

# iWOW Technology Ltd

26 February 2024

## Non-Rated

<b>BBG</b>	IWOW SP
<b>Market cap</b>	S\$52.7m
<b>Share price</b>	S\$0.20
<b>52-week range</b>	S\$0.183 – S\$0.255
<b>Shares Outstanding</b>	263.3m
<b>Free Float</b>	26.86%
<b>Major Shareholder</b>	Soo Kee Wee 46.6% Bo Jiang Chek Raymond 8.7% Mah Kian Yen 6.43%

<b>P/NAV (1H24)</b>	2.8x
<b>Net gearing (1H24)</b>	Net cash

Source: Company data, Bloomberg, SAC Capital

## Analyst

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## Do You Believe in Life After Covid?

**The claim to fame not too long ago.** Remember the ubiquitous white Trace Together fashion accessory of the Covid years? One of two companies awarded the design and manufacture of the tokens was little known unlisted iWOW Technology. Fortunately like Cher, who sang that she believed in life after love, after the monster Trace Together hit, iWOW believed in themselves. The company went on to list on SGX in 2022 and they have also metamorphosed in a bid to address pertinent pressing social issues in Singapore.

**More than busy enough.** As of October last year, iWOW's order book stands at S\$100m and counting. About S\$38m of the order book is expected to be fulfilled within a year. For perspective, FY21-23 average total revenue was less than S\$ 30m.

About S\$55m of the order book is expected to be delivered from the Year 2 to Year 5. This implies an annual revenue of about S\$14m or already 50% of the last 3 FYs total revenue locked in.

**Smart Nation SG – iWOW's expertise.** With an annual budget to the tune of S\$3bn, Smart Nation Singapore is a multi-year strategic national digital initiative that pervades every facet of the country: Government, Economy and Society. And iWOW is best positioned to ride the wave.

**"The smallest tag in the world"** iWOW has been involved with the Prison's Electronic Monitoring System since it was introduced. With years of experience and continuous R&D, iWOW believes they have developed the smallest and least intrusive tag in the world. Accounting for half of its S\$100m order book, iWOW is the incumbent supplier. Singapore's rehabilitation programme has attracted interest from neighbouring countries and iWOW will likely benefit too.

**Smart Infrastructure.** At the heart of the Smart Nation initiative is connectivity. Again, that's right up iWOW's alley with half of its S\$100m order book related to such work. Recently acquired Roots Communications has the highest tender grade for the biggest jobs. Roots is involved in wireless connectivity and telecoms network.

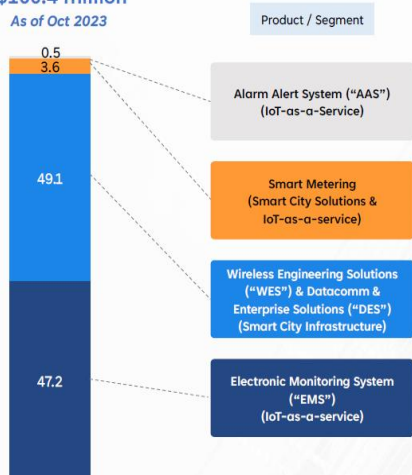
Year End 31 Mar (S\$m)	FY21	FY22	FY23	1H24
Revenue	26.4	34.5	25.6	17.3
Pretax profit	4.1	4.4	3.9	0.3
Net profit	3.7	3.9	3.6	0.3
EPS (S¢)	1.66	1.72	1.41	0.11
Dividend per share (S¢)		0.36	0.28	-
Net cash / (debt)	3.2	3.9	9.3	6.5
<b>Valuation</b>				
Pretax profit margin (%)	15.4	12.7	15.2	1.9
Net profit margin (%)	14.1	11.2	13.9	1.6
P/E (x)	12.1	11.6	14.2	(annualized) 92.7
P/NAV (x)	7.6	6.3	2.7	2.8
Dividend yield (%)	-	1.8	1.4	-

