

Not
Rated

S\$0.143

ADDVALUE TECHNOLOGIES | SGX : A31

SpaceX lift, Nasdaq Spinoff

Addvalue Technologies (AVT) shares have rallied strongly over the last 6 months from S\$0.07 to S\$0.143 on the back of stronger profitability, potential Nasdaq spinoff of its IDRS business (55% of revenues) and positive sentiments arising from recent SpaceX IPO.

George KOH

george.koh@rhtgoc.com

Research Director

Paul SCHYMYCK

Paul.schymyck@rhtgoc.com

Head of Research

AVT has a unique business model in Satellite communications with its IDRS product that embeds itself in satellite business. AVT is a turnaround story currently in the midst of restructuring with potential Nasdaq spinoff of its highly profitable SPC business (but retaining option of 51% stake). The resulting business is largely related to Drone communications which is benefiting from ongoing Ukraine & Iran conflicts.

Upside risks from potential AVT's collaboration with SpeQtral (2-Feb-26) on integrated quantum key distribution (QKD) satellite solution.

AVT share performance delivered a **staggering YTD +104%**. Based on our forecasts, RHTC expects **Total Shareholder Return over next 2 years circa 30%**. AVT currently trades at FY3/27F 67x PE, 4.5x PEG and 1.7% FCF yield. Compared to STI Index, AVT trades at premium of 326% PE, 187% PEG and 20.5% EV/EBITDA. Compared to global peers, AVTs' PE is at 42.8% premium to global peer average 47x but its (current) EV/Sales of 14.5x is at 4% discount to 15x (including recent SpaceX at 61x). RHTC does not have an official rating for AVT shares.

Mkt cap: S\$485 mil [S\$0.143 3-Jul-26]

30-day advt: 1.748mil

Singapore

Communications Equipment [4520]

RHTC Forecast	3/25	3/26	3/27F	3/28F
US\$ mill				
Revenue	15.5	24.8	38.8	50.0
Gross Profit	8.1	13.0	18.6	23.5
Net Income	2.0	4.8	5.6	6.1
EPS (S\$ cts)	0.1	0.2	0.2	0.2
P/E (x)	178.3	77.1	67.1	60.7
PEG (x)			4.52	
ROAE (%)	27.6	36.8	26.5	22.9
Div Yield (%)	0.0	0.0	0.0	0.0
FCF yield (%)	0.9	2.0	1.7	2.9
Gearing (D/E)%	55.8	0.0	0.0	0.0
D/TA %	18.1	0.0	0.0	0.0

<u>Industry Valuation</u>	<u>PE fwd</u>	<u>PEG 26F(x)</u>	<u>BETA¹</u>	<u>EV/EBITDA</u>
AVT	67.1	4.5	1.5	19.3
STI	15.7	1.6	1.0	5.6-16 ²
AVT prem to STI	326%	187%		20.5^{3%}

<u>Global Peers</u>	<u>PE fwd</u>	<u>EV/Sales</u>
DroneShield	80.0	7.5
Ondas	n.m.	15.0
Viasat	n.m.	3.3
Telesat	n.m.	15.0
Gilat	22.0	1.4
Intellian	39.0	1.8
SpaceX	n.m.	61.0
Avg Peer	47.0	15.0
AVT	67.1	14.5
AVT prem Peer	42.8%	-4%

Source: Company Filings, RHTC estimates 1: CNBC, 2:ex-FI, 3. Based on 16x STI EV/EBITDA

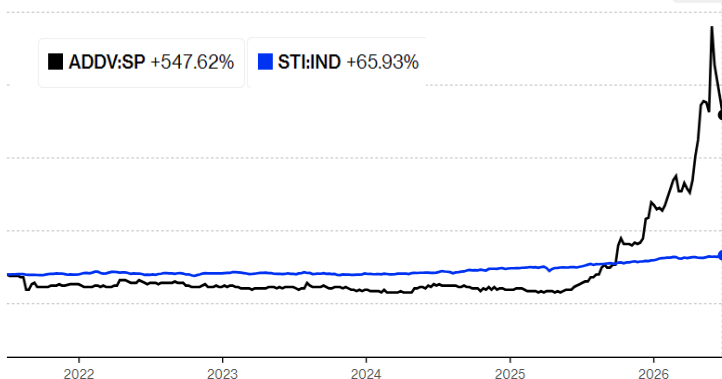


Not Rated

 Price \$0.143 3-July-26

Jun 26

■ ADDV:SP +547.62% ■ STI:IND +65.93%



Ratios & Valuations

Mar-Yr end, US\$ mil	2025	2026	2027F	2028F
PE (x)	178.3	77.1	67.1	60.7
PE/G			4.52	
Mkt Cap/Sales (x)	23.5	15.0	9.6	7.5
Rule of 40 (%)	34.1	79.4	70.5	41.1
Div Yield (%)	-	-	-	-
FCF Yield (%)	0.9	2.0	1.7	2.9
EV/EBITDA			19.28	15.29
P/BVPS	43.3	20.5	15.7	12.5
ROAE (%)	27.6	36.8	26.5	22.9
ROAA (%)	8.4	16.5	14.9	13.2

Growth & Margins (%)

Growth YoY (%)	2025	2026	2027F	2028F
Revenue	21.6	59.9	56.2	28.8
PBT	431.3	150.9	35.6	33.2
EPS	598.5	131.2	14.9	10.6
FCF	81.0	145.1	(16.8)	45.1
Asset	12.9	36.6	20.4	25.2
Margins (%)				
Gross margin	52.1	52.1	48.0	47.0
Net margin	12.6	19.5	14.3	12.3
FCF margin	19.5	29.9	15.9	17.9

Income Statement \$mil

Mar-yr end US\$ mil	2025	2026	2027F	2028F
Revenue	15.5	24.8	38.8	50.0
Cost of sales	(7.4)	(11.9)	(20.2)	(26.5)
Gross profit	8.1	13.0	18.6	23.5
Other income/expenses	(6.0)	(8.7)	(13.1)	(16.1)
Finance expenses	(0.5)	(0.1)	-	-
Pretax Profit	1.6	4.1	5.6	7.4
Tax	0.3	0.7	-	(1.3)
tax rate (%)	-19.7%	-18.1%	0.0%	17.0%
Net Profit	2.0	4.8	5.6	6.1

Source: Company data, RHTC estimates

Top shareholders

Name	# shares mil	% o/s
Paul Clark Burke	192.7	5.52%
EDIS	182.5	4.95%

Balance Sheet \$mil

Mar-yr-end	2025	2026	2027F	2028F
Cash & ST invest	1.5	7.3	13.6	24.5
Trade Receivables	3.7	7.0	7.7	8.1
Inventories	8.7	6.8	8.2	9.1
Other current assets	0.9	1.5	0.5	0.2
Total current assets	14.8	22.5	30.0	42.0
PP&E	1.1	1.7	2.1	2.5
Net intangibles	8.4	8.2	8.0	7.8
Deferred tax assets	0.4	1.3	0.4	0.2
Trade Receivables	0.1	0.1	0.2	0.2
Total non-current assets	9.9	11.2	10.6	10.7
Total assets	24.7	33.8	40.6	52.7
Trade payables	4.2	2.1	2.4	2.6
Other payables and accru	2.5	2.3	2.4	2.5
Provisions	0.2	0.2	0.2	0.1
Borrowings	1.0	-	-	-
Derivative financial liability	0.0	-	-	-
Lease liabilities	0.2	0.1	0.1	0.1
Contract liabilities	3.6	9.4	10.3	13.1
Income tax liabilities	0.0	0.2	0.2	0.4
Total Current Liabilities	11.7	14.2	15.6	18.9
Borrowings	3.5	-	-	-
Lease liabilities	0.1	-	-	1.2
Deferred tax liabilities	1.4	1.4	1.2	2.8
Total Liabilities	16.7	15.6	16.9	22.8
Equity	90.2	95.6	95.6	95.6
Retained Earnings	(82.2)	(77.4)	(71.8)	(65.7)
Total equity	8.0	18.2	23.8	29.9
Total liabilities & equity	24.7	33.8	40.6	52.7

CashFlow \$mil

US\$ mil Mar-yr-end	2025	2026	2027F	2028F
Pretax profit	1.6	4.1	5.6	7.4
Net change working capital	(0.3)	1.7	(0.7)	1.9
others	2.3	2.7	1.8	1.9
CF from Operations	3.6	8.5	6.6	11.2
Capital Expenditure	(0.5)	(1.1)	(0.4)	(0.4)
Others	(1.1)	(1.7)	0.2	0.2
CF from Investing	(1.6)	(2.8)	(0.3)	(0.3)
Equity	-	0.8	-	-
Debt	(0.4)	(0.4)	-	-
Others	(0.6)	(0.4)	-	-
CF from Financing	(1.0)	0.0	-	-
Net CF	1.0	5.8	6.3	10.9
Beg Cash	0.5	1.5	7.3	13.6
Ending Cash	1.5	7.3	13.6	24.6

1. EXECUTIVE SUMMARY

Addvalue Technologies (AVT) is a small-cap satellite communications technology developer offering end-to-end ("one-stop shop") connectivity products [hardware, software and service platforms] for maritime, land, aerial and space applications, selling into commercial, defence and aerospace customers where terrestrial networks are absent or unreliable. **Multi-nodal value chain position:** AVT uniquely straddles three roles—component manufacturer (designing IDRS terminals and ADR modules), system integrator (customizing communication payloads) and service provider (generating recurring airtime revenue post-deployment), differentiating it from pure-play equipment vendors. Its differentiation rests on in-house RF/analog, digital-radio and software-defined radio design competencies, monetised both as productised solutions and as bespoke customised-design services. We met with CEO Khai Pang Tan, CFO Tat Yang Wong and Dr Colin Chan at AddValue Technologies prior to our initiation and were able to discuss issues that could challenge AVT's business model of "Digital Connectivity as a Service," language that implies a recurring, asset-light services model.

