



Sky and Space Global Ltd  
ABN 73 117 770 475

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30 October 2018

**ASX Code: SAS**

## September 2018 Quarterly Activity Report

### Highlights

- The September quarter has seen material progress towards the launch of the Pearls in 2019, and full commercialisation to follow immediately thereafter
- SAS named 2018 'Global Nano-satellite Company of the Year' in Frost & Sullivan 'Best Practice Awards', winning this industry award against other leading satellite companies
- Multiple binding Memorandum of Understanding (MoU) agreements signed in the Caribbean following a successful demonstration of technological capabilities
- MoU signed with Chinese launch provider – China Great Wall Industry Corporation, to explore the provision of launch services to SAS
- Hardware and software projects reaching final stages in preparation for the launch of the first batch of Pearls, on track for 2019
- Search for two independent directors underway to bring additional telecommunications industry and senior corporate expertise to the Board

Sky and Space Global Ltd (**ASX:SAS, "Sky and Space Global" or "the Company"**) has today published its Appendix 4C for the three-month period ending 30 September 2018.

### Strategic Highlights

#### Frost & Sullivan recognise SAS achievements

In a landmark achievement, SAS was named Global Nano-satellite Company of the Year for its narrow band satellite and connectivity services, by industry leading global consulting firm Frost & Sullivan. The Frost & Sullivan 'Best Practice Awards' recognise companies across global markets for superior leadership, technological innovation, customer service and strategic product development.

This marks the second award won by the Company, following its 2016 success as the winner of the Global Technology Innovation award.

#### Commercial traction

During the September quarter, the Company delivered significant commercial traction in South America and the Caribbean, with multiple new service agreements signed following a number of successful technical demonstrations using the Company's 3 Diamonds.

As a result of these demonstrations, SAS secured binding MoU agreements with Caribbean internet service provider, Foundation Busie Suriname (FBS) and The Organisation of Eastern Caribbean States (OECS).

Both strategic MoU agreements represent the commitment to collaborate and explore how SAS' connectivity platform can be incorporated into FBS and OECS infrastructure to enhance the feasibility, accessibility and reliability of their service offering. All binding agreements have a commercial annex which details specific payments, number of SAS End User Devices required, and pricing.

Additionally, all MoUs serve as a precursor to the signing of full commercial agreements.

The Company also signed a MoU with Chinese launch services provider, China Great Wall Industry Corporation (CGWIC) to explore and assess CGWIC's offering against SAS' launch requirements. This also serves as a precursor to a potentially more definitive commercial agreement, contingent on the outcomes of the assessment.

Subsequent to the quarter, the Company has secured a further five binding MoU agreements with strategic international connectivity providers, supporting the business model of building strong industry relationships prior to launch of the Pearls.

## Operational highlights

### Hardware and Software projects

In the lead up to the launch of the first Pearls in 2019, SAS has in 2018 fully dedicated its full management attention and resources to its hardware and software projects, to ensure the successful deployment of the nano-satellites from the first launch. As a result, SAS made significant progress in the development of its proprietary software, which utilises unique network management and data compression. This IP is an asset for the Company as distinguishes it from other satellite connectivity providers.

#### Hardware Projects Significantly Advanced-

- The Equatorial Pearl Constellation design phase nearing completion
- Canisters development
- Canisters supporting structure – the village
- Propulsion system development
- End user devices technology systems

#### Software Projects Significantly Advanced-

- Payload and constellation management
- Systems of systems simulator
- Fuel consumption software
- Ground station software
- Company operations software systems integration

The SAS narrow band nano-satellite connectivity network has been operational for over 12 months now, and is not only operationally proven and technically robust, but is unique in the global telecommunications industry and has the potential applications to be used and further commercialised by third parties.

### **Corporate - Board Changes**

SAS commenced a formal search for two independent directors, to add to the Board senior executive experience and success from the telecommunications and technology industries, to add proven industry expertise with corporate success to assist the Board with the commercialisation phase of the Company. The recruitment process being is led by a leading Australian executive recruitment firm that is searching for candidates with extensive experience within telecommunications and sales roles to fill the non-executive director and non-executive chairman roles.

As part of this process as announced in September, Brett Mitchell stepped down as an Executive Director to a Non-Executive Director role until replaced with one of the new director appointments. Mr Mitchell remains strongly committed to the Company's future success and will remain the Board's corporate advisor, leading the Cheiftain Securities team for SAS. He will continue to play a key role in driving the Company's corporate finance and funding strategy as it moves towards its first material revenues in 2019, following the launch of the first batches of Pearl nano-satellites.

### **Outlook**

The Company continue to focus its attention on demonstrating the elite capabilities of the nano-satellite network and on building industry relationships to secure commercial agreements aiding the growth and commercialisation of the Company.

### **Sky and Space Global's Managing Director and CEO, Mr. Meir Moalem said:**

"We are very excited to be entering the final months of 2018 as the launch of the first batch of Pearls is now within sight, especially with the recent sign off of the CDR with GomSpace. We have achieved a great deal during the last quarter and we are in great shape as we head into 2019 towards the commencement of our first significant revenue streams."

--Ends--

### **For more information contact:**

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#### **Sky and Space Global Ltd**

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## About Sky and Space Global Ltd

Sky and Space Global Ltd is an ASX listed (SAS) satellite company with European and Israeli centres of Aerospace, Satellite and Software Industry Experts.

The Company's core business is to operate a communications infrastructure based on nanosatellite technology and develop highly sophisticated software systems that will deploy, maintain orbit control and handle the communication network in space to provide a global coverage. The Company successfully launched its first three nanosatellites, the '3 Diamonds', into space in June 2017 and is preparing for the launch of a constellation of 200 more nanosatellites by 2020.

The Company's vision is to provide affordable communication coverage and services to anyone, anywhere, anytime with relatively low maintenance costs. This will enable Sky and Space Global to deliver cost-effective communications infrastructure and services to those who need it most and to disrupt the telecommunications and international transport industries. Sky and Space Global Ltd owns 100% of Sky and Space Global (UK) Limited.

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+Rule 4.7B

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

#### Name of entity

SKY AND SPACE GLOBAL LTD

#### ABN

73 117 770 475

#### Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,117)	(1,117)
(c) advertising and marketing	(90)	(90)
(d) leased assets	(29)	(29)
(e) staff costs	(179)	(179)
(f) administration and corporate costs	(203)	(203)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	526	526
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,076)</b>	<b>(1,076)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(46)	(46)
(b) businesses (see item 10)	-	-



**Appendix 4C**  
**Quarterly report for entities**  
**subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (including development of nano-satellite and launch services)	(863)	(863)
(f) other non-current assets (capitalised development costs)	(1,361)	(1,361)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2,270)</b>	<b>(2,270)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(39)	(39)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(39)</b>	<b>(39)</b>



**Appendix 4C**  
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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,888	8,888
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,076)	(1,076)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,270)	(2,270)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	(39)
4.5	Effect of movement in exchange rates on cash held	16	16
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,519</b>	<b>5,519</b>

<b>5. Reconciliation of cash and cash equivalents</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	5,519	9,005
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>		

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
389

Director and executive services fees and reimbursement of corporate expenses



<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	86
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Reimbursements of corporate, legal and administrative costs

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

NIL

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(923)
9.3 Advertising and marketing	(525)
9.4 Leased assets	(29)
9.5 Staff costs	(327)
9.6 Administration and corporate costs	(313)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,117)</b>





<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

[lodged electronically without signature]

Sign here: ..... Date: 30 October 2018  
 Managing Director

Print name: Meir Moalem

**Notes**

1. The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.