

**Kleos Space S.A.**

*Société anonyme*

Registered office: 26, rue des Gaulois, L-1618 Luxembourg, Grand Duchy of Luxembourg  
R.C.S. Luxembourg: B 215591  
(the "**Company**")

**CHES** Depository Nominees  
**Pty Limited**  
**Exchange Centre, 20 Bridge**  
**Street**  
**Sydney NSW 2000**  
**Australia**

Luxembourg, 12 May 2021

**Concerning: Convening the annual general meeting of the Company**

Dear Shareholder

In accordance with articles 450-1 and 450-8 of the Luxembourg law dated 10 August 1915 on commercial companies as well as article 13 of the Company's articles of association, the shareholders must be convened in writing to any general meeting of the Company's shareholders at least eight (8) days prior to the date of such meeting.

In this context, we are pleased to confirm that you are invited to the annual general meeting of the shareholders of the Company, to be held on 27 May 2021 at 10 a.m. Luxembourg time (UCT+2) and 5 p.m. Sydney time (UTC+10), at the registered office of the Company (i.e. 26, rue des Gaulois, L-1618 Luxembourg, Grand Duchy of Luxembourg) (the **Meeting**), with the following agenda:

**AGENDA**

1. Acknowledgment of conflicts of interest;
2. Approval of the standalone and consolidated financial statements;
3. Acknowledgment a) that the value of the Company's net assets as of 30 April 2021 was below half of the Company's share capital and b) the report of the board of directors of the Company prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of this situation and its proposal in that respect; and Proposal to approve the continuation of the activities of the Company;
4. Discharge to the directors;
5. Renewal of the appointment of Ernst & Young S.A., as the Company's external auditor;
6. Re-election of Mr Peter Round as a Director;
7. Approval of Additional 10% Placement Capacity;
8. Approval of Performance Rights Plan;
9. Miscellaneous.

The text of the resolutions which are proposed to be adopted at the Meeting as well as the necessary information in connection with the conduct and voting rights at such Meeting are further detailed in the notice attached hereto as Schedule 1.

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For the avoidance of doubt, Schedule 1 also includes the report of the board of directors of the Company prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of the Company's net assets having fallen below half of the Company's share capital and its proposal in that respect.

Shareholders who are unable to attend the Meeting are requested to complete, sign and return the proxy in the form provided by the Company and attached hereto as Schedule 2.

Signed in Sydney on 12 May 2021.

For and on behalf of the board of directors of the Company



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Name: Vanessa Chidrawi  
Title: Company Secretary

**SCHEDULE 1**  
NOTICE



(ARBN 625 668 733 / RCS B215591)

## Notice of Annual General Meeting

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Notice is given that the Annual General Meeting of Shareholders of Kleos Space S.A., a public limited liability company (*société anonyme*), having its registered office at 26, rue des Gaulois, L - 1618 Luxembourg and registered with the Luxembourg Trade and Companies' Register under number B215591 (**KSS** or the **Company**) will be held as follows:

Date: **27 May 2021**

Time: **10:00am (Luxembourg time) / 5:00pm (Sydney time)]**

Venue: **26 Rue des Gaulois, L-1618, Luxembourg**

### Business

#### Conflicts of Interest

#### Resolution 1 – Acknowledgment of conflicts of interest

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purpose of article 10.5 (i) of the Company’s articles of association and article 441-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, and for all other purposes, the Shareholders hereby acknowledge the following report of the board of directors with respect to any transaction implemented by the Company over the financial year ended 31 December 2020 and in which a director may have had a financial interest conflicting with that of the Company:*

- *on 11 June 2020, the Board acknowledged the fulfilment of all the vesting conditions and performance hurdles to which certain performance rights respectively granted by the Company to Messrs Andrew Bowyer, Miles Ashcroft and David Christie were subject, in accordance with the Kleos Space Long-Term Incentive Plan (**Plan**). As a result of such fulfilment, Messrs Andrew Bowyer and Miles Ashcroft were respectively entitled to receive 4,250,000 shares of the Company without consideration whereas Mr David Christie was entitled to receive 500,000 shares of the Company without consideration. In this context and in line with the provisions of the Plan, the Board consequently:*
  - *approved the issuance of (i) 4,250,000 Shares to Mr Andrew Bowyer (or, if instructed to do so by Mr Bowyer, to CHESSE Depository Nominees Pty Ltd (**CDN**)) without consideration, (ii) 4,250,000 Shares to Mr Miles Ashcroft (or, if so instructed to do so by Mr Ashcroft, to CDN) without consideration and (iii) 500,000 Shares to Mr David Christie (or, if so instructed to do so by Mr Christie, to CDN) (together, the **Performance Shares**).*
  - *authorised any director and the company secretary to confirm the effective date of the issuance of the Performance Shares.*

*Under Luxembourg law, the approval of such issuance of Performance Shares might qualify as a financial conflict between the interest of the Company and that of the relevant directors. In this context, Messrs. Andrew Bowyer, Miles Ashcroft and David Christie respectively abstained from voting on the issuance of their shares.*

*It is acknowledged that the Performance Shares were issued on 16 July 2020.*

- *on 11 June 2020, the Board further resolved to approve:*
  - *the issuance of share awards to Mr David Christie under the Plan and article 6.1 of the Company's articles of association, subject to security holder approval being obtained, in accordance with article 11.1 of the articles of association (the **DC Awards**);*
  - *the issuance of 5,000,000 performance rights under the Plan and article 6.1 and 6.2 of the Company's articles of association, entitling Mr Andrew Bowyer to one CDI in the Company per performance right, upon vesting conditions being met, with the performance rights to vest upon successful launch of the scouting satellite, and to lapse on 1 September 2020 if not yet vested, subject to security holder approval of the issue being obtained (the **AB Performance Rights**);*
  - *the issuance of 5,000,000 performance rights under the Plan and article 6.1 and 6.2 of the Company's articles of association, entitling Mr Miles Ashcroft to one CDI in the Company per performance right, upon vesting conditions being met, with the performance rights to vest upon successful launch of the scouting satellite, and to lapse on 1 September 2020 if not yet vested, subject to security holder approval of the issue being obtained (the **MA Performance Rights**);*
  - *the issuance of 1,000,000 performance rights under the Plan, entitling Mr. Peter Round to one CDI in the Company per performance right, upon vesting conditions being met, with the performance rights to vest upon revenue in excess of €2 million being achieved by the Company prior to 31 December 2020, and to lapse on 31 December 2020 if not yet vested, subject to security holder approval of the issue being obtained (the **PR Performance Rights**).*

*The issuance of the AB Performance Rights and the PR Performance Rights was approved by Shareholders at the Company's annual general meeting held on 30 June 2020, while the issuance of the DC Awards and MA Performance Rights was not approved by Shareholders at such annual general meeting.*

## **Financial Statements and Reports**

To receive and consider the Company's Annual Financial Report, including the Directors' Report and the Auditor's Report for the financial year ended 31 December 2020.

