



RESPONSE TO QUESTIONS FROM SHAREHOLDERS WITH RESPECT TO THE FORTHCOMING ANNUAL GENERAL MEETING TO BE HELD ON 28 JULY 2023

The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Notice of Annual General Meeting (“**AGM**”) and its related documents, the annual report for the financial year ended 31 March 2023 and the circular concerning the proposed renewal of share buyback mandate by the Company dated 13 July 2023 (collectively, “**AGM Documents**”) on the SGXNet and on the Company’s website <https://www.addvaluetech.com/AGM>.

The Board hereby enclosed, in Appendix A, the response of the Company to the questions raised by the shareholders of the Company (the “**Shareholders**”) in relation to the AGM Documents at the end of the questions submission deadline on 20 July 2023.

Some of the statements contained in the enclosed response 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 and may affect the extent of the realization of our current book orders for FY2024 and beyond. 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 current Ukraine war, inflation in many countries globally, the uncertainties arising from the current ongoing trade war and stand-off between US and China; continued concerns of the scale of the possible adverse fallouts as well as other political and economic issues confronting the world and any adverse changes to the now stabilizing covid pandemic situation or the emergence of another pandemic ; deflationary pressures and undue currency movements; change in technology; delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of improved airtime package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract quality 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 and that the certainty of success of any pending fund-raising exercise by the Company is not assured, undue reliance must not be placed on these statements.

BY ORDER OF THE BOARD

Tan Khai Pang
Chief Executive Officer
24 July 2023

Appendix A

The questions submitted by the shareholders by email and answers given by the Company through SGX announcement are tabulated as follows:

S/N	Name of Shareholder	Question	The Company's Response on 24 July 2023
1	Kelvin Ooi	<p>1. How does VIASAT's acquisition of Inmarsat impact Addvalue and its IDRS airtime contract?</p>	<p>Addvalue IDRS is seeing broad market acceptance for managing constellations for a wide array of LEO satellites in support of commercial, scientific, and governmental applications – optical and SAR image collection, global weather data gathering, space science mission support, hyperspectral data collection, ship traffic monitoring, RF spectrum monitoring, LEO satellite servicing, etc.</p> <p>We have found Inmarsat, and now Viasat after the acquisition, to consistently be a supportive partner in our provision LEO satellite management comms. As ViaSat is US-based and has strong market access to US government sectors, we believe that the acquisition of Inmarsat will widen our opportunities in the US government related markets.</p>
		<p>2. I see that VIASAT is developing its own Real time Space Relay. How will this impact us? https://www.viasat.com/space-innovation/space-systems/intersatellite-communications/</p>	<p>LEO satellite comms needs can be divided into two services: a data rate link for constellation management and a wideband link for image downloads.</p> <p>Our IDRS is well suited to support the first of these services and is tuned to take advantage of Inmarsat's world-leading mobile L-band satcom</p>

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			<p>network based on the global ELERA constellation of GEO satellites and BGAN ground infrastructure.</p> <p>Following the acquisition of Inmarsat by ViaSat, ViaSat now greatly augments its mobile satellite capabilities with the L-band spectrum resources which is very essential for resilient and mission critical applications.</p> <p>Our IDRS L-band communications engine is optimized to operate with small antennas at low power budgets. This allows our space proven IDRS flight hardware to be suitable for managing LEO satellites without the burden of precision LEO antenna pointing. Thus, our L-band based IDRS service which provides ubiquitous, on demand, low latency comms for LEO satellite management, is regarded to complement rather than competing with higher data service enabled through Ka-band or laser-based technologies.</p> <p>For example, one of our customers Hedron (formerly known as Analytical Space) has planned a high-speed optical data relay satellite network called Fast Pixel Network in the low Earth orbit. A key aspect of this implementation is to incorporate the Addvalue IDRS as its "always-on" telemetry, tracking and control (TT&C) data capabilities for its satellite constellation management.</p> <p>Also see Response to Q1 above.</p>

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		<p>3. Is Addvalue IDRS only contracted for exclusive use on Inmarsat's GEO satellite? Are we able to use other GEO operators?</p>	<p>The development of IDRS technologies is undergirded on Addvalue's over two decades of technical know-how and expertise in mobile satellite communications terminals and its deep understanding of the Inmarsat ELERA satellite constellation and BGAN network through its long-standing relationship with Inmarsat.</p> <p>As not all GEO satellite networks are pre-disposed to support the mobility management needed to handle inter-satellite data relay on a global basis, some efforts of technical customisation will be needed and Addvalue has developed the relevant insights for such communication payload design and development.</p>
		<p>4. What is our strategy to reach more clients since we have the first mover advantage? Seems like others are also developing their own.</p>	<p>The Company has been active in engaging with established industrial players from global enterprises, innovative start-ups, and governmental agencies in the LEO satellite industry.</p> <p>Starting its commercial services in 2020, our IDRS is the first and still the only commercially available inter-satellite link data relay solution to LEO satellite operators. It is now well known for its space heritage. As per the response to Q1, our IDRS is seeing broad market acceptance for managing constellations for a wide array of LEO satellites for just about all kinds of space missions. To the best of our knowledge, we have not seen any other emerging services ready to offer similar capabilities like IDRS.</p>

