



Sky and Space Global Ltd  
ABN 73 117 770 475

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10 December 2019

**ASX Code: SAS**

## Supplementary Prospectus

Sky and Space Global Ltd (**ASX: SAS, "Sky and Space Global" or 'the Company'**) confirms that in response to the ASIC Interim Stop Order received by the Company on 21 November 2019, the Company has lodged its Annual Report for the year ended 30 June 2019 and a Supplementary Prospectus dated 10 December 2019 (**Supplementary Prospectus**).

The Company is proceeding with the Entitlement Issue under the same terms as previously announced with shareholders to subscribe for 1 Share for every 1 Share held at an issue price of \$0.005 per new Share together with 1 free attaching option exercisable at \$0.015 expiring on or before 31 May 2021 (**New Options**) for every 4 Shares subscribed for and issued totalling up to 2,175,014,261 Ordinary Shares (**Entitlement Issue**) to raise \$10,875,071.

A copy of the Supplementary Prospectus will be posted out to all eligible shareholders in coming days. Eligible shareholders that have not yet participated in the offer will also be sent a Supplementary Application Form. Shareholders that have already participated under the Prospectus dated 11 November 2019 do not need to take any action unless they wish to withdraw their application, details on this are in section 4 of the Supplementary Prospectus.

From 11 December 2019, eligible shareholders will be able to download their Entitlement and Acceptance Form online by logging onto [www.investorcentre.com/au](http://www.investorcentre.com/au) using your SRN/HIN and postcode or username and password (once logged in, select 'Statements and Documents' and click to view your form via 'Entitlement Acceptances' dated 11 December 2019).

The remainder of the timetable is set out below:

Last day to extend the Closing Date of the Entitlement Issue	Tuesday, 17 December 2019
Closing Date of the Entitlement Issue*	Friday, 20 December 2019
Securities quoted on a deferred settlement basis	Monday, 23 December 2019
ASX notified of under subscriptions	Tuesday, 24 December 2019
Issue date (Entitlement Offer)	Friday, 27 December 2019
Issue date (Placement Offer)	On or around Friday, 27 December 2019
Quotation of Securities issued under the Entitlement Issue*	Monday, 30 December 2019

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

--Ends--

**Authorised for lodgement by the Board, for more information contact:**

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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 2021.

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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**SKY AND SPACE GLOBAL LTD**  
**ACN 117 770 475**  
**SUPPLEMENTARY PROSPECTUS**

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**1. IMPORTANT INFORMATION**

This supplementary prospectus (**Supplementary Prospectus**) is dated 10 December 2019 and is supplementary to the prospectus dated 11 November 2019 (**Prospectus**) issued by Sky and Space Global Ltd (ACN 117 770 475) (**Company**).

This Supplementary Prospectus was lodged with the ASIC on 10 December 2019. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. To the extent of a conflict between the Prospectus and the Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at [www.skyandspace.global](http://www.skyandspace.global). The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

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**2. PURPOSE OF THIS DOCUMENT**

The Supplementary Prospectus has been prepared to provide investors with updated information in relation to the Prospectus, specifically:

- (a) providing an audited pro-forma balance sheet as at 30 June 2019 following lodgement of the Company's annual financial report for the financial year ended 30 June 2019 and commentary around preparation of the Company's annual financial report, specifically in relation to preparation of the on a basis other than going concern;
- (b) providing a new Chairman's letter;
- (c) including details of how the Offer price was determined;
- (d) clarifying existing disclosure around the use of funds;
- (e) updating the effect of the Offers;
- (f) including an allocation policy under the Shortfall Offer;
- (g) amending the interests of Directors' disclosure;
- (h) amending the lodgement of financial report risk factor and including going concern and onerous contract provisions risk factors;
- (i) providing an updated timetable;
- (j) providing withdrawal rights for Applications received to date under the Entitlement Offer; and

(k) providing a new Application Form in respect of the Entitlement Offer.

### 3. AMENDMENTS TO THE PROSPECTUS

#### 3.1 Timetable

The Board wishes to advise that the Closing Date of the Entitlement Offer has been extended until 5:00pm (WST) on 20 December 2019.