## **Resolution 2 - Approval of the Standalone and Consolidated Financial Statements**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of articles 17 and 19 of the Company's articles of association, article 461-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, and for all other purposes, the Shareholders (i) approve and adopt the standalone financial statements of the Company for the financial year ended 31 December 2020, (ii) approve and adopt the consolidated financial statements of the Company and its subsidiary for the financial year ended 31 December 2020, (iii) acknowledge that the Company made a loss in the amount of EUR 5,697,558 for the financial year ended 31 December 2020 and (iv) resolve to carry forward this loss to the next financial year, resulting in an aggregate loss brought forward of EUR 10,350,777".*

**RECOMMENDATION:** The Board unanimously recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the meeting (**Chairman**) intends to vote undirected proxies in favour of Resolution 2.

**Resolution 3 - Acknowledgment:**

- a) that the value of the Company's net assets as of 30 April 2021 was below half of the Company's share capital; and
- b) of the report of the Board prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of this situation and its proposal in that respect, and

**Proposal to approve the continuation of the activities of the Company**

To consider and, if thought fit, to pass the following resolution as an **extraordinary resolution**:

*"That, for the purpose of article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the Shareholders acknowledge (i) that as of 30 April 2021, the value of the Company's net assets was below half of the Company's share capital and (ii) the report of the Board prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of this situation and its proposal in that respect; and consequently resolve to approve the continuation of the activities of the Company".*

**RECOMMENDATION:** The Board unanimously recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

#### **Resolution 4 – Discharge to the Directors**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of article 461-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, and for all other purposes, the Shareholders resolve to grant full discharge (quitus) to the following directors of the Company for the exercise of their mandates for and in connection with the financial year ended 31 December 2020:*

- *Mr. Miles Ashcroft, executive director;*
- *Mr. Andrew Bowyer, executive director;*
- *Mr. David Christie; non-executive director; and*
- *Mr. Peter Round; executive director.*

**RECOMMENDATION:** Given the nature and subject matter of the resolution, which affects all directors, the Board considers it appropriate to refrain from making a recommendation in relation to Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

#### **Resolution 5 – Renewal of the appointment of Ernst & Young S.A., as the Company's external auditor**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That for the purpose of article 18 of the Company's articles of association, article 443-1 of the law of 10 August 1915 on commercial companies, as amended, and article 69 of the law on the register of commerce and companies and the accounting and annual accounts of undertakings, the Shareholders renew the terms of office of Ernst & Young S.A., a public limited company (société anonyme) incorporated and existing under the laws of the Grand-Duchy of Luxembourg, having its registered office at 35E avenue John F. Kennedy, Luxembourg, L-1855 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B47771, as the Company's external auditor (réviseur d'entreprises agréé) for a period of one year, expiring at the conclusion of the annual general meeting of the Shareholders of the Company to be held in 2022 to resolve on the annual accounts for the financial year ended 31 December 2021".*

**RECOMMENDATION:** The Board unanimously recommends that Shareholders vote in **FAVOUR** of Resolution 5. The Chairman intends to vote undirected proxies in favour of Resolution 5.

#### **Resolution 6 - Re-election of Mr Peter Round as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 14.5, Mr Peter Round, a Director retiring by rotation, and being eligible, be re-elected as a Director for a term of three years, expiring at the conclusion of the annual general*

*meeting of the Shareholders of the Company to be held in 2024 to resolve on the annual accounts for the financial year ended 31 December 2023.”*

**RECOMMENDATION:** The Board (with Mr Peter Round abstaining) recommends that Shareholders vote in **FAVOUR** of Resolution 6. The Chairman intends to vote undirected proxies in favour of Resolution 6.

### **Resolution 7 - Approval of Additional 10% Placement Capacity**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities of up to 10% of the total issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12-month period and on the terms and conditions set out in the Explanatory Memorandum.”*

**RECOMMENDATION:** The Board unanimously recommends that Shareholders vote in **FAVOUR** of Resolution 7. The Chairman intends to vote undirected proxies in favour of Resolution 7.

**Voting Exclusion Statement:** In accordance with Listing Rule 7.3A and article 13.4 (iv) of the articles of association of the Company, the Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an associate of that person (or those persons).

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Note:** *In accordance with ASX Listing Rule 14.11.1, as at the date of this Notice of Meeting it is not known who may participate in any placement utilising the 10% Placement Capacity (if any). On that basis, no Shareholders or CDI Holders are currently excluded from voting on this Resolution.*



### Resolution 8: Approval of Performance Rights Plan

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.2, Exception 13, and for all other purposes, approval is given for the Company’s Employee Equity Incentive Plan (**Plan**), as detailed in the Explanatory Memorandum, and the issue of securities under the Plan on the terms and conditions outlined in the Explanatory Memorandum”.*

**RECOMMENDATION:** Given that directors are eligible to participate in the Plan, the Board considers it appropriate to refrain from making a recommendation in relation to Resolution 8. The Chairman intends to vote undirected proxies in favour of Resolution 8.

**Voting Exclusion Statement:** In accordance with Listing Rule 7.2 Exception 13, the Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a person who is eligible to participate in the employee incentive scheme; or
- an associate of that person (or those persons).

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Other information

An Explanatory Memorandum accompanies and forms part of this notice of Annual General Meeting.

All Shareholders and CDI Holders should read the Explanatory Memorandum carefully and in its entirety. Shareholders and CDI Holders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

## **Voting by proxy**

### *Proxy voting by Shareholders*

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the proxy in the form provided by the Company.

Proxies must be:

- (a) lodged at the Company's share registry, Link Market Services Limited; or
- (b) posted, faxed or lodged online to the address specified below,

**by no later than 5:00 pm (Sydney time) on 25 May 2021.**

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

### *Proxy voting by CDI Holders*

CDI Holders will be permitted to attend the Meeting but may only vote by directing CHESS Depository Nominees Pty Ltd (**CDN**) to cast proxy votes in the manner directed in the CDI Voting Instruction Form enclosed.

The CDI Voting Instruction Form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, should be sent according to the instructions on the form **by no later than 5:00 pm (Sydney time) on 24 May 2021** to allow sufficient time to lodge the combined proxies 48 hours before the time of the Meeting.

