

NEWS RELEASE



ADDVALUE TECHNOLOGIES LTD

Company Registration Number: 199603037H

ADDVALUE LOOKS FORWARD TO FY2019 AS IT EXPECTS FY2019 TO SIGNIFICANTLY OUTPERFORM THAT OF FY2018

- **FY2019 Transformation Program expects to drive up revenue in FY2019 and beyond**
- **IDRS business to contribute to revenue in FY2019 and beyond**
- **Amortization to decrease by at least 50% in FY2019**
- **Proposed distribution-in-specie in rewarding shareholders through the possible spin-off of a subsidiary for a listing on the Catalist Board of SGX-ST**

Singapore, 30 May 2018 – Addvalue Technologies Ltd (the “Company” or “Addvalue” and together with its subsidiaries, the “Group”) today announced its financial results for the financial year ended 31 March 2018 (“FY2018”) in comparison to that for the financial year ended 31 March 2017 (“FY2017”). A summary of which is tabulated as follows:

	FY2018	FY2017
Revenue (US\$'000)	4,086	10,840
Gross Profit (US\$'000)	1,323	4,079
Net Loss (US\$'000)	(11,139)	(3,465)
NAV (US cents)	0.52	0.86

Over the past two years, the Group has embarked on a transformation program based on its twin strategies of “Commercial Refocusing” and “Emerging Markets Focus” (the “Transformation Program”).

The Transformation Program has been taking a while to come to fruition in view of both the external factors confronting the satellite industry players and the internal factors faced by the Group. The external factors relate mostly to the time consuming approaches adopted or to

be adopted by industry players to conceptualize viable business concepts and pricing models to take advantage of the emerging broadband/IoT trends. The internal factors relate mainly to the gearing up of new necessary skillsets within the Group, which to a certain extent tantamount to a structural re-alignment of the technical team at work at Addvalue, in meeting the arduous demands required by the emerging trends.

Through “Commercial Refocusing”, the Group is now ready to offer bundled applications and hardware as a variety of solution packages, instead of just relying on hardware sales, thereby strengthening the resilience of its revenue model. This means we are now able to generate recurring revenues from the following incomes:

1. air-time incomes; and
2. solution/application-based subscription incomes.

It should also be noted that the solutions/applications which the Group has developed under the Transformation Program is now commercially available, can be operated on any bandwidth, including the Ku-band and Ka-band, and can be used on any satellite terminal, including the Very Small Aperture Terminals (VSATs), and thereby bridging the prospective gap conferred by VSATs.

Through “Emerging Markets Focus”, the Group has been proactive in courting new products and design services demanded by the following three broad market segments (which are expected to yield follow-on air-time as well as solution/application-based subscription incomes):

1. New geographical markets comprising: (a) the China market; the regions conferred by China’s “Belt and Road Initiative (一带一路倡议)”; and (b) ASEAN countries;
2. New product markets comprising: (a) the Machine-to-Machine (M2M) market driven by the confluence of satellite communications and IoT technologies; (b) the small vessels market, particularly the small fishing boats market, which are presently underserved in satellite communications; and (c) the LEO satellite market which ensues the Inter-Satellite Data Relay System (IDRS) services and related applications; and
3. New partnerships with satellite operators, be it an existing satellite operator or otherwise, beyond Inmarsat and Thuraya.

The Group is currently having in-depth discussions and/or contract negotiations on several non-IDRS projects with various customers totaling about US\$10 million for delivery by 31 March 2019.

At the same time, the Group is mindful of pursuing design services for high value product development or “productization” of new technologies that are strategically coupled well with our technology growth road map. To this end, the Group has secured some high value governmental projects to develop and supply such products. The design services supply of such products is expected to contribute about US\$1million by 31 March 2019.

With regard to the progress of the IDRS business of the Group, the following headways had been made to date:

1. On 10 August 2017, the Group entered into an IDRS airtime distribution agreement with Inmarsat. Since then, the Group has been approached by many prominent market players in the LEO satellite industry for possible business dealings and collaborations. The Group is now at various stages of active discussions with many of these potential customers on the possible adoption of the IDRS services for their respective space missions.
2. On 10 April 2018, the Group entered into an agreement with a US-based aerospace company to carry out a feasibility study for the adoption of IDRS in the latter’s upcoming space mission for commercial purposes (the “Feasibility Study”). Apart from ushering in a new application of IDRS beyond the LEO satellite application (and hence according a new window of business opportunity to the Group), the success of the Feasibility Study is expected to result in a significant supply of IDRS terminals for deployment on such space missions.
3. On 24 April 2018, the Group inked its first major commercial IDRS contract with a premier global satellite service provider (the “Customer”) for the customized design and supply of extra high value IDRS terminals to be installed progressively on the Customer’s multi-LEO satellite constellation slated to commence commercial activities in 2019 (the “Supply Agreement”). The Group is now at a very advanced stage of finalizing an airtime agreement with the Customer for the provision of real-time on-demand IDRS communication services to the Customer (the “Service Agreement”).

Barring any unforeseen circumstance and based on the aforesaid, the Group expects to significantly outperform its performance in FY2019 compared to FY2018.

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 past sowing efforts. We are highly encouraged that our Transformation Program will make*

Addvalue a much stronger company with a more resilient and versatile business model in taking on the challenges and exploiting the opportunities accorded by the dynamic ecosystem which we operate in.”

Dr Colin Chan added that *“Subject to all the necessary approvals and clearances as well as conducive capital market conditions, Addvalue also aims to reward its shareholders through a possible distribution-in-specie exercise to be carried out as part of the spin-off of one of its subsidiaries for a listing on the Catalist Board of the Singapore Exchange Securities Trading Limited.”*

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.

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,

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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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