

iWOW Technology

Non-rated

| | |
|--------------------|-------|
| Share price (S\$) | 0.188 |
| Target price (S\$) | - |
| Up / downside (%) | - |

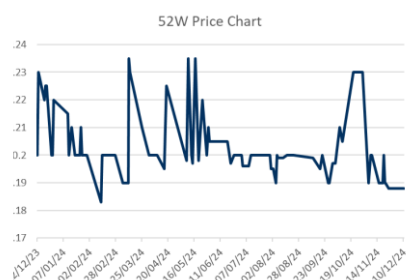
Company Profile

iWOW Technology is a one-stop end-to-end wireless IoT technology provider specialising in offering vertically integrated solutions and a telecommunications infrastructure solutions provider. iWOW uses open and proprietary wireless communication technologies to create customized Internet-of-Things (IoT) solutions for consumers which connect devices and sensors to cloud application servers for a variety of applications.

| | |
|------------------------------|-------------|
| Ticker | iWOW SP |
| Market cap (S\$m) | 49.5 |
| 3M ADV (S\$'000) | 0.8 |
| Free float (m shares) | 73.6 |
| Total shares outstanding (m) | 263.2 |
| 52W High / Low (S\$) | 0.24 / 0.18 |
| Top shareholders (%) | |
| Kau Wee Lee | 46.6 |

Price performance (%)

| | | |
|-------|-------|-------|
| 1M | 3M | 12M |
| (6.0) | (5.5) | (6.0) |



Silver Lining in the Silver Generation

Investment Highlights

- **Has managed to transition away from Tracetogether as its key source of revenue.** In Jan 2023, iWOW acquired Roots Communications at a 6x forward P/E multiple for an estimated consideration of S\$10m. Roots focuses on the deployment and maintenance of telecommunication network infrastructure as well as in-building wireless connectivity solutions. This allowed iWOW to transition away from relying on Tracetogether as its key source of revenue during COVID. As of 1H25, its key revenue drivers are its Wireless Engineering Solutions (WES) and Datacomm and Enterprise Solutions (DES) segments, both of which are under Roots.
- **Recurring revenue has been growing despite the small base.** Management has mentioned that growing its recurring revenue base is one of its priorities, which would allow for greater near-term revenue visibility. While there isn't a specific breakdown given by the firm, much of it comes from its IaaS segment which earns recurring income based on a subscription model. To a smaller degree, its WES and DES segments contribute in the form of maintenance fees post-installation. Therefore, while its recurring revenue base only accounts for 16% of FY24 revenue, it has been steadily growing at least since FY22, with FY24 recurring revenue 80% higher than that of FY22.
- **Aims to expand geographical reach with its EMS and AAS offerings.** Management intends to continue focusing on its Alarm Alert System Buddy solutions and has launched an enhanced version known as Buddy of Parents (BOP), earlier in Mar 2024. Per management, iWOW is currently the sole vendor of AAS in Singapore. The firm also intends to expand the geographical reach of its EMS and AAS offerings beyond Singapore.
- **Balance sheet remains healthy.** The firm has historically relied on minimal borrowings, having been net cash since FY21. From FY21 to 1H25, total borrowings have gradually declined, with the firm having only \$0.2m of borrowings by 1H25. Given the nature of its business, it has low capital expenditure needs and hence, its balance sheet remains healthy.

| Key Financials (YE 31st Mar, S\$m) | FY21 | FY22 | FY23 | FY24 | 1H25 |
|------------------------------------|----------|----------|----------|----------|----------|
| Revenue | 26.4 | 34.5 | 25.6 | 46.4 | 17.1 |
| Gross profit | 7.8 | 10.1 | 13.2 | 27.6 | 12.4 |
| Operating profit | 3.8 | 5.6 | 3.2 | 2.8 | (0.3) |
| PATMI | 3.7 | 3.9 | 3.6 | 2.8 | 0.1 |
| CFO | 4.6 | 5.7 | (0.4) | (1.3) | 3.0 |
| Adj. EPS (S cents) | 1.7 | 1.7 | 1.4 | 1.1 | 0.05 |
| DPS (S cents) | 1.4 | 0.4 | 0.3 | 0.2 | - |
| Dividend yield (%) | 7.6% | 1.9% | 1.5% | 1.2% | - |
| Net gearing (%) | Net cash | Net cash | Net cash | Net cash | Net cash |
| P/E (x) | 13.3 | 12.8 | 13.9 | 17.8 | n.m. |
| P/B (x) | 8.4 | 6.9 | 2.6 | 2.3 | 2.4 |
| ROE (%) | 63% | 54% | 18% | 13% | n.m. |
| ROA (%) | 24% | 22% | 10% | 7% | n.m. |