The CDI Voting Instruction Form has been enclosed. Please read all instructions carefully before completing the CDI Voting Instruction Form.

In the event a CDI Holder is willing to attend the Meeting in person, he/ she will only be admitted to the Meeting upon presentation of a valid document evidencing his/her identity. In the event the CDI Holder is a legal entity, the individual representing such entity must present authority of his/ her authority to attend the Meeting as well as a valid document evidencing his/her identity.

### *How to lodge your vote or submit your voting intentions:*

Address (hand deliveries):      Link Market Services Limited  
   1A Homebush Bay Drive  
   Rhodes NSW 2138  
   or

Level 12  
680 George Street  
Sydney  
NSW 2000

Address (postal deliveries): Kleos Space S.A.  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South  
NSW 1235

Australia Fax for lodgement: +61 2 9287 0309

Online: Please visit [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to lodge your vote or submit your voting intentions.

**Entitlement to vote**

The directors of the Company have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting and CDI holding of CDI holders will be taken to be held by the persons who are registered as members and CDI holders at 7:00 pm (AEST) / 11:00 am (CEST) on 13 May 2021. Accordingly transfers registered after that time will be disregarded in determining members entitled to attend and vote at the meeting.

**Voting Intentions**

Subject to any voting restrictions and exclusions, the Chairman recommends that the Shareholders and holders of CDI vote in favour of all resolutions on the agenda.

In respect of all available undirected proxies of Shareholders or holders of CDIs, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

**Questions and Comments by Shareholders at the Meeting**

A reasonable opportunity will be given to Shareholders and CDI Holders - as a whole - to ask questions or make comments on the management of the Company at the Meeting.

Similarly, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions to the Company's auditor, Ernst & Young S.A. (**Ernst & Young** or **Auditor**), relevant to:

- (a) the conduct of the audit;
- (b) the preparation and contents of the audit;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders and CDI Holders may also submit a written question to Ernst & Young if the question is relevant to the content of Ernst & Young's audit report or the conduct of its audit of the Company's financial report for the year ended 31 December 2020.

Relevant written questions to Ernst & Young must be submitted no later than 6:00 pm (AEST) / 11:00 am (CEST) on 20 May 2021. A list of those questions will be made available to Shareholders and CDI Holders attending the Meeting.

Ernst & Young will either answer questions at the Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders and CDI Holders as soon as practicable after the Meeting.

**Please send written questions for Ernst & Young to:**

By email – [olivier.lemaire@lu.ey.com](mailto:olivier.lemaire@lu.ey.com)

Post to – 35E avenue John F. Kennedy, Luxembourg, L-1855 Luxembourg.

For and on behalf of the Board



**Vanessa Chidrawi**

**Company Secretary and authorised signatory**

**Kleos Space S.A**

**(ARBN 616 435 753)**

## **Explanatory Memorandum**

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This Explanatory Memorandum sets out further information regarding the proposed resolutions to be considered by Shareholders and CDI Holders of Kleos Space S.A. (**KSS** or the **Company**) at the 2021 Annual General Meeting to be held commencing at 10:00am (Luxembourg time) or 5:00pm (Sydney time) on 27 May 2021 at 26 Rue des Gaulois, L-1618, Luxembourg.

The Directors recommend that Shareholders and CDI Holders read this Explanatory Memorandum before determining whether to support the resolutions.

### **RESOLUTION 1 – ACKNOWLEDGMENT OF CONFLICT OF INTEREST**

#### **Board recommendation**

Given the nature and subject matter of the resolution, which affects all directors, the Board considers it appropriate to refrain from making a recommendation in relation to Resolution 1. The Chairman intends to vote undirected proxies in favour of Resolution 1.

#### **Conflict of interest**

In accordance with article 10.5 (i) of the Company's articles of association and article 441-7 of the Luxembourg Commercial Law, as amended, any director having a direct or indirect financial interest conflicting with that of the Company in a transaction which has to be considered by the Board, must advise the Board thereof and cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations.

At the next general meeting of the Company's shareholders, before any other resolution is put to the vote, a special report shall be made on any transactions in which any of the directors may have had an interest conflicting with that of the Company.

### **FINANCIAL STATEMENTS AND REPORTS**

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KSS is required to lay its Annual Financial Report, Directors' Report and Auditor's Report before its Shareholders at its Annual General Meeting. The Annual Financial Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman and/or the Auditor in respect of any aspect of the report they wish to discuss.

Representatives of KSS's auditor, Ernst & Young, will be present for discussion purposes on matters of relevance to the audit.

Shareholders can access a copy of the annual report, the Directors' Report and Auditor's Report on the Company's website at <https://kleos.space/> and at the free disposal of the Shareholders at the registered office of the Company.

## **RESOLUTION 2 - APPROVAL OF FINANCIAL STATEMENTS**

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### **Board recommendation**

The Board recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman intends to vote undirected proxies in favour of Resolution 2.

### **Financial statements**

In accordance with article 461-7 of the Luxembourg Commercial Law and article 19.2 of the Company's articles of association, the Shareholders are required to approve the financial statements of the Company for the financial year ended 31 December 2020.

**RESOLUTION 3 – ACKNOWLEDGMENT THAT A) THE VALUE OF THE COMPANY’S NET ASSETS AS OF 30 APRIL 2021 WAS BELOW HALF OF THE COMPANY’S SHARE CAPITAL AND B) ACKNOWLEDGMENT OF THE REPORT OF THE BOARD PREPARED IN ACCORDANCE WITH ARTICLE 480-2 OF THE LUXEMBOURG LAW OF 10 AUGUST 1915 ON COMMERCIAL COMPANIES, AS AMENDED, SETTING FORTH THE CAUSES OF THIS SITUATION AND ITS PROPOSAL IN THAT RESPECT; AND PROPOSAL TO APPROVE THE CONTINUATION OF THE ACTIVITIES OF THE COMPANY**

**Board recommendation**

The Board recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

**Continuation of the activities of the Company**

In accordance with article 480-2 of the Luxembourg Commercial Law, if as a result of losses, net assets fall below half the share capital, the board of directors shall convene a general meeting so that it is held within a period not exceeding two months from the time at which the loss was or should have been ascertained by them and such meeting shall resolve, on the possible dissolution of the company and possibly on other measures announced in the agenda.

Based on the latest financial information available to the Board, it is acknowledged that the Company’s net assets have decreased to an amount of EUR 10,343,947 as of 30 April 2021, which is below half of the Company’s share capital.

