

10 February 2021

**Mr. Ivan Tatkovich**  
**Advisor, Listings Compliance (Sydney)**  
**ASX**  
**20 Bridge Street**  
**Sydney**  
**NSW 2000**

By e-mail

Dear Mr Tatkovich

**Re: Kleos Space S.A. ('KSS'): Aware Query**

Kleos Space S.A. (**KSS** or the **Company**) refers to your letter dated 4 February 2021, referencing the Company's Appendix 4C quarterly report for the period ended 31 December 2020 (the **Q4 2020 Appendix 4C**) and various announcements released on the ASX Market Announcements Platform (**MAP**) during 2020.

The Company's responses to the queries in your letter are as follows:

1. Does KSS consider the following to be information that a reasonable person would expect to have a material effect on the price or value of its securities: a) the Commissioning Delay Information; and b) the Revenue Delay Information?

No. The Company does not consider that the Commissioning Delay Information or the Revenue Delay Information (as defined in your letter) constitutes information which a reasonable person would expect to have a material effect on the price or value of its securities.

2. If the answer to questions 1 a) and / or b) above is "no", please advise the basis for that view.

The Company is of the view that the market is well-apprieved that the risks of potential time slippages and delays are inherent to the nature of the Company's business and notes:

- The 'Kleos Space Placement Presentation' (released on MAP on 10 November 2020) disclosed a number of risks associated with the launch and commissioning, including potential delays.
- The 'Chilean Air Force Agreement and Kleos Business Progress Update' (released on MAP on 3 December 2020) disclosed that the duration of the 'LEOP – Payload operations test, customer tests, trials, demonstration and early revenues' was 'TBD' (3 weeks had been allocated in the schedule released on MAP on 4 November 2020).

Notably, the commissioning slippage does not affect the Kleos Scouting Mission (**Mission**) life or the Mission's revenue-generating capability, but merely occasions a minor delay in commissioning completion and subsequent revenue flow. The delay to the commissioning is not expected to impact the Company's strategy, cash flow position or risk profile for the financial year in any material respect.

The Company further notes that:

- the price of its securities traded on ASX did not materially change following commissioning schedule announcements (the most recent being those announcements released via MAP on 3 December 2020 and 17 November 2020); and
- the price of its securities did not materially change following release of the Q4 2020 Appendix 4C (which included the Commissioning Delay Information and the Revenue Delay Information), closing at \$0.595 on 28 January 2021 and at \$0.590 on 29 January 2021.

3. When did KSS first become aware of: a) the Commissioning Delay information; and b) the Revenue Delay Information?

a) Commissioning Delay Information

A review of progress reports from all sectors of the operations team was undertaken on 26 to 28 January 2021 (CET) as a routine activity and to contribute to the Q4 2020 Appendix 4C. It should be noted that the commissioning process comprises approximately 35 top level tasks for each satellite (each of which runs into many sub-tasks (100+ in some cases)) in the cluster spread across a number of phases.

b) Revenue Delay Information

The Company considered the potential impact of delays to commissioning of the satellites carried out as noted above and presented the current position within its disclosure on 29 January 2021.

4. If the answer to question 1 a) is 'yes' and KSS first became aware of the Commissioning Delay Information before 29 January 2021, did KSS make any announcement prior to this date which disclosed the Commissioning Delay Information? If so, please provide details. If not, please explain why the Commissioning Delay information was not released to the market at an earlier time, commenting specifically on when you believe KSS was obliged to release the Commissioning Delay information under Listing Rule 3.1 and 3.1A and what steps KSS took to ensure that the information was released promptly and without delay.

N/A

5. If the answer to question 1 b) is 'yes' and KSS first became aware of the Revenue Delay Information before 29 January 2021, did KSS make any announcement prior to this date which disclosed the Revenue Delay Information? If so, please provide details. If not, please explain why the Revenue

Delay information was not released to the market at an earlier time, commenting specifically on when you believe KSS was obliged to release the Revenue Delay information under Listing Rule 3.1 and 3.1A and what steps KSS took to ensure that the information was released promptly and without delay.

N/A

6. Has the revised software which was uploaded to resolve the anomalies now been installed and tested? If the answer to this question is: a) 'no', why not; or b) 'yes', has the installation and testing been successfully completed? If the installation and testing has been completed but has not been successful, please explain why not.

b) Yes. The installation and testing have been successfully completed.

It should be noted that the satellite software is also subject to further changes throughout LEOP and throughout the multi-year mission life as part of routine developmental improvements. It is not anticipated that an announcement will be made every time there is a software change.

7. Based on the Commissioning Delay Information and the Revenue Delay Information, it appears that KSS may be unable to complete the commission programme timing as set out in the Schedule and Updated Schedule. In light of this please provide a current version of the Updated Schedule including KSS' current expectations regarding timing and duration of the outstanding milestones.