Source: Evolve Capital, Bloomberg, Company

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Company background

iWOW Technology is a one-stop end-to-end wireless IoT technology provider specialising in offering vertically integrated solutions and a telecommunications infrastructure solutions provider. iWOW uses open and proprietary wireless communication technologies to create customized Internet-of-Things (IoT) solutions for consumers which connect devices and sensors to cloud application servers for a variety of applications. Its blue-chip clientele includes various government agencies, major telecommunications providers and large corporations in Singapore. Refer to the table below for its key products and services as of FY24.

Our key products and services

| Segment | Product / Solution | Description | Nature of revenue |
|-----------------------------------|---|---|---|
| Smart City Solutions ("SCS") |  Smart Metering | Deployment of Smart Metering solutions | Project Fees |
| |  Alarm Alert System ("AAS") | Deployment of Alarm Alert System solutions with iWOW Developed Hardware | Product Sales |
| 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 |
| |  Datacomm & Enterprise Solutions ("DES") | Deployment and Maintenance of in-building wireless connectivity solution | Recurring operations & maintenance fees |

It has five operating segments, namely:

Wireless Engineering Solutions (WES), where iWOW undertakes the installation, in-building coverage enhancement, and maintenance of major telecommunications providers' critical island-wide communication network infrastructure. **This segment accounted for 51.2% and 58% of FY24 and 1H25 revenue, respectively.**

Datacomm & Enterprise Solutions (DES), which includes the installation of in-building wireless infrastructure and provision of wireless connectivity solutions for property companies and building owners. **This segment accounted for 24.2% and 15.9% of FY24 and 1H25 revenue, respectively.**

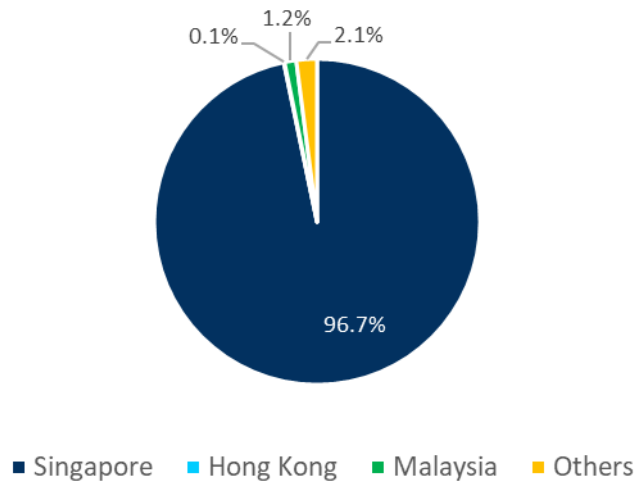
IoT as a service (IaaS), which primarily comprises the installation, implementation and operationalisation of its smart metering, alarm alert and electronic monitoring systems, bundled into a subscription service for its customers who pay a monthly or annual subscription fee. **This segment accounted for 12.9% and 19.9% of FY24 and 1H25 revenue, respectively.**

Trading and Others, where the firm generates revenue through trading sales and other miscellaneous products. **This segment accounted for 9.2% and 4.5% of FY24 and 1H25 revenue, respectively.**

Smart City Solutions (SCS), where iWOW provides customised design and conceptualisation of wireless IoT solutions as well as the manufacturing and production of the products. **This segment accounted for 2.5% and 1.6% of FY24 and 1H25 revenue, respectively.**

Historically, in terms of geography, its revenue has been primarily derived from Singapore.