In this context, the Board intends to submit the continuation of the activities of the Company for the approval of the Shareholders.

Additionally, article 480-2 of the Luxembourg Commercial Law further provides that the board of directors shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholders at the registered office of the company eight days before the general meeting. Such report has therefore been prepared by the Board and is attached hereto as Annexure “B”.

Resolution 3 is an Extraordinary Resolution. Accordingly, at least 2/3 of the votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed, provided that at least ½ of the share capital is present or represented at the Meeting.

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## RESOLUTION 4 - DISCHARGE TO THE DIRECTORS

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### Board recommendation

Given the nature and subject matter of the resolution, which affects all directors, the Board considers it appropriate to refrain from making a recommendation in relation to Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

### Discharge

After the adoption of the financial statements, article 461-8 of the Luxembourg Commercial Law requires the Shareholders to vote specifically as to whether discharge is given to the Directors.

The discharge has the effect of releasing the Directors from their liability towards the Company with respect to the execution of their mandate for the financial year ended 31 December 2020.

By adopting the financial statements, the Shareholders of a Company indirectly approve the acts performed by the management during the corresponding financial year and it is therefore common in Luxembourg for the Shareholders to grant such discharge.

In accordance with Luxembourg law, the discharge shall be valid only if the financial statements contain no omission or false information concealing the true situation of the Company and, with regard to any acts carried out which fall outside the scope of the articles of association of the Company, if they have been specifically indicated in the convening notice.

## RESOLUTION 5- RENEWAL OF APPOINTMENT OF EXTERNAL AUDITOR

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### Board recommendation

The Board recommends that Shareholders vote in **FAVOUR** of Resolution 5. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

### Renewal of appointment

In accordance with the requirements of Luxembourg law, the sole Shareholder of the Company has appointed on 30 June 2020, Ernst & Young S.A, a public limited company (*société anonyme*) incorporated and existing under the laws of the Grand-Duchy of Luxembourg, having its registered office at 35E avenue John F Kennedy, L - 1855 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B47771, as the Company's external auditor (*réviseur d'entreprises agréé*). Such appointment has been made for a term ending at the annual general meeting of Shareholders approving the financial statements for the financial year ending on 31 December 2020 and therefore, the

Shareholders need to either renew such appointment or appoint a new external auditor (*réviseur d'entreprises agréé*) of the Company. In this context, it is now proposed that Ernst & Young, having consented to act as the Company's external auditor (*réviseur d'entreprises agréé*) for a period of one year, expiring at the conclusion of the annual general meeting of the Shareholders of the Company to be held in 2022 to resolve on the annual accounts for the financial year 2021, be appointed as the Company's external auditor (*réviseur d'entreprises agréé*) for a term ending at the conclusion of the annual general meeting of Shareholders to be held in 2022 to approve the financial statements for the financial year ending on 31 December 2021.

## **RESOLUTION 6 – RE-ELECTION OF MR PETER ROUND AS A DIRECTOR**

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### **Board recommendation**

The Board (other than Mr Peter Round, who abstained) recommends that Shareholders vote in **FAVOUR** of Resolution 6. The Chairman intends to vote undirected proxies in favour of Resolution 6.

### **ASX Listing Rule 14.5**

ASX Listing Rule 14.5 states that an entity which has directors must hold an election of directors at each general meeting. This rule applies even where no director is required to stand for re-election at an annual general meeting under rule 14.4. An entity must have at least one director stand for election or re-election at each annual general meeting. If it is not having a new director stand for election and no director is due to stand for re-election under rule 14.4, the entity must select at least one of its existing directors to stand for re-election.

### **Mr Peter Round, Chairman**

RAF Air Commodore Peter Round is an expert in EU Defence issues and military affairs and has led multiple multi-million pound contracts within the Defence industry. Peter is an internationally renowned strategic executive, with experience in the US, EU and NATO. He is the Company's Director for Business Development and advises the Company on corporate strategy and relationship building.

Peter was appointed as a director of the Company on 5 April 2018, and his appointment was confirmed by the Company's shareholder, for an initial term concluding on 28 May 2021. Due to the active role Peter takes in the Company's management, he is not considered by the Board to be an independent director.

Peter is the Managing Director of a respected Defence Consultancy, PKR Solutions Ltd. He is a Fellow and Council Member of the Royal Aeronautical Society and chairs its Learned Society Board. He is currently a Defence Advisor to the Luxembourg Government and supports a number of international defence companies including Serco and Saab Technologies, a reserve officer in the Royal Air Force. and a Consulting Senior Fellow to the International Institute of Strategic Studies.

With over 30 years' experience as a military pilot, Peter has flown Buccaneers in the maritime strike/attack role and spent time as Qualified Flying Instructor. He ran UK Basic Fast Jet Pilot Training and later, initial flying training for all Royal Navy, British Army and RAF aircrew. Peter has also previously served as a US Air Force Instructor Pilot. In between flying tours, Peter has completed operational tours as the RAF Detachment Commander at Prince Sultan Air Force Base, Saudi Arabia and as an Operations Team Leader at the UK Permanent Joint Headquarters, with responsibility for UK and multi-national operations in Afghanistan, the Balkans and all United Kingdom-supported United Nations operations. He has also completed 3 tours in the UK Ministry of Defence.

From 2007, Peter spent 3 years as the UK National Liaison Representative to NATO Supreme Allied Commander Transformation and, following a period as a Group Senior Operator with responsibility for 200 aircraft of 16 types, he was appointed Capability, Armament and Technology Director at the European Defence Agency. He left this fixed term appointment after 5 years in 2017.

Peter holds an Honours Degree in Metallurgy from Manchester University and a Master's Degree in Defence Studies from Kings College, London.

## **RESOLUTION 7 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

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### **Board recommendation**

The Board unanimously recommends that Shareholders vote in **FAVOUR** of Resolution 7. The Chairman intends to vote undirected proxies in favour of Resolution 7.

### **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A provides that an eligible entity (as defined below) may seek security holder approval by special resolution at its Annual General Meeting to issue Equity Securities equivalent to an additional 10% of the number of ordinary securities on issue over a period of 12 months after the Annual General Meeting (**10% Placement Capacity**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

Resolution 7 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

If Resolution 7 is approved, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below). If the resolution is not approved, any Equity Securities issued will be deducted from the Company's capacity under Listing Rule 7.1 (with the exception of those items provided for as exceptions under Listing Rule 7.2), and Shareholder approval will be required for the issue of any additional Equity Securities in excess of that capacity.

