

iWOW TECHNOLOGY LIMITED
Company Registration No. 199905973K
(Incorporated in the Republic of Singapore)

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FOR
THE ANNUAL GENERAL MEETING TO BE HELD ON 30 AUGUST 2022**

The Board of Directors (the “**Board**”) of iWOW Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**” or “**iWOW**”) refers to the notice (“**Notice**”) of annual general meeting (“**AGM**”) dated 15 August 2022 in relation to the Company’s AGM to be held by way of electronic means on Tuesday, 30 August 2022 at 2:00 p.m..

As set out in the Notice of AGM, the Company will endeavour to address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM that are submitted to the Company no later than 2:00 p.m. on Monday, 22 August 2022 by Wednesday, 24 August 2022.

The Company would like to thank shareholders and the Securities Investors Association (Singapore) (“**SIAS**”) for submitting their questions in advance of the AGM. The responses to the questions received are set out in the Appendix to this announcement.

By Order of the Board

Bo Jiang Chek Raymond
Chief Executive Officer and Executive Director
24 August 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 details of the contact person for the Sponsor are:-

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Question 1:

Please refer to page 11 of the Annual Report about “Financial review”. In the 4th paragraph, it was stated that “Revenue for Trading & Others segment grew by S\$2.3 million YoY to S\$2.4 million, mainly due to sale of non-core products.” What were these “non-core products”? Were these one-off sales, or is the Board & Management reasonably confident of maintaining such segment revenue?

Company’s Response:

Non-core product sales mainly consist of sale of batteries and semiconductor chips.

While the Company does not expect this to recur, management is constantly on the lookout for other opportunities that the Group may leverage on to widen its revenue base.

Question 2:

Please refer to page 10 of the Annual Report about “Order book”. Between Electronic Monitoring System (“EMS”) and Trace Token, which one actually has a higher profit margin rate?

Company’s Response:

EMS, which comes under the IoT-as-a-Service (“IaaS”) business segment commands a higher profit margin as compared to Trace Tokens.

Within Smart City Solutions (“SCS”) business segment, which commands a lower profit margin as compared to IaaS, the profit margin for Trace Tokens is at the lower range.

Question 3:

Please refer to page 111 of the Annual Report about “Segment information”. Revenue from IaaS segment increased by 44% from S\$2.8 million in FY2021 to S\$4.1 million in FY2022. Are the Board and Management confident of maintaining such revenue growth in the next 2-3 years?

Company’s Response:

Management is expecting revenue for the IaaS segment to grow meaningfully in the next 2-3 years, which will be driven mainly by:

- a) the growth of EMS revenue, as supported by the order book;
- b) the growth of Alert Alarm System subscription, with new installations completed in FY2022; and
- c) the growth in Smart Metering subscription due to increasing adoption.

Question 4:

Please refer to page 97 of the Annual Report about “Investment in subsidiaries”. It was stated that “From the date of acquisition to the financial year ended 31 March 2021, Electricque Energie & Metering Pte Ltd (“Electricque”) has contributed ... S\$85,000 to the ... loss of the Group”. Has Electricque turned around in FY2022, or will there be any going concern issue?

Company’s Response:

The Company wish to clarify that Electricque has been profitable in FY2021 and FY2022, with reference to the audited financial statements issued by Mazars LLP, the Group’s Auditors.

There is no going concern issue for Electricque.

Prior to the acquisition, Electricque’s financial records were maintained by an outsourced service provider, and were not required to be audited. The S\$85,000 loss (for the fourth quarter of FY2021) highlighted mainly resulted from Electricque’s first financial statements audit, which required one-off audit adjustments to be recorded post acquisition.

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Question 5:

Please refer to page 102 of the Annual Report about “Trade receivables”. While revenue has increased by 31% from S\$26.4 million in FY2021 to S\$34.5 million in FY2022, total trade receivables has increased by 41% from S\$3.6 million in FY2021 to S\$5.1 million in FY2022. How much of the S\$5.1 million trade receivables had been collected so far?

Company’s Response:

The Total Trade Receivables (“TTR”) consist:

- a) trade receivables (“TR”); and
- b) accrued revenue, as disclosed on page 102 of the Annual Report.

The increase in TTR is mainly attributed to higher accrued revenue at the end of FY2022, which relates to revenue recognized for satisfied performance obligations but were not billable as of 31 March 2022. TR remained fairly consistent at S\$3.1 million, as compared to prior financial year.

Out of the S\$3.1 million TR, 99% has been collected todate, and the Company does not foresee any collectability issue with the outstanding TR.

TRADE RECEIVABLES	Group	
	2022 S\$'000	2021 S\$'000
Trade receivables	3,137	3,049
Accrued revenue	1,922	550
	<u>5,059</u>	<u>3,599</u>

Question 6 (SIAS):

As stated in the offer document, revenue of approximately S\$21.0 million was derived from the sale of TraceTogether Tokens in FY2021, out of the group’s total revenue of approximately S\$26.4 million (or 81%). Management is cognisant of the heightened risks associated with having a significant portion of the group’s revenue generated from a single product offering.

The company further added that the group received additional TraceTogether token orders totalling approximately S\$11.6 million during the period between 30 September 2021 and the 8 March 2022 (Latest Practicable Date) and it expects to begin fulfilling the new orders starting from the end of FY2022. The order book as at 29 June 2022 was S\$56.0 million, with Trace Token accounting for S\$2.3 million.