Accordingly, the Timetable as set out on page 4 of the Prospectus is amended as follows:

#### **KEY DATES – INDICATIVE TIMETABLE\***

<i>Lodgement of Prospectus with the ASIC</i>	<i>Monday, 11 November 2019</i>
<i>Lodgement of Prospectus &amp; Appendix 3B with ASX</i>	<i>Monday, 11 November 2019</i>
<i>Notice sent to Optionholders</i>	<i>Monday, 11 November 2019</i>
<i>Notice sent to Shareholders</i>	<i>Wednesday, 13 November 2019</i>
<i>Ex date</i>	<i>Thursday, 14 November 2019</i>
<i>Record Date for determining Entitlements</i>	<i>Friday, 15 November 2019</i>
<i>Prospectus despatched to Shareholders &amp; Company announces despatch has been completed</i>	<i>Tuesday, 19 November 2019</i>
<i>Lodgement of Supplementary Prospectus</i>	<i>Tuesday, 10 December 2019</i>
<i>Last day to extend the Closing Date of the Entitlement Offer</i>	<i>Tuesday, 17 December 2019</i>
<i>Closing Date of the Entitlement Offer*</i>	<i>Friday, 20 December 2019</i>
<i>Securities quoted on a deferred settlement basis</i>	<i>Monday, 23 December 2019</i>
<i>ASX notified of under subscriptions</i>	<i>Tuesday, 24 December 2019</i>
<i>Issue date (Entitlement Offer)</i>	<i>Friday, 27 December 2019</i>
<i>Issue date (Placement Offer)</i>	<i>On or around Friday, 27 December 2019</i>
<i>Quotation of Securities issued under the Entitlement Offer*</i>	<i>Monday, 30 December 2019</i>

*\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary. The Company expects that, upon completion of the Offers, the Company's Shares will be re-quoted on ASX, however ASX has ultimate discretion on whether and when the Company's Shares will be re-quoted.*

#### 3.2 Risk Factors

Section 3.1 of the Prospectus is deleted and replaced with the following:

*Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the*

considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

In particular, existing eligible Shareholders should note that the Entitlement Offer is unconditional and has no minimum subscription. Shareholders wishing to take up their Entitlement should therefore note that there is a risk that they may be the only investors in the Entitlement Offer. It is the Company's expectation that, upon completion of the Offers, the Company's Shares will be re-quoted on ASX, however ASX has ultimate discretion on whether and when the Company's Shares will be re-quoted.

In Section 6.1 of this Prospectus there is disclosure about the likely outcomes for the Company based on defined fundraisings levels. Shareholders should read this information carefully before making any investment decision.

### **3.3 Chairman's Letter**

Section 4 'Chairman's Letter' is deleted and replaced with the following:

*Dear Shareholders*

*On behalf of the Board of Directors, I would like to express my sincere gratitude for your continued support of Sky and Space Global Ltd since listing in 2016.*

*SAS is now on the cusp of commercialisation, supported by a revised business strategy that significantly extends the commercial opportunity for SAS through the extension of its initially planned Equatorial coverage constellation to a Global one.*

*Recent months have been challenging; however, the Company has been working hard on all fronts to advance our technology, software and commercial traction. With over 50 potential future customers already signed for future services and a strong distribution network of partners and resellers, the Company is embarking on this next phase with a clear pathway towards the launch of our first batch of 6U nanosatellites in 2020 and the goal of generating first commercial revenues.*

*With your support, and upon completion of the Entitlement Offer and the Placement Offer, the Company will be in a position to resume the required activities to achieve commercialisation: manufacturing and launch of satellites, negotiation of launch contracts, ground terminals manufacturing, negotiation of ground station contracts, setting up an operation centre with satellite operators and network engineers and other complementary activities – all with one goal: generating revenues.*

*The Company is pleased to be able to offer eligible Shareholders the opportunity to participate in this Entitlement Offer in order to support the Company's continuing efforts towards commercialisation. The Company is reliant on the support of Shareholders taking up their Entitlement, and the Placement completing, in order to raise the funds required to meet the Company's business objectives. To this end, Section 6.1 of this Prospectus includes disclosure about the likely outcomes for the Company based on defined fundraisings levels. In addition, Section 8 of this Prospectus sets out risk factors associated with an investment in the Company, in particular, that there is no minimum subscription to the Entitlement Offer and that it is highly unlikely that the Company will be able to executed its business objectives in full unless at least \$15,000,000 is raised under the Entitlement Offer and the Placement Offer. Please read this information carefully before making any investment decision.*