An eligible entity is one that, as at the date of the relevant Annual General Meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$133.76 million (based on the number of Shares and CDIs on issue which excludes restricted securities and the closing price of Shares and CDI's on the ASX on 4 May 2021).

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being CDIs (ASX Code: KSS).

The number of Equity Securities that the Company may issue under the approval sought by Resolution 7 will be calculated in accordance with the following formula as set out in ASX Listing Rule 7.1A:

**$(A \times D) - E$**

*Where:*

**A** = *the number of fully paid Shares on issue 12 months before the date of issue or agreement to issue (the relevant period):*

- (i) *plus, the number of Shares issued in the 12 months under an exception in Listing Rule 7.2 other than exception 9,16 or 17;*
- (ii) *plus, the number of Shares issued in the relevant period on the conversion of convertible securities under rule 7.2 exception 9 where:*
  - a. *the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or*
  - b. *the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;*
- (iii) *plus, the number of Shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:*
  - a. *The agreement was entered into before the commencement of the relevant period; or*
  - b. *the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4;*
- (iv) *plus, the number of fully paid Shares issued in the relevant period with approval under Listing Rules 7.1 and 7.4;*
- (v) *Plus, the number of partly paid ordinary securities that became fully paid in the relevant period;*
- (vi) *less the number of fully paid Shares cancelled in the 12 months.*

**D** = 10%.

*E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.*

*“relevant period” has the same meaning as in Listing Rule 7.1.*

### **Specific information required by Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 7:

#### **Minimum price**

Under the ASX Listing Rules, the securities may only be issued for cash consideration per security which is not less than 75% of the volume weighted average price of securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; by the Company and the recipient of the securities or
- (b) if the securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the securities are issued.

#### **Risk of voting dilution**

Shareholders and CDI Holders should be aware there is a risk of economic and voting dilution that may result from an issue of Equity Securities under the 10% Placement Capacity, including the risk that:

- the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the Meeting where approval is being sought; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders and CDI Holders who do not receive any Equity Securities under the issue.

If Resolution 7 is approved and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares and CDIs would be as shown in the table below.

The table below shows the potential dilution of existing Shareholders and CDI Holders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of the CDI's and the current number of CDIs on issue as at the date of this Notice of Meeting. The table also assumes that no options on issue are exercised into Shares or CDIs before the date of issue of the Equity Securities. As at 6 May 2021, the Company has 14,739,506 options on issue.

The table also shows the voting dilution impact where the number of CDIs on issue (Variable "A" in the formula) changes and the economic dilution where there are changes in the issue price of CDIs issued under the 10% Placement Capacity.<sup>1</sup>

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$ 0.40 50% decrease in Issue Price	\$ 0.80 Issue Price	\$ 1.60 100% increase in Issue Price
Current Variable A 160,203,436	10% Voting dilution	16,020,344	16,020,344	16,020,344
	Funds Raised	\$6,408,137.60	\$12,816,275.20	\$25,632,550.40
50% increase in current Variable A 240,305,154	10% Voting dilution	24,030,515	24,030,515	24,030,515
	Funds Raised	\$9,612,206	\$19,224,412	\$38,448,824
100% increase in current Variable A 320,406,872	10% Voting dilution	32,040,687	32,040,687	32,040,687
	Funds Raised	\$12,816,274.80	\$25,632,549.60	\$51,265,099.20

**Notes:**

<sup>1</sup> The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of shares available under ASX Listing Rule 7.1A;
- (b) The table shows only the effect of shares issued under ASX Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under ASX Listing Rule 7.1;
- (c) The current issue price is \$0.80, being the closing price of the CDI's traded on ASX on 3 May 2021.
- (d) The current number of securities on issue is the CDIs on issue as at 3 May 2021, being 160,203,436.

The table shows:

- two examples where Variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of CDIs the Company has on issue. The number of CDIs on issue may increase as a result of issues of CDIs that do not require approval (for example, a pro rata entitlements issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

### **Period for which the approval will be valid**

If Shareholder approval is granted for Resolution 7, then that approval will expire on the earlier of:

- (a) 27 May 2022, being 12 months from the date of the Meeting;
- (b) the time and date of the Company's next annual general meeting; or
- (c) the date Shareholder approval is granted to a transaction under ASX Listing Rule 11.1.2 (proposed change to nature and scale of activities) or ASX Listing Rule 11.2 (change involving main undertaking).

The approval under ASX Listing Rule 7.1A will cease to be valid in the event that Shareholders and CDI Holders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

### **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes including general working capital purposes and to raise funds to further develop the Company's satellites and product offerings.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon issue of any Equity Securities.

### **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could be current Shareholders and CDI Holders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders and CDI Holders may participate;
- (c) the effect of the issue of the Equity Securities on the control of the Company;
- (d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (e) prevailing market conditions; and

(f) advice from corporate, financial and broking advisers (if applicable).

### Issues in the 12 months preceding the date of the Meeting

All securities issued by the Company under Listing Rule 7.1A.2 in the 12 months preceding the Meeting, were subsequently ratified by Shareholders in accordance with Listing Rules 7.1 and 7.4. These securities were issued as follows:

- 712,749 CDIs issued on 17 November 2020; and
- 10,000,001 CDIs issued on 17 July 2020.

The securities represent 10.04% of the total number of equity securities on issue at the commencement of the 12-month period preceding the 2020 Annual General Meeting (being 106,627,500 CDIs).

Pursuant to and in accordance with ASX Listing Rule 7.3A.6, the following information is provided in relation to the securities issued under Listing Rule 7.1A.2:

	<b>17 November 2020</b>	<b>17 July 2020</b>
<b>Persons to whom securities were issued</b>	Professional and sophisticated investors or to other persons to whom disclosure is not required under Chapter 6D of the Corporations Act, who are clients of Bell Potter Securities and Evolution Capital Advisors.	<ul style="list-style-type: none"> <li>• Elsie Cameron Foundation Pty Limited ATF The Elsie Cameron Foundation; and</li> <li>• Bicheno Investments Pty Ltd ATF The Jan Cameron Trust.</li> </ul>
<b>Number and class of securities issued</b>	712,749 CDIs issued under Listing Rule 7.1A	10,000,001 CDIs issued under Listing Rule 7.1A
<b>Issue price or consideration</b>	\$0.72	\$0.30
<b>Discount to closing market price on the date of agreement to issue</b>	16.3%	16.67%
<b>Cash Received and Cash Spent</b>	\$513,179 was raised and has not yet been utilised. The funds will be used for general corporate and working capital purposes, including capital expenditure required for the	\$3 million was raised and the funds were fully utilised for general corporate and working capital purposes,



	build and launch of the next satellite clusters.	including expenditure associated with preparing the Scouting Mission satellites for launch.
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## Item 8 – Approval of Performance Rights Plan

### Board recommendation

Given that directors are eligible to participate in the Plan, the Board considers it appropriate to refrain from making a recommendation in relation to Resolution 8. The Chairman intends to vote undirected proxies in favour of Resolution 8.

