



Sky and Space Global Ltd  
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31 January 2020

**ASX Code: SAS**

## December Quarterly Activity and Cashflow Report

### Highlights:

- Receipt of GBP 1.4 million R&D rebate bringing additional working capital
- Company proceeds with its entitlement issue shortfall and placement post-quarter end, following completion of non-renounceable entitlement offer
- Company further validates technology with successful 3D IoT Field Test and development of SASNet Protocol

Sky and Space Global Ltd (ASX: **SAS**, “**Sky and Space Global**” or the “**Company**”) an ASX-listed satellite company with European and Israeli centres of aerospace, satellite and software industry experts, is pleased to provide an operational and financial update for the quarter ended 31 December 2019.

Having identified the fast-growing demand for Internet of Things (IoT) and machine to machine (M2M) services, the Company is pleased to announce several milestones were secured in the December quarter as it advances towards the delivery of its global constellation program.

### Receipt of GBP 1.4 million R&D rebate and Convertible Loan Agreement

During the quarter, Sky and Space Global was pleased to announce the receipt of a rebate of GBP 1,425,382 (approximately A\$2.6 million) from HMRC, the UK tax authority, in relation to the R&D tax claim submitted by the Company’s wholly owned UK subsidiary for the year ended 30 June 2019. The Company also confirmed a short-term loan agreement for US\$550,000 was executed during September (refer ASX release 10 October 2019) between the Company’s UK subsidiary, Sky and Space Global (UK) Ltd and CSS Alpha (BVI) Limited, an independent third-party finance provider. The Company has repaid US\$250,000 of the loan this quarter as noted in the attached Appendix 4C.

### Completion of non-renounceable entitlement offer

During the quarter, the Company completed its non-renounceable entitlement offer, raising gross proceeds of approximately A\$1.6 million. Merchant Corporate Advisory Pty Ltd (Merchant) were appointed by the Company to act as Lead Manager to the placement and entitlement issue. Post quarter-end, the Company progressed with the allocation of its entitlement issue shortfall and placement among high net worth individuals and institutional investors that have been the major supporters of all SAS capital raisings since its ASX listing in 2016.

### Successful 3D IoT Field Test and development of SASNet Protocol extends Company’s R&D focus

After securing its MoU with Internet of Things (IoT) enterprise technology firm hereO in Q3 2019, Sky and Space Global is pleased to announce two important technological milestones over the quarter as the Company extends its focus on research and development.

SAS has integrated hereO's Core\_IoT platform into the Company's existing 3 Diamonds nanosatellite narrow-band communication network. This will ensure that the SAS proprietary network is both, backwards compatible with millions of existing IoT devices currently running on leading IoT protocols and various Wireless WAN technologies, as well as will be able to handle any future IoT developments in a seamless fashion. The Company is also pleased to announce that during the quarter, it commenced work on developing the SASNet Protocol, a proprietary communication protocol which ensures secure connectivity between end-user remote devices and their cloud application servers.

The SASNet Protocol allows operators of the 6U nanosatellites to support any end-user logical network topology in a secure and agnostic fashion while ensuring data integrity, privacy and significant bandwidth optimization.

These have been important technological milestones for the Company as it continues to bolster its research and development capabilities and proceed towards the commercial delivery of its nanosatellite program.

## Outlook

Sky and Space Global remains on track for near-term commercialisation and continues to progress its business plans.

The Company was pleased to receive the R&D tax rebate in the UK. Combined with the completion of the non-renounceable entitlement issue, the Company has been able to secure important working capital. Post quarter-end, the Company has continued to work with Merchant on the entitlement issue shortfall and placement announced to the market in November (refer ASX release 8 November 2019). Scheduling has now been finalised with Merchant and we now expect the entitlement issue shortfall and placement to be completed mid-February 2020.

Sustained interest from channel partners means the Company will proceed with its operational plans, continue to further its discussions around commercial contracts and reseller agreements and advance towards the launch of its 6U nanosatellites that will provide global coverage to the growing IoT Sector.

As at 31 December 2019, Sky and Space Global had a cash balance of A\$1.79 million. Further details on the financial position of the Company are outlined in the Appendix 4C attached.

The Company remains in voluntary suspension and expects the suspension to end once the capital raising is completed, two Australian resident directors are appointed and all ASX requirements are satisfied.

**Commenting on the announcement, CEO Meir Moalem said:** "In these challenging times for Sky and Space Global, we are pleased to have completed a quarter of activity that saw us through our entitlement issue and receive the R&D tax rebate. This has given the Company important working capital to fund our near-term objectives as we continue to advance towards funding and commercialisation. We would like to thank shareholders for their continued support, some of whom have been with us since we first listed in 2016. We are excited by the pipeline of commercial opportunities and potential customers that await us in the year ahead."

– Ends –

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

**Sky and Space Global Ltd**

Meir Moalem

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 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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+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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(646)	(1,223)
(c) advertising and marketing	(37)	(50)
(d) leased assets	(38)	(70)
(e) staff costs	(769)	(1,437)
(f) administration and corporate costs	(426)	(662)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(126)	(126)
1.6 Income taxes paid	(21)	(21)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,063)</b>	<b>(3,588)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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 (6 months) \$A'000</b>
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets (including development of nano-satellite and launch services)	-	-
	(f) other non-current assets (capitalised development costs)	(572)	(1,139)
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 – R&D tax credits and grants	2,704	2,704
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>2,132</b>	<b>1,565</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,637	1,637
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	(9)	(9)
3.5	Proceeds from borrowings	-	801
3.6	Repayment of borrowings	(366)	(366)
3.7	Transaction costs related to loans and borrowings	-	(109)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,262</b>	<b>1,954</b>



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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 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	475	1,935
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,063)	(3,588)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,132	1,565
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,262	1,954
4.5	Effect of movement in exchange rates on cash held	(15)	(75)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,791</b>	<b>1,791</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,791	475
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>	<b>1,791</b>	<b>475</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>
271

*All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees and reimbursement of expenses.*



**Appendix 4C**  
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<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	76
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	

*All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees and reimbursement of expenses.*

<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	2,040	2,040
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.		

*In May 2019 the Company executed an unsecured convertible loan of USD \$1.1million (AUD \$1.57m) with Telefox Ltd. The outstanding loan bears interest monthly at the rate of 2%, unless converted.*

*In September 2019 the Company executed a short-term convertible loan of USD \$550,000 with CSS Alpha (BVI) Limited with an interest rate is 2% per month. The Company repaid USD \$250,000 (AUD \$366,000) in the quarter ended 31 December 2019.*

<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	(627)
9.3 Advertising and marketing	(22)
9.4 Leased assets	(38)
9.5 Staff costs	(706)
9.6 Administration and corporate costs	(360)
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,753)</b>

*Note: The Company expects to raise future funds from a capital raise in February 2020.*



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<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: .....  
Managing Director

Date: 31 January 2020

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.