



**RESPONSE TO QUESTIONS WITH RESPECT TO THE FORTHCOMING ANNUAL GENERAL
MEETING TO BE HELD ON 24 JULY 2024**

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 2024 and the circular concerning the proposed renewal of share buyback mandate by the Company dated 9 July 2024 (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**”) and the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the AGM Documents at the end of the questions submission deadline on 17 July 2024.

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
19 July 2024

Appendix A

The questions submitted 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 2024
1	Shareholder 1	<p>i) IDRS has been in commercial service since 2020. How many companies (Viasat, Kepler, TTP etc) are making Intersatellite Data Relay Terminals? Who are our closest competitors? What is our lead in terms of months? What are we doing in terms of R&D to keep this lead? Do you think we are innovating fast enough to stay ahead of the competition?</p>	<ul style="list-style-type: none"> • Satellite communication specialists Addvalue developed Inter-Satellite Data Relay Service (“IDRS”) for space data communication links over the Viasat L-band GEO satellite network. So IDRS is a product of collaboration between Addvalue and Viasat/Inmarsat. • IDRS is the only commercially available inter-satellite data service that offers global coverage, almost real-time connectivity and on demand connectivity. Addvalue first flew IDRS in 2016 on the Velox-II in-orbit demonstration satellite and has been securing commercial service contracts since 2020. • Neither the InRange nor TTP L-band terminals have ever flown in space and have no flight heritage. <p>There have been a few new space companies such as Kepler trying to leverage free-space optical technologies for very high-speed inter-satellite data links. We believe the IDRS will complement well with free space optical inter-satellite links. This is because 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 the “choice” solution for managing virtually all 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</p>

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		<p>ii) Viasat has In-range and In-command. They are also using data relay services via GEO satellites. Are they in competition with IDRS? If not, why not? How is IDRS different from In-Range/In-Command? Are the target markets different?</p> <p>iii) Ka-band data relay terminals are also being tested. Are they competitors or do they serve a different market segment?</p>	<p>regarded to complement rather than competing with higher data service enabled through Ka-band or laser-based technologies.</p> <p>Our priority is to expand the IDRS market share with the strong support of Viasat and at the same time, develop new IDRS derivative products with unique capabilities to retain our leading position in the market.</p> <ul style="list-style-type: none"> • <i>InRange</i> is a terminal that provides launch telemetry from space eliminating the need for down range ground stations to maintain telemetry coverage. It does not compete with IDRS. • <i>InCommand is not a Viasat product, though it has been tested over Viasat's L-band network. InCommand has never flown and has no space heritage.</i> • <i>IDRS</i> is space proven and commercially available today. Addvalue has Viasat's full support to promote IDRS and we are working closely to ensure its long-term success. • There have been competing attempts to develop data terminals at higher radio frequency spectrum including optical range with the aim is to provide higher data rates. However, such terminals are bigger in size, heavier in weight and consuming significantly more power.



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			<ul style="list-style-type: none"> An IDRS terminal, operating at L band is most efficient when deployed on a LEO satellite that requires small SWaP (Size, Weight, and Power). <p>The market for inter-satellite and inter-space connectivity is growing rapidly, and new terminals operating in different parts of the radio spectrum as well as free space optics will emerge, yet the SWaP and other characteristics of IDRS and its future iterations will always be required in the market. That said, we are also exploring the possibility of Addvalue expanding its range of terminal and service offerings to frequencies other than L-band.</p>
		<p>iv) Airtime revenue did not seem to be increasing in tandem with the IDRS hardware revenue. How is the faster than expected de-orbiting of Capella's LEO satellite impacting our projected airtime revenue / cash flow? How many IDRS terminals were up in space (time weighted) in FY23 vs FY24?</p>	<ul style="list-style-type: none"> Our airtime revenue is derived from providing the data connection service to the satellite operator after the terminal is launched into orbit and when data connection service starts. If the satellite operator decides to deorbit the satellite for whatever reason, then there will be no data connection service. As of 1 July 2024, there were 12 satellites in orbit and this number shall rise because of the planned satellite launches by our clients. It is to be noted that satellite launches are facilitated by the launching operators such as SpaceX, Rocket Lab, Blue Origin and so on, with whom our clients have to negotiate for launching slots.
		<p>v) Is our technology exclusive to VIASAT? Is the IDRS technologically compatible with other GEO</p>	<ul style="list-style-type: none"> IDRS is an Addvalue developed terminal and service that operates over Viasat/Inmarsat's L-band network. It is an

