



Sky and Space Global Ltd
ABN 73 117 770 475

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31 January 2019

ASX Code: SAS

Sky and Space continues to successfully progress towards launch by mid-2019

Q4 2018 highlights:

- Multiple Memorandums of Understanding (MoUs) signed to underpin future revenue
- Successful demonstration using the 3 Diamonds nano-satellites network at AfricaCom conference
- R&D grant awarded and tax rebate received
- Progress towards launch after Pearls Critical Design Review (CDR) milestone achieved
- Board strengthened by two new independent directors (including Chairman) with significant telecommunications and technology experience
- On track for 1st batch launch of 16 nano-satellites mid-2019, with expected annualised revenue of \$10-12 million from existing customers (Q4 2019 onwards)

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 31 December 2018.

Strategic Highlights

Securing multiple MoUs to underpin future revenue

During the December quarter, SAS signed multiple MoUs with companies located in Canada, U.K., India, the Caribbean and North and South America, including:

- Two Brazilian internet and communications providers Inosat Telecom and AltaRede Corporation
- Canadian data acquisition company SkyX
- U.K. based independent telecommunications solutions provider, Applied Satellite Technology
- Indian based international telecom services provider, Globe Teleservices.

As a pre-cursor to signing definitive revenue generating agreements once the launch of the Pearls constellation is complete, these MoUs underpin the Company's future revenue generation ability and its vision to provide connectivity for people all around the world.

In addition to the MoU's the Company also signed a strategic distribution agreement with Globalsat Group LLC, for the provision of its connectivity services including machine to machine (M2M) and internet of things (IoT) to Latin America from the Pearl Constellation of nano-satellites.

Successful demonstration of SAS's 3 Diamonds at the AfricaCom conference

In November, SAS demonstrated its telecommunications network capabilities using the 3 Diamonds nano-satellite network for live calls and instant messaging at the AfricaCom conference in South Africa. The team presented to over 14,000 attendees via demonstrations, 1on1 meetings, panel discussions and presentations. This conference gave SAS exposure to the African market with a population of over 1.2 billion people and appetite for telecommunications innovation. This was another significant step forward in securing additional strategic partnerships for SAS's Pearls constellation of nano-satellites.

Operational Highlights

R&D grant awarded by the Polish government and tax rebate received from the UK tax authority

SAS reached a significant operational milestone by securing a R&D grant from the Polish government and the EU. The grant, worth approximately \$500,000, will initiate a project into Machine to Machine device and smart grid innovations – providing network operators in remote locations easier access to telecommunication connectivity, allowing for easier aggregation of service offerings and effective network monitoring. This project will be undertaken in collaboration with the expert Electronics Faculty at the Wroclaw University in Poland.

In December, SAS received a rebate of GBP497,171 from HMRC, the UK tax authority, in relation to the R&D tax claim submitted by the UK company for the year to 30 June 2018. The rebate translates to \$870,000 and is higher than the \$700,000 estimate disclosed in the 2018 annual report.

Project proceeds to next phase after Pearls CDR milestone achieved

The CDR for the Pearl nano-satellites was completed by GomSpace, leading to the commencement of the nano-satellites to the assembly and integration phase. GomSpace is a European based, Nasdaq listed contractor specialising in the construction and testing of bespoke nano-satellites.

The completion of this review was an important milestone for the Company, as all hardware and software requirements presented by Gomspace, SAS's aerospace construction partners, were approved by the Company. This allows for the nano-satellites to move forward to the next phase of construction and integration.

Board strengthened by two new independent directors (including Chairman) with significant telecommunications and technology experience

In October, Mr. Michael Malone, the founder of iiNet and a highly experienced company director, was appointed to the role of non-executive Chairman. Mr. Malone brings with him a wealth of experience and leadership qualities in the telecommunications and technology sectors. Mr. Malone currently holds Board roles with multiple large companies including SpeedCast (ASX:SDA), Superloop (ASX:SLC), Diamond Cyber Pty Ltd, Seven West Media (ASX:SWM) and nbnco.

In December, Ms. Di Fulton was appointed to the Board as a non-executive Director and Chair of the Audit and Risk Committee. Di has very strong commercial and governance expertise making her an excellent fit for the role.

On track for 1st batch launch mid-2019, with expected annualised revenue of \$10-12 million

Having successfully achieved the CDR milestone, and further MoUs to underpin revenue generation signed, SAS has had a successful quarter that see the Company continue to be on track for 1st batch launch of 16 nano-satellites in mid-2019. At this point in time, the annualised revenue from the first batch of nano-satellites (which will ultimately number over 200) is expected to be \$10-12 million from existing customers (Q4 2019 onwards).

--ENDS--

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Sky and Space Global Ltd

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Managing Director

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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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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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,573)	(2,690)
(c) advertising and marketing	(128)	(218)
(d) leased assets	(24)	(53)
(e) staff costs	(294)	(473)
(f) administration and corporate costs	(413)	(616)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	889	1,415
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,540)	(2,616)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(60)	(106)
(b) businesses (see item 10)	-	-



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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (including development of nano-satellite and launch services)	(1,599)	(2,462)
(f) other non-current assets (capitalised development costs)	(636)	(1,997)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(2,295)	(4,565)
3. Cash flows from financing activities		
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	(28)	(67)
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)	-	-
3.10 Net cash from / (used in) financing activities	(28)	(67)



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,519	8,888
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,540)	(2,616)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,295)	(4,565)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(28)	(67)
4.5	Effect of movement in exchange rates on cash held	(233)	(217)
4.6	Cash and cash equivalents at end of quarter	1,423	1,423

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
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	1,423	5,519
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,423	5,519

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

Current quarter \$A'000
352

Director and executive services fees and reimbursement of corporate expenses



7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	95
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

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	(411)
9.3	Advertising and marketing	(322)
9.4	Leased assets	(29)
9.5	Staff costs	(702)
9.6	Administration and corporate costs	(473)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(1,937)



10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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:
Managing Director

Date: 31 January 2019

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.