*In addition, Merchant Corporate Advisory Pty Ltd is acting as Lead Manager to the Offers, and has confirmed that it has built a soft book of investors to take up Shortfall that may arise under the Entitlement Offer and to subscribe for Shares under the Placement Offer on a best endeavour's basis subject to certain terms and conditions, including total firm commitments and applications for securities under the Entitlement Offer and the Placement being a minimum of \$15,875,071. In light of this, the*

Company has a relatively high degree of confidence that the capital raisings will be successful. However, if the necessary funds are not raised the Company will need to reassess its business objectives including, but not limited to, decreasing the manufacture and launch of satellites, limiting operational costs, seeking alternative additional funding and, if required, entering skeletal mode of operations until the required funding is secured. Please refer to Section 6.1 of this Prospectus for further details.

The Board of Directors and myself are dedicated to the ongoing development and growth of the Company's operations. It is my intent to participate in this Entitlement Issue and, like yourself, continue to support the Company and its business strategy.

Yours sincerely

**Meir Moalem**  
**Managing Director**

### 3.4 Effect on control of the Company

The table after the first paragraph of Section 5.8 of the Prospectus is deleted and replaced with the following:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Offer not taken Up	% post Entitlement Offer (Undiluted)	% post Entitlement Offer (Fully diluted)
Shareholder 1	10,000,000	0.46%	10,000,000	10,000,000	0.23%	0.21
Shareholder 2	5,000,000	0.23%	5,000,000	5,000,000	0.11%	0.11
Shareholder 3	1,500,000	0.07%	1,500,000	1,500,000	0.03%	0.03
Shareholder 4	400,000	0.02%	400,000	400,000	0.01%	0.01
Shareholder 5	50,000	0.00%	50,000	50,000	0.00%	0.00
<b>Total</b>	<b>2,175,014,261 Shares currently on issue</b>		<b>2,175,014,261 Entitlements under the Offer</b>		<b>4,350,028,522 Shares on issue post Entitlement Offer</b>	<b>4,679,103,655 Shares on issue post Entitlement Offer (fully diluted)</b>

**Note:**

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 3.5 Shortfall Offer

Section 5.9 of the Prospectus is deleted and replaced with the following:

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

If you wish to apply for additional Securities out of the Shortfall (**Shortfall Securities**) in excess of your Entitlement pursuant to the Shortfall Offer you may do so by completing the relevant part of the Entitlement and Acceptance Form relevant to the Shortfall Offer.

The Company reserves the right to issue an eligible shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all. All decisions regarding the allocation of Shortfall Securities will be made by the Directors and will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders.

The Company intends to allocate the Shortfall Securities under the Shortfall Offer in accordance with the following order of priorities:

- (a) firstly, pro-rata to eligible shareholders who apply for Shortfall Securities in excess of their Entitlement; and
- (b) secondly, to other third parties who may apply for Shortfall Securities or who are identified by the Directors of the Company.

The Company will have no liability to any Applicant who receives less than the number of additional Securities they applied for under the Shortfall Offer. If the Company scales back any applications for Securities under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

### 3.6 ASX Listing

Section 5.11 of the Prospectus is deleted and replaced with the following:

Application for Official Quotation of the Securities offered pursuant to the Prospectus and this Supplementary Prospectus will be made within seven days after the date of the Supplementary Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest (**Quotation Condition**).

This amendment is pursuant to the ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**Instrument**).

#### **Quotation Condition**

The Company makes the following statements regarding the Quotation Condition as required by the Instrument:

- (a) an application for admission to quotation of Shares offered under the Prospectus was made within seven days after the date of the Prospectus;
- (b) the Shares offered under the Prospectus have not been admitted to quotation as at the date of the Supplementary Prospectus;
- (c) the ASX has not, at the date of this Supplementary Prospectus, indicated that the Company's securities will be admitted to quotation, on a conditional basis or otherwise;

- (d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of the Supplementary Prospectus;
- (e) the Quotation Condition must be satisfied by 4 March 2020, being the date three months from the date of the Supplementary Prospectus; and
- (f) as at the date of the Supplementary Prospectus, the Company has received applications for 65,210,640 Shares and 22,048,110 additional Shares, being a total of 87,258,750 Shares.