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		5. Is optical data transfer a threat or complement to our business?	See Response to Q2 above.
2	Cheam Fong Hong	<p>1. It is good to see the Company gained traction in the commercialisation of key products, particularly in the Space Connectivity (SPC) and Advance Digital Radio (ADR) businesses. At the same time, it is disappointing that the Company may be placed on the SGX watch-list based on its historical financial and trading performances. This, together with multiple fund raising exercises in recent years, may dampen investors' confidence in the financial viability of the Company.</p> <p>a. What are the priorities set by the Board to steer the Company towards financial sustainability?</p> <p>b. If further fund raisings are inevitable during this phase of business expansion, it may be more reassuring to also present a big picture of how the Company seeks to operate more efficiently and manage its cash flows more effectively over time.</p>	<p>The Company believes its transformation of business models to new growth areas over the past years has resulted in two key engines of growth, namely the SPC-related Business and ADR-related Business as both business pillars are starting to bear fruits..</p> <p>The new products and solutions generated by our in-house team have gained market acceptance, judging from the growth of the order book secured from existing customers and new accounts.</p> <p>At the same time, the Company has refined its operations by carrying out right sizing exercises over the years including strengthening its internal core teams and its strategic partnerships to sharpen its businesses competitiveness.</p> <p>In sum, the Company is well poised to scale its business with its unique product offerings, with its improved operational efficiency and a much-diversified revenue model, which include hardware sale, engineering services and subscription based recurring income. Riding on the momentum from our twin engines of growth, the Company has established a set of goals for management to return to profitability as soon as possible and is mindful of the funding needs to achieve these goals. We are studying various funding options including but not limited</p>

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		<p>Would the management be able to set certain goals, such as operating margin and free cash flow, or any other tangible metrics deemed appropriate, and articulate plans that could be taken to achieve these goals?</p>	<p>to debts and equities and will provide a timely update to shareholders once we have finalized the funding option.</p>
		<p>2. The Chairman's Statement in the annual report highlighted the strategy of focusing efforts on the SPC and ADR businesses. How are the human resources deployed for the Company following this rebalancing act, particularly for those in the STC and SDS businesses?</p>	<p>The right-sizing exercises over the years have enhanced our human resources with re-trained skillsets from STC to support SPC and ADR businesses, while the main bulk of Company's existing technical talents are deployed to support new development work in SDS.</p> <p>It is important to note that the Company take a strategic approach in cultivating business opportunities in design and services projects that will contribute to honing its technical and operational capabilities and to tapping into new business growth areas.</p>
		<p>3. Are products for SPC and ADR businesses manufactured internally or subcontracted? Would more spending on capex be required as the orders scale up?</p>	<p>The Company's strategy is to outsource the assembly of its electronic products to qualified third-party partners.</p> <p>Given the sophistication of our products, CAPEX for facilities is mainly necessary to ensure our products are tested and validated to meet high-quality standards.</p>
		<p>4. It seems that despite a significant number of planned satellites (>330) from</p>	<p>In general, it takes longer business cycle time in the space business because of the nature of the industry. Even in the era of new space,</p>

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		<p>customers in the SPC business, the actual number of IDRS terminal in operation remains low, probably due to the lengthy preparation work needed to launch satellites and constraints in launch schedule. Would it be fair to conclude that the conversion from order-to terminal sales revenue-to airtime revenue is relatively longer for SPC compared to the order-to-revenue conversion for ADR business and that more working capital would be needed to support the SPC business?</p>	<p>which is largely dominated by many innovative space pioneers, it still easily takes 2 to 3 years to plan, design, build, test and launch small LEO satellites which are designed to last 3 to 5 years missions in space. Once the initial few satellites are successfully demonstrated in orbit, then the next phase of proving the satellite business model is key to dictate how quickly the constellation of satellites will be filled up with additional funding.</p> <p>Our experience has been that once the customers have confirmed their business plans, they will plan for the procurement of IDRS in tandem with their satellite launch plan.</p> <p>It should be noted that the SPC business has besides hardware sales significant recurring IDRS airtime revenue, which is growing as the number of satellites in space increases over time. Hardware revenue is also recurring since satellite operators need to replenish their satellites at the end of their design life of 3-5 years to continue their mission.</p> <p>Capital is required to book materials, especially those that have very long order lead time to ensure such materials are available to support our manufacturing plan for our hardware devices.</p> <p>As a standard business practice, the Company collects deposits upon PO confirmation of its hardware devices to ease the burden on working capital.</p>

