

16 April 2026

Technology | Software & Services

## Info-Tech Systems (ITSL SP)

**Buy**

### Powering The SME Digital Shift

- **Initiate coverage with BUY and SGD1.40 TP, 39% upside, c.5% yield.** We believe Info-Tech Systems is well positioned to capitalise on the policy-driven shift for SMEs to digitalise core functions, given ITSL's local native and SME-centric platforms, on top of the huge, yet underserved software as a service (SaaS) SME market. Our valuation represents a 15% discount to regional peers, and we forecast a 3-year core earnings CAGR of 12.3%.
- **Proven growth track record.** ITSL's key strength lies in its ability to build and maintain a locally compliant, integrated payroll engine across four markets (Singapore, Malaysia, Hong Kong, and India), which represents a significant barrier to entry. While the addressable market in these countries is expected to grow from USD3.69bn in 2025 to USD4.65bn in 2028 (8.0% CAGR), ITSL is forecasted to outperform, delivering a higher revenue CAGR of 10.5% - driven by its scalable platform architecture and attractive pricing.
- **SME-centric platform with affordable pricing.** ITSL has purpose-built its software to cater to the needs of SMEs, viewing pain points that SMEs face, ie lean human resource (HR) team, limited budgets, and regulatory compliance, as opportunities to serve. Affordability is another ITSL key competitive strength, directly addressing SMEs' primary concern regarding cost. ITSL offers competitive pricing, particularly for subscription renewal. While not the cheapest option, we view ITSL's pricing as highly attractive given the breadth of its HR Management System (HRMS) and payroll suite.
- **Favourable policy support.** A highly supportive policy environment in Singapore has significantly lowered adoption barriers for SMEs and accelerated HRMS uptake - directly benefiting SaaS HRMS providers, ie ITSL. Beyond Singapore, frequent regulatory changes across the group's operating markets create a recurring compliance burden that encourages SMEs to adopt continuously updated SaaS platforms. We believe ITSL is well positioned to capture sustained growth given its localisation expertise, compliance-first platform, and established regional presence.
- **We forecast a core profit CAGR (FY25-28) of 12.3%**, backed by growing user base for its existing HRMS and accounting software in both domestic and foreign markets. Given its asset-light business, we expect ITSL to command higher core profit margins of 32.4%, 32.7%, and 33.4% in FY26-28F, from 31.9% in FY25.
- **Our TP is pegged to 15.5x FY27F P/E**, which is at a 15% discount to the global peer average, due to its relatively small size. Our TP includes a 0% ESG premium/discount.
- **Key risks include** dependence on government grants for market penetration, SME-specific vulnerabilities, and intense competition caused by low barriers of entry.

Target Price (Return): SGD1.40 (38.8%)  
 Price (Market Cap): SGD1.01 (USD205m)  
 ESG score: 3.1 (out of 4)  
 Avg Daily Turnover (SGD/USD) 1.00m/0.79m