### 3.7 Use of funds

Section 6.1 "Purpose of the Offers" is deleted and replaced with the following:

*The purpose of the Entitlement Offer is to raise up to \$10,875,071. No funds will be raised from the issue of the New Options.*

*The primary purpose of the Placement Offer is to raise up to a further \$5,000,000 (before costs). No funds will be raised from the issue of the New Options.*

*The funds raised from the Entitlement Offer and the Placement Offer are planned to be used in accordance with the table set out below:*

Item	Proceeds of the Offers	Full Subscription under the Entitlement Offer <sup>(1)</sup> (\$)	%	Full Subscription under the Offers <sup>(2)</sup> (\$)	%
1.	Manufacture of Satellites	3,176,000	29.2	4,764,000	30.0
2.	Launch of Satellites	1,474,000	13.5	2,211,000	13.9
3.	Operational Costs <sup>(3)</sup>	2,639,000	24.3	3,958,000	24.9
4.	Expenses of the Offer <sup>(4)</sup>	717,333	6.6	1,037,333	6.6
5.	Corporate and Working capital <sup>(5)</sup>	2,868,738	26.4	3,904,738	24.6
	<b>Total</b>	<b>10,875,071</b>	<b>100</b>	<b>15,875,071</b>	<b>100</b>

**Notes:**

1. Based on full subscription under the Entitlement Offer.
2. Based on full subscription under the Entitlement Offer and Placement Offer.
3. Consisting of costs associated with satellite insurance, a system simulator, satellite cannisters, satellite and spectrum regulation, ground terminals, ground antenna sites and the ground control centre.
4. Refer to Section 9.8 for further details relating to the estimated expenses of the Offers.
5. Consisting of general costs associated with the management and operation of the business, including administration expenses, salaries, relating to the design, construction, operation and testing of the nano-satellites, in-house software development, and management of the Group, directors' fees, rent and other associated costs.

As there is no minimum subscription for the Entitlement Offer (and the Entitlement Offer is not conditional on the Placement Offer raising any funds), the Company will accept all funds received under the Entitlement Offer. If less than the full subscription is raised under the Entitlement Offer and the Placement Offer, the Company intends to apply the funds raised as follows:

- (a) the first \$64,829 will be applied towards Expenses of the Offers;



- (b) thereafter, the funds raised will be applied as follows:
- (i) in the event total funds raised under the Offers exceed \$12,000,000, the Company will continue with the proposed business plan with the following amendments:
    - (A) manufacture and launch 4 satellites saving on cost of satellites and launch;
    - (B) limit operational costs for satellites manufacture, launch and operations related activities and vendors;
    - (C) perform additional cost reductions in relation to working capital requirements where applicable; and
    - (D) seek additional funding (through grants, debt, equity etc) to revert to the proposed business plan;
  - (ii) in the event that total funds raised under the Offers are between \$6,000,000 and \$12,000,000, the Company will scale back the proposed business plan with at least the following amendments:
    - (A) manufacture and launch 1-2 satellites, saving on cost of satellites and launch;
    - (B) limit operational costs for satellites manufacture, launch and operations related activities and vendors;
    - (C) seek additional funding (through grants, debt, equity etc) to revert to the proposed business plan; and
    - (D) perform additional cost reductions in relation to working capital requirements, including scaling back personnel to skeletal mode where appropriate; and
  - (iii) in the event total funds raised under the Offers is less than \$6,000,000, the Company will postpone its proposed business plan and will:
    - (A) enter skeletal mode of operations until funding to execute the Company's business plan is secured;
    - (B) defer manufacturing and launch of satellites, saving total costs of satellites and launch; and
    - (C) seek additional funding (through grants, debt, equity etc) to revert to the Company's proposed business plan.

In the event total funds raised under the Offers is between \$4,000,000 and \$6,000,000 the Company believes that, upon assuming the required changes as detailed above (including cost reductions, deferring of satellites production and launch) it will have enough funds to meet its operating expenditure requirements to around September 2020. The Company will need to seek additional funding in the interim to continue beyond that point.