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		<p>operators? Are we contractually bound (exclusive) to VIASAT?</p>	<p>innovation undergirded on Addvalue's over two decades of technical know-how and expertise in mobile satellite communications terminals and its deep understanding of the Viasat L- Band GEO satellite constellation and network.</p> <ul style="list-style-type: none"> • The Viasat/Inmarsat is the only satellite operator providing global L band coverage and IDRS is the only commercial inter-satellite data service over the global GEO satellite-based L band network. • 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 customization will be needed and Addvalue has developed the relevant insights for such communication payload design and development. • Addvalue is closely monitoring developmental trends in GEO and Non-Geostationary (also known as NGSO) satellite communications industry and will evolve new space communication products and services aligned with the market trend.
		<p>vi) Is the airtime revenue sharing with Viasat perpetual or for a fixed contract period?</p>	<p>We contract with our customers for data transmission while we arranged a back-to-back arrangement with Viasat to provide the transmission bandwidth.</p>
		<p>vii) Revenue from the SDR segment has seen a surge. Could we have more details as to what the ADRS1000</p>	<ul style="list-style-type: none"> • Revenue from the SDR segment mainly relate to sale of ADRS1000 to mainly overseas customers.

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		<p>is capable of? What type of products use the ADRS1000?</p>	<ul style="list-style-type: none"> • ADRS1000 is a multi-channel Software Define Radio module incorporated with the powerful AMD-Xilinx Gen 3 Zynq® UltraScale+™ RFSoc, which comes with built-in 16 channel 14-bit ADC for adaptive digital radio front-end, Quad Arm® Cortex®-A53 processing subsystem and UltraScale+ programmable logic with ample computing resources. • ADRS1000 is developed on the back of Addvalue's rich design heritage in radio frequency (RF) modules and complex FPGA-SoC embedded systems for bespoke wireless applications for use in highly complex and technical industries such as the satellite communications, 5G radio, phased array radar, beamforming and signal detection/jamming across defense and aerospace sectors.
		<p>viii) Page 136 of AR. Will we be able to clear Loans 7,8 and 9 when they are due. Do you expect to take on more such high interest loan this FY?</p>	<p>You may have noted that we have already cleared Loans 1 to 6. To-date, loans 8 and 9 already cleared. Loan 7 is part of our on-going financing facility.</p>
		<p>ix) I refer to the article in the link below. Is the IDRS solution capable of handling NASA's requirements? Is VIASAT showcasing our solution to NASA? https://spacenews.com/the-space-relayers-nasas-latest-bet-on-the-private-sector-is-starting-to-take-shape/</p>	<ul style="list-style-type: none"> • NASA's existing Tracking and Data Relay Satellite ("TDRS") constellation provides connectivity for government users such as the International Space Station and US DoD space assets. However, TDRS is ageing, and NASA has issued study contracts to industry to demonstrate services that could replace TDRS.

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			<ul style="list-style-type: none"> IDRS, fully supported by ViaSat, is a commercially ready solution for almost real-time inter-satellite data services and is well poised to address the increasing LEO satellite market for data communication services.
2	Shareholder 2	<p>i) IDRS airtime revenue continued to increase in FY2024, but the growth rate has somewhat slowed compared to that of FY2023. Why has the growth rate of the airtime revenue moderated?</p> <p>ii) Once an IDRS terminal is fixed on a satellite and launched into space, what are some of the ways in which airtime usage and revenue may increase during operation, or is airtime revenue simply dependent on the number of satellites, regardless of how the satellites are used in space?</p> <p>iii) Are the FY2024 "major customers" mentioned in Note 39 of Financial Statements mainly made up of the same group of major customers in FY2023?</p> <p>iv) The company has worked with a large local technology customer on the design and supply of</p>	<p>Please refer to the answers under 1 iv) above.</p> <p>The IDRS terminal installed in a satellite is to facilitate two-way data communications between the satellite and its ground control station. The connection rate is charged on a data plan much like a mobile phone data subscription. So each satellite installed with an IDRS terminal will be charged for data usage based on an IDRS data subscription plan. Satellite operators may use IDRS connections for TTNC (Telemetry, Tracking, and Network Control), real time tasking missions, real time satellite bus health status report, constellation management, or even critical but small payload data transfer. Therefore, our clients can decide to change their data subscription plans according to the changing needs of their operations.</p> <p>The FY2024 "major customers" mentioned in Note 39 of Financial Statements not only comprises the mainly the same group of major customers in FY2023, it contained additional customers that we garnered during the year.</p>