AVT currently in the midst of restructuring as it emerges from Covid-era losses. Posting strong profits in 2025 and 2026, its business mix is still anchored in lumpy project wins and bespoke engineering. Similar to companies in turnaround situations, AVT's earnings are episodic and do not fully reflect strong operating leverage. The expected Nasdaq listing, if executed should provide AVT with further opportunities for M&A to increase its size and potentially scale its business.

Direct satellite terminal competitors : Key comparables include **Gilat Satellite Networks** (mobile VSAT solutions), **Intellian Technologies** in the Asian regional market, all competing in the ground terminal and maritime antenna segments. **Anti-drone technology peers:** AVT's ADR segment competes directly with **DroneShield** (specialized C-UAS provider with RF and radar sensing) and **Ondas Holdings** (multi-domain autonomous systems provider spanning stratospheric to ground vehicles).

The satellite communications sector is undergoing a profound transformation characterized by the rapid deployment of massive low earth orbit (LEO) constellations. SpaceX is already leveraging this optical mesh infrastructure to

sell in-space data relay services directly to third-party satellite operators. This proprietary optical relay network directly competes with standalone data relay providers. As optical relay technology becomes the industry standard for high-bandwidth, low-latency communication, AVT faces the risk that its L-band GEO-to-LEO architecture may be viewed as a legacy backup rather than a primary operational necessity.

AVT currently trades at FY3/27F 67x PE, 4.5x PEG and 1.7% FCF yield. Compared to STI Index, AVT trades at premium of 326% PE, 187% PEG and 20.5% EV/EBITDA. Referring to figure 3-9, compared to global peers, AVTs' PE is at 42.8% premium to global peer average 47x but its current EV/Sales of 14.5x is at -4% discount to 15x (including recent SpaceX at 61x). RHTC estimates the expected Total Shareholder Return (TSR) over next 2 years circa 30%. Given recent rally in AVT's share price amidst SpaceX IPO, it seems the market may already have discounted the estimated TSR. Near term newsflow likely to surround optimism regarding potential valuation upside for AVT's IDRS business. RHTC has no rating on AVT shares in this initiation report.

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2. OVERVIEW

2-1 History and Evolution

Founded in 1996 and listed on the Singapore Exchange Mainboard in 2000, Addvalue Technologies Ltd (AVT) is a globally recognized developer of satellite-based communications technology. The company provides comprehensive connectivity solutions with core competencies spanning radio and antenna design, embedded system design and software-defined radio platforms. AVT structures its operations into four primary segments: Space Connectivity (SPC, 55% of FY26 Revenue), Advance Digital Radio (ADR, 39%), Satcom Connectivity (STC, 1%) and Strategic Design Services (SDS, 5%).

A. Core Product and Service Offerings

Following a strategic business transformation, Addvalue reorganized its operations into four distinct, high-growth revenue pillars.

A1. Space Connectivity (SPC) / IDRS: This segment is driven by the company's flagship Inter-Satellite Data Relay System (IDRS). IDRS is a pioneering communications solution that enables real-time, always-on connectivity between Low Earth Orbit (LEO) satellites and ground operations by relaying data through Inmarsat's (Viasat) L-band geostationary (GEO) satellite network. This capability removes the traditional latency associated with waiting for LEO satellites to pass over specific ground stations. IDRS customer base includes prominent space technology firms such as Capella Space, iQPS, VAST Space, Synspecive, Astroscale and Space Inventor.

A2. Advance Digital Radio (ADR): This unit focuses on proprietary, highly compact Software Defined Radio (SDR) modules and complex radio frequency (RF) systems. The segment has seen accelerated order momentum due to its applicability in smart RF sensing and advanced anti-drone solutions. Primarily targets major defense contractors and government agencies seeking advanced tactical communications and unmanned aerial vehicle (UAV) countermeasures.

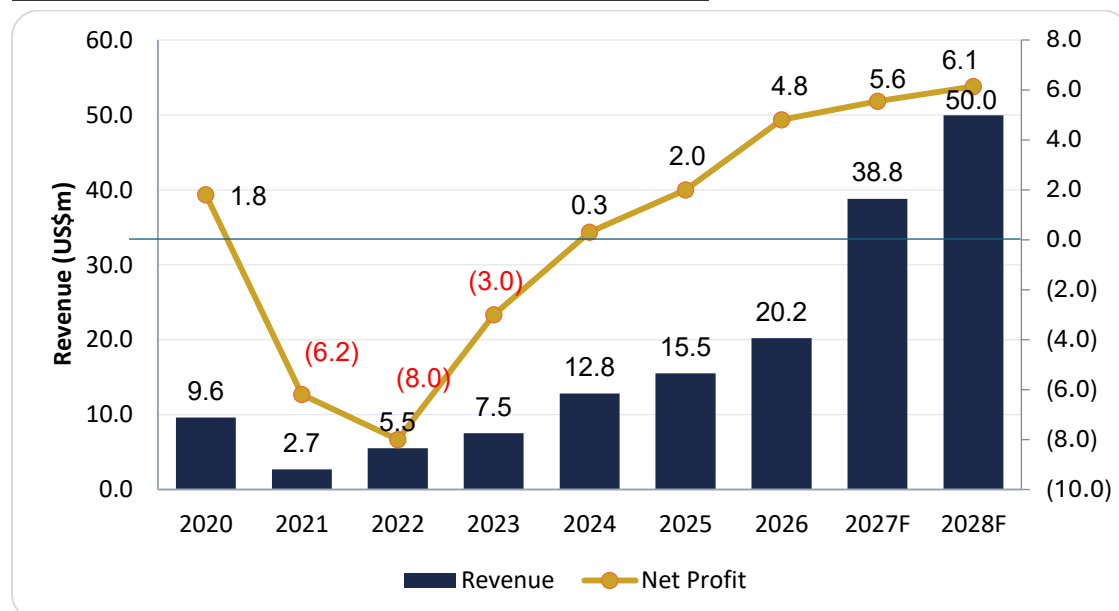
A3. Satcom Connectivity (STC): This business line provides legacy and modernized satellite internet-of-things (IoT) connectivity, such as the iFleetONE Vessel Monitoring System (VMS) for maritime regulatory compliance and remote terrestrial environmental monitoring.

A4. Strategic Design Services (SDS): AVT offers bespoke end-to-end engineering support, helping partners conceptualize and commercialize embedded platforms.

Snapshot of AVT Financial Performance

AVT achieved a significant financial turnaround in FY2025, recording a net profit of US\$2mil alongside a 22% revenue increase to US\$15.5mil. This performance was heavily supported by rapid momentum in the space and drone markets, driving AVT's total order book to a record high of US\$26.4mil as of March 2026. Following these improvements, the company was successfully **removed from the SGX financial watchlist in October 2025**.

