

### SMALL/MID CAP HIGHLIGHTS

#### iWOW Technology (NXR SP)

Set To Benefit From Exponential IoT growth

**iWOW is a prime beneficiary of the 19% five-year CAGR in global IoT in the smart cities market. Structural growth is underway given iWOW's strong foothold in Singapore and its foray into key growth markets. Additionally, iWOW is set to benefit from positive operating leverage as the top-line expands. At the S\$0.25 listing price, iWOW trades at an annualised 1HFY22 PE of 20.2x.**

- **Solid track record of >20 years with proven ability to create products that are part of prevailing electronics.** iWOW Technology (iWOW) had come a long way before venturing into the high-growth IoT space in 2012. Its long operating history has proven its ability to adapt to new market trends within the fast-changing wireless communications industry. Over the years, iWOW has become a trusted IoT solutions provider for Singapore government agencies and B2B customers such as Singtel, Mapletree and 3M.
- **Riding on fast-growing IoT wave.** iWOW is well-positioned to tap the global IoT market, with the APAC presenting the fastest growth with a five-year CAGR of 11.7% from 2020-24, according to market research firm MarketsandMarkets. Specifically, global IoT in the smart cities market is projected to grow at a CAGR of 19% from 2021-26, with APAC leading the growth worldwide. Singapore and Japan are two of the largest contributors powering the growth. Smart utility meters have emerged as the top IoT device in relieving rising energy demand, with APAC leading smart meter installations till 2025. We believe structural growth is underway given iWOW's strong foothold in Singapore and its foray into Japan, Thailand, Malaysia, Indonesia and UAE.
- **Integrated IoT solutions and R&D are key strengths.** We believe iWOW's robust net margins (FY21: 14%) are a result of strong execution for customers, R&D capabilities and IoT being in its early technology lifecycle. R&D helps iWOW engage customers early in product conceptualisation, and also enables rapid commercialisation. Moving forward, iWOW is exploring a potential collaboration with Statutory Board A (a leading manufacturer in COVID-19 ART test kits) and a medical diagnostic company for the development of a smart test kit to facilitate the submission of regular ART results by students, employees or COVID-19 patients on home recovery. The group is also developing other existing IoT offerings such as Alarm Alert System and Electronic Monitoring System solutions to capitalise on the robust tailwinds propelling the IoT industry
- **Not a COVID play, strong orderbook provides revenue visibility.** While iWOW has benefitted from the adoption of TraceTogether tokens, the orderbook of S\$67.4m suggests 80% of future revenue will come from Electronic Monitoring System, while just 17% are derived from TraceTogether tokens.

#### KEY FINANCIALS

Year to 31 Mar (S\$m)	2019	2020	2021	1H22
Net turnover	2.1	4.4	26.4	17.5
EBITDA	0.4	1.2	5.5	2.6
Operating profit	(0.6)	0.02	4.1	1.9
Net profit (rep./act.)	(0.6)	0.02	3.7	1.6
Net profit (adj.)	(0.6)	0.02	3.7	1.6
EPS (S\$ cents)	(0.24)	0.01	1.48	0.62
PE (x)	n.a.	n.a.	16.9	20.2
P/B (x)	n.a.	n.a.	9.5	4.7
EV/EBITDA (x)	166.4	53.2	10.8	23.4
Dividend yield (%)	n.a.	n.a.	n.a.	n.a.
Net margin (%)	-28.7	0.5	14.1	8.9
Net debt/(cash) to equity (%)	198.0	251.8	(53.7)	(29.1)
Interest cover (x)	-1.3	1.1	14.5	13.8
ROE (%)	-145.8	0.6	23.8	8.3
Consensus net profit	-	-	-	-
UOBKH/Consensus (x)	-	-	-	-

Source: iWOW, Bloomberg, UOB Kay Hian

### NOT RATED

Share Price	S\$0.25
Target Price	n.a.
Upside	n.a.

#### COMPANY DESCRIPTION

iWOW Technology is a technology provider specialising in integrated wireless IoT solutions offered as a service. It combines custom designed hardware with cloud-based software to create end-to-end IoT solutions that help digitalise businesses. IoT solutions include smart metering, smart tracking and smart city applications to Singapore government agencies and corporates.