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		<p>software-defined radio (SDR) modules for a while. This has provided a steady order flow, but not necessarily growing strongly based on the order value.</p> <p>a. Is the customer at the stage where the modules are included in products that are newly commercialised and yet to gain traction in sales?</p> <p>b. What are the key strategies (including target geographical markets and sectors) to grow the business for SDR modules and diversify the customer base in the next 2-3 years?</p>	<p>The company has worked with a large local technology customer on the design and supply of software-defined radio (SDR) modules for a while. This has led to a steady order flow and future orders can be expected as new products are developed and commissioned from this collaboration.</p> <p>We are focusing on rising demands for smart antenna, 5G technologies, and AI-enabled systems in both enterprises and government industries to grow the SDR related businesses. Geographically, Asia Pacific represents tremendous opportunities to scale our business.</p>
3	SIAS (non-Shareholder)	<p>Q1. For the financial year ended 31 March 2024, the group recognised revenue of US\$12.8 million, with US\$6.6 million derived from space connectivity (SPC) operations and US\$4.8 million from advance digital radio (ADR)-related activities.</p> <p>As highlighted by the chairman in his statement to shareholders, the confirmed order book stood at US\$9 million across both the SPC and ADR business segments. The group has also pivoted to a solution-centric business model.</p> <p>i. How substantively different is the new solution-centric business model from the previous one? Does the group have the</p>	<p>The business transformation efforts over the years have prepared and pivoted Addvalue's core capabilities in satellite</p>

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		<p>necessary talent pool, in terms of skills and experience, to deliver on this new business model?</p>	<p>technologies and in complex embedded hardware system design for high growth markets.</p> <ul style="list-style-type: none"> • Inter-Satellite Data Relay System ("IDRS") is the outcome of Addvalue's deep capabilities in satellite communication knowhow to address a pain point faced by LEO satellite operators. • Advanced Digital Radio ("ADR") is the re-alignment of embedded hardware design capabilities for high-value and increasing ubiquitous use of Software Defined Radio ("SDR") applications in many industries. <p>The two business drivers begin to bear fruits only in the aftermath of the Covid-19 where the commercial world regained its normalcy and the world in general commences to rearm itself. Thus FY2022, FY2023 and FY2024 are the periods of core-building for Addvalue twin engines of growth. Our same pool of talents has persevered the un-anticipated dry spell and has emerged stronger to continue to deliver results for the last three FYs. And the same pool is ever prepared to work diligently and contribute effectively for the next 3 to 5 years.</p>
		<p>ii. What are management's key operational and financial priorities for the next 18-24 months?</p>	<p>Management's key operational and financial priorities for the next 18-24 months will be to generate sales from the twin engines and deliver good growth in profitability and cash flows, and at the same time enhancing the technical superiority of our key products for IDRS and SDR in tandem with our market expansions in these domains</p>

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		<p>iii. SPC: How revolutionary is the Inter-Satellite Data Relay System ("IDRS") technology, and how is the group developing new use-cases for IDRS?</p>	<ul style="list-style-type: none"> Without IDRS, a LEO satellite operator has to depend on ground stations to exchange data with its spacecraft in a LEO orbit. By offering an independent, direct and highly reliable data communication channel within seconds, IDRS frees the LEO satellite operators from the rigid scheduled ground station communication arrangement and enables them with new possibilities to improve operational efficiency and innovate new services to their clients. Equipped with our IDRS terminals in their satellites, today our satellite clients offering covers a board scope of space-based missions including earth observation, space debris management, RF surveillance, in-orbit logistic support, and others. This shows that the unique characteristic of IDRS is well suited to serve the purpose of a wide variety of use cases in space.
		<p>iv. What is the group's manufacturing capacity of IDRS terminals?</p>	<p>Addvalue has built in-house capabilities and facilities to conduct final assembly, testing and quality check on the IDRS terminals while contracting qualified third parties to undertake the PCB assembly production. The production capacity can be ramped up as sale orders increase.</p>
		<p>v. In the SPC/IDRS segment, what is the typical time to close a sale for new and existing customers? When does the group expect to confirm the US\$5.0 million "high confidence" sales leads in the pipeline?</p>	<p>The SPC/IDRS belongs to the new space industry which sees an unprecedented increase in new startups and innovations. The closure of sales can vary from 2 months to longer than 12 months depending on a multitude of factors such as funding status, business model verification, satellite manufacture lead time, launch schedule and so on. Most of our existing</p>

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			<p>customers are considered "coming of age" as they have concrete plans that we can work with, and with the historical track record and strong partnership, we are able to derive our confidence in the sale pipeline. In general, we will strive to convert "high confidence" sales leads into confirmed sales within the next 3 to 9 months. That said, there are always unforeseeable circumstances that 'high confidence' sale leads may be further delayed or even aborted.</p>
		<p>vi. Similarly, when does management expect to close the high confidence sale leads worth US\$4.6 million in the ADR segment?</p>	<p>Ideally, we would like to convert to sales high confidence sale leads within 3 to 9 months.</p>
		<p>vii. What are some of the challenges and bottlenecks faced by management in trying to secure more sales?</p>	<p>As explained in 3v above, the challenges in new space market mainly come from having to deal with some inherent uncertainties with startups as they need time to reach some stability. We are circumspect in identifying and selecting potential and well-funded startups.</p> <p>In general, the markets that our products and services are targeting inherently involve high tech skills to apply. Besides having our business and sales personnel to be technically conversant, we also work with partners in the relevant ecosystems to reach out to potential users of our products and technical solutions. Usually once the customers are secured, there will be some stickiness as our proven ability and products are not easily replaced and the barrier to entry is pretty high.</p>
		<p>Q2. The age analysis of trade receivables is shown in page 156 (Note 40 Financial instruments and financial</p>	<p>Please note that the trade receivables past due 0 to 3 months amounted to US\$1.58 million is <u>not overdue</u> per se.</p>

