

NEWS RELEASE



ADDVALUE TECHNOLOGIES LTD

Company Registration Number: 199603037H

ADDVALUE OUTPERFORMED ITS PERFORMANCE IN 1Q2019 COMPARED TO 1Q2018 AND LOOKS FORWARD TO A WATERSHED YEAR FOR FY2019

- Revenue hiked by 33.4% in 1Q2019 *vis-a-vis* 1Q2018
- Gross profit increased by 15.5% in 1Q2019 *vis-a-vis* 1Q2018
- Net loss reduced by 20.6% in 1Q2019 *vis-a-vis* 1Q2018
- Accelerated IDRS and Non-IDRS revenue growths to be expected from FY2019 and beyond, with FY2019 to significantly outperform FY2018, on the back of:
 - New proprietary Software Defined Radio modules, which have generated global interests with repeat orders from a Singapore government agency
 - Newly US typed approved proprietary iFleetONE VMS, which is the most advanced fisheries management technology certified for use in US today
 - Newly forged IDRS partnership with Open Cosmos (in addition to earlier ones such as KSAT)

Singapore, 10 August 2018 – Addvalue Technologies Ltd (the “Company” or “Addvalue” and together with its subsidiaries, the “Group”) today announced the financial results of the Group for the first financial quarter ended 30 June 2018 (“1Q2019”) of the financial year ended 31 March 2019 (“FY2019”) in comparison to that of the corresponding quarter (“1Q2018”) of the financial year ended 31 March 2018 (“FY2018”).

A summary of the financial highlights for 1Q2019 *via-a-vis* 1Q2018 is tabulated as follows:

	1Q2019	1Q2018	Changes
Revenue (US\$'000)	1,131	848	33.4%
Gross Profit (US\$'000)	388	336	15.5%
Net Loss (US\$'000)	(862)	(1,070)	(20.6%)

The Group outperformed its performance, both in terms of revenue and the bottom-line, in 1Q2019 compared to 1Q2018. The improved performance was attributed mainly to the maiden delivery of the Group’s new proprietary Software Defined Radio communication

modules (“SDR Modules”) to a Singapore government agency and the cost containment measures implemented by the Group.

Barring any unforeseen circumstance, the Group expects to register accelerated revenue growth for both its IDRS and Non-IDRS businesses from FY2019 and beyond and with its performance for FY2019 to significantly outdo that of FY2018, in view of the following considerations:

1. Design Engineering

The Group is now at various late stages of discussion on several high value design-cum-supply programs with a few customers that will not only yield immediate design revenue in FY2019 but also pave way for future supply revenues. The Group’s deep capabilities in communication technologies and complex product development have given it a competitive edge to win high value sophisticated development projects from several governments and enterprises. One such striking example is its in-house developed proprietary Software Defined Radio (“SDR”) module, which can be used as a core engine for a variety of proprietary communication systems. The SDR module has generated wide interests, including a secured order of about S\$1.0 million from a Singapore Government agency, and we expect further orders within this current financial year.

2. Fishing Fleets

A remarkable breakthrough into the fishery regulatory market was accomplished very recently when the Addvalue iFleetONE terminal together with the Addvalue proprietary Vessel Management System (“Addvalue iFleetONE VMS”) was type-approved by the National Marine Fisheries Service (“NFMS”) Office of Law Enforcement (“OLE”) for fishery regulatory activities in various protected regions in the western coast of the United States of America, including the Alaska, western and central Pacific and Papahānaumokuākea Marine National Monument. This means that the Addvalue iFleetONE VMS solution, by far the first and only Inmarsat Fleet Broadband solution approved by the NFMS/OLE, will be installed on fishing vessels that need to operate in these protected regions. We expect to see the deployment of the Addvalue iFleetONE VMS to start within this financial year. This shall not only lead to a steady growth in sales of the Addvalue iFleetONE terminals but more importantly the recurring and increasing

revenue of VMS and air time subscriptions as more fishing vessels will be on board the NFMS/OLE VMS program in the coming years.