#### STOCK DATA

GICS sector	Technology
Bloomberg ticker:	NXR SP
Shares issued (m):	250.4
Market cap (S\$m):	62.6
Market cap (US\$m):	45.9
3-mth avg daily t'over (US\$m):	n.a.

#### Price Performance (%)

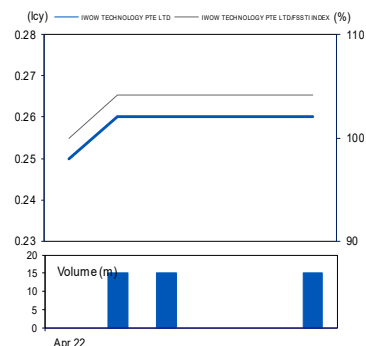
52-week high/low	-
<b>1mth</b>	<b>3mth</b>
-	-
<b>6mth</b>	<b>1yr</b>
-	-
<b>YTD</b>	-

#### Major Shareholders

Soo Kee Wee	46.8
Bo Jiang Chek Raymond	9.1

1HFY22 NAV/Share (S\$)	0.036
FY21 Net Cash/Share (S\$)	0.08

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

**Singapore Research Team**  
+65 6535 6868  
research@uobkayhian.com

• **Valued at an annualised 1HFY22 PE of 20.1x.** The listing price of S\$0.25 translates to an annualised 1HFY22 PE of 20.1x. This compares to peers which trade at an average 25.0x forward PE. Re-rating catalysts include a strong earnings profile, potential new customer wins and more accretive M&As.

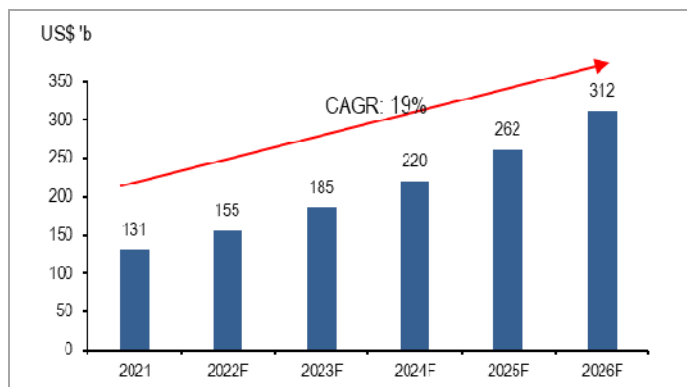
• **Expanding its business via investments, M&As and strategic collaborations.** The bulk (72%) of the IPO net proceeds of S\$5.2m will be used for enlarging customer base, expanding market reach and enhancing R&D activities to bolster its product offerings.

### PEER COMPARISON

Company	Bloomberg Ticker	Trading Curr	Price @ 14 Apr 22 (lcy)	Market Cap (US\$m)	PE			P/B			EV/EBITDA			Yield 2022 (%)	ROE 2022 (%)
					2021 (x)	2022F (x)	2023F (x)	Curr (x)	2022F (x)	2023F (x)	2021 (x)	2022F (x)	2023F (x)		
iWOW Technology	NXR SP	S\$	0.25	45.9	16.9	n.a.	n.a.	9.5	n.a.	n.a.	10.8	n.a.	n.a.	n.a.	n.a.
<b>IoT in Smart Cities vendors</b>															
IBM Corp	IBM US	US\$	125.98	113,295	14.2	12.7	11.9	6.0	5.8	4.5	9.4	9.1	8.4	5.2	39.1
Cisco Systems	CSCO US	US\$	51.82	215,269	18.0	15.0	13.9	5.4	5.1	4.5	10.4	10.2	9.5	2.9	34.2
Intel Corp	INTC US	US\$	46.50	190,124	10.2	13.3	12.9	2.0	1.8	1.8	6.5	6.7	6.4	3.1	14.6
Microsoft Corp	MSFT US	US\$	282.06	2,114,566	32.3	29.8	26.3	13.2	11.4	8.5	20.8	20.5	17.7	0.9	43.4
Tech Mahindra	TECHM IN	Rs	1,426.80	1,386,612	25.6	22.8	19.9	n.a.	4.7	4.2	16.1	16.8	14.2	1.1	21.5
Siemens AG	SIE GR	€	115.50	98,175	17.2	13.7	12.5	2.1	1.9	1.8	11.5	11.8	10.3	3.4	14.7
Hitachi Ltd	6501 JP	¥	5,818.00	5,633,191	8.7	10.0	9.7	1.4	1.4	1.3	7.1	6.8	6.1	2.0	15.1
SAP SE	SAP GR	€	97.17	119,374	21.8	18.4	16.9	3.0	2.9	2.7	14.3	14.2	12.2	2.0	14.1
Deutsche Telekom	DTE GR	€	16.85	84,042	19.0	13.1	11.5	2.0	1.9	1.8	6.7	6.9	6.1	3.8	12.1
Verizon Comm	VZ US	US\$	53.67	225,297	9.9	9.9	9.5	2.7	2.4	2.0	7.5	7.5	7.1	4.8	25.6
Signify NV	LIGHT NA	€	37.99	4,876	12.0	9.3	8.5	1.9	1.8	1.6	6.1	5.9	5.2	3.8	19.4
<b>Global average</b>					<b>25.0</b>	<b>22.1</b>	<b>19.6</b>	<b>7.7</b>	<b>6.0</b>	<b>4.8</b>	<b>16.1</b>	<b>16.4</b>	<b>14.1</b>	<b>1.8</b>	<b>26.5</b>