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		<p>risks: Credit risk). Trade receivables past due 0 to 3 months amounted to US\$1.58 million.</p> <p>i. What are the reasons for the significant amounts of trade receivables past due given that the group deals with “respected operators” and creditworthy counterparties?</p>	<p>The trade receivables relate to sale in the last month of the FY2024 in March 2024 which were all collected. Our IDRS / ADR sales modus operandi is to collect advance money to enable us to procure materials for the production. And for IDRS, we also collect progress payment before its final delivery.</p>
		<p>In addition, in the previous financial year, the group impaired US\$6.0 million in trade receivables pertaining to a one-off licensing income with a customer in 2020. The group had allowed the customer to settle the consideration by way of cash or issue of shares. Following several delays, management deemed there to be a significant increase in credit risk and fully impaired the amount. There has been no further update from the trade debtor and the amount has been deemed uncollectible.</p>	<p>Please refer to the announcement made on SGXNET dated on 27 September 2021 on similar topic.</p>
		<p>ii. Has the board, especially the audit and risk committee (ARC), reviewed the key management decisions and board approval process in 2020 relating to the one-off licensing?</p>	
		<p>iii. What efforts has management made to collect the long-overdue trade receivables since 2020?</p>	

S/N	Name of Shareholder	Question	The Company's Response on 24 July 2024
		<p>iv. What is the current status of the customer, Cloud Constellation Corporation?</p> <p>v. Has the board or ARC explored legal means to enforce the group's rights?</p> <p>vi. Has the board made improvements to the group's risk management practices, especially with regard to granting credit, working capital and cash flow management?</p> <p>vii. Did the board hold management accountable for the issues related to the US\$6.0 million in impaired trade receivables?</p>	
		<p>Q3. The "Impairment assessment of development expenditure" is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.</p> <p>As noted in the KAM, as at 31 March 2024, the carrying value of development expenditure amounted to US\$8,101,041 (2023: US\$7,926,397), representing 43% (2023: 48%) of the group's total assets. Further in Note 15, it was disclosed that included in the development expenditure is an amount of US\$5,280,745 (2023: US\$4,504,737) pertaining to development projects not yet available for use.</p>	<p>Please refer to page 101-102 of the Annual Report 2024, Notes 2.11 Intangible assets for more details on its accounting policy.</p>

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		<p>i. Can the ARC provide clarity on what expenses are classified as development expenditure and are thus capitalised into the balance sheet?</p>	<p>Development expenditure being capitalised into the balance sheet has a high bar as it must bring economic benefits to Addvalue over a period of, say 10 years which is the amortisation period.</p>
		<p>ii. How long is the development cycle since the majority of the development expenditure/projects are not yet available for use?</p>	<p>Development projects are an essential part of Addvalue's DNA. It will continue to be the backbone of Addvalue to ensure it is in the forefront of our competitive landscape. The projects may take 12 months to 30 months.</p>
		<p>On 8 July 2024, the company announced that it has made material adjustments to its unaudited financial statements following the finalisation of audit. This marks the third consecutive year that the company has had to make material adjustments to its unaudited financial statements. (announcement link)</p> <p>iii. What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I))?</p>	<p>We endeavour to minimise, if not totally avoid the need to have to make material adjustments to its unaudited financial statements after its announcement to the SGX-ST.</p> <p>On 8 July 2024, the company announced that it has made material adjustments to its unaudited financial statements following the finalisation of audit as the stocks purchased for managed services received on behalf of a third party in March 2024 did not complete its production by 31 March 2024 and thus needed to be taken into the Company's books as it crossed the financial year end.</p> <p>As a "lean and mean" company just emerged from the pains inflicted by the Covid-19, we strive to be effective with the minimal but appropriately qualified staff level.</p>
		<p>iv. What role did the ARC play in the preparation of the financial statements? Was it adequate?</p>	<p>Although we put in place checks and balance to maintain a high standard in the preparation of financial statements, we continue to improve the processes and their effectiveness.</p>

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		v. How can shareholders be assured that the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?	We have appointed an experienced CFO in Mr Wong Tat Yang to oversee and strengthen our finance and accounting functions. We are always mindful the importance of suitability qualified finance personnels to ensure the integrity of the financial statements.
		vi. Has the ARC evaluated the risk that development expenditure is materially overstated?	We appointed well-qualified and experience valuer to evaluate the development expenditure.