Meanwhile our efforts to grow the subscription revenue for our supply of equipment bundled with solutions for fishing fleets in the ASEAN regions is also rapidly gaining traction. We expect the momentum to continue to build up, which, over time, is expected to result in not only higher terminal sales but also a corresponding increase in our recurring revenue.

3. Turnkey Internet-of-Things (“IoT”) Projects

Riding on the successful proof of concept of our IoT solutions, we are conducting further IoT trials with partners in the vertical markets for water resource management, weather monitoring and asset tracking in the South East Asia region, particularly in Vietnam, the Philippines, Thailand and Indonesia. Such projects which, when proven viable, will lead to wide commercial deployment of our IoT solutions in the said region.

4. China and Belt and Road Initiative

We are hopeful that the re-initiation of the fishing fleet modernization programs in China will improve our terminal sale in this financial year through partners such as Huan XingKe (Beijing) information Technology Co Ltd and Zhongyou Century (Beijing) Technology Ltd, Meanwhile we are also in pursuit of several engineering projects in IoT and remote control based on satellite communication technologies. On a separate track, we expect to ride on the new opportunities opened up by the newly launched China mobile satellite system known as Tiantong Satellite Communication System to develop customized solutions through strategic partnerships in China. Barring any unforeseen circumstance, we expect the collaboration to yield growing sales and contribute to the revenue of the Group in FY2019 and Beyond..

5. Inter-satellite Data Relay System (“IDRS”) Business

On 9 August 2018, the Group announced its new partnership with Open Cosmos at the just concluded 32nd Small Satellite Conference in Utah, USA (the “Small Satellite Conference”) to provide IDRS terminal as an add-on function onto Open Cosmos’ satellites in servicing the latter’s customers who require near real-time communications. Addvalue, co-partnered with Inmarsat, participated at the Small Satellite Conference, and gained a lot of tractions while receiving many enquires and positive feedbacks about

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its IDRS products and services. The newly forged partnership with Open Cosmos is in addition to similar IDRS partnerships which Addvalue has had established in the past months such as the ones with KSAT in March 2018 and with a major LEO satellite service provider in June 2018. Such a continuous line-up of partnerships testified the commercial tractions for Addvalue's IDRS products and services, which have not only gained momentum but also in intensity in recent months, and the Group anticipates a few more IDRS contracts to be signed for the remaining period of FY2019. Accordingly, the Group expects the partnerships to help accelerate the growth of its IDRS business in FY2019 and beyond.

Dr Colin Chan, Chairman & CEO of Addvalue, remarked that *"We are very excited about FY2019 and beyond as Addvalue stands ready to progressively reap the harvest of its efforts in transforming itself into a leaner and much stronger company with a more robust, resilient and versatile business model."*

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions, including the timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of the improved airtime package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

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About Addvalue Technologies Ltd. (www.addvaluetech.com)

Addvalue Technologies Ltd (A31) a SGX Mainboard-listed company, is a leading one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a variety of voice and IP based data applications.

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Addvalue is presently a leading global developer and supplier of mobile satellite terminals supporting coverage provided by premier mobile satellite communication system operators. These terminals are an ideal choice for communications in areas around the world where terrestrial networks are non-existent, or ineffective. This is particularly so for maritime communications, which rely almost entirely on satellite communications, where Addvalue's marine communications terminals are well suited.

About IDRS

Since the launch of its IDRS terminal aboard a 12 kg LEO satellite on 16 December 2015, Addvalue has successfully tested for one year the technical feasibility of IDRS over the Inmarsat BGAN network, to provide on-demand 24/7 two-way IP-based data services for LEO satellite missions. This innovative IDRS solution addresses a long standing constraint on the operation of LEO satellites where communication is only available when the satellite is within sight of an earth station and on a rigid time schedule based on the particular LEO satellite orbit and the geographic placement of the earth stations.

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