The Board notes that the Company is constantly in the process of seeking additional funding opportunities through grants. Such grants were not included in the use of funds.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to

affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 3.8 Pro-forma balance sheet

Section 6.3 of the Prospectus is deleted and replaced with the following:

The audited balance sheet of the Company as at 30 June 2019, an adjusted balance sheet as at 30 June 2019 and the pro-forma balance sheet as at 30 June 2019 shown below have been prepared on a basis other than going concern, which includes, where appropriate, writing down the Company's assets according to their recoverable amount, and reflects the changes to the Company's financial position. The audited balance sheet **does not** include approximately \$118 million of onerous contract provisions relating to contract termination costs. The auditor's view was that these provisions should have been recognised by the Company due to the financial report being prepared on a basis other than going concern. The adjusted balance sheet shows the expected position of the Company were these provisions to be recognised at 30 June 2019. The adjusted balance sheet has been used as the starting point for calculating the proforma balance sheet.

#### Going concern

As noted in the Company's Annual Report for 2019 (released on 4 December 2019), the financial statements have been prepared on a basis other than going concern due to the lack of certainty in the ability of the Company to raise the full amount under the Offers, as well as other key uncertainties noted below. In preparing the financial statements on a basis other than going concern, the Company has continued to apply the requirements of Australian Accounting Standards taking into account that the entity is not expected to continue as a going concern.

The ability of the Group to return to and maintain the going concern basis of preparation is principally dependent upon the ability of the Group to secure funds and manage its contractual and discretionary cash outflows in line with available funds to enable the Group to meet both its current obligations and its committed future expenditure. The ability to return to the going concern basis is particularly dependant on:

- (a) the ability of the Company to raise the full amount under the Offers, especially given that the Entitlement Offer is not underwritten;
- (b) the receipt of R&D tax claims and government grants;
- (c) the successful launch of a constellation of 8 6U satellites and receipt of prepayments from customers related to ground terminals; and
- (d) the ability of the Company to negotiate successfully with key suppliers to delay or renegotiate committed future expenditure if required due to funds constraints.

#### Adverse opinion - \$118 million onerous contract provisions

The Company and its controlled entities (the **Group**) audited 30 June 2019 balance sheet does not include a liability in respect of future expenditure commitments of \$157 million arising under the Group's supplier and services contracts relating to the planned manufacture and launch of nano-satellites, as set out in note 20 to the audited financial report released on 4 December 2019. These contracts also include termination clauses that impose substantial costs on the Group should the contracts be terminated by the Group. The auditor issued an adverse audit opinion in respect of the 30 June 2019 financial report due to the non-recognition of approximately \$118 million of onerous contract provisions relating to contract termination costs. The

auditor's view was that these provisions should have been recognised by the Group due to the financial report being prepared on a basis other than going concern. Had the Group accounted for this provision an expense would have been recorded in the consolidated statement of profit and loss and other comprehensive income for approximately \$118 million with the recognition of a current liability for the same amount. This would have the effect of increasing the operating loss and decreasing shareholders' equity by \$118 million, and current and total liabilities would increase by \$118 million.

The Company notes that the auditor's position is based on a worst-case scenario and, given the Company expects to raise funds in conjunction with working with these key suppliers to ensure that ongoing contractual commitments will be met or renegotiated, the Company does not agree that these represent onerous contracts. The Company expects the benefits from these contracts will outweigh the costs as it proceeds with its business plan. Specifically, in relation to the Company's contract with GomSpace, as announced earlier this year, the Company contemplates the execution of a new definitive Pearls Agreement that, once signed, will replace the existing Pearls Agreement entered into in 2017.

In previous financial reports future expenditure commitments have been correctly accounted for within the commitments note to the financial statements and not as liabilities or contingent liabilities given that the expected benefits to be received from these contracts outweighed the unavoidable costs of meeting the relevant obligations.

The adjusted balance sheet below shows the impact of including the onerous contract provisions relating to contract termination costs of \$118 million compared to the audited balance sheet, with increases of \$118 million to both trade and other payables and increased accumulated losses. The proforma balance sheet also includes the onerous contract provisions.

As detailed in note 20 to the audited financial report, the Company has contractual commitments of \$157 million. Of this amount, \$118 million relates to potential onerous contract provisions for the completion of the design, engineering, construction and supply of the 6U and Pearl nano-satellites by GomSpace, and four launches of nano-satellites by Virgin Orbit's LauncherOne Vehicle.

