

# JUNE 2021 QUARTERLY REPORT

## Highlights:

- Extension of delisting date granted by ASX

Sky and Space Company Ltd (**ASX: SAS, 'Sky and Space Company' or the 'Company'**), an ASX-listed satellite company with communications, satellite, and software industry expertise, provides its Quarterly Activity Report and Appendix 4C for the period ending 30 June 2021 (Q4 FY21).

## OPERATIONS

On 16 June 2021, the Company announced that the Polish Ministry of Economic Development, Labour and Technology authorised the release of EUR 300,000 from Poland's funding contribution to the European Space Agency (**ESA**) for a project to be conducted by SAS in collaboration with the Wroclaw University of Science and Technology in Poland. This professional services engagement focuses on the development of an advanced satellite communication modem for the ESA and forms part of the ESA's Advanced Research in Telecommunications Systems program, known as ARTES 4.0. The ARTES 4.0 program aims to support R&D efforts of both the European and Canadian space industry in the area of satellite communications. The funding of EUR 300,000 will be paid to SAS, subject to SAS and the ESA entering into a funding agreement for the project. Under the terms of the funding agreement, SAS is required to contribute EUR 100,000 to the project in the form of cash, or engineering and development resources in lieu of cash.

## GOVERNANCE

On 9 June 2021, the Company reported completion of the conversion of 30 options to ordinary shares and the expiry of 29,688 options (**ASX: SASOD**) each with an exercise price of \$42 and expiry date of 31 May 2021.

On 30 June 2021, the Company reported a change of registered office to Hall Chadwick, at 283 Rokeby Road, Subiaco WA 6008

## FINANCIALS

Cash available at 30 June 2021 was \$1,907,453.

Interest on borrowings of \$16k was repaid during the quarter and \$56k in relation to capital raising were paid.

Other notable operating cash flow items included: \$32k of operating costs, \$473k on staff costs and government grants received of \$152k.

Investing cash flow items included \$99k on development costs and \$10k for plant and equipment.

Payments to related parties during the current quarter were \$101k. These payments represent fees and re-imbursments of expenses made to a former director of the Company (resigned 21 July 2020), who is now an executive consultant of the Company. No cash payments were made to current directors. All related party transactions are on normal commercial terms.



Further details on the financial position of the Company are outlined in the Appendix 4C attached.

The Company remained in voluntary suspension during the quarter.

## **SUBSEQUENT EVENTS**

1. On 6 July 2021, the Company announced that ASX granted the Company a one-month extension of the deadline for automatic removal of the Company from the Official List from 8 July 2021 to 8 August 2021. The Company continues to work with ASX towards the reinstatement of its ordinary shares to quotation. The Company will update the market once ASX has advised the Company of any conditions to reinstatement.
2. On 21 July 2021, the Company announced that it has been contracted by D-Orbit UK, Ltd to provide professional services as part of the Boost! project overseen by the European Space Agency. Initial SAS revenues of approx. £30,000 will be followed by additional fees for each launch at the UK based Cornwall Spacehub Centre for Space Technologies where SAS provides its professional services.

*Authorised for release by the SAS Board.*

## **ABOUT SKY AND SPACE COMPANY LIMITED**



Sky and Space Company Limited is an ASX listed (SAS) satellite company regulated by the UK Space Agency with aerospace, satellite, and software industry expertise.

The Company's core business is to provide communications infrastructure and services based on nanosatellite technology and deploy highly sophisticated software systems that launch, maintain orbit, control, and manage global communication networks in space.

The Company was the first to build and operate a nanosatellite based commercial telecom network. It currently benefits from over 50 agreements with future customers, award winning technology and many nanosatellite world firsts including propulsionless formation flying and inter satellite communications.

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**FOR MORE INFORMATION, PLEASE CONTACT:**  
**Xavier Kris, Executive Chairman**  
**[info@skyandspace.global](mailto:info@skyandspace.global)**

## Appendix 4C

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

**Name of entity**

Sky and Space Company Ltd

**ABN**

73 117 770 475

**Quarter ended ("current quarter")**

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(32)	(413)
(c) advertising and marketing	-	-
(d) leased assets	(37)	(54)
(e) staff costs	(473)	(995)
(f) administration and corporate costs	(479)	(4,029)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(16)	(32)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	152	563
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(885)</b>	<b>(4,960)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(10)	(10)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(99)	(140)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(109)</b>	<b>(150)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1	7,532
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(56)	(311)
3.5	Proceeds from borrowings	-	1,125
3.6	Repayment of borrowings	-	(1,222)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (AASB 16 principal lease payments)	(27)	(153)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(82)</b>	<b>6,971</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 period	2,946	74
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(885)	(4,960)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(109)	(150)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(82)	6,971
4.5	Effect of movement in exchange rates on cash held	37	(28)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,907</b>	<b>1,907</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,907	2,947
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>1,907</b>	<b>2,947</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*All payments made during the quarter were paid to a former director of the Company (resigned 21 July 2020), who is now an executive consultant of the Company. No cash payments were made to current directors.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,022	1,022
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>1,022</b>	<b>1,022</b>
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>On 27 January 2021, the Company issued convertible notes to Telefox Ltd and CCS Alpha Pte Ltd on behalf of the outstanding debt facilities between its subsidiaries Sky and Space Global (Israel) Ltd and Sky and Space Global (UK) Ltd, respectively. Interest accrues on each convertible note at a rate of 10% per annum with a maturity date of 31 May 2022. The convertible notes are to be repaid by the maturity date or, subject to approval, converted into ordinary shares in the Company after 4 months from the date of relisting.</p> <p>During the quarter ended 30 June 2021, the Company accrued interest of AUD\$25,628 and repaid interest of AUD\$16,532, which is included in the loan balance at 7.1.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(885)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,907
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,907
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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.

Date: 28 July 2021

Authorised by: By the Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.