1H25 revenue split by geography



The firm's origins can be traced back to 1999 when the CEO and Executive Director, Raymond Bo, founded the business to provide in-house product design and manufacturing services for mobile and wireless telecommunication devices to leading mobile brands and large electronics companies. Since then, the firm has transitioned from engaging in R&D design services, to the provision of hardware and its current focus area of becoming an integrated solutions provider in the IoT industry.

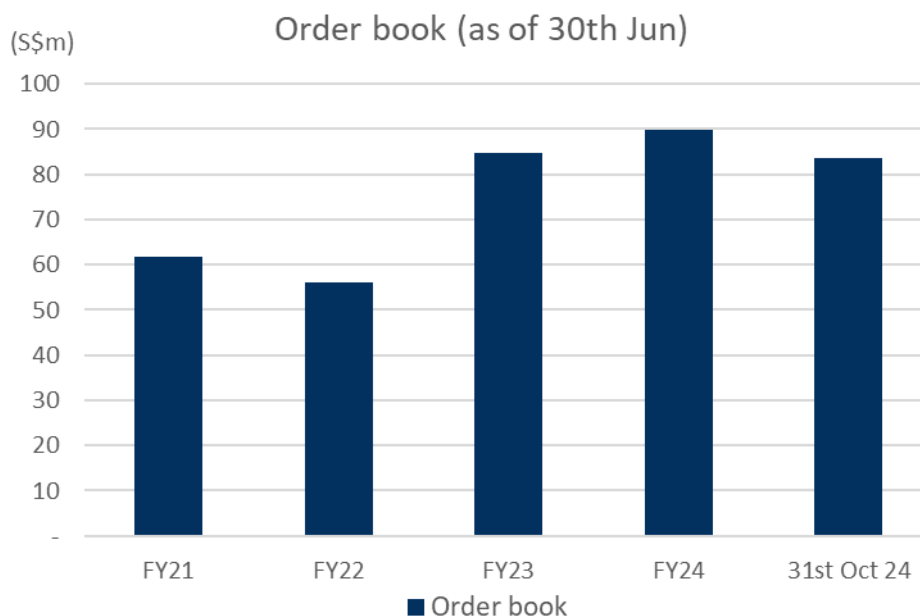
As of FY24, the firm is largely owned by Kau Wee Lee and her spouse Soo Wee Kee, the Chairman and Non-Executive Director of iWOW, with a combined shareholding of 46.6%. Management owns approximately 28.7% of the firm.

Investment Merits

Has transitioned from Tracetogether to WES and DES solutions

From 1999 to 2012, iWOW was initially focused on the consumer mobile phone market through its mobile phone original design manufacturing services as well as wireless services through its iTegno brand. From 2012 onwards, due to the volatility of the consumer mobile phone market, iWOW pivoted and expanded its IoT offerings to provide end-to-end solutions covering hardware, software, cloud services, telecommunications and operations.

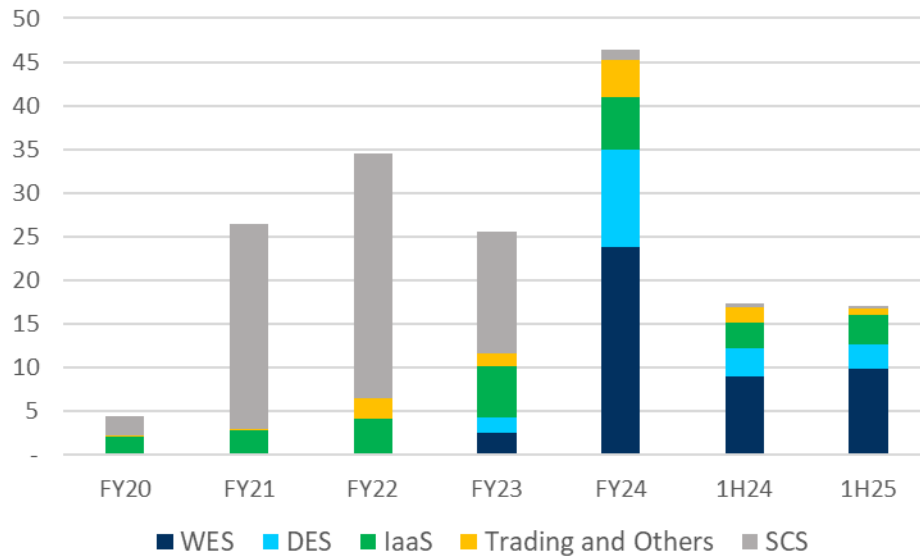
In 2020, as a result of COVID-19, iWOW secured a public tender from an undisclosed Statutory Board (likely GovTech, refer [here](#)) to design and manufacture contact tracing tokens, which were widely deployed and distributed to Singapore residents to facilitate the government's contact tracing efforts in identifying individuals who may have been exposed to COVID-19. **This led to the firm's Smart City Solutions' (SCS) revenue having surged by nearly 10.5x YoY in FY21 and accounted for more than 80% of total revenue in FY21 and FY22.** Post-COVID, iWOW managed to diversify its key revenue stream away from Tracetogether through its acquisition of Roots Communications in Jan 2023, which iWOW had acquired at a 6x forward P/E multiple for an estimated consideration of S\$10m. Notably, this has allowed the firm's order book to remain on an uptrend, given the contribution from Roots.