- (6i) Can the company help shareholders better understand the revenue contribution of the TraceTogether Tokens in FY2022?
- (6ii) The order book for Trace Token has decreased from S\$11.3 million as at 8 March 2022 to S\$2.3 million as at 29 June 2022. Can management confirm that the group has fulfilled most of the outstanding orders for TraceTogether Tokens between 1 April and 29 June 2022?
- (6iii) Assuming no new EMS orders were recognised, the decrease in the order book (presumably recognised as revenue) was only \$1.1 million from early March to late June (or approximately 4 months). Separately, what is the timeframe to complete the EMS project(s) and to recognise the S\$53-S\$54 million in order book?
- (6iv) What is management’s strategy to secure new sales of the group’s products and services (other than TraceTogether Tokens

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Company's Response:

(6i) TraceTogether Tokens sales make up approximately 74% of FY2022's Group revenue.

(6ii) The reduction in the order book for Trace Tokens was due to orders fulfillment.

As disclosed in the Group's full year results announcement dated 29 June 2022, the Company affirms that there has been no cancellation or suspension of any amount of the Trace Tokens order book disclosed in the Offer Document.

(6iii) As disclosed in the "Order Book" section of the Offer Document and "Operations Review" (Page 6) of the Annual Report, the EMS order book relates to the renewed EMS contract which has a contractual runaway of 7 years (including the 2 year extension option).

As the Company transitioned to the renewed EMS contract in February 2022, the Company expects the EMS order book to be recognized over the remaining 6.5 years.

(6iv) The strategy to secure new sales would include:

- a) enhancing our R&D capabilities to capitalize on more opportunities;
- b) expanding our product and services offerings through R&D;
- c) leverage on above to expand our customer base; and
- d) scaling the business further by offering our products and services overseas.

Please refer to "Business Strategies and future plans" section of the Offer Document for further details

Question 7 (SIIX):

In the offer document, it was disclosed that the group is "part of a consortium with SIIX Singapore that was awarded contracts for electronic monitoring services, wireless wearables and hardware, AAS, and TraceTogether Tokens."

However, SIIX was not mentioned in the annual report.

(7i) Can the company help shareholders better understand the roles, responsibilities and obligations of the company (and its subsidiaries) and of SIIX?

(7ii) How are costs and revenue allocated between the consortium partners?

(7iii) In addition, how does the consortium arrangement (with SIIX or others) affect the group's revenue recognition policies?

(7iv) How much influence or control does the group assert over the operational, financial and strategic matters of the projects in which the company is part of a consortium (with SIIX or others)?

(7v) Can management elaborate further on the working relationship with SIIX?

Company's Response:

SIIX has been a long term business partner, and as disclosed on page 48 of the Offer Document, the Group began collaborating with SIIX in 2011. The Group subsequently entered into its first consortium arrangement with SIIX in 2013 to secure the first EMS contract.

The Group's roles, responsibilities and obligations may differ for each project. In line with practices adopted across various industries, the Group entered into teaming agreements prior to each collaboration to clearly define the above as well as billing bases and rates.

Please refer to "Major customers", "Risk factor" and "Corporate governance – Audit and Risk Management Committee" sections of the Offer Document for further details on the Group's consortium arrangements and considerations for identifying potential consortium partners.

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Question 8 (SIAS):

As noted in the offer document dated 6 April 2022, prior to the company's placement, the company had engaged an internal auditor to perform the review and test of controls of the group's processes. The internal auditor had confirmed that they were satisfied that management has addressed all material internal control weaknesses identified in the internal control review report.

- (8i) Can the board/audit and risk management committee (ARMC) disclose the identity of the internal auditor?
- (8ii) What were the key findings and the material internal control weaknesses identified by the internal auditor in the internal control review report?
- (8iii) What is the level of oversight by the ARMC on the actions taken by management to follow up on the recommendations?
- (8iv) In addition, as noted in the corporate governance report, the company is reviewing internal audit proposals and plans to appoint an outsourced internal auditor before the end of the first half of FY2023, for the FY2023 internal audit work. What are the criteria used by the ARMC to shortlist and select the internal auditor?

Company's Response:

- (8i) Yang Lee and Associates. Please refer to their website (<https://yla.com.sg/>) for their profile.
- (8ii) The Company wish to highlight that all internal audit findings were rectified to the satisfaction of the internal auditor, management and ARMC, prior to the IPO.

The key internal audit findings on weaknesses are:

- a) the lack of a formal delegation of authority;
 - b) the Company has yet to establish financial controls, formal delegation of authority and integration of financial processes for newly acquired subsidiary, Electricque Energie & Metering Pte Ltd, which contributed < 5% to the Group's FY2021 revenue and profits.
- (8iii) The ARMC reviewed the internal audit report, which included management's proposed action plan to address each finding.

The ARMC was satisfied with management's proposed rectifications and had ascertained that all rectifications were completed prior to the IPO, as documented in the internal audit follow-up report.
 - (8iv) The ARMC will consider criteria which includes i) experience; ii) industry knowledge; iii) firm size and resource; iv) track record; v) details and quality of proposal; vi) cost reasonableness; and/or vii) references.