board appointed a specialist to run a formal process with the objective of realising value for all parties from the Company and/or the Company's assets. The current process calls for binding offers to be submitted on 31 August 2023.

The Company's financier has informed the Company that due to the level of interest received from parties, forbearance will now be extended on the loan facility term to allow the process to conclude (See the announcement lodged with ASX on 12 August 2022 for details of the facility arrangements).

Further, given the progress being made on the sale process and the interest of various parties in the Company, there is now a credible prospect of viable alternative financial accommodation that would enable the Company to meet its financial commitments.

After receiving advice and based on its own assessment of the situation, the Company's Board has considered that the cumulative legal conditions for bankruptcy are not met on the date hereof and, on that basis, has decided not to file for bankruptcy with the relevant commercial district court in Luxembourg as initially envisaged, until further notice.

The Board will continue to closely monitor the status of the Company regarding Luxembourg legal conditions as the process evolves over the coming days and should the current situation change resulting in the legal conditions for bankruptcy being met, the petition will be filed in accordance with Luxembourg law. Further details, including contact details of any bankruptcy receiver appointed, will be provided once and if the petition has been adjudicated.

While the petition is pending, trading in the Company's securities will remain suspended.

*This announcement has been authorised by the Company's Executive Director.*

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