Under its WES segment, Roots focuses on the deployment and maintenance of telecommunication network infrastructure, with blue chip clientele such as Singtel and M1. A relatively recent contract (worth S\$20m) which the firm had secured in Jul 2023, was for the Singapore Sports Hub where iWOW offered 5G network deployment services. On the other hand, under its DES segment, Roots focuses on the deployment and maintenance of in-building wireless connectivity solutions, serving customers such as Capitaland as well as a number of local hospitals.



(S\$m) WES and DES as the largest revenue contributors

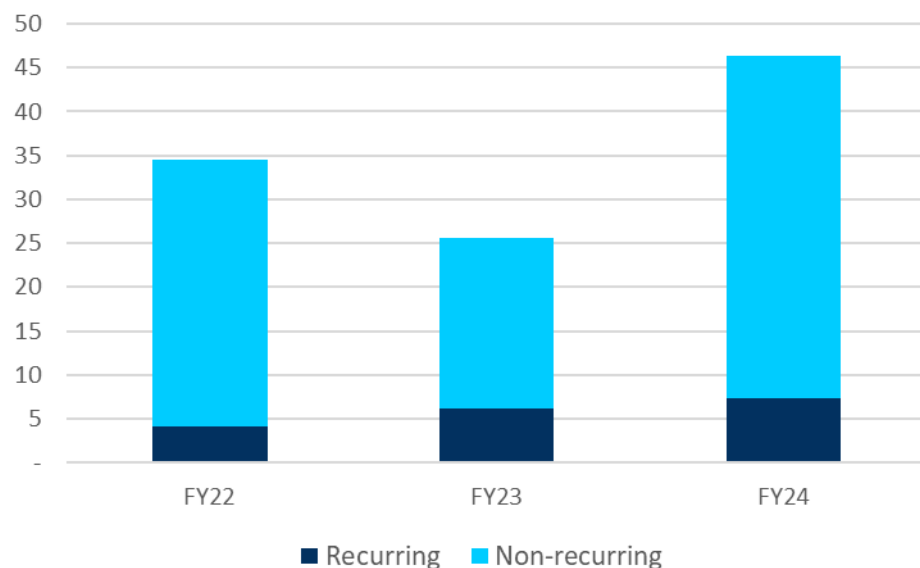


Recurring revenue has been growing despite the small base

Management has mentioned that growing its recurring revenue base is one of its priorities, which would allow for greater near-term revenue visibility. While there isn't a specific breakdown given by the firm, much of it comes from its IaaS segment which earns recurring income based on a subscription model. To a smaller degree, its WES and DES segments contribute in the form of maintenance fees post-installation. For example, one of iWOW's key customers under its IaaS segment is the Singapore Prison Service (SPS), which it has been serving with its Electronic Monitoring System (EMS) since 2014. EMS contributes entirely through recurring income, as iWOW charges on a per head basis per month.