As detailed in note 20 to the audited financial report, approximately \$9 million is payable in the first year, relating to the delivery of the 6U nanosatellites by GomSpace. Approximately \$52 million is payable to GomSpace relating to the Pearls Agreement, payable over years 2 to 5. The Company and GomSpace are currently negotiating in good faith to enter into a new Pearls agreement based on the principles agreed upon under the heads of agreement signed by the parties, with the mutual understanding that the new Pearls agreement shall address the Company's ongoing financial progress. The 6U agreement is subject to SAS and GomSpace finalizing a new Pearls agreement, with the Pearls program expected to proceed following the commercial launch of the 6Us.

The balance of the \$118 million, being \$57 million, relates to the significant Virgin Orbit contract termination obligations. The Company is in communication with Virgin Orbit regarding adjusting the terms of the agreement given Virgin Orbit's delayed initial commercial service and the Company's ongoing financial progress. Future payments to Virgin Orbit are expected to be spread over a multi-year period based on payment milestones regarding the revised expected launch dates.

The future funding of these costs will be sought by the Company via further capital raisings and US debt financing being negotiated with a US-based investment bank (as disclosed in the Company's ASX announcements of 20 February 2019, 9 April 2019, 30 April 2019 and 15 May 2019) mainly regarding Virgin Orbit as a US-based launcher for the Pearls nano-satellites. Due diligence is currently being undertaken by the US-based

investment bank in relation to this financing. The Company will continue to keep the market informed as and when negotiations progress.

#### Finalisation of audited accounts

Finalisation of the Company's audited accounts was delayed due to the Company's preference to finalise its report following completion of the Offers. Following the Company's consultation with ASIC in relation to this Supplementary Prospectus, the Company's audited accounts for 30 June 2019 have been finalised prior to completion of the Offers.

#### Audited, adjusted and pro-forma balance sheets

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, and the Placement Offer is completed, no Options are exercised prior to the Record Date and including expenses of the Offers.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities, including the onerous contractual provisions noted above, of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	<b>AUDITED 30 June 2019</b>	<b>ADJUSTED 30 June 2019</b>	<b>PROFORMA 30 June 2019</b>
<b>CURRENT ASSETS</b>			
Cash	1,935,055	1,935,055	16,772,793
Other current assets	3,015,659	3,015,659	3,015,659
<b>TOTAL CURRENT ASSETS</b>	<b>4,950,714</b>	<b>4,950,714</b>	<b>19,788,452</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	215,362	215,362	215,362
<b>TOTAL NON-CURRENT ASSETS</b>	<b>215,362</b>	<b>215,362</b>	<b>215,362</b>
<b>TOTAL ASSETS</b>	<b>5,166,076</b>	<b>5,166,076</b>	<b>20,003,814</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,545,099	119,545,009	119,545,009
Interest-bearing loans and borrowings	1,570,152	1,570,152	1,570,152
Current tax liabilities	115,950	115,950	115,950
Employee benefits	70,236	70,236	70,236
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,301,437</b>	<b>121,301,437</b>	<b>121,301,437</b>
<b>TOTAL LIABILITIES</b>	<b>3,301,437</b>	<b>121,301,437</b>	<b>121,301,437</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>1,864,639</b>	<b>(116,135,361)</b>	<b>(101,297,623)</b>

	AUDITED 30 June 2019	ADJUSTED 30 June 2019	PROFORMA 30 June 2019
<b>EQUITY</b>			
Share capital	61,078,478	61,078,478	75,916,216
Foreign currency translation reserve	129,848	129,848	129,848
Accumulated losses	(59,385,534)	(177,385,534)	(177,385,534)
<b>Equity attributable to equity holders of the parent</b>	<b>1,822,792</b>	<b>(116,177,208)</b>	<b>(101,339,470)</b>
Non-controlling interest	41,847	41,847	41,847
<b>TOTAL EQUITY</b>	<b>1,864,639</b>	<b>(116,135,361)</b>	<b>(101,297,623)</b>

**Notes:**

1. If less than \$15,875,071 is raised (being the full subscription under the Offers), the Company's cash, total assets, net assets and share capital as set out in the pro-forma will all reduce proportionate to the actual amount raised. To the extent that full subscription under the Offers is not reached, the expenses of the Offers will also decrease proportionately.
2. The adjusted balance sheet includes onerous contract provisions of \$118 million. The trade and other payables and accumulated losses of the adjusted balance sheet are both \$118 million higher than the audited balance sheet.