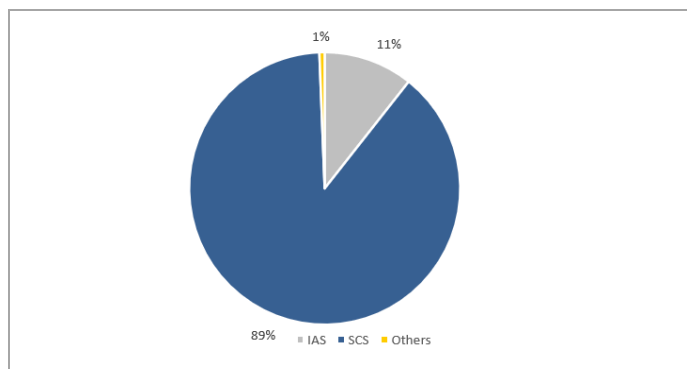
Source: Bloomberg, UOB Kay Hian

### GLOBAL IOT IN SMART CITIES MARKET



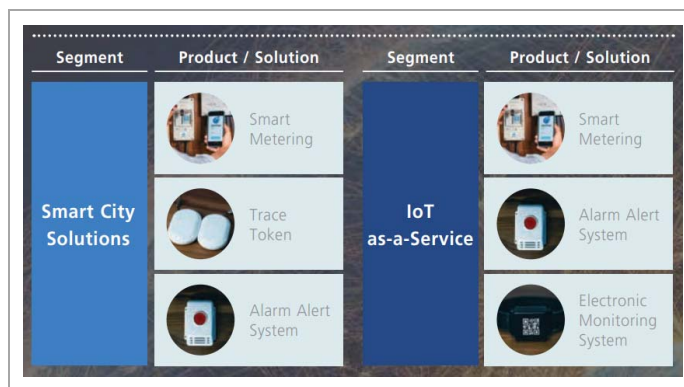
Source: MarketsandMarkets

### REVENUE BY SEGMENT



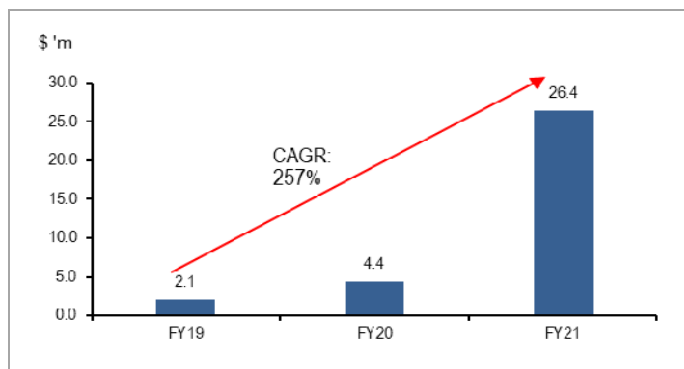
Source: iWOW

### BUSINESS SEGMENTS



Source: iWOW

### HISTORICAL REVENUE



Source: iWOW

### PROFIT & LOSS

Year to 31 Mar (\$m)	2019	2020	2021	1H22
Net turnover	2.1	4.4	26.4	17.5
EBITDA	0.4	1.2	5.5	2.6
Deprec. & amort.	0.7	0.9	1.1	0.5
EBIT	(0.3)	0.3	4.4	2.1
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(0.3)	(0.3)	(0.3)	(0.2)
<b>Pre-tax profit</b>	<b>-0.6</b>	<b>0.0</b>	<b>4.7</b>	<b>1.9</b>
Tax	(0.0)	0.0	(0.4)	(0.4)
Minorities	0.0	0.0	0.0	0.0
Net profit	-0.6	0.0	3.7	1.6
Net profit (adj.)	-0.6	0.0	3.7	1.6

### BALANCE SHEET

Year to 31 Mar (\$m)	2019	2020	2021	1H22
Fixed assets	0.6	0.9	1.0	1.1
Other LT assets	1.5	1.5	1.5	1.7
Cash/ST investment	0.5	0.0	4.7	3.3
Other current assets	1.0	1.4	8.2	12.7
<b>Total assets</b>	<b>3.6</b>	<b>3.8</b>	<b>15.6</b>	<b>18.7</b>
ST debt	0.0	0.0	0.9	0.7
Other current liabilities	0.0	0.1	0.1	0.1
LT debt	1.3	1.2	0.6	0.2
Other LT liabilities	1.9	2.0	8.1	9.5
Shareholders' equity	0.4	0.5	5.9	8.0
Minority interest	0.0	0.0	0.0	0.0
<b>Total liabilities &amp; equity</b>	<b>3.6</b>	<b>3.8</b>	<b>15.6</b>	<b>18.7</b>

### CASH FLOW

Year to 31 Mar (\$m)	2019	2020	2021	1H22
<b>Operating</b>	<b>1.0</b>	<b>0.7</b>	<b>4.5</b>	<b>-0.9</b>
Profit for the year	-0.6	0.0	3.7	1.6
Tax	(0.0)	0.0	(0.4)	(0.4)
Deprec. & amort.	0.7	0.9	1.1	0.5