The Company had previously provided guidance by way of a simplified schedule to the market, in order to assist with understanding of the LEOP process post launch. The schedule presented reflected 'amount of work' with regard to particular milestones but simplified the aspect of interdependence on tasks. It should be noted that all the subsystems and components are interdependent in the commissioning and operations of the satellites, therefore progress is not measured against a 'single item'. To avoid misperception or confusion, the Company provides the following overall assessment for guidance purposes:

- in the Updated Schedule included in the announcement titled 'Chilean Air Force Agreement and Business Update' released on MAP on 3 December 2020, the total commissioning period was estimated as 7-11 weeks + TBD time for tests and trials, commencing on 7 November 2020.
- the current estimated commissioning period is 11-20 weeks + TBD time for tests and trials, commencing on 7 November 2020.

8. Please confirm that KSS is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that KSS is complying with Listing Rule 3.1.

9. Please confirm that KSS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KSS with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that this response has been authorised and approved by its Board.

Yours faithfully



Andy Bowyer

**Chief Executive Officer**



4 February 2021

Reference: 30534

Ms Vanessa Chidrawi  
Company Secretary  
Kleos Space S.A.

By email

Dear Ms Chidrawi

**Kleos Space S.A. ('KSS'): Aware Query**

ASX Limited ('ASX') refers to the following:

A. KSS's announcement titled 'Scouting Mission launch and Early Orbit Phase Schedule' released on the ASX Market Announcements Platform ('MAP') on 4 November 2020, which included the following disclosure:

- (i) *'The Launch and Early Orbit phase (LEOP) is a critical phase of the mission, covering launch, deployment and in orbit commissioning to handover to the Mission Operations Team to enact day to day operations and data generation activities.'*
- (ii) A schedule of critical milestones in relation to the launch and deployment of the Kleos Scouting Mission (KSM1) satellites ('Schedule') which is reproduced below.

Time	Duration	Description
<b>T0 (Time Zero)</b>	15 min	Launch
<b>T0 + 15 min</b>	1 min	Release of satellites from the launcher
<b>T0 + 50 min</b>	5 min	LEOP - Deployment of antenna
<b>T0 + ≈1 hour</b>	2 days	LEOP – System wake-up
<b>T0 + ≈2 days</b>	1-2 weeks	LEOP – Platform commissioning
<b>T0 + ≈1-2 weeks</b>	2-3 weeks	LEOP – Long-time test and formation roll-out
<b>T0 + ≈3-5 weeks</b>	4-7 weeks	LEOP – Payload commissioning and formation roll-out. Data transfer validation
<b>T0 + ≈7-12 weeks</b>	3 weeks	LEOP – Payload operations test, customer tests
<b>T0 + ≈9-12 weeks</b>	1 week	Handover to Mission Operations Team

B. KSS's announcement titled 'Kleos Space Scouting Mission Launch Success' released on MAP on 9 November 2020 which disclosed the successful launch of the Kleos Scouting Mission on 7 November 2020, and that the commissioning phase had commenced.

C. KSS's announcement titled 'Kleos Space Placement Presentation' released on MAP on 10 November 2020 which included the following disclosure (emphasis added):

*'Revenues expected to flow in Q1 2021 from agreements and contracts already in place ...'*

D. KSS's announcement titled 'Kleos Space Scouting Mission Update' released on MAP on 17 November 2020 which included the following statement:

*'The work in the next few days includes:*

- *Commissioning the Attitude Determination and Control System (ADCS) which allows the satellites to be flown including;*
  - *Calibration of the parameter tables reflecting the in-orbit conditions of one of the satellites (KSM1-a) and then rolling out the parameters across the satellite cluster'*

E. KSS's announcement titled 'Chilean Air Force Agreement and Business Update' released on MAP on 3 December 2020 which included the following disclosure:

- (i) *'The Kleos Scouting Mission satellites continue to successfully progress through their commissioning phase towards data and revenue delivery.'*
- (ii) An updated schedule of milestones in relation to the deployment of the KSM1 satellites ('Updated Schedule') which is reproduced below.

Milestone Time	Duration of Milestone	Milestone Description	Achieved
<b>TO</b>	15 min	Launch event	✓
<b>TO + 15 min</b>	1 min	Release of satellites from the launcher	✓
<b>TO + 50 min</b>	5 min	LEOP - Deployment of antenna	✓
<b>TO + ≈1 hour</b>	2 days	LEOP – System wake-up	✓
<b>TO + ≈1 day</b>	1-2 weeks	LEOP – Platform commissioning	In Progress
<b>TO + ≈1-2 weeks</b>	2-3 weeks	LEOP – Long-time test and formation roll-out	In Progress
<b>TO + ≈3-5 weeks</b>	4-6 weeks	LEOP – Payload commissioning and formation roll-out. Data transfer validation	To be commenced
<b>TO + ≈7-11 weeks</b>	TBD weeks	LEOP – Payload operations test, customer tests, trials, demonstration and early revenues	To be commenced

F. KSS's announcement entitled 'KSS Quarterly Activities Report and Commentary on App 4C' released on MAP on 29 January 2021 ('**Activities Report**') which announced, inter alia, that:

- (i) Revised software had been uploaded to resolve anomalies that had been encountered leading to the delay of commissioning program completion for the KSM1 satellites by a number of weeks ('**Commissioning Delay Information**').
- (ii) *'Kleos is well-funded to execute its growth strategy and expects to generate subscription based revenue from its data products by Q2 2021'* ('**Revenue Delay Information**').