### 3.9 Amendment to financial report risk factor

Section 8.3(b) of the Prospectus is deleted and replaced with the following:

The Company lodged its annual financial report with ASIC on 4 December 2019. As required by section 319 of the Corporations Act, a company's report for a financial year must be lodged with ASIC within 3 months after the end of a financial year. Accordingly, the Company did not lodge its annual financial report with ASIC by the deadline of 30 September 2019 and there is a risk that ASIC may:

- (a) fine the Company (or impose another penalty); and/or
- (b) issue the Company with a determination under section 713(6) of the Corporations Act, excluding the Company from being able to issue transaction specific prospectuses (in accordance with section 713 of the Corporations Act) for 12 months. An order of this nature would mean that the Company would need to issue a full-form prospectus for security issues whilst the determination is in place.

Section 8.3 of the Prospectus is amended by the inclusion of the following additional risk factors:

(r) **Going concern risk**

The Company's 2019 financial statements released to ASX on 4 December 2019 have been prepared on a basis other than going concern given the circumstances detailed below. The Independent Auditor's Report contains an adverse opinion.

The Group incurred a loss from continuing operations of \$30,395,707 (2018: loss \$8,323,983) during the year ended 30 June 2019, net cash outflows from operational and investment activities of \$17,521,038 (2018: outflows \$14,658,571), and had a net working capital surplus of \$1,649,277 as at 30 June 2019 (2018: surplus \$8,375,416).

The ability of the Group to return to and maintain the going concern basis of preparation is principally dependent upon the ability of the Group to secure funds and manage its contractual and discretionary cash outflows in line with available funds to enable the Group to meet both its current obligations and its committed future expenditure. The ability to return to the going concern basis is particularly dependant on:

- (i) the ability of the Company to raise the full amount under the Offers, especially given that the Entitlement Offer is not underwritten;
- (ii) the receipt of R&D tax claims and government grants;
- (iii) the successful launch of a constellation of 8 6U satellites and receipt of prepayments from customers related to ground terminals; and
- (iv) the ability of the Company to negotiate successfully with key suppliers to delay or renegotiate committed future expenditure if required due to funds constraints.

If the necessary funds are not raised the Company will need to reassess its business objectives including, but not limited to, further deferring the manufacture and launch of satellites, limiting operational costs, seeking alternative additional funding and, if required, entering a caretaker mode of operations until the required funding is secured.

(s) **Onerous contract provisions risk**

The Group audited 30 June 2019 balance sheet does not include a liability in respect of future expenditure commitments of \$157 million arising under the Group's supplier and services contracts relating to the planned manufacture and launch of nano-satellites, as set out in note 20 to the audited financial report released on 4 December 2019. These contracts also include termination clauses that impose substantial costs on the Group should the contracts be terminated by the Group. The auditor issued an adverse audit opinion in respect of the 30 June 2019 financial report due to the non-recognition of approximately \$118 million of onerous contract provisions relating to contract termination costs. The auditor's view was that these provisions should have been recognised by the Group due to the financial report being prepared on a basis other than going concern.

The Company notes that the auditor's position is based on a worst-case scenario and, given the Company expects to raise funds in conjunction with working with these key suppliers to ensure ongoing contractual commitments will be met or renegotiated, the company does not agree that these represent onerous contracts. The Company expects the benefits from these contracts will outweigh the costs as it proceeds with its business plan.

However, if the Company is not successful in raising funds, nor in negotiating with these suppliers, there is a risk that these contracts would result in the Company having significant termination costs attached to these contracts, up to an amount of \$118 million.

### **3.10 Information regarding calculation of offer price**

Section 9.3 of the Prospectus is amended by the inclusion of the following information under the Share price table:

*The Company's Shares have not traded since 3 April 2019, therefore the only relevant price discovery for trading on ASX relates to the period of trading prior to April 2019. In pricing the Offers under this Prospectus, the Company notes the following:*

- (a) the Company previously attempted to complete a capital raising similar to the Placement Offer through the issue of Shares at a price \$0.01 per Shares, which was approved at a meeting of Shareholders meeting dated on 27 September 2019, however due to market conditions was unsuccessful; and
- (b) in light of the above, the Company embarked on an extensive price discovery exercise with external investors to determine the price at which a new financing (as contemplated in this Prospectus) would be likely to succeed. After conducting this extensive process, the Company determined that the financing under the Prospectus \$0.005 per Share.