Associates	0.0	0.0	0.0	0.0
Working capital changes	0.8	(0.3)	(0.7)	(3.3)
Non-cash items	(0.1)	(0.0)	(0.1)	(0.0)
Other operating cashflows	(0.1)	(0.8)	1.1	0.6
<b>Investing</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.5)</b>	<b>(0.3)</b>
Capex (growth)	(0.2)	(0.4)	(0.5)	(0.3)
Investment	0.0	0.0	0.0	0.0
Others	(0.7)	(0.5)	0.0	0.0
<b>Financing</b>	<b>0.0</b>	<b>(0.3)</b>	<b>0.6</b>	<b>(0.1)</b>
Dividend payments	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.3	1.0	0.0
Loan repayment	0.0	(0.5)	(0.3)	(0.0)
Others/interest paid	0.0	(0.0)	(0.1)	(0.1)
Net cash inflow (outflow)	0.9	(0.8)	3.9	(4.6)
Beginning cash & cash equivalent	0.4	0.5	0.0	4.7
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	0.5	0.0	4.7	3.3

### KEY METRICS

Year to 31 Mar (\$m)	2019	2020	2021	1H22
<b>Profitability</b>				
EBITDA margin	18.4	27.4	20.9	14.7
Pre-tax margin	-28.5	0.5	15.4	11.0
Net margin	-28.7	0.5	14.1	8.9
ROA	-16.4	0.6	23.8	8.3
ROE	-145.8	0.6	23.8	8.3
<b>Growth</b>				
Turnover	2.1	4.4	26.4	17.5
EBITDA	0.4	1.2	5.5	2.6
Pre-tax profit	(0.6)	0.0	4.1	1.9
Net profit	(0.6)	0.0	3.7	1.6
Net profit (adj.)	(0.6)	0.0	3.7	1.6
EPS	(0.24)	0.01	1.48	0.62
<b>Leverage</b>				
Debt to total capital	76.5	72.1	20.0	10.9
Debt to equity	326.0	257.9	25.0	12.2
Net debt/(cash) to equity	198.0	251.8	(53.7)	(29.1)
Interest cover (x)	-1.3	1.1	14.5	13.8

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

**IMPORTANT DISCLOSURES FOR U.S. PERSONS**

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2022, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W