

TraceTogether token maker iWOW Technology to raise S\$6.5m in Catalyst listing

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UMA DEVI umadevi@sph.com.sg @UmaDeviBT



Singapore

iWOW Technology, a local technology provider that specialises in Internet of Things (IoT) solutions, launched its initial public offering (IPO) on Wednesday (Apr 6) for a Catalyst listing on the Singapore Exchange (SGX).

The company is looking to sell 26 million shares at S\$0.25 apiece, and raise gross proceeds of about S\$6.5 million. Net proceeds are expected to come in at about S\$5.2 million.

This placement represents about 10.4 per cent of iWow's enlarged share capital of 250.4 million shares. The company will have a theoretical market capitalisation of S\$62.6 million after the placement, and a price-to-earnings ratio of 16.9 times.

iWOW is one of the manufacturers of TraceTogether tokens. The company and electronics distributor Siix Singapore formed a consortium back in 2020, which then won one of the tenders to design and manufacture subsequent batches of the tokens. Another tender went to electronics manufacturer PCI.

Other than TraceTogether tokens, some of iWOW's other products include smart metering solutions to remotely monitor water and gas consumption, electronic monitoring devices for ex-offenders and accused persons, and alarm alert systems for the elderly.

iWOW's solutions can also be added on to existing smart metering solutions that are used by companies without the need for a complete overhaul, iWOW's chief executive Raymond Bo, 53, said in a recent interview with The Business Times.

About 19.2 per cent of the total IPO proceeds or S\$1.25 million will be used to strengthen the group's research and development (R&D) capabilities to provide customisable IoT solutions, while a further 15.4 per cent or S\$1 million has been set aside to enlarge the company's customer base by engaging its existing B2B (business to business) customers and expanding offerings to the B2C (business to customers) segment.

Another 7.7 per cent or S\$0.5 million of the IPO proceeds will be channelled towards expanding the company's market reach into new countries such as Japan, Thailand, Malaysia, Indonesia and the UAE.

Bo said this will help further diversify the company's revenue streams, as over 90 per cent of revenue is currently from Singapore alone.

Other uses of IPO proceeds include investments and merger and acquisition activities, as well as working capital and listing expenses.

Bo, an electrical engineer by training, began his career at Motorola back in 1993. His last position at the company was a section manager for the R&D department. He left the company in 1998, and founded iWOW in 1999.

He will own 9.1 per cent of the company after its listing.

The company started as a provider of in-house product design and manufacturing services for Nokia's mobile and wireless devices.

But lower subscription costs in the telecommunications industry and the availability of cheaper electronics globally have pushed iWOW to change its business model and offerings to customers.

Bo said customers are also looking for a "one-stop shop solution" today, so iWOW offers "end-to-end solutions" that range from hardware and software to telecommunications.

He reckons iWOW's solutions can be utilised in many different industries - including telemedicine, housekeeping and home maintenance - but added that diversification comes with its own set of challenges.

"Moving into a new sector means it's always challenging to develop the business," he said. The key challenge for iWOW is not the R&D that comes with new products, but understanding the market. To combat this, Bo said iWOW will do its due diligence and in-depth market research before entering any market.

For FY2021 ended March, iWOW posted net profit of S\$3.7 million - up from S\$0.22 million in FY2020. This was due largely to a spike in revenue to S\$26.4

million from S\$4.4 million in the year ago. TraceTogether tokens accounted for 81 per cent of FY2021's revenue.

But Bo said iWOW is not relying solely on tokens for its next phase of growth.

As at Mar 8, these tokens accounted for 16.8 per cent of the group's S\$67.4 million order book. Some S\$54.2 million or 80.4 per cent of the order book comes from electronic monitoring systems. Smart metering solutions constitute S\$0.8 million, while alarm alert systems take up S\$1.1 million.

"I think our business is standing on a few pillars, and not relying on just the TraceTogether tokens," said Bo. He added that the group has recurring cash flows and low borrowings, which will help the group leverage on IoT trends as they come.

Evolve Capital Advisory is the sponsor and issue manager of the IPO, while Futu Singapore is the underwriter and placement agent.

The placement will close at noon on Apr 12, with the listing and trading of iWow's shares expected to commence on a "ready" basis at market open on