Hence, while its recurring revenue base only accounts for 16% of FY24 revenue, it has been steadily growing at least since FY22, with FY24 recurring revenue 80% higher than that of FY22.

(S\$m) Recurring income has been steadily growing



Additionally, management intends to continue focusing on its AAS solutions as they've launched an enhanced version of the AAS, known as Buddy of Parents (BOP), earlier in Mar 2024. Per management, **iWOW is currently the sole vendor of AAS in Singapore**. HDB had the original version of the AAS installed in 50 public rental housing blocks with higher concentrations of seniors since 2019. Moving forward, the government intends to expand the deployment of AAS to benefit approximately 26,800 seniors living in around 170 rental blocks. This should benefit iWOW in the longer term, in our view, as the Ministry of Health [projects](#) that by 2030, around 100,000 seniors will require help with at least one daily living activity while around 83,000 seniors will live alone.

BOP Button



Designed for use in the bathroom, bedroom, living room or anywhere in a home, BOP Button can be easily installed on a wall for easy reach in times of personal emergencies. Multiple BOP Buttons can work at the same time within a home.

When the button is pressed, a voice prompt invites user to make a 10-second voice recording of the nature of emergency. BOP Response Centre will call back to determine the nature of assistance needed.

- Voice call on Singtel's 4G phone network.
- 2 years warranty.
- Compact size: Ø90 mm x 38 mm height.
- 3 years battery life.

Overall, we expect that iWOW will continue to grow its order book at an average of S\$10-20m per annum in the longer term, given its track record and on the back of sectoral tailwinds such as advancements towards 6G. Management also expects to further its reach into other geographies beyond Singapore with its proprietary EMS and AAS offerings, although this is likely to take some time.

Favourable industry outlook

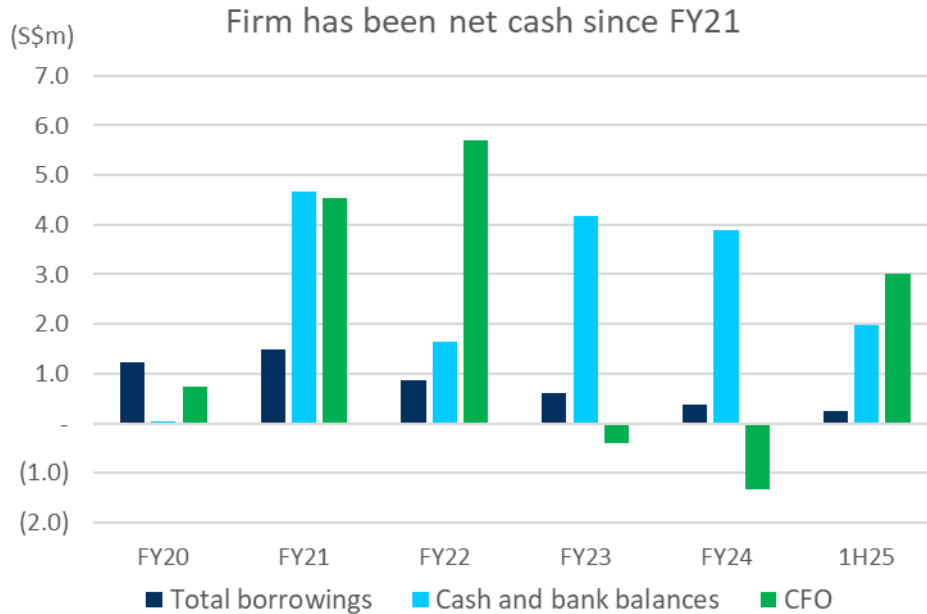
Per International Data Corp (IDC), AI spending in Asia Pacific is expected to grow at a CAGR of 25.5% between 2023 to 2027 while the region's IoT investments are projected to grow at a CAGR of 11.7% over the same period, refer [here](#). On the domestic front, according to IMDA's Singapore Digital Economy Report (SGDE) 2024, the value-added (VA) of Singapore's Digital Economy (DE) came in at S\$113.2bn in nominal terms, accounting for 17.7% of Singapore's GDP in 2023. The upward trajectory of the digital economy is expected to continue, driven by rising investments in artificial intelligence (AI) and IoT.