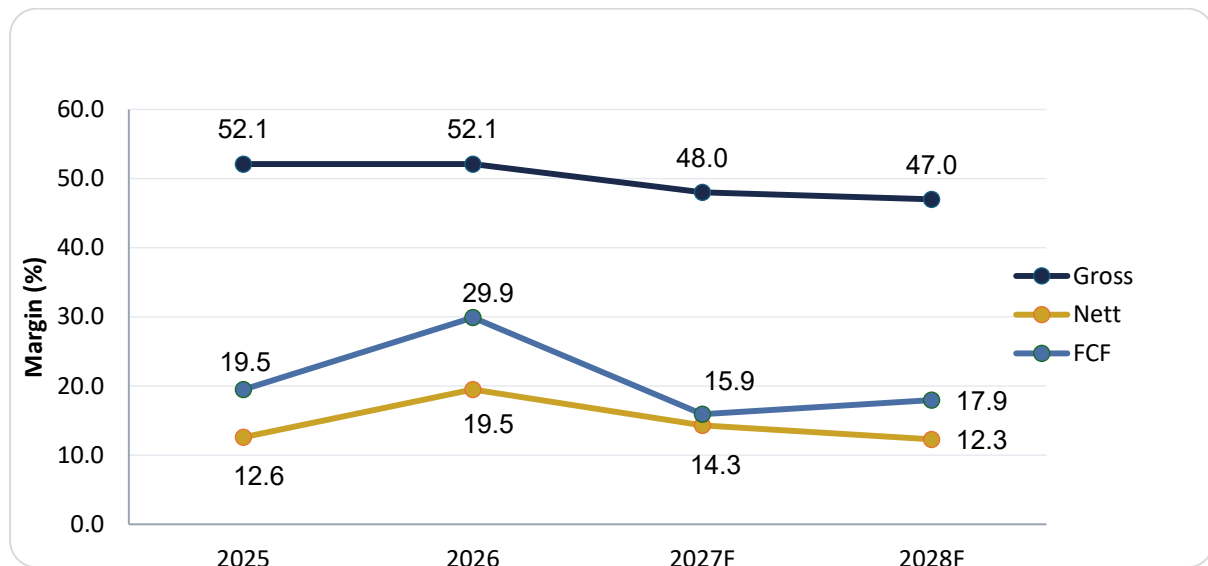
Figure 2-1: AVT Revenue and Net Profit (RHS)



Source: Company, RHTC estimates

Figure 2-1 shows the expected Revenue growth and Net Profit projection over the next 2 years (driven by IDRS and ADR divisions).

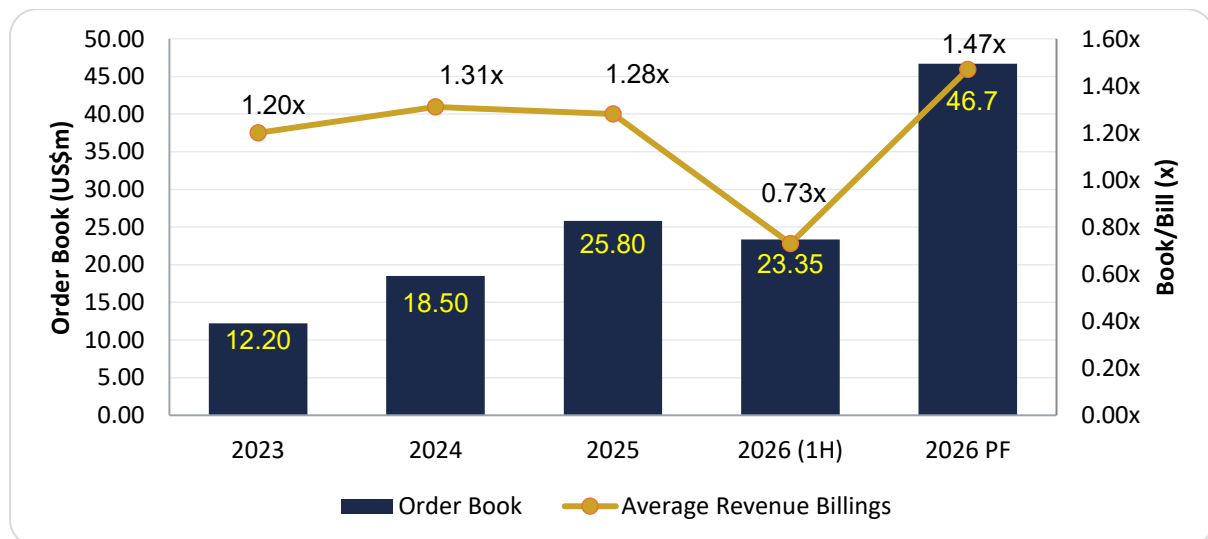
Figure 2-2: AVT margin profile (%)



Source: Company, RHTC estimates

Figure 2-2 shows AVT's margins, with Gross margins expected to dip slightly below 50% and Nett margin to stabilize between 12-14% while AVT's Free CF margin range within 16-18%.

Figure 2-3: Order Book to Revenue Billings ratio



Source: Company, RHTC estimates

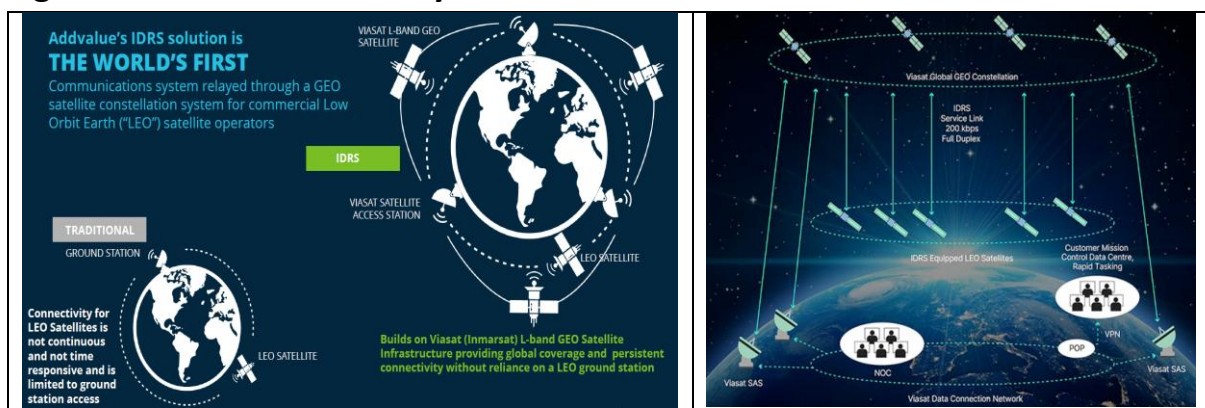
Figure 2-3 shows AVT's recent order books and the implied revenue billings. For 2026 (1H) the reported order book of US\$23.35mil (as at 8-June-2026) with adjusted proforma 2026F at US\$46.7mil which would imply a forward book/bill of 1.47x, continuing AVT's recovery trend.

2-2 The Technological Foundation of IDRS

The Inter-Satellite Data Relay System (IDRS), first commercialized in November 2020, is the cornerstone of AVT's Space Connectivity segment. IDRS provides an "always-on," on-demand, and near real-time data connection for Low Earth Orbit (LEO) satellites. The system operates by relaying communication signals through Viasat's (formerly Inmarsat's) global L-band constellation of geostationary (GEO) satellites and its broad band global area network (BGAN) ground infrastructure.

From an engineering perspective, the IDRS L-band communications engine is optimized to function with small antennas and low power budgets. This design allows the space-proven IDRS flight hardware to manage LEO satellites continuously without requiring complex or precision-based antenna pointing mechanisms. Consequently, the technology enables uninterrupted 24/7 data connection and transfer services across all orbital inclinations up to altitudes of 1,000 kilometers.

Figure 2-4: IDRS connectivity and Architecture



Source: Company

Value Proposition and Market Positioning

The primary value proposition of IDRS is its ability to eliminate the restrictive scheduling requirements that LEO operators traditionally face when relying on limited earth ground stations. By providing ubiquitous, low-latency communication links, IDRS is critical for vital telemetry, tracking and control (TT&C) operations. The system perfectly supports time-sensitive missions such

as environmental monitoring, emergency response protocols, space situational awareness and global weather data gathering.

Potential IDRS Nasdaq spin-off

Commercially, the IDRS business model is highly attractive because it generates immediate hardware sales from flight terminals while establishing long-term recurring airtime revenue from ongoing data connection services. To fully capitalize on this rapid growth trajectory, AVT has engaged external advisors to explore strategic options for the IDRS unit, including alliances, mergers, or a potential spin-off listing in the United States [Proposal to SGX for Nasdaq spinoff of subsidiary Addvalue Solutions (AVS) and retaining at least 51% ownership; Company announcement 27-Apr-26].

2-2-1 Strategic Partnerships and Key Deployments

AVT has cemented its market position by securing several high-profile partnerships and technological deployments across the new space economy:

- **Space Inventor:** AVT partnered with the Danish satellite engineering company to deploy IDRS on the AI-powered Bifrost In-Orbit Demonstrator mission scheduled for 2025. Commissioned by the Danish Ministry of Defense, this mission relies on the IDRS continuous link to secure essential real-time maritime surveillance data across the Arctic and greater Denmark regions.
- **D-Orbit:** In collaboration with space logistics provider D-Orbit, IDRS will be integrated into the ION in-orbit demonstration mission in mid-2025. The continuous connection will facilitate real-time tasking, seamless software deployment, and the immediate download of edge-processed data directly to end users.
- **SpeQtral:** AVT signed a Memorandum of Understanding with SpeQtral to co-develop integrated quantum key distribution (QKD) satellite solutions. This partnership leverages the secure, continuous IP sessions of IDRS to dramatically reduce operational latency, an essential capability for the time-sensitive tasking and orchestration required in next-generation quantum-secure satellite communications. Comparable Companies in Space Connectivity

The space connectivity market encompasses a broad range of players, from direct inter-satellite data relay providers to operators of massive low earth orbit

(LEO) broadband constellations. While AVT targets a specific niche by using geostationary (GEO) satellites to relay telemetry and command data for LEO spacecraft, the broader competitive landscape includes optical relay networks, edge-compute providers, and multi-orbit telecom giants.