ASX Listing Rule 7.1 provides that a company may not issue Equity Securities, or agree to issue Equity Securities, without the approval of shareholders, if the number of Equity Securities to be issued in any 12-month period exceeds 15% of the issued capital of the company at the commencement of the relevant period plus prescribed securities issued under exemptions contained in Listing Rule 7.2.

ASX Listing Rule 7.2 contains a number of exceptions to the prohibition contained in ASX Listing Rule 7.1. In particular, under Exception 13 in ASX Listing Rule 7.2, any Equity Securities issued under an employee incentive scheme within three years of the date on which shareholders approve the issue of those Equity Securities are excluded when calculating the capacity of the Company to issue shares in accordance with ASX Listing Rule 7.1. This Resolution is designed to satisfy the requirements of Exception 13 in ASX Listing Rule 7.2 in relation to the Kleos Space Long Term Incentive Plan (the **Plan**).

If this Resolution is passed, the Company will have the ability to issue equity incentives, including performance rights and options, to eligible participants under the Plan over a period of 3 years without impacting the Company's 15% placement capacity under Listing Rule 7.1.

If this Resolution is not passed, and if the Board decides to issue any equity incentives under the Plan (notwithstanding the non-approval), any equity incentives issued will be deducted from the Company's capacity under Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date.

The Plan is designed to remunerate and motivate directors, founders, senior management and other employees. A fully copy of the Plan rules is available on the Company's website and was lodged with ASX on 23 August 2018.

Other than the Plan, the Company has no employee or executive equity-based plans. Grants made under the Plan are subject to a performance period and equity incentives will only vest if the relevant performance conditions are satisfied. The Plan has generally been designed to link rewards to eligible employees with improvements in Company's performance and the delivery of returns to Shareholders, and to reward performance.

The Plan was established before the Company was listed on 23 August 2018, and the Company seeks Shareholder approval of the Plan, to allow for the issue of Equity Securities under the Plan. Since the Plan was established, the Company has (as at the date of this notice) issued 33,500,000 performance rights and 540,000 options to directors and employees of the Company of which:

- a) 9,000,000 performance rights have vested and been converted into CDIs;
- b) 24,500,000 performance rights and 150,000 options have lapsed due to performance conditions not being met; and
- c) 390,000 options are currently on issue.

A summary of the key terms of the Plan is attached as Annexure "A".

The maximum number of securities proposed to be issued under the plan following approval will be five percent (5%) of the Company's total issued share capital from time to time.

Resolution 8 seeks Shareholder approval of the Plan, to enable the Company to issue Equity Securities to eligible directors and employees for a period of three years.

**Voting Exclusion Statement**

A voting exclusion statement is set out in the Notice of Meeting.

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**GLOSSARY**

Unless otherwise defined to the contrary, in this Explanatory Memorandum and the Notice of Meeting:

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX Limited.

**Board** means the Board of Directors of the Company.

**CDI** means CHESS Depository Interest, being a unit of beneficial ownership of a Share legally held by CHESS.

**CDI Holder** means a holder of CDIs.

**CDI Voting Instruction Form** means the CDI voting instruction form accompanied by the Notice of Meeting and Explanatory Memorandum.

**CHESS** means CHESS Depository Nominees Pty Ltd (ACN 071 346 506).

**Chairman** means the chairman of the Company from time to time, and as at the date of this Notice, being Air Commodore Peter Round.

**Company** or **KSS** means Kleos Space S.A., a public limited liability company (*société anonyme*), having its registered office at 26, rue des Gaulois, L - 1618 Luxembourg and registered with the Luxembourg Trade and Companies' Register under number B215591;

**Constitution** means the constitution of the Company.

**Director** means a Director of the Company.

**Entitlement Time** means 7:00 pm (AEST) / 11:00 am (CEST) on 13 May 2021.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Memorandum** means this Explanatory Memorandum which forms part of the Notice of Meeting.

**Extraordinary Resolution** means a resolution that has been passed by at least 2/3 of the votes cast by the Shareholders, provided that at least 1/2 of the share capital is present or represented.

**Luxembourg Commercial Law** means the law of 10 August 1915 on commercial companies, as amended.

**Meeting** or **Annual General Meeting** means the annual general meeting of the Company the subject of the Notice of Meeting, which is scheduled to occur on 27 May 2021.

**Notice of Meeting** or **Notice** means the notice of meeting accompanied by this Explanatory Memorandum.

**Options** means an option to acquire CDIs in the Company.

**Ordinary resolution** means a resolution that has been passed by a simple majority of the votes cast by Shareholders, regardless of the proportion of the share capital present or represented.

**Performance Rights** means the performance rights granted to Directors of the Company under the Plan.

**Plan** means the KLEOS Space Long Term Incentive Plan Rules lodged on the ASX announcements portal on 23 August 2018 and a summary of which is attached as Annexure A.

**Proxy Form** means the proxy form accompanied by the Notice of Meeting and Explanatory Memorandum.

**Resolution** means a resolution set out in the Notice of Meeting.

**Shareholder** means a holder of a Share.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Award** means a CDI issued in accordance with the Plan.

**Special resolution** means a resolution that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

**Security** means an ordinary share in the Company or CHESSESS depository interest over such share.

**Security holder** means a holder of an ordinary share in the Company or CHESSESS depository interest over such share.

## Annexure A – Summary of KLEOS Space Long Term Incentive Plan Rules

The Company has adopted an employee incentive plan known as the Kleos Long Term Incentive Plan (**LTI Plan**), to assist in the reward, retention and motivation of the Company's Directors, senior management, and other employees. The LTI Plan is intended to assist with aligning the interests of participants with shareholders by providing an opportunity for Eligible Participants to earn equity interests in the Company.

Under the rules of the LTI Plan, the Board has discretion to offer:

- a full-time or part-time employee of any Group Company or a Director (**Eligible Employee**) options to acquire Shares, Performance Rights to acquire Shares, and/or Shares, including Shares to be acquired under a limited recourse loan funded arrangement; and
- any other natural person providing services to the Group (**Eligible Person**) options to acquire Shares, Performance Rights to acquire Shares, and/or Shares, (collectively, the **Awards**).