## Key Products & Services

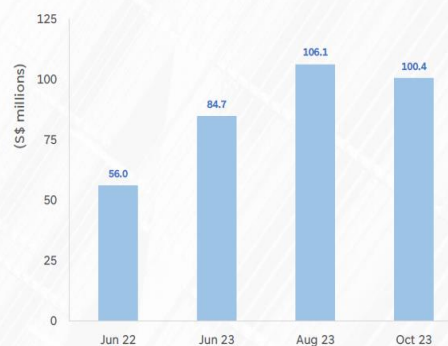
Segment	Product / Solution	Description	Nature of revenue
Smart City Solutions ("SCS")	Smart Metering	Deployment of Smart Metering solutions	Project Fees Product Sales
	Trace Token	Design and supply of the contact tracing solution and Trace Token	
	Alarm Alert System ("AAS")	Deployment of Alarm Alert System solutions with IWOW Developed Hardware	
IoT as-a-Service ("IaaS")	Smart Metering	Operation & Maintenance of our Smart Metering solutions	Recurring based on a subscription model
	Alarm Alert System ("AAS")	Operation & Maintenance of our Alarm Alert System solutions	
	Electronic Monitoring System ("EMS")	Deployment and operation of our Electronic Monitoring System solutions with IWOW developed hardware	
Smart City Infrastructure ("SCI")	Wireless Engineering Solutions ("WES")	Deployment and Maintenance of telecommunication network infrastructure	Project Fees Recurring operations & maintenance fees
	Datacomm & Enterprise Solutions ("DES")	Deployment and Maintenance of in-building wireless connectivity solution	

## Order Book Growing Strongly

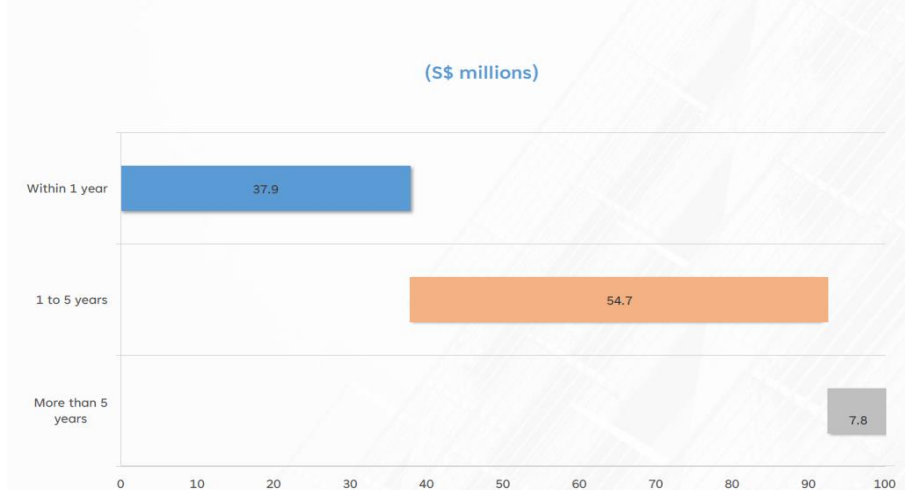
\$S\$100.4 million  
As of Oct 2023



Order Book



## Order Book – Estimated Fulfilment Horizon



## Income Statement

YE 31 Mar (\$m)	FY21	FY22	FY23	1H24
<b>Revenue</b>	<b>26.4</b>	<b>34.5</b>	<b>25.6</b>	<b>17.3</b>
Other operating income	0.5	0.2	0.7	0.2
Changes in inventories & raw materials used	(18.7)	(24.4)	(12.4)	(5.2)
Employee benefits expense	(2.4)	(2.6)	(4.9)	(5.9)
Amortisation and depreciation expense	(1.1)	(1.1)	(1.5)	(0.8)
Other operating expenses	(0.4)	(0.8)	(3.5)	(5.2)
Listing expenses	-	(1.2)	-	-
Finance costs	(0.3)	(0.3)	(0.1)	(0.0)
<b>Profit before income tax</b>	<b>4.1</b>	<b>4.4</b>	<b>3.9</b>	<b>0.3</b>
Income tax expense	(0.4)	(0.5)	(0.3)	(0.0)
<b>Profit for the year</b>	<b>3.7</b>	<b>3.9</b>	<b>3.6</b>	<b>0.3</b>