2-2-2 Direct Competitors in Data Relay and Inter-Satellite Links

The most direct comparables to AVT are firms providing continuous communications links between orbital assets and the ground. While AVT's IDRS relies on radio frequency (L-band) transmissions, **many emerging competitors are pivoting toward optical (laser) inter-satellite links.**

- **Kepler Communications:** Kepler operates the world's first commercially operational optical data relay network. The company provides real-time, continuous space communications using SDA-compatible optical inter-satellite links. Kepler has differentiated its relay constellation by integrating NVIDIA-powered edge compute capabilities, allowing customers to process data directly in orbit rather than waiting to downlink raw files to Earth.
- **Space Compass and SWISSto12:** In a model very similar to AVT's GEO-to-LEO relay, Space Compass and SWISSto12 recently signed a contract to deploy the first commercial GEO optical data relay satellite. Utilizing the HummingSat platform, this architecture will host optical payloads to relay data from LEO observation satellites to the ground in real time.
- **Hardware and Terminal Suppliers:** The physical components required for these competing laser mesh networks are supplied by specialized vendors such as Mynaric, which produces the CONDOR laser communications terminals and Tesat-Spacecom, a veteran European supplier of inter-satellite links. Companies like York Space Systems are also acting as dominant integrators in this space by mass-producing standardized satellite buses and integrating third-party compute payloads to operate them for government clients.

2-2-3 Broader LEO and MEO Connectivity Providers (competitive pressures)

Beyond dedicated data relay services, AVT indirectly competes against operators of mega-constellations that provide ubiquitous space-based broadband. These operators are increasingly utilizing their own inter-satellite links to route data globally.

- **SpaceX (Starlink):** Starlink is the dominant player in the LEO market, having surpassed 10 mil active customers while expanding aggressively into enterprise, maritime and aviation sectors. SpaceX utilizes an extensive **optical mesh network** between its satellites to reduce reliance on ground stations. SpaceX's primary competitive advantage is its vertical integration, which allows the company to rapidly iterate designs, keep costs exceptionally low and maintain a launch cadence that peers cannot match
- **Amazon (Project Kuiper):** Amazon plans to deploy over 3,000 LEO satellites to provide high-speed, low-latency internet services. Amazon's strategy with Project Kuiper uniquely revolves around integrating its massive laser network directly with AWS edge devices and terrestrial cloud infrastructure
- **Telesat (Lightspeed):** Telesat is developing its Lightspeed LEO constellation specifically optimized for enterprise and government solutions. The system incorporates on-board data processing and optical inter-satellite links to provide a highly secure, distributed network that appeals to defense users.
- **SES (meoSphere):** SES is building meoSphere, a next-generation medium Earth orbit (MEO) network targeted for operation by 2030. The network will feature optical inter-satellite links and edge computing capabilities to support direct-to-device missions

3. FINANCIALS, TOTAL SHAREHOLDER RETURNS

AVT's recent financial performance is testament to its successful recovery from Covid-era losses. While its revenues are expected to record strong double digit growth over the next 2 years, its net profit growth could only manage between 10-15% due to lack of operational leverage in its business model. Management is at a crucial strategic junction as the potential IDRS spinoff could provide opportunities for AVT to scale its group operations and enhance its operating leverage in its business model.

Figure 3-1: Profit & Loss Statement

Mar-yr end US\$mil	2024	2025	2026	2027F	2028F		25/24	26/25	27F/26	28F/27F
Revenue	12.8	15.5	24.8	38.8	50.0		21.6%	59.9%	56.2%	28.8%
Cost of sales	(6.1)	(7.4)	(11.9)	(20.2)	(26.5)		22.6%	59.9%	69.7%	31.3%
Gross profit	6.7	8.1	13.0	18.6	23.5		20.7%	60.0%	43.8%	26.1%
Other income/(exp)	(5.7)	(6.0)	(8.7)	(13.1)	(16.1)		4.9%	45.3%	51.0%	23.1%
Finance expenses	(0.7)	(0.5)	(0.1)	-	-		-35.5%	-74.0%	-100%	
Pretax Profit	0.3	1.6	4.1	5.6	7.4		431.3%	150.9%	35.6%	33.2%
Tax	(0.0)	0.3	0.7	-	(1.3)		-1173%	130.1%	-100%	
tax rate (%)	9.8%	-19.7%	-18.1%	0.0%	17.0%		-302%	-8.3%	-100%	
Net Profit	0.3	2.0	4.8	5.6	6.1		605.1%	147.5%	14.9%	10.6%

Source: Company, RHTC estimates

Figure 3-2: Per share data

March yr-end	2024	2025	2026	2027F	2028F		25/24	26/25	27F/26	28F/27F
USD/SGD yr-end	1.34	1.33	1.30	1.30	1.30		-0.9%	-2.2%	0.0%	0.0%
EPS S\$ cents	0.01	0.08	0.19	0.21	0.24		599%	131.2%	14.9%	10.6%
EPS US\$ cts	0.009	0.060	0.142	0.164	0.181		605%	136.5%	14.9%	10.6%
payout (%)	na	na	na	na	na					
Wt avg sh o/s mil	3,242	3,242	3,393	3,393	3,393		0.0%	4.6%	0.0%	0.0%
BVPS (S\$ cents)	0.25	0.33	0.70	0.91	1.15		29.8%	111.7%	30.5%	25.8%
FCF per shr S\$	0.1	0.1	0.3	0.2	0.3		79.3%	129.1%	-16.8%	45.1%

Source: Company, RHTC estimates

Figure 3-3: AVT Margins

Margins (%)	2024	2025	2026	2027F	2028F
Gross margins	52.5	52.1	52.1	48.0	47.0
Net margins	2.2	12.6	19.5	14.3	12.3
FCF margin	13.1	19.5	29.9	15.9	17.9

Source: Company, RHTC estimates

Figure 3-4: Balance Sheet

US\$mil Mar-yr end	2024	2025	2026	2027F	2028F	25/24	26/25	27F/26	28F/27F
Cash & CE	0.5	1.5	7.3	13.6	24.6	181.5%	382%	87.3%	80.3%
Trade receivables	3.6	3.7	7.0	7.7	8.1	3.2%	90.3%	10.0%	5.0%
Inventories	7.3	8.7	6.8	8.2	9.1	19.4%	-21.8%	20.0%	12.0%
Other CA	1.5	0.9	1.5	0.5	0.2	-36.1%	55.7%	-62.1%	-60.0%
Current Assets	12.9	14.8	22.5	30.5	40.1	15.3%	52.1%	35.3%	31.4%
PPE	0.9	1.1	1.7	2.1	2.5	17.2%	57.9%	25.0%	20.0%
Intangible assets	8.1	8.4	8.2	8.0	7.8	2.6%	-2.5%	-2.0%	-2.0%
Deferred Tax Assets	-	0.4	1.3	0.4	0.2		236.6%	-72.4%	-57.1%
Trade receivables	-	0.1	0.1	0.2	0.2		21.7%	30.0%	20.0%
Non-current assets	9.1	9.9	11.2	10.6	10.7	9.4%	13.4%	-5.6%	0.9%
Total Assets	21.9	24.7	33.8	40.6	52.7	12.9%	36.6%	20.4%	29.6%
Trade payables	4.6	4.2	2.1	2.4	2.6	-10.1%	-50.6%	15.0%	12.0%
Other payables	2.4	2.5	2.3	2.4	2.5	1.7%	-5.4%	3.0%	5.0%
Provisions	0.2	0.2	0.2	0.2	0.1	-19.8%	-5.3%	43.5%	-56.7%
Borrowings	0.6	1.0	-	-	-	76.7%	-100%		
Derivative fin liabilities	0.1	0.0	-	-	-	-55.4%	-100%		
Lease liabilities	0.2	0.2	0.1	0.1	0.1	6.7%	-57.8%	10.0%	30.0%
Contract liabilities	1.9	3.6	9.4	10.3	13.1	91.7%	157.8%	10.0%	27.5%
Income tax liabilities	-	0.0	0.2	0.2	0.4		794.7%	41.2%	45.8%
Total Current Liabilities	10.0	11.7	14.2	15.6	18.9	17.0%	21.2%	10.3%	20.7%
Borrowings	4.1	3.5	-	-	-	-15.1%	-100%		
Lease liabilities	0.3	0.1	-	-	1.2	-70.0%	-100%		
Deferred tax liabilities	1.4	1.4	1.4	1.2	2.8	2.6%	-2.5%	-10.0%	121%
Total Liabilities	15.8	16.7	15.6	16.9	22.8	5.8%	-6.8%	8.5%	35%
Equity	90.3	90.2	95.6	95.6	95.6	-0.1%	5.9%	0.0%	0.0%
Retained Earnings	84.1)	(82.2)	(77.4)	(71.3)	(65.7)	-2.3%	-5.9%	-7.8%	-8.5%
Total equity	6.1	8.0	18.2	23.8	29.9	31.1%	126.5%	33.0%	25.8%
Total liabilities & equity	21.9	24.7	33.8	40.6	52.7	12.9%	36.6%	20.4%	29.6%

Source: Company, RHTC estimates

AVT expected to maintain its debt free status going forward while dividends for shareholders are not forthcoming until AVT has cleared its negative retained earnings.