In each case the Awards can be made subject to vesting conditions and/or performance hurdles as determined by the Board.

The terms and conditions of the LTI Plan are set out in comprehensive rules. A summary of the rules of the LTI Plan is set out below:

- The LTI Plan is open to Eligible Employees and Eligible Persons (together **Eligible Participants**) and other persons providing services to the Company or its related bodies corporate, as determined by the Board. Participation is voluntary.
- The Board may determine the type and number of Awards to be issued under the LTI Plan to each participant and other terms of issue of the Awards, including but not limited to:
  - what conditions and/or performance hurdles must be met by a participant in order for an Award to vest (if any);
  - the amount payable to be paid by a participant on the grant of Awards (if any);
  - the exercise price of any option granted to a participant;
  - the period during which a vested option can be exercised; and
  - any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or vesting of Performance Rights.
- The Board may, in its discretion, also determine that the Company will issue limited recourse loans to participants to use for the purchase of Shares as part of a Share Award (as defined in the LTI Plan) under the LTI Plan.
- When any conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares, or their options/Performance Rights will become vested and will be exercisable into Shares (as applicable).
- Each vested Option and Performance Right enables the participant to be issued or to be transferred one Share upon exercise or vesting (as applicable), subject to the rules governing the LTI Plan and the terms of any particular offer.
- Participants holding Options or Performance Rights are not permitted to participate in new issues of Securities by the Company, but adjustments may be made to the number of Shares over which the options or Performance Rights are granted and/or the exercise price (if any) to take into account changes in the

capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the LTI Plan and the ASX Listing Rules.

- If a “change of control event” occurs to the Company, and unless the Board determines otherwise:
- Awards granted will vest where the Board determines that the vesting conditions and performance hurdles applicable to those Awards have been satisfied, with vesting to occur on a pro rata basis having regard to the vesting period and actual performance;
- any options and Performance Rights which the Board determines will not vest under the above subparagraph will automatically lapse; and
- any Share Awards and loan funded Shares which the Board determines will not vest under the above subparagraph will be bought-back by the Company from the participant for nominal consideration.

A “change of control” event will occur when a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of the Awards.

- If a participant becomes a “bad leaver”, unless the Board determines otherwise:
- any and all vested options held by the participant which have not been exercised will continue in force and remain exercisable until the expiry date;
- the participant will be entitled to continue to hold all vested Share Awards and loan funded Shares;
- all unvested options and/or Performance Rights held by the Participant will automatically lapse; and
- all unvested Share Awards and/or loan funded Shares held by the Participant will be bought-back by the Company from the Participant for nominal consideration.

A participant will be a “bad leaver” if the participant resigns, is terminated for performance or is terminated or dismissed for misconduct.

- If a participant is a “good leaver”:
- unless the Board determines otherwise any and all vested options held by the participant which have not been exercised will continue in force and remain exercisable until the Expiry Date;
- the Participant will be entitled to continue to hold all vested Share Awards and loan funded Shares; and
- the Board may determine the manner in which any unvested Awards held by the participant will be dealt with.

A participant is a “good leaver” if they are not a “bad leaver”.

- The LTI Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and Performance Rights were exercised) do not at any time exceed in aggregate 10% of the fully diluted share capital of the Company as at the date of any proposed new Awards.
- The Board may delegate management and administration of the LTI Plan, together with any of their powers or discretions under the LTI Plan, to a committee of the Board or to any one or more persons selected by them.

- Subject to the ASX Listing Rules and the Constitution, the Board may at any time amend the LTI Plan or the terms and conditions upon which Awards have been issued under the LTI Plan provided, generally, that the amendment does not materially reduce the rights of any Participant in respect of Awards granted to them.
- The Board may elect to use an employee share trust or other mechanism for the purposes of holding Awards and/or Shares for Participants under the Plan, and delivering Plan Shares on behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).

Awards may be granted to Eligible Participants (as defined in the LTI Plan) residing in Luxembourg and the United Kingdom, or other jurisdictions, as approved by the Board from to time, under the LTI Plan subject to any local law and local tax requirements.

**KLEOS SPACE S.A.**  
ARBN 625 668 733 / RCS B215591

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**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY  
FOR THE PURPOSES OF ARTICLE 480-2 OF THE LUXEMBOURG LAW  
ON COMMERCIAL COMPANIES  
DATED 10 AUGUST 1915, AS AMENDED (the "Law")**

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Dear Shareholders

The board of directors of **Kleos Space S.A.**, a public limited liability company (*société anonyme*), having its registered office at 26, rue des Gaulois, L - 1618 Luxembourg and registered with the Luxembourg Trade and Companies' Register under number B215591 (the **Board**) has drafted the following detailed report in accordance with the requirements of article 480-2 of the Law pursuant to which:

- (i) if as a result of losses, net assets fall below half the share capital, the board of directors shall convene a general meeting so that it is held within a period not exceeding two months from the time at which the loss was or should have been ascertained by them and such meeting shall resolve, where applicable in accordance with the conditions provided for in article 450-3 of the Law, on the possible dissolution of the company and possibly on other measures announced in the agenda; and
- (ii) the board of directors shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholders at the registered office of the company eight days before the general meeting. If it proposes to continue to conduct business, it shall set out in its report the measures which it intends to take in order to remedy the financial situation of the company.

**I. BACKGROUND**

Based on the latest financial information available to the Board, it is acknowledged that the net assets of Kleos Space S.A. (**Company**) have, as at 30 April 2021, decreased to an amount of EUR 10,303,947, which is less than half of the Company's share capital.



## **II. CAUSES**

In accordance with article 480-2 of the Law, the Board has considered that the causes for such situation were the following:

- the Company is still in its pre-operational phase, building out the planned satellite constellation as per the business plan described in the Company's prospectus;
- the Company has been utilising the equity funding raised thus far to invest in assets and develop the infrastructure necessary to exploit the satellite constellation once it becomes operational;
- the first cluster of satellites was launched in November 2020 and should become operational imminently; and
- once the first cluster is operational and with the second and third clusters planned to be launched in June and December 2021, the Company should become fully operational and be in a position to start to earn commercial revenues.\*

## **III. CONTINUATION OF THE ACTIVITIES OF THE COMPANY**

Notwithstanding the fact that the Company's net assets have fallen below half of the Company's share capital, the Board intends to propose to the annual general meeting of shareholders to continue the activities of the Company.