### 3.11 Continuous disclosure obligations

Section 9.2 of the Prospectus is amended by inclusion of the following line item in the table contained in that Section:

Date	Description of Announcement
5 December 2019	Notice of Annual General Meeting/Proxy Form
5 December 2019	Appendix 4G and Corporate Governance Statement
4 December 2019	Changes to Preliminary Final Report – Appendix 4E
4 December 2019	Annual Report

### 3.12 Interests of Directors

Section 9.5 of the Prospectus sets out the security holdings of Directors. The heading '**Security holdings**' under Section 9.5 is deleted and replaced with the following:

*The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.*

Director	Shares	Options	Entitlement	Entitlement Options	\$
Mr Meir Moalem	325,666,667 <sup>1</sup>	6,666,667 <sup>2</sup>	325,666,667	81,416,667	1,628,333
Ms Maya Glickman-Pariente	319,666,666 <sup>3</sup>	1,666,666 <sup>4</sup>	319,666,666	79,916,667	1,598,333
Mr Yonatan Shrama	318,666,666 <sup>5</sup>	1,666,666	318,666,666	79,666,667	1,593,333

**Notes:**

- 22,333,334 Shares held by MultiModis M.M. Ltd. (IL).
- 3,333,334 Options held by MultiModis M.M. Ltd. (IL).
- 301,666,666 Shares held by Meidad Pariente (Husband) and 18,000,000 held by Spacecialist Ltd (Husband's Company).
- Options held by Meidad Pariente (Maya's Husband)
- 17,000,000 Shares held by Yonatan Shanan Ltd.

*The current Directors are intending to take up a portion of their Entitlements, total amount is to be decided. The Directors' present relevant interests and changes under several scenarios are set out in the table below (assuming the Entitlement Offer and Placement are fully subscribed).*

<i>Director</i>	<i>Date of Prospectus</i>	<i>50% Entitlement taken up</i>	<i>75% Entitlement taken up</i>	<i>100% Entitlement taken up</i>
<b>Mr Meir Moalem</b>				
<b>No. of Shares</b>	325,666,667	488,500,001	569,916,667	651,333,334
<b>Voting power</b>	14.97%	9.13%	10.65%	12.17%
<b>Ms Maya Glickman-Pariente</b>				
<b>No. of Shares</b>	319,666,666	479,499,999	559,416,666	639,333,332
<b>Voting power</b>	14.70%	8.96%	10.46%	11.95%
<b>Mr Yonatan Shrama</b>				
<b>No. of Shares</b>	318,666,666	477,999,999	557,666,666	637,333,332
<b>Voting power</b>	14.65%	8.93%	10.42%	11.91%

#### 4. WITHDRAWAL OF PREVIOUS APPLICATIONS

If you applied for Shares under the Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so before 20 December 2019.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

A Withdrawal Form will be posted to all Existing Applicants accompanying the Supplementary Prospectus. Existing Applicants who wish to withdraw their application and obtain a refund must submit a completed Withdrawal Form to the Company's share registry by mail to the address set out below so that it is received **by close of business on 20 December 2019**:

**Sky and Space Global Ltd Entitlement Offer**  
**C/- Computershare Investor Services Pty Limited**  
**GPO Box 52**  
**MELBOURNE VIC 3001**

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Existing Applicant. If an Existing Applicant, that submits a Withdrawal Form, has their bank account details registered with Computershare the refund will be processed by direct credit.

If you do not wish to withdraw your application, you do not need to take any action.

#### 5. NEW APPLICATIONS

Applications for Shares under the Offers after lodgement of the Supplementary Prospectus **must** be made using the Supplementary Application Form attached to or accompanying the Supplementary Prospectus. Applications after the date of the Supplementary Prospectus **must not** be made on the Application Forms attached to or accompanying the Prospectus and any such applications will not be valid.

#### 6. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.



KPMG, the Company's auditor, has given its written consent to the use of the balance sheet set out in section 3.8 of this Supplementary Prospectus. KPMG has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

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**7. DIRECTORS' AUTHORISATION**

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



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**Meir Moalem**  
**CEO and Managing Director**  
**For and on behalf of**  
**SKY AND SPACE GLOBAL LTD**