Figure 3-5: Cashflow Statement

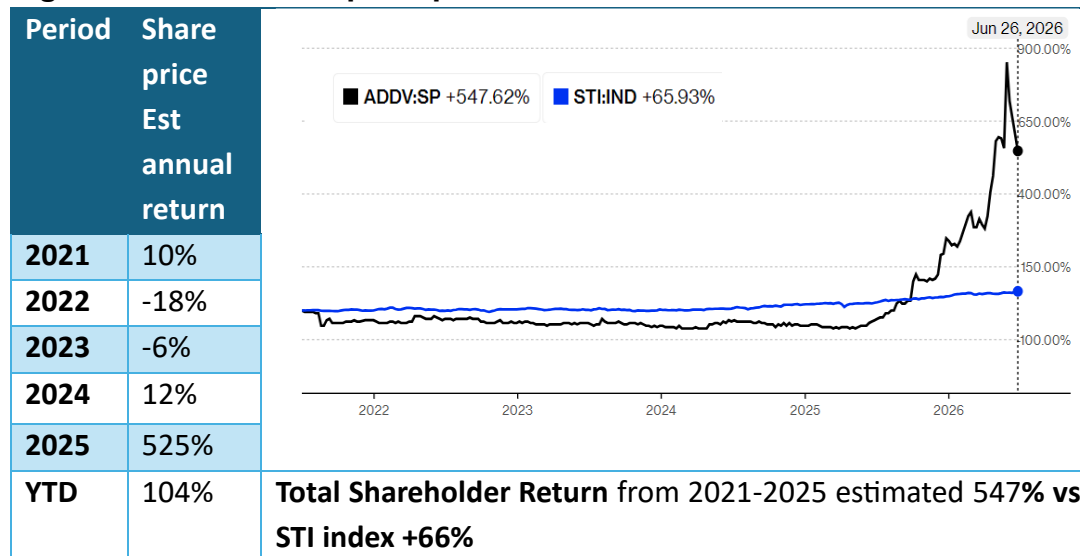
US\$mil March year-end	2024	2025	2026	2027F	2028F	25/24	26/25	27F/26	28F/27F
PBT	0.3	1.6	4.1	5.6	7.4	431.3%	150.9%	35.6%	33.2%
Working capital changes	0.1	(0.3)	1.7	(0.7)	0.1	-544%	-611.4%	-144%	-109
Others	1.4	2.3	2.7	1.8	1.9	59.6%	20.9%	-34.6%	7%
CF from operating activities	1.8	3.6	8.5	6.6	11.2	97.8%	139.6%	-22.7%	69.6%
Capital Expenditure	(0.1)	(0.5)	(1.1)	(0.4)	(0.4)	318.0%	108.0%	-62.5%	0%
Others	(0.8)	(1.1)	(1.7)	0.2	0.2	39.9%	52.0%	-109.9%	-2%
CF from investing	0.9	(1.6)	(2.8)	(0.3)	(0.3)	79.3%	70.5%	-90.8%	1.3%
Equity	-	-	0.8	-	-			-100%	-
Debt	0.2	(0.4)	(0.4)	-	-	-267%	-10.1%	-100%	-
Others	0.8	(0.6)	(0.4)	-	-	-27.0%	-29.0%	-100%	-
CF from financing	0.5	(1.0)	0.0	-	-	89.3%	-102.5%	-100%	-
Net change in cash	0.4	1.0	5.8	6.3	10.9	152.9%	496.4%	9.4%	72.3%
Cash beg of period	0.2	0.5	1.5	7.3	13.6	254.3%	181.5%	384.5%	86.9%
Cash end of period	0.5	1.5	7.3	13.6	24.6	181.5%	384.5%	86.9%	80.1%

Source: Mgt, RHTC estimates

AVT is expected to generate strong cashflow without any debt in FY27F and FY28F with cash balance of \$13.6mil and \$24.6mil respectively.

3-1 Total Shareholder Return (TSR)

Figure 3-6: AVT share price performance from 2021 to 26-Jun-26



Source: Bloomberg

AVT shares have done well recently, with strong rally in 2H2025 propelling the stock to over 525% return in 2025 and the continuing momentum to record YTD return of 104%.

Figure 3-7: AVT expected TSR

(%)	FY27F	FY28F	2 yrs cumulative
FCF yield	1.8%	2.5%	4.3%
Dividend yield	nil	nil	0
Share buy-backs	nil	nil	0
EPS growth	14.9%	10.6%	25.4%
Total Shareholder Return (TSR)	16.6%	13.1%	29.7%

Source: RHTC estimates, Company

RHTC's framework in evaluating TSR for AVT (figure 3-7) shows an expected TSR of +16.6% for FY27F and 2year cumulative returns of +29.7%. However, given the recent rally in AVT's share price, it seems investors may have already discounted the TSR potential over the next 2 years.

The following section and figures 3-8 and 3-9 shows the relative comps with STI index and global peers.

3-1-1 Relative valuations to STI

Fig 3-8 shows AVT relative valuations to STI Index where AVT at \$0.143 is currently trading at 67x PE, which is at 326% premium to STI index. Its 4.5x PEG is 187% higher than STI's 1.59x, its EV/EBITDA of 19.28x is at 20.5% premium to STI's high range at 16x.

Figure 3-8: AVT current valuations relative to STI

		FY26F PE	FY26F growth	PEG	FY26F PB	Implied ROE	Div Yield	EV/EBITDA
A	STI @5,195	15.7	10%	1.57	1.6	10.25%	4.52%	5.6-16.0 ¹ (ex-FI)
B	AVT @ \$0.143	67.1	14.85%	4.52	15.7	23.4%	0.00%	19.28
C = B/A-1	(Discount) / Premium	326	48.5	187	852	127.9	nm	20.53

1. Average range for other sectors in STI ex-Financials; Telco average 5.7x, Aerospace avg 12.8x, Fund Mgt industry 16x. 2. AVT benchmark against 16x (top-end). Source: BBG, RHTC estimates

3-1-2 Relative valuations to Global industry peers

Figure 3-9 shows the relative comps with global peer group in Satellite communications and drone industry. AVT trades at 42.8% premium fwd PE to overall SatComm + Drone industry (bottom row, yellow highlights) but at 4% discount on (current) EV/Sales basis.

Figure 3-9: Relative Comps

Company	Mkt Cap (\$ m)	Fwd P/E	Fwd Div Yield	EV/EBITDA current	EV/Sales current	ROE
Addvalue Tech	485	67.1	-	27.7	14.5	26.5%
Viasat	13,015	n.m.	0.0%	12.0x	3.3x	(10.2%)
Telesat	924	n.m.	nil	n.m.	15.0x	(22.2%)
Gilat	1,203	22.0x	nil	12.0x	1.4x	7.7%
Intellian	1,267	39.0x	0.2%	n.m.	1.8x	(1.4%)
SpaceX	2,771,600	n.m.	nil	170 ^{1,2}	61 ¹	n.a.
Avg Satellite Comms	4,102	30.5x		64.7x	16.5x	-0.1x
AVT vs Sat Comms		120%		-57%	-12%	
DroneShield	1,927	80x	nil	n.m.	7.5x	2.0%
Ondas	5,204	n.m.	nil	n.m.	15.0x	n.m.
Avg Drone industry	3,565	40x			11.3x	
AVT vs Drone		68%			29%	
Avg SatComm + Drone		47.0			15.0	
AVT vs SC+D		42.8%			-4%	

1: Morningstar, 2: RHTC. Source: CNBC, Morningstar, RHTC estimates

The mid-section of figure 3-9 shows the relative comparison with global satellite operators/specialized connectivity hardware peers. While Viasat (AVT's core GEO network partner) operates at a multi-billion dollar scale, smaller specialized hardware and terminal providers exhibit financial profiles that are closer to AVT's current trajectory. Excluding-SpaceX valuations, AVT trades at premium to SatCom industry average of 120% (Fwd PE), but at discount of -57% (current EV/EBITDA) and -12% (current EV/Sales).