## Balance Sheet

YE 31 Mar (\$m)	FY21	FY22	FY23	1H24
Property, plant and equipment	1.0	2.1	2.7	2.1
Intangible assets	1.7	1.8	3.9	4.0
<b>Total non-current assets</b>	<b>2.7</b>	<b>3.9</b>	<b>6.6</b>	<b>6.2</b>
Inventories	1.0	1.6	4.2	4.8
Trade receivables	3.6	5.1	12.8	14.4
Other receivables	3.6	1.9	1.2	1.6
Fixed deposit pledged	-	-	0.1	0.1
Cash and cash equivalents	4.7	4.8	9.9	7.0
Total current assets	12.9	13.4	28.0	27.7
<b>Total assets</b>	<b>15.6</b>	<b>17.3</b>	<b>34.6</b>	<b>33.9</b>
Equity and liabilities				
Equity				
Share capital	20.9	21.4	31.0	31.0
Capital reserve	0.3	-	-	-
Foreign currency translation reserve	(0.1)	-	(0.0)	(0.1)
Accumulated gains / (losses)	(15.2)	(14.2)	(11.6)	(12.0)
<b>Total equity</b>	<b>5.9</b>	<b>7.2</b>	<b>19.4</b>	<b>18.9</b>
Deferred tax liabilities	-	-	0.0	0.0
Borrowings	0.9	0.6	0.4	0.2
Other payables	-	-	1.9	1.9
Lease liabilities	0.1	0.2	0.3	0.1
<b>Total non-current liabilities</b>	<b>1.0</b>	<b>0.8</b>	<b>2.6</b>	<b>2.3</b>
Borrowings	0.6	0.2	0.3	0.3
Lease liabilities	0.2	0.2	0.6	0.5
Trade payables	4.6	1.4	2.9	4.0
Other payables	1.3	2.2	7.5	6.2
Contract liabilities	1.7	4.8	1.0	1.6
Provision for taxation	0.4	0.5	0.5	0.2
Total current liabilities	8.8	9.3	12.7	12.7
<b>Total liabilities</b>	<b>9.7</b>	<b>10.1</b>	<b>15.2</b>	<b>15.0</b>
<b>Total equity and liabilities</b>	<b>15.6</b>	<b>17.3</b>	<b>34.6</b>	<b>33.9</b>

## Cash Flow

YE 31 Mar (\$m)	FY21	FY22	FY23	1H24
Profit before income tax	4.1	4.4	3.9	0.3
Depreciation of property, plant and equipment	0.6	0.6	1.0	0.7
Amortisation of intangible assets	0.6	0.5	0.4	0.1
Allowance for inventory obsolescence	0.0	0.0	0.0	(0.0)
Gain on disposal of property, plant and equipment	-	(0.0)	0.0	-
Trade payables written off	(0.0)	(0.1)	-	-
Loss on deconsolidation of a subsidiary	-	0.1	-	-
Unrealised exchange gain	-	-	(0.0)	(0.0)
Interest income	-	-	(0.1)	(0.1)
Interest expense	0.2	0.1	0.1	0.0
<b>Operating cash flows before working capital changes</b>	<b>5.4</b>	<b>5.6</b>	<b>5.4</b>	<b>1.1</b>
Inventories	(0.4)	(0.6)	0.7	(0.6)
Trade and other receivables	(6.0)	0.3	4.8	(2.1)
Trade payables, other payables and contract liabilities	5.6	0.8	(10.7)	0.5
<b>Cash generated from operations</b>	<b>4.6</b>	<b>6.1</b>	<b>0.1</b>	<b>(1.1)</b>
Income tax paid	-	(0.4)	(0.5)	(0.4)
<b>Cash flows generated from operating activities</b>	<b>4.6</b>	<b>5.7</b>	<b>(0.4)</b>	<b>(1.5)</b>
Acquisition of subsidiary	0.0	-	2.3	-
Addition of property, plant and equipment	(0.5)	(1.4)	(0.7)	(0.1)
Interest received	-	-	0.1	0.1
Addition of intangible assets	-	(0.5)	(0.7)	(0.3)
<b>Cash flows used in investing activities</b>	<b>(0.5)</b>	<b>(2.0)</b>	<b>1.0</b>	<b>(0.3)</b>
Interest paid	(0.1)	(0.1)	(0.1)	(0.0)
Repayment of borrowings	(0.3)	(0.1)	(0.2)	(0.1)
Proceed from borrowings / IPO	1.0	-	6.5	-
Repayment of lease liabilities	(0.1)	(0.2)	(0.3)	(0.3)
Payment of IPO transaction costs	-	-	(0.6)	-
Dividend paid	-	(3.2)	(0.9)	(0.7)
<b>Cash flows (used in)/generated from financing activities</b>	<b>0.5</b>	<b>(3.6)</b>	<b>4.5</b>	<b>(1.2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4.6</b>	<b>0.1</b>	<b>5.1</b>	<b>(2.9)</b>
Cash and cash equivalents at beginning of year	0.0	4.7	4.8	9.9
Net exchange rate effect	-	-	(0.0)	0.0
Cash and cash equivalents at end of year	4.7	4.8	9.9	7.0

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