Notably, the Infocomm Development Media Authority (IMDA) had initially targeted for the three big telcos (Singtel, Starhub and M1) to achieve 95% 5G outdoor coverage by end 2025, refer [here](#). However, the three telcos achieved this goal three years ahead of time, and the government has already begun investments in 6G through its Future Communications Research and Development Programme by the IMDA and National Research Foundation (NRF) since 2022, refer [here](#). On the private front, Singtel and SK Telecom had recently signed a MOU in Jul 2024 to build 6G communication networks over the next two years. **Hence, we expect this to benefit iWOW in the longer term upon the introduction of 6G and demand for tech refreshes kick in.**



Balance sheet remains healthy

The firm has historically relied on minimal borrowings, having been net cash since FY21. From FY21 to 1H25, total borrowings have gradually declined, with the firm having only \$0.2m of borrowings by 1H25. Given the nature of its business, it has low capital expenditure needs and hence, its balance sheet remains relatively healthy.

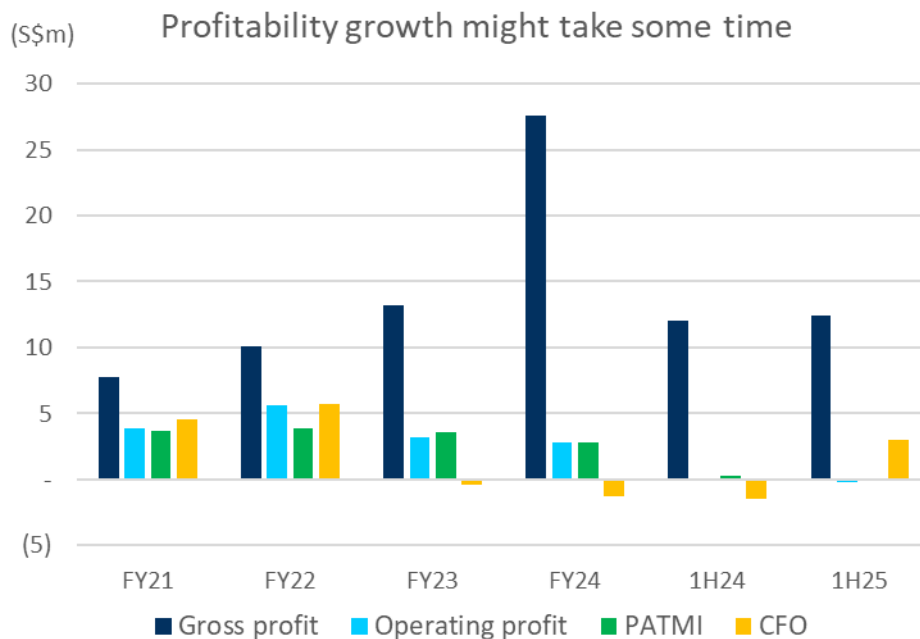


Key Risks

Profitability growth might take some time

Despite the doubling in gross profit in FY24 due to the full year contribution from Roots, operating profit and PATMI haven't exactly followed suit as a result of 2.4x and 3.2x YoY increases in employee benefits expenses and other operating expenses, respectively. This came on the back of the incorporation of employees from Roots, the expansion of iWOW's own workforce as well as higher sub-contracting expenses.

While the firm seeks to expand its geographical reach with its EMS and AAS offerings, which have higher margins and are likely to increase its recurring revenue base, it will need time to get through foreign regulatory hurdles especially since many of its projects are with governmental bodies. Hence, profitability growth might take some time to materialize.



Concentration risk given its niche offerings

Due to its niche offerings, iWOW is reliant on statutory boards, government agencies and blue-chip enterprises as its major customers. Hence, therein lies the concentration risk as historically, a large part of its revenue has been derived from these customers. Should iWOW not be able to renew / extend their contracts with these customers, this would significantly impact their revenue.