Gilat Satellite Networks: Gilat is a significant competitor in the supply of Very Small Aperture Terminal (VSAT) networks and transportable ground systems. Gilat directly competes in the mobile satellite solutions space by providing low-profile in-motion ground, aero, and maritime antennas. Gilat has recently seen an acceleration in demand for its military-grade transportable hubs and resilient communications networks due to ongoing global defense conflicts.

Viasat and Telesat: Both Viasat and Telesat are scaled, global satellite operators that deploy expansive infrastructure in space. Telesat is currently deploying its Lightspeed low earth orbit (LEO) network, which is heavily optimized to serve enterprise and government clients. Viasat, while serving as a critical partner for AVT's IDRS data relay system, is also a massively resourced competitor in the broader market with vast engineering capabilities and proprietary spectrum access.

Intellian: Within the Asian market, Intellian serve as closer, regional comparables in the component and terminal manufacturing sub-sector.

SpaceX: designs manufactures, launches and operates products and services built on technologies, including rockets and spacecraft. The Company's segments include (i) Space, (ii) Connectivity and (iii) artificial intelligence (AI). Its Space segment designs, manufactures, and launches reusable rockets to provide access to space. Its Connectivity segment operates broadband data and communications network powered by approximately >9,000 Starlink broadband and mobile satellites in Low-Earth orbit, delivering connectivity to consumer, enterprises and government customers over 164 countries, territories, and other markets. In its AI segment, it operates a vertically integrated AI platform spanning its frontier model Grok, AI solutions for consumer and enterprise customers, real-time information, entertainment and alternative space-based AI computational infrastructure.

AVT's Advance Digital Radio (ADR) segment, which supplies software-defined radio modules for anti-drone and smart RF sensing applications, places the company in direct comparison with rapidly growing defense tech firms at the bottom section of figure 3-9. AVT trades at 68% premium on fwd PE and 29% EV/Sales premium to industry average.

DroneShield: DroneShield is a highly specialized provider of counter-unmanned aircraft systems (C-UAS) and represents a direct peer in the anti-drone technology node. The company integrates long-range radiofrequency (RF), radar and electro-optical/infrared sensing to detect and defeat autonomous threats. DroneShield holds a dominant market position due to its extensive infield deployments and the industry's largest dedicated C-UAS engineering team.

Ondas Holdings: Ondas competes in the defense technology landscape by building a massive portfolio of autonomous systems and counter-drone platforms through aggressive mergers and acquisitions.

Ondas has successfully transformed from a point-product business into a multi-domain provider spanning stratospheric balloons down to unmanned ground vehicles.

Customers are increasingly demanding "system of systems" architectures, which Ondas addresses by integrating aerial intelligence, radar sensors, and cyber-based counter-UAS platforms. Ondas' strategic acquisition of World View introduces a persistent stratospheric layer to its intelligence, surveillance and reconnaissance (ISR) architecture.

3-2 Valuation Risks, Protocol Risks & Vulnerabilities

3-2-1 Valuation Risks

Risks to RHT Capital views and Total Shareholder Return estimate:

1. Better/worse execution in pursuing new market shares that would pose an upside/downside risk to our estimates and valuation.
2. Faster/slower-than-expected organic growth would pose an upside/downside risk to our estimates and valuation.

A better/worse-than-expected macro/trade environment that may provide upside/downside risk to growth across business lines.

Valuation Method and Risk Statement

Investing in AVT entails above-average risk given its exposure to Space and Drone industry, both of which has seen increased competition which could substantially impact AVT's portfolio.

Total shareholder return estimate is based on 2027F and 2028F forecasts.

Risks:

- Greater than expected macro slowdown affecting global economy
- Near term listing of AVT's IDRS business in Nasdaq with higher than expected valuation
- Abandonment of AVT's Nasdaq listing which could impact the shares negatively

3-2-2 Protocol Risks & Vulnerabilities

Data Transmission Architecture and Points of Failure

AVT's Inter-Satellite Data Relay System (IDRS) technology relies heavily on an architecture that connects Low Earth Orbit (LEO) satellites to the ground via a Geostationary Earth Orbit (GEO) relay network operated by Viasat. While this design provides always-on, 24/7 data connection and eliminates the need for restrictive ground station scheduling, it introduces inherent structural vulnerabilities. Because GEO satellites are geo-stationary by design, they can become relatively easy targets for localized terrestrial jamming. If the gateway

station communicating with the GEO satellite is disrupted by on-orbit jammers, or if the GEO satellite itself is disabled by terrestrial jammers, the dependent LEO platform may lose its communication link entirely. This dependency on a centralized GEO constellation introduces critical single points-of-failure that can compromise the reliability and resilience of unmanned orbital operations. Without real-time communication capabilities, the affected LEO satellite may be unable to receive commands or transmit critical telemetry, potentially leading to mission failure.

Spectrum Allocation Disputes and Signal Interference

The operation of IDRS is fundamentally dependent on the continuous availability of L-band radio frequencies, which requires rigorous global coordination through the International Telecommunication Union (ITU). Maintaining these spectrum rights is challenging, as satellite operators face strict ITU rules and national regulations regarding frequency registration and interference protection. A primary risk to IDRS and its underlying GEO network partner, Viasat, is the rapid deployment of LEO mega-constellations that could generate harmful interference. Viasat has explicitly noted that LEO mega-constellations operating with small user terminals and wide beam widths pose a significant risk of interference to existing satellite networks in the Fixed Satellite Service (FSS) and Mobile Satellite Service (MSS) bands. To maintain service quality, national regulations must enforce compliance with Article 22 of the ITU Radio Regulations, which strictly limits interference from non-geostationary systems into GEO networks.

As bandwidth demand surges, satellite operators are increasingly attempting to access mobile spectrum traditionally used by terrestrial cellular networks, leading to further interference risks between terrestrial and non-terrestrial domains.

If interference levels exceed acceptable thresholds due to uncoordinated transmissions from densely packed LEO constellations, AVT's IDRS could suffer from degraded service quality, latency spikes, or temporary loss of its continuous IP sessions.

Cybersecurity Threats in an Evolving Orbital Environment

As satellite constellations expand and orbital infrastructure becomes deeply integrated into global communications, cybersecurity represents a severe

vulnerability for data relay protocols. It is likely that legacy satellite architectures were never designed for today's sophisticated threat environment, hence rendering them highly susceptible to cyber intrusion. Malicious actors increasingly employ advanced techniques such as Global Navigation Satellite System (GNSS) spoofing, electronic downlink jamming, and network intrusion to disrupt mission-critical communications. To mitigate these threats, satellite operators must secure the entire data lifecycle, spanning the ground station, the satellite receiver, and the inter-satellite dataflows. Any successful cyberattack or network breach could result in the unauthorized interception of sensitive telemetry or the transmission of incorrect flight instructions to LEO satellites utilizing the IDRS link.

Encryption Standards and Quantum Resilience

To counter escalating interception and spoofing risks, modern satellite networks must employ robust encryption protocols, such as AES-256, across all transmission layers. However, the rapid advancement of quantum computing threatens to break traditional cryptographic algorithms, placing long-term orbital infrastructure at risk. Space systems are expected to operate for over a decade, meaning that encryption mechanisms deployed today must be resilient against the quantum decryption capabilities anticipated in the near future.

Recognizing this critical protocol vulnerability, AVT has taken proactive steps to integrate Post-Quantum Cryptography (PQC) and Quantum Key Distribution (QKD) into its service offerings. AVT recently signed a Memorandum of Understanding with SpeQtral to co-develop an integrated QKD satellite solution. This partnership leverages the secure, continuous IP sessions provided by IDRS to enable the real-time tasking and key establishment requests required for quantum-secure satellite communications. By facilitating on-demand key delivery and orchestration, AVT aims to protect its data relay architecture against future quantum-based cyberattacks and ensure the integrity of its inter-satellite links.

Competitive Impact of Mega-Constellations

While the protocol vulnerabilities of AVT's Inter-Satellite Data Relay System (IDRS) pose internal operational challenges, the external market environment presents an equally formidable threat due to the rapid deployment of mega-constellations. The unprecedented scale of these satellite networks is

fundamentally altering the low Earth orbit (LEO) landscape, introducing fierce technological competition, severe orbital congestion and heightened physical risks that could constrain AVT's growth trajectory.

