

TOTM TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201506891C)

PROPOSED PLACEMENT OF UP TO 71,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE PLACEMENT PRICE OF S\$0.115 (“PROPOSED PLACEMENT”)

– RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Totm Technologies Limited (the “**Company**”, together with the subsidiaries, the “**Group**”) refers to the announcement dated 28 October 2022 (the “**Announcement**”) in respect of the Proposed Placement.
- 1.2. Unless otherwise defined in this announcement, all capitalised terms and references used herein shall bear the same meanings as ascribed to them in the Announcement.

2. RESPONSES TO QUERIES FROM THE SGX-ST

- 2.1. The Company had on 2 November 2022 received the following queries from the SGX-ST and sets out its responses below:

“The Company has been raising funds since October 2020 (a total of 6 subscription / placement exercises) and allocating up to S\$10.4 million for working capital.

In the Placement Announcement, we note that the Company still has about S\$4.2 million unutilized proceeds allocated for working capital needs. The Company is currently raising about S\$7.9 million of which S\$3.94 million is allocated for working capital.

The Company also explained that notwithstanding that it has yet to fully utilise the proceeds from the October 2020 Subscription Exercise, the June 2021 Placement Exercise and the August 2022 Placement Exercise, the Proposed Placement is beneficial for the Group as this will further strengthen its financial position and improve its cash flow to support the working capital requirements of the Group, and considering its operational cash flow needs.

In accordance to Catalyst Rule 810(1)(c), the Directors are of the opinion that “taking into consideration the present bank facilities available to the Group, the remaining proceeds from the Company’s fund-raising exercises in October 2020, June 2021 and August 2022, the Group’s internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements.”

S/No.	Query from the SGX-ST	Response from the Company
1.	Please clarify whether the breakdown of S\$4.205 million remaining net proceeds from the previous fund-raising exercises (provided in the table in paragraph 5.3 of the Placement Announcement) are forecast expenditure or incurred expenditure waiting to be paid.	The table in paragraph 5.3 of the Announcement consists of forecasted expenditures of approximately S\$3.56 million and incurred expenditures to be paid amounting to approximately S\$0.65 million.
2.	While the Directors have opined on the adequacy of the Group’s current working	

	<p>capital, the Company had explained that the Proposed Placement will improve the Group's cash flow to support its working capital needs.</p> <ul style="list-style-type: none"> - Please clarify whether the Company is dependent on continuous fund-raising to support its recurring general working capital needs. - Will the Company face cash flow issues without continuous fund-raising exercises? 	<p>The Company's working capital needs are funded by both cash flows generated from the operating entities of the Group, including cash flows generated from the Biometric projects awarded to the Group as announced on 2 September 2022 and 19 October 2022, as well as net proceeds from past fund-raising exercises.</p> <p>The Group is actively in discussion with potential customers to secure a pipeline of new digital identity solution projects and grow its e-identification business, which will strengthen the Group's financial position and contribute sustainable working capital to the Group.</p> <p>Barring any unforeseen circumstances, the Board and Management do not expect the Company to face cash flow issues without further fund-raising exercises.</p>
3.	<p>What are the Company's safeguards and controls put in place over (a) the unutilised proceeds from fund raising exercises, and (b) other liquid assets in general?</p>	<p>The Company had on 11 August 2022 provided the response to queries from the SGX-ST, wherein the Company explained that the Audit Committee ("AC") is updated regularly on the use of proceeds raised from subscriptions and placements exercises. Where there are material disbursements to a single recipient, such disbursements will be highlighted to the AC on a prompt basis and requires approval from a majority of the AC. The internal auditors have also performed a review of Group's internal control for cash management for FY2021 and FY2022.</p> <p>There are no other major liquid assets other than cash and bank balances, amount due from subsidiaries and other receivables (deposits, sundry receivables and prepayments).</p>
4.	<p>The Company is also allocating S\$3.944 million from the Proposed Placement for "new business opportunities and working capital of the new businesses".</p> <p>Please clarify what are the new business opportunities that the Company is exploring, including whether it is related to the Group's biometric business.</p>	<p>The Company is actively looking into prospects for strategic partnership, investment or acquisition to add digital identity solutions to its current technology stack which are related to the Group's biometric business.</p>

5.	<p>As disclosed in the Company's FY2022 Annual Report, the Group recorded S\$11.1 million of revenue in FY2022 but incurred an overall loss of S\$12.3 million, which was mainly due to high staff costs and director fees, legal and professionals expenses and depreciation and amortization expenses.</p> <p>Please provide more information for shareholders on the Company's business model and the Company's plans to cut down on such costs.</p>	<p>The Group's losses for FY2022 amounting to S\$12.3 million comprised of staff costs of S\$5.0 million, legal and professional fees of S\$4.7 million the majority of which were incurred from corporate actions undertaken during the financial year, and depreciation and amortization expenses of S\$5.5 million which are non-cash in nature.</p> <p>The business model of the Group includes contractual revenue from biometric solutions and recurring revenue such as technical support and maintenance services. Following the recent tie-up with Incode Technologies Inc., the Group is also growing its e-identification business to generate additional recurring revenue stream.</p> <p>As mentioned above in the response to Question 2, the Group is actively in discussion with potential customers to secure a pipeline of new projects to grow its top line.</p> <p>While the Group will be recruiting more staff in anticipation of the increase in level of business activity, the Group will maintain stringent control over its operating expenses and manage its resources efficiently.</p>
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3. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Placement.

4. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Placement remains subject to, amongst others, the fulfilment of the conditions precedent under the Placement Agreement. There is no certainty or assurance that the conditions precedent for the Proposed Placement can be fulfilled or that the Proposed Placement will be undertaken at all. Shareholders, securityholders and investors are advised to read this announcement and any past (including the Announcement) and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their Shares or securities of the Company.

BY ORDER OF THE BOARD

Mr. Pierre Prunier
Chief Executive Officer and Executive Director
4 November 2022

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Charmian Lim (telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.