The Activities Report also included the following disclosure (emphasis added):

- *'The in-orbit commissioning is now in phase three of five. Phase three involves the recalibration of the Attitude Determination and Control System (ADCS), which governs the flight of the satellites, as well as uploading, installation and testing of software ...'*
- *'Revised software has been uploaded to resolve anomalies encountered and expected with any satellite commissioning. Whilst this activity does not impact on the success of the multi-year mission, it has resulted in a delay to the completion of the commissioning programme by a number of weeks.'*
- **'Scouting Mission Commissioning Phase 3 (in progress)**  
*Phase three involves the recalibration of the Attitude Determination and Control System (ADCS), which enables the satellites to be flown.'*
- A schedule detailing the Phase 3 activities together with the status of each activity for the 4 satellites, which is reproduced below.

Activity	KSM1-a	KSM1-b	KSM1-c	KSM1-d
Set ADCS to Nominal mode	✓	✓	✓	✓
Activate & Verify Autopilot at Ground Station	✓	✓	✓	✓
Mission /Flight Planner Verification				
ADCS Recalibration			✓	✓
Platform Performance Analysis for Error/Failure detection	In Progress	In Progress	In Progress	In Progress
Pointing Performance Validation	In Progress	In Progress	In Progress	In Progress
ACU Parameter Adjustment				
Propulsion System Commissioning				
Software Uploads	✓	✓	In Progress	✓
Software Installation		In Progress		✓
Software Testing				✓
Start Cluster Formation Roll-Out				

G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

H. The definition of 'aware' in Chapter 19 of the Listing Rules, which states that:

*'an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity' and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information.'*

I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*'3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.'*

J. ASX's policy position on the concept of 'confidentiality', which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1-3.1B. In particular, the Guidance Note states that:

*'Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.'*

## Questions and Request for information

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Having regard to the above, ASX asks KSS to respond separately to each of the following questions and requests for information:

1. Does KSS consider the following to be information that a reasonable person would expect to have a material effect on the price or value of its securities:
  - a) the Commissioning Delay Information?
  - b) the Revenue Delay Information?
2. If the answer to questions 1 a) and/or b) above is 'no', please advise the basis for that view.
3. When did KSS first become aware of:
  - a) the Commissioning Delay Information?
  - b) the Revenue Delay Information?
4. If the answer to question 1 a) is 'yes' and KSS first became aware of the Commissioning Delay Information before 29 January 2021, did KSS make any announcement prior to this date which disclosed the Commissioning Delay Information? If so, please provide details. If not, please explain why the Commissioning Delay Information was not released to the market at an earlier time, commenting specifically on when you believe KSS was obliged to release the Commissioning Delay Information under Listing Rules 3.1 and 3.1A and what steps KSS took to ensure that the Information was released promptly and without delay.
5. If the answer to question 1 b) is 'yes' and KSS first became aware of the Revenue Delay Information before 29 January 2021, did KSS make any announcement prior to this date which disclosed the Revenue Delay Information? If so, please provide details. If not, please explain why the Revenue Delay Information was not released to the market at an earlier time, commenting specifically on when you believe KSS was obliged to release the Revenue Delay Information under Listing Rules 3.1 and 3.1A and what steps KSS took to ensure that the Information was released promptly and without delay.
6. Has the revised software which was uploaded to resolve the anomalies now been installed and tested? If the answer to this question is:
  - a) 'no', why not?
  - b) 'yes', has the installation and testing has been successfully completed? If the installation and testing has been completed but has not been successful, please explain why not.
7. Based on the Commissioning Delay Information and Revenue Delay Information, it appears that KSS may be unable to complete the commissioning program timing as set out in the Schedule and Updated Schedule. In light of this, please provide a current version of the Updated Schedule including KSS's current expectations regarding timing and duration of the outstanding milestones.
8. Please confirm that KSS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that KSS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KSS with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30am AEDT on Wednesday, 10 February 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KSS's obligation is to disclose the information

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'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KSS to request a trading halt immediately.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KSS's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KSS's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to KSS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1-3.1B. It should be noted that KSS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence with ASX**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Ivan Tatkovich**  
Adviser, Listings Compliance (Sydney)