Proprietary Optical Relays: An Existential Threat to IDRS

AVT's core value proposition revolves around providing continuous, on-demand RF-based data relay services for LEO operators who cannot afford their own extensive ground station networks. However, dominant mega-constellation operators are increasingly internalizing this capability by equipping their fleets with advanced optical inter-satellite links (OISLs). Both SpaceX's Starlink and Amazon's Project Kuiper utilize laser inter-satellite links to relay broadband signals from node-to-node across their respective networks. By utilizing optical laser communications, these constellations can effectively backhaul hundreds of gigabytes of data per second between satellites without needing to immediately link down to Earth.

Crucially, SpaceX is already leveraging this optical mesh infrastructure to sell in-space data relay services directly to third-party satellite operators. Industry experts note that this proprietary optical relay network directly competes with standalone data relay providers. If an independent LEO satellite operator can simply connect to an overhead Starlink satellite to transmit massive amounts of data continuously, the necessity for a specialized RF-based alternative like AVT's IDRS diminishes significantly. As optical relay technology becomes the industry standard for high-bandwidth, low-latency communication, AVT faces the risk that its L-band GEO-to-LEO architecture may be viewed as a legacy backup rather than a primary operational necessity.

LEO Congestion and Spectrum Preclusion

The sheer volume of spacecraft being deployed by mega-constellations is creating intense competition for both physical orbital slots and finite spectrum resources. SpaceX alone has sought regulatory permission to deploy up to 42,000 satellites for its Starlink network. Amazon's Project Kuiper is advancing its own mandate to launch over 3,000 LEO satellites to establish a competing broadband network. Furthermore, the industry is witnessing proposals for massive new constellations designed to serve as orbital AI data centers, with Blue Origin filing for up to 51,600 satellites and SpaceX proposing up to one million additional orbital nodes.

This rapid proliferation creates significant preclusive effects on spectrum availability for independent satellite operators. Viasat, AVT's GEO network partner, has explicitly warned that mega-constellations operating across wide orbital ranges and utilizing numerous steerable beams make spectrum sharing exceedingly difficult for other non-geostationary systems. Because spectrum is a finite resource governed by strict International Telecommunication Union (ITU) coordination rules, the aggressive acquisition of these frequencies by well-funded giants acts as a formidable barrier to entry for smaller players. As mega-constellations crowd out the available spectrum, independent LEO operators [who represent AVT's primary customer base] may struggle to secure the bandwidth necessary to justify their own missions.

The Rise of Chinese Sovereign Constellations

The competitive threat is further compounded by the emergence of sovereign Chinese mega-constellations, which introduce geopolitical barriers into the space connectivity market. China is actively constructing its national Guowang (SatNet) network, which targets 13,000 satellites, alongside the commercially-focused Qianfan (Thousand Sails) constellation, which aims for 15,000 satellites. Furthermore, China has submitted ITU filings covering approximately 200,000 satellites in what appears to be a strategic "land grab" for orbital slots and spectrum rights. China's ambitious LEO plans will drive an estimated 13,000 satellite launches by 2035, supported by lower manufacturing costs and robust government backing.

Because these Chinese networks operate within a highly protected and sovereign ecosystem, they are unlikely to utilize Western or internationally partnered communications infrastructure. Consequently, as Chinese operators claim a growing share of the LEO environment, a massive segment of the future satellite market will likely remain entirely closed off to AVT's IDRS hardware and airtime services.

Physical Collision and Kessler Syndrome Risks

Beyond market competition, the unprecedented density of mega-constellations introduces severe environmental and operational risks to the entire LEO ecosystem. Researchers have tracked international proposals for over 500,000 LEO satellites, raising urgent alarms about the physical sustainability of low Earth

orbit. The proliferation of these densely packed systems materially increases the risk of potential collisions with space debris or other spacecraft.

Collisions between satellites or rogue rocket fragments could trigger a cascading chain reaction of multiplying debris, a catastrophic scenario known as Kessler Syndrome. If Kessler Syndrome traps the planet under a cloud of high-velocity orbiting junk, it would make it exceedingly dangerous to launch or operate new space missions. To mitigate this, regulatory bodies like the Federal Communications Commission (FCC) are already enforcing strict rules requiring LEO satellites to deorbit within five years of completing their missions.

For AVT, this debris risk poses a direct threat to its target addressable market. If orbital congestion leads to frequent collision-avoidance manoeuvres, unexpected asset destruction, or stringent regulatory caps on new satellite deployments, independent LEO operators may be forced to scale back their launch cadences. A reduction in the overall number of viable, independent LEO missions directly translates to a shrinking pool of prospective customers for AVT's IDRS flight terminals and recurring data services.

3-3 Management Team Background

- **Tan Khai Pang – Chief Executive Officer**

One of the co-founders, with 30 years of experience in product development and management in the field of telecommunications, with primary focus on satellite communications product development and strategic business management. He is instrumental in re-shaping Addvalue's strategic focus, re-directing new development efforts and sharpening the organizational capabilities for the successful business transformation. Prior to his appointment as Addvalue's CEO in Jan-2022, Mr Tan was the Chief Operating and Technology Officer where he focused on pivoting the company businesses to new growth markets for digital connectivity solutions, particularly in space, satcom and software defined radio industries. Mr Tan graduated from University of Tennessee, Knoxville, USA with Bachelor of Science Degree in Electrical Engineering with Highest Honours. He holds a Master of Science Degree in Engineering (Telecommunications) from the University of California, Los Angeles Campus, USA.

- **Wong Tat Yang – Chief Financial Officer**

Joined the Group in 2023, is responsible for overseeing all the financial management, accounting, corporate secretarial and tax matters in the Group. Mr Wong is in the accounting profession for more than 40 years with more than 27 years working experience in Singapore listed companies. Prior to joining the Group, he was instrumental in the success of 3 Initial Public Offerings and has experience in various sectors (marine, construction, motion control, industrial computing solutions and chemical engineering). Mr Wong holds a Bachelor of Accountancy from National University of Singapore. He is also a Fellow Member of the Institute of Certified Public Accountants of Singapore and a Fellow member of Association of Chartered Certified Accountants.

- **Francis Low – Chief Technology Officer**

Joined the Group in 2002. From 2006 to 2014 he worked in various industries from defense, automobile to consumer electronics. Mr Low is appointed CTO in Feb-2023 and is currently assisting the CEO in the overall operations of the Group which includes developing, establishing and implementing the Group's technology roadmap.

With more than 22 years of experience in designing digital wireless communications systems and satellite communications for both fixed and mobile satellite terminals and having been involved in many research and development projects and also well versed in many aspects of technologies, including (FPGA) Field Programmable Gate Array, ASIC (Application Specific Integrated Circuit), digital signal processing, RF (Radio Frequency) and Microwave, Mr Low is also responsible for identifying future technology trends and exploring strategic collaboration opportunities with research institutes and industries. Mr Low graduated with MSc in Electrical Engineering with specialization in wireless communication from the Nanyang Technological University.

3-4 Sustainability / ESG

Addvalue Technologies' (AVT) FY2025 sustainability report is anchored in the GRI Standards 2021 and addresses all six SGX primary components on the prevailing "comply-or-explain" basis. As a non-STI issuer with a 31 March year-end and a market capitalisation well below S\$1 bn, AVT's FY2025 report falls within the **final reporting period** before mandatory ISSB-aligned Scope 1 and Scope 2 greenhouse-gas ("GHG") disclosure applies to it — from FY2026, the financial year commencing 1 April 2025. On that narrow technical basis, the report is broadly compliant for FY2025.

Substantively, however, RHTC thinks the report's quality and forward-readiness can be improved in a couple of respects. **First**, the climate section is almost entirely aspirational: three of the four TCFD / IFRS S2 pillars (strategy, risk management, and metrics) are described as "in process," and **no GHG figure of any scope is disclosed**. **Second**, the Environmental Factors section contains none of Addvalue's own environmental footprint — no energy, emissions, water or waste data — and consists solely of supplier screening statistics.

Net assessment: technically compliant for FY2025 but maybe underprepared for the FY2026 mandatory climate transition. This section of the report reads as a maintained GRI narrative rather than a decision-useful, data-backed disclosure; the gap between its qualitative commitments and the quantitative baseline an investor (or the FY2026 rules) would expect is the central finding.