Such proposal is justified by the fact that the Company is on the verge of commencing commercial operations, with the first cluster of satellites due to start generating revenues. Furthermore and as mentioned under II. above, the second cluster of satellites, which is fully funded from existing equity, will be launched in June 2021, followed by the third cluster at the end of 2021.

The measures which the Company intends to take in order to remedy its financial situation are the following:

- the Company is due to start generating commercial revenues imminently and is expected to be running at a break-even level by the end of 2022\*; and
- the Company is also investigating further financing opportunities to finance the longer-term expansion of the satellite constellation.

**Signature page to the report of the Board of the Company for the purposes of article 480-2 of the Law dated 12 May 2021.**

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**Name:** Andrew Bowyer

**On behalf of the Board of Directors of  
Kleos Space S.A.**

\*The forward-looking statements relating to targets involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements, expressed or implied by these forward-looking statements. Relevant factors may include, but are not limited to, technical and launch delays, foreign exchange fluctuations and general economic conditions, increased costs, the risk and uncertainties associated with space technology, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. For further information as to the risks which may impact the Company's results and performance, please see the risk factors included in the Prospectus lodged with ASX in August 2018

**SCHEDULE 2**  
**PROXY**



# KLEOS

## KLEOS SPACE SA

ARBN 625 668 733

### LODGE YOUR VOTE



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



#### BY MAIL

Kleos Space S.A.  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



#### ALL ENQUIRIES TO

Telephone: 1300 554 474      Overseas: +61 1300 554 474

### LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (Luxembourg time) / 5:00pm (Sydney time) on Tuesday, 25 May 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Share holders will need their "Holder Identifier" - Share holder Reference Number (SRN) or Holder Identification Number (HIN).

### HOW TO COMPLETE THIS SHARE HOLDER PROXY FORM

#### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

#### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

#### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that

form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

- (b) return both forms together.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's Share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



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## PROXY FORM

I/We being a member(s) of Kleos Space S.A. and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Luxembourg time) / 5:00pm (Sydney time) on Thursday, 27 May 2021 at 26, rue des Gaulois, L - 1618 Luxembourg (the Meeting)** and at any postponement or adjournment of the Meeting.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

#### Resolutions

	For	Against	Abstain*
1 Acknowledgment of conflicts of interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of the Standalone and Consolidated Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Acknowledgment that the amount of the Company's net assets as of [30 April] 2021 is below half of the Company's share capital and acknowledgment of the report of the board of directors of the Company prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of this situation and its proposal in that respect; Proposal to approve the continuation of the activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Discharge to the Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Renewal of the appointment of Ernst & Young S.A., as the Company's external auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Re-election of Mr Peter Round as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHARE HOLDERS – THIS MUST BE COMPLETED

Share holder 1 (Individual)

Joint Share holder 2 (Individual)

Joint Share holder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. The Company recognises only one owner per share. In case a share is owned by several persons, they shall appoint a single representative who shall represent them in respect of the Company. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's Articles of Association.

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# KLEOS

## KLEOS SPACE SA

ARBN 625 668 733

### LODGE YOUR VOTE



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



#### BY MAIL

Kleos Space S.A.  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000



#### ALL ENQUIRIES TO

Telephone: 1300 554 474      Overseas: +61 1300 554 474

### LODGEMENT OF A CDI VOTING INSTRUCTION FORM

This CDI Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (Luxembourg time) / 5:00pm (Sydney time) on Monday, 24 May 2021**, being not later than 72 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.

CDI Voting Instruction Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the CDI Voting Instruction Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, security holders will need their "Holder Identifier" - Security holder Reference Number (SRN) or Holder Identification Number (HIN).

### HOW TO COMPLETE THIS CDI VOTING INSTRUCTION FORM

#### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's CDI register. If this information is incorrect, please make the correction on the form. CDI Holders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your CDIs using this form.**

#### DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

Each CHESS Depositary Interest (CDI) is evidence of an indirect ownership in the Company's Securities of common stock (Securities). The underlying Securities are registered in the name of CHESS Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Securities, CDN is entitled to vote at the Meetings of security holders on the instruction of the registered holders of the CDIs.

#### APPOINTMENT OF A PROXY

If you wish to attend the Meeting in person or appoint some person or company other than CDN, who need not be a security holder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name(s) or the name of your chosen appointee in the box in Step 2. Link will then send you a legal form of proxy which will grant you or the person specified by you the right to attend the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the *Notice of Annual General Meeting* including any cut off time for receipt of valid proxies.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** If a joint holding, either CDI holder may sign. The Company recognises only one owner per share. In case a share is owned by several persons, they shall appoint a single representative who shall represent them in respect of the Company. If signed by the CDI holder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's Articles of Association.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with Link. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** with respect to an Australian company, where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2002*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

NAME SURNAME  
ADDRESS LINE 1  
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ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



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## CDI VOTING INSTRUCTION FORM

STEP 1

### DIRECTION TO CHESSE DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESSE Depository Interests (CDIs) of Kleos Space S.A. (Company) hereby direct CHESSE Depository Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the General Meeting of stockholders of the Company to be held at **10:00am (Luxembourg time) / 5:00pm (Sydney time) on Thursday, 27 May 2021 at 26, rue des Gaulois, L - 1618 Luxembourg**, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

STEP 2

### PROXY APPOINTMENT – this only needs to be completed if you wish to attend the Meeting or appoint another person to attend the Meeting

If you wish to attend the Meeting in person or appoint another person or company other than CDN, who need not be a security holder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert their name(s) in this box.

Link will then send you a legal form of proxy which will grant you or the person specified by you the right to attend the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the *Notice of Annual General Meeting* including any cut off time for receipt of valid proxies.

STEP 3

### VOTING INSTRUCTIONS

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 72 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

#### Resolutions

	For	Against	Abstain*
1 Acknowledgment of conflicts of interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of the Standalone and Consolidated Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Acknowledgment that the amount of the Company's net assets as of [30 April] 2021 is below half of the Company's share capital and acknowledgment of the report of the board of directors of the Company prepared in accordance with article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, setting forth the causes of this situation and its proposal in that respect; Proposal to approve the continuation of the activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Discharge to the Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Renewal of the appointment of Ernst & Young S.A., as the Company's external auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Re-election of Mr Peter Round as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted.

STEP 4

### SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

CDI Holder 1 (Individual)

Sole Director and Sole Company Secretary

Joint CDI Holder 2 (Individual)

Director/Company Secretary (Delete one)

Joint CDI Holder 3 (Individual)

Director

This form should be signed by the CDI Holder in accordance with the instructions overleaf.

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