Key Financial Items

Income statement

| YE 31st Mar, S\$m | FY21 | FY22 | FY23 | FY24 | 1H25 |
|--------------------|----------|-------|---------|---------|---------|
| Revenue | 26.4 | 34.5 | 25.6 | 46.4 | 17.1 |
| Gross profit | 7.8 | 10.1 | 13.2 | 27.6 | 12.4 |
| Operating profit | 3.8 | 5.6 | 3.2 | 2.8 | (0.3) |
| PATMI | 3.7 | 3.9 | 3.6 | 2.8 | 0.1 |
| Margins (%) | | | | | |
| Gross profit | 29.4% | 29.3% | 51.5% | 59.4% | 72.7% |
| Operating profit | 14.5% | 16.2% | 12.7% | 6.0% | (1.5%) |
| PATMI | 14.1% | 11.2% | 13.9% | 6.0% | 0.7% |
| Growth (%) | | | | | |
| Revenue | 503.8% | 30.7% | (26.0%) | 81.5% | (63.2%) |
| Gross profit | 217.4% | 30.2% | 30.2% | 109.3% | (55.0%) |
| Operating profit | 2182.1% | 46.3% | (42.3%) | (13.3%) | n.m. |
| PATMI | 16857.8% | 4.1% | (8.0%) | (21.9%) | (95.6%) |

Source: Evolve Capital, Company

Balance sheet

| YE 31st Mar, S\$m | FY21 | FY22 | FY23 | FY24 | 1H25 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| PPE | 1.0 | 2.1 | 2.7 | 1.5 | 3.6 |
| Inventories | 1.0 | 1.6 | 4.2 | 3.9 | 2.0 |
| Trade receivables | 3.6 | 5.1 | 12.8 | 22.7 | 15.1 |
| Cash and cash equivalents | 4.7 | 4.8 | 9.9 | 6.3 | 6.8 |
| Others | 5.3 | 3.7 | 5.1 | 5.0 | 4.7 |
| Total assets | 15.6 | 17.3 | 34.6 | 39.4 | 32.2 |
| Non-current liabilities | | | | | |
| Borrowings | 0.9 | 0.6 | 0.4 | 0.1 | - |
| Lease liabilities | 0.1 | 0.2 | 0.3 | 0.1 | 0.8 |
| Others | - | - | 1.9 | 1.9 | 1.9 |
| Current liabilities | | | | | |
| Borrowings | 0.6 | 0.2 | 0.3 | 0.3 | 0.2 |
| Lease liabilities | 0.2 | 0.2 | 0.6 | 0.3 | 0.6 |
| Trade and notes payables | 4.6 | 1.4 | 2.9 | 7.0 | 3.6 |
| Others | 3.4 | 7.5 | 9.0 | 8.4 | 4.0 |
| Total liabilities | 9.7 | 10.1 | 15.2 | 18.1 | 11.1 |
| Share capital | 20.9 | 21.4 | 31.0 | 31.0 | 31.0 |
| Treasury shares | - | - | - | (0.04) | (0.04) |
| Capital reserve | 0.3 | - | - | - | - |
| Foreign currency translation reserve | (0.1) | - | (0.03) | (0.1) | 0.01 |
| Share-based compensation reserve | - | - | - | - | 0.03 |
| Accumulated losses | (15.2) | (14.2) | (11.6) | (9.5) | (10.0) |
| Total shareholders' equity | 5.9 | 7.2 | 19.4 | 21.3 | 21.0 |
| NCI | - | - | - | - | - |
| Total equity | 5.9 | 7.2 | 19.4 | 21.3 | 21.0 |

Source: Evolve Capital, Company

Cash flows

| YE 31st Mar, S\$m | FY21 | FY22 | FY23 | FY24 | 1H25 |
|---------------------------|-------|-------|-------|-------|-------|
| CFO | 4.6 | 5.7 | (0.4) | (1.3) | 3.0 |
| CFI | (0.5) | (2.0) | 1.0 | (0.5) | (1.5) |
| CFF | 0.5 | (3.6) | 4.5 | (1.7) | (1.0) |
| Net change in cash | 4.6 | 0.1 | 5.1 | (3.5) | 0.4 |
| Cash and cash equivalents | 4.7 | 4.8 | 9.9 | 6.3 | 6.8 |

Source: Evolve Capital, Company

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