Figure 3-10: AVT's ESG implied rating

Dimension	Rating	One-line basis
Six SGX primary components	Compliant	All six present; comply-or-explain satisfied in form
Climate-related disclosures	Partial	Form present; 3 of 4 pillars "in process"; zero emissions data
Own environmental metrics	Gap	No energy / GHG / water / waste; section is supplier-only
Social disclosures	Compliant	Detailed workforce, training, diversity, OHS data
Governance & anti-corruption	Compliant	Clear structure; zero-corruption record; whistle-blowing
Board sustainability training (LR 720(7))	Compliant	All directors completed SID ESG Essentials
External assurance	Not required (FY25)	None obtained; not mandatory until FY2029
FY2026 mandatory Scope 1 & 2 readiness	Gap	No baseline, systems or methodology disclosed

Source: Company, RHTC estimates

3-4-1. Scope and Basis of Assessment

This assessment reviews pages 20–48 of Addvalue’s Annual Report 2025 (the sustainability report for FY2025) against the sustainability-reporting obligations applicable to an SGX Mainboard issuer of Addvalue’s profile. The benchmark comprises:

- SGX-ST Listing Rules 711A and 711B (requirement to issue an annual sustainability report and the prescribed contents);
- Listing Rule 720(7) (mandatory director sustainability training);
- Practice Note 7.6 — Sustainability Reporting Guide (the six primary components);
- the ACRA / SGX RegCo phased mandate for ISSB-aligned climate-related disclosures, **as revised on 25 August 2025** (extended timelines).

Singapore is transitioning from a light-touch, comply-or-explain sustainability-reporting regime to a strict-compliance, ISSB-aligned climate-disclosure regime, phased by issuer size. The most consequential point for this assessment is **timing**: mandatory Scope 1 and Scope 2 GHG reporting applies to *all* listed issuers from the financial year commencing on or after 1 January 2025. Because Addvalue’s financial year begins on 1 April, its **first mandatory climate-disclosure year is FY2026** (1 April 2025 – 31 March 2026) — the year *after* the report under review. Addvalue’s own statement that IFRS S2 disclosures become “mandatory in the next reporting period” is therefore accurate.

Figure: 3-11: estimated AVT’s applicable obligations by year

Year	Obligation for Addvalue (non-STI, < S\$1bn cap)	Status
FY2025	Annual sustainability report on comply-or-explain; six primary components; director training	<i>Year under review — broadly met</i>
FY2026	Mandatory Scope 1 & 2 GHG emissions; other primary components shift toward mandatory	<i>Not yet reported — readiness gap</i>
FY2029	Mandatory external limited assurance over Scope 1 & 2 GHG (all listed issuers)	<i>Future</i>
FY2030	Other ISSB-based climate-related disclosures (beyond GHG) become mandatory	<i>Future</i>
Voluntary	Scope 3 GHG emissions (remains voluntary for non-STI issuers until further review)	<i>Issuer signals intent</i>

Timeline reflects the ACRA / SGX RegCo roadmap as revised 25 August 2025 (timelines for several requirements were extended). Limited assurance over Scope 1 & 2 was deferred to FY2029 for all listed issuers; “other ISSB-based CRD” for non-STI issuers below S\$1bn moved to FY2030.

Table below maps each SGX requirement to what Addvalue actually disclosed.

Figure 3-12: AVT disclosure vs SGX requirements

SGX requirement	What Addvalue disclosed	Rating
1. Material ESG factors (LR 711B; PN 7.6)	Six material factors identified via a four-step process (identify / prioritise / validate / review); boundary table with GRI topic standards (205, 308, 404, 405, 414, 416).	Compliant
2. Climate-related disclosures	TCFD table on comply-or-explain. Governance described; strategy, risk management and metrics all stated as “in process.” No Scope 1/2/3 figures. Notes Scope 3 “more relevant.”	Partial
3. Policies, practices & performance	Covered across governance, environmental and social sections, each with a targets-and-performance table.	Compliant
4. Targets	FY2025 performance plus FY2026 / perpetual targets disclosed per pillar.	Compliant (soft)
5. Sustainability reporting framework	GRI Standards 2021, reported “with reference to” (the lighter of the two GRI claims). GRI content index provided.	Compliant
6. Board statement & governance structure	Board statement by Non-Executive Chairman; Sustainability Committee under the ARC, chaired by CEO; three E/S/G task forces; governance chart.	Compliant

SGX requirement	What Addvalue disclosed	Rating
Scope 1 & 2 GHG (mandatory FY2026)	None disclosed. Not yet due in FY2025.	N/A in FY25
Director training (LR 720(7))	All directors completed SID “ESG Essentials.”	Compliant
External assurance	Not obtained. External ESG consultant engaged for content, but no independent assurance.	Not required (FY25)
Materiality process (GRI 3-1/3-2)	Four-step process described; validated by SC and ARC. No materiality matrix, scoring or stakeholder-survey evidence shown.	Partial

Source: Company, RHTC estimates

The report clears the FY2025 bar, but the following observations test the substance behind the compliance and flag where the document over-claims relative to its evidence.

1. No GHG baseline despite an imminent mandate

The single most important forward-looking metric — a Scope 1 / Scope 2 GHG baseline — is absent. With mandatory disclosure landing in the very next reporting period (FY2026), the report offers no measured starting point, no measurement methodology, and no data-collection system described as operational. The Group states it is “actively working to identify, evaluate and establish systems,” which on a 31 March year-end leaves a narrow runway. This is a **readiness gap, not a breach**.

2. Stated climate priorities are misaligned with the actual obligation

AVT asserts that “Scope 3 emissions have become more relevant... than Scope 1 and Scope 2.” For an asset-light product developer that is a plausible *footprint* claim. But the *regulatory* obligation from FY2026 is Scope 1 and Scope 2; Scope 3 remains voluntary for a non-STI issuer.

3. The Environmental section discloses none of Addvalue’s own footprint

“Environmental Factors” consists almost entirely of *supplier* environmental screening (e.g., 26 of 28 suppliers passed; 16 hold ISO 14001). Nowhere does the Group disclose its **own** energy consumption, electricity use, emissions, water or waste.

4. **Climate disclosures are placeholders for three of four pillars**

In the TCFD table, only governance is substantively described. Strategy is “in the process of identifying” climate risks/opportunities; risk management is “in the process of assessing” them; metrics-and-targets carries intent but no numbers. Permissible under comply-or-explain for FY2025, but as a base from which to produce IFRS S2-aligned disclosure one year later, it is thin. No **scenario analysis** is present, which IFRS S2 expects under the strategy pillar.

5. **Soft targets**

Two examples. (a) The *training-hours* target is set at 20 hours/employee yet actuals were 64 hours (FY2025) and 39 hours (FY2024) — the perpetual target remains 20, i.e., a bar the Group has cleared by 2–3x for two years running. The FY2025 spike is itself attributed to a one-off ERP rollout, so it is not a structural improvement, yet the low perpetual target is left unrevised. (b) The *gender-diversity* target (65:35 male:female) was **missed** at 70:30, yet is framed as a “slight deviation” with the same 65:35 target rolled forward.

6. **Materiality asserted, not evidenced**

The four-step materiality process is described, but no materiality matrix, scoring, weighting or stakeholder-survey output is shown, and the six material factors are unchanged year-on-year. Without evidence, the assessment reads as “set-and-forget” rather than a live prioritisation — notable given the climate transition that should be reshaping any technology issuer’s material topics.

7. **“With reference to” GRI, and no external assurance**

The report uses the lighter “with reference to” GRI claim rather than “in accordance with,” and explicitly did not seek external assurance. Both are permissible today. But as assurance over Scope 1 & 2 becomes mandatory (FY2029) and investor scrutiny rises, the combination of a light framework claim, no assurance, and no quantified environmental data leaves the disclosures with limited third-party credibility.

8. **Small supplier universe; unresolved non-compliance without a deadline**

The supplier programme covers 28 suppliers; 2 met only 29% of environmental criteria. The Group commits to “continuous engagement” and “alternative sourcing” but sets no remediation deadline or escalation trigger and terminated no relationships. With so small a base, the assessment is low-cost to administer, which makes the absence of a time-bound remediation plan for the two laggards more conspicuous than reassuring.

APPENDIX A1 – SWOT ANALYSES

SWOTs	Description
Strengths	Sole provider of the IDRS solution. Strong SatComm business niche in Anti-Drone deployment
Weakness	Weak operational leverage Unable to significantly monetize platform in our view
Opportunities	Collaboration with SpeQtral – potential market in Interstellar Quantum Communications Strategic M&A: Potential inorganic growth or serve as an attractive acquisition target for larger Comms players
Threats	Kepler creep amongst low-volume LEO deployments

A-2 TABLES & CHARTS

#	page	Title
2-1	7	AVT Revenue and Net Profit (RHS)
2-2	8	AVT margin profile (%)
2-3	8	Order Book to Revenue Billings ratio
2-4	9	IDRS connectivity and Architecture
3-1	13	Profit & Loss Statement
3-2	13	Per share data
3-3	13	AVT Margins
3-4	14	Balance Sheet
3-5	15	Cashflow Statement
3-6	16	AVT share price performance from 2021 to 26-Jun-26
3-7	16	AVT expected TSR
3-8	17	AVT current valuations relative to STI
3-9	18	Relative Comps
3-10	29	AVT's ESG implied rating
3-11	31	estimated AVT's applicable obligations by year
3-12	31	AVT disclosure vs SGX requirements

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