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		<p>5. Having delivered 47 IDRS terminals as at June 2023 and put 9 terminals in space, would management have a sense of the minimum scale – for example, according to the number of IDRS terminals that need to be sold per annum or the number of IDRS terminals that need to be operating in space – by which the SPC business will be self-sustaining?</p>	<p>There are two types of IDRS terminals. One is called Engineering Model (“EM”), which is not suitable for launching into space but for the satellite operators to experiment with the IDRS connectivity and conduct integration and testing with its spacecraft before beginning their space mission; and the other is called Flight Model (“FM”) which is made to be fitted into a LEO satellite and launched to support their space mission.</p> <p>At the point of our unaudited accounts on 30May 2023, there were 24 FM units shipped to several of our clients for their space launch missions according to the respective client’s schedule with their launch service providers.</p> <p>There are more than 330 satellites in aggregate according to the constellation plans of all our current list of IDRS customers. We are confident that we will continue the growth momentum of IDRS as our customers such as Astroscale, Atomos Space, Blacksky, Capella Space, Loft Orbital, and Hedron to name but just a few, continue implementing their business plans.</p>
		<p>6. What is the management’s view on the current average airtime usage per IDRS terminal relative to expectation before the terminals were deployed – low, in line or high?</p>	<p>Our IDRS is best suited to support LEO satellite constellation management that requires reliable, always-on and very low latency data connectivity. It is still a relatively new service, which our customers are only beginning to take advantage of and exploring how the IDRS capabilities can help them enhance their business models and sharpen their competitive edge. For example, as the employment of edge-processing technologies become more prevalent on board LEO</p>

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			<p>satellites, much smaller packages of contextual data can be extracted from raw data and relayed over the IDRS channel on a real time basis, thereby greatly improving the time responsiveness on the ground.</p> <p>As different satellite missions will have different data use scenarios, the Company has implemented a range of pricing schemes to match the wide scope of use profiles of our existing and future IDRS customers. This includes minimum monthly charges and incentive schemes for higher data usage, much like those of the terrestrial mobile data plans</p> <p>The Company believes the airtime revenue of the IDRS business will form a significant part of its business income as the number of satellite constellations continues to expand.</p>
		<p>7. Is management aware if airtime usage for IDRS terminals is so far largely driven by intelligence needs for the Russia-Ukraine war such that without the war, airtime revenue would grow at a relatively moderated pace?</p>	<p>The IDRS airtime service is used by our LEO constellation customers for various mission use cases. These missions include Earth observation, surveillance, weather data gathering and delivery, space service and orbital transfer, asset tracking (land, maritime, air), situational awareness, disaster response, and so on. With such a wide range of mission applications, the IDRS business does not rely on military use cases for its growth.</p>
		<p>8. The Company may be the first to put into operation near real time and on-demand connectivity in space. However, competitions are emerging to present</p>	<p>Our IDRS business has accumulated significant space heritage since commencing operation in 2020.</p>

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		<p>similar solutions. What has the company done or plan to do to stay ahead of the competition?</p>	<p>In addition, the IDRS system operates with the Inmarsat ELERA global GEO constellation and global ground infrastructure, which are both mature systems with more than 20 years of heritage and stability. Our space heritage, as well as the maturity and stability of our global system infrastructure are extremely valued by our IDRS customers in the LEO operator's community and serve as effective barriers to competition.</p> <p>Since the first launch of IDRS service with Capella Space in 2020, we are still the world only commercial IDRS service provider in partnership with Inmarsat (now Viasat). We shall take advantage of our pole position to grow our customers base as quickly as we can.</p>
		<p>9. The fair value of the quoted equity investment held by the Group increased sharply from US\$14,945 in FY2021 to US\$268,400 in FY2022 and then declined again to US\$19,825 in FY2023. Could the management share more information about this investment, why the investment was made and cause of the recent volatility in fair value?</p>	<p>This quoted investment, NextMark Inc., (NXMR), which was listed in US Stock market, was acquired as part of a settlement agreement between the Company and Sun Media Investment Holding Ltd, that was approved by shareholders at an EGM of the Company held on 20 March 2007. We do not know the cause of volatility in the fair value of NXMR but we have noted a report regarding a new management take over and the injection of some new business into NXMR in March 2022.</p> <p>Click link below for more information about NXMR. https://finance.yahoo.com/quote/NXMR/</p>