



Sky and Space Global Ltd
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31 October 2017

ASX Code: SAS

September 2017 Quarterly Activity Review

Highlights

- SAS completed a **world first** with the first ever phone calls, instant messaging, voice recording and image transfers made via the 3 Diamonds nanosatellites
- SAS was the only company in history to successfully complete inter-satellite links testing between nanosatellites (our 3 Diamonds) for data rates up to 2 Mega Symbols Per Second
- The Company signed its first binding commercial contract with wholesale customer, Sat-Space Africa, estimated to generate up to US\$35m in potential annual revenues from the Equatorial constellation
- 'The Pearls' unveiled as the Company's future equatorial constellation satellites
- The Company signed a Memorandum of Understanding (MOU) with Check Point Software Technologies LTD., the largest pure-play cyber security vendor globally
- The Company is currently well funded with ~\$7.2m cash at bank as at 30 September, with no debt

Operational success continued and world firsts achieved

First ever phone calls, instant messaging, voice recording and image transfers by nanosatellites

Continuing a very successful year to date, in early September 2017, Sky and Space Global successfully completed full capability tests for phone calls, instant messages, voice recording and image transfers using its 3 Diamonds commercial demonstration nanosatellites.

This was a world first – Sky and Space Global was the first company to successfully use narrowband connectivity provided by nanosatellites to deliver a voice call.

The achievement represented the completion of the most critical technical and operational milestone for the company and validated Sky and Space Global's technology and its capability to deliver affordable communication services to Anyone, Anywhere, Anytime.

First inter-satellite communication links successfully tested

In July 2017, following the 3 Diamonds launch in June, the nanosatellites successfully completed inter-satellite links testing for data rates up to 2 Mega Symbols Per Second. This made global satellite industry history as it was the first time ever that inter-satellite communication of nanosatellites was performed with satellites spread hundreds of kilometres apart.

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3 Diamonds nanosatellites certified by GomSpace

Having successfully completed the Launch and Early Operations Phase (LEOP), the 3 Diamonds nanosatellites were certified by GomSpace in August 2017. Certification of the nanosatellites marked the successful completion of the In Orbit Acceptance Review following the In Orbit Testing phase. This signalled positive progress for the constellation, remaining on track to start generating revenues for Sky and Space Global and the customers using the 3 Diamonds network.

First binding commercial offtake contract signed

Sky and Space Global announced in August 2017 that it had signed its first binding commercial contract with a wholesale customer, Sat-Space Africa (SSA). Sat-Space Africa is the Company's first wholesale operator, with whom a Letter of Intent had previously been signed. SSA had agreed to purchase all the available communication bandwidth that the Company can provide from its initial 3 Diamonds nanosatellite platform. Following the successful 3 Diamonds launch and testing phase, SSA and SAS executed this binding commercial contract, which is estimated to generate up to US\$35m in potential annual revenues from the Equatorial constellation. The commercial contract with SSA validated SAS's nanosatellite technical capability and the Company continues to pursue other partnership opportunities.

New partnership with Check Point Software Technologies announced

The Company announced a non-binding Memorandum of Understanding (MOU) with Check Point Software Technologies LTD., the largest pure-play cyber security vendor globally. Under the terms of the MOU, the parties will work to integrate Check Point's cybersecurity solutions into the SAS communication platform, with a view to setting a new global standard for space assets and space systems cyber security pending formal agreements. With the intention to later expand into more regions, this partnership marks a step to bring cyber security to a new era – one with global coverage from space.

Introduction of The Pearls – Sky and Space Global's constellation nanosatellites

At the International Astronautical Congress in Adelaide, SAS unveiled The Pearls, the future equatorial constellation satellites. The Pearls will make up the Company's future equatorial constellation communications networks, to be launched from late 2018. These new satellites will have 3 meters span of sun tracking solar panels and ~150 Watts of power, enabling 24/7 payload operations.

Corporate Update

Space Industry Leadership

The Company enjoyed another busy quarter filled with speaking and networking at key industry events, along with a number of profile raising media interviews.

The events attended were:

- **World Satellite Business Week (11th – 15th September, Paris)**

The SAS team kicked off a non-stop couple of months of events with the World Satellite Business Week in Paris, meeting with key industry professionals and media.

- **International Astronautical Congress (25th – 29th September, Adelaide)**

Sky and Space Global were a Platinum Sponsor of this year's prestigious International Astronautical Congress in Adelaide. The Company's CEO, Meir Moalem gave a keynote speech on the SAS constellation and company story and business vision. The event proved extremely successful and provided many opportunities for networking with fellow industry professionals and speaking to key trade and regional Australian media.

- **London Space Week (4th – 5th October, London)**

The Company's CEO, Meir Moalem, and CTO, Meidad Pariente, both gave speeches at the London Space Week which was another successful event and provided a platform for SAS to share their disruptive technology and unique business model.

- **TechKnow Invest Roadshow (24th – 26th October, Melbourne and Sydney)**

CEO Meir Moalem and Executive Director Brett Mitchell attended the TechKnow Invest Roadshow which showcased technology companies in both Melbourne and Sydney.

Financial

The Company is currently well funded with ~\$7.2m cash at bank at the end of the quarter, with no debt.

Outlook

Operationally, it has been a very positive quarter, continuing a very fruitful year for Sky and Space Global. Having successfully launched the first three nanosatellites, the 3 Diamonds, the Company went on to perform a number of world firsts, boding well for the Company's future and their disruptive business model.

Sky and Space Global now continues to strengthen its position as a key player in the satellite communications industry with participation at key industry events and continued profile raising activities in the media.

The Company looks ahead to the deployment of 'The Pearls' and continues to engage in talks with potential new partners. Having signed its first binding commercial contract with Sat-Space Africa, the Company hopes to do the same with other wholesale customers.

--Ends--



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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 construct and operate a communications infrastructure based on nanosatellite technology and develop highly sophisticated software systems that will deploy, maintain orbit control and handle the communication network in space to provide a global coverage. The Company successfully launched its first three nanosatellites, the '3 Diamonds', into space in June 2017 and is preparing for the launch of a constellation of 200 more nanosatellites by 2020.

The Company's vision is to provide low cost, nanosatellite communication coverage to anyone, anywhere with relatively low maintenance costs. This will enable Sky and Space Global to deliver cost-effective communications infrastructure and services to 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")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(335)	(335)
(b) product manufacturing and operating costs	(630)	(630)
(c) advertising and marketing	(292)	(292)
(d) leased assets	-	-
(e) staff costs	(29)	(29)
(f) administration and corporate costs	(490)	(490)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,741)	(1,741)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(60)	(60)
(b) businesses (see item 10)	-	-

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (including development of nano-satellite and launch services)	(855)	(855)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(915)	(915)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(7)	(7)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(7)	(7)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	9,940	9,940
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,741)	(1,741)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(915)	(915)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)
4.5	Effect of movement in exchange rates on cash held	(115)	(115)
4.6	Cash and cash equivalents at end of quarter	7,162	7,162

5.	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,621	3,428
5.2	Call deposits	3,541	6,512
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,162	9,940

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
434
-

Director and executive services fees and reimbursement of corporate expenses

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7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	102
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Reimbursements of corporate, legal and administrative costs

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

NIL

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(382)
9.2	Product manufacturing and operating costs	(640)
9.3	Advertising and marketing	(188)
9.4	Leased assets	-
9.5	Staff costs	(38)
9.6	Administration and corporate costs	(227)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(1,475)

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
Managing Director

Date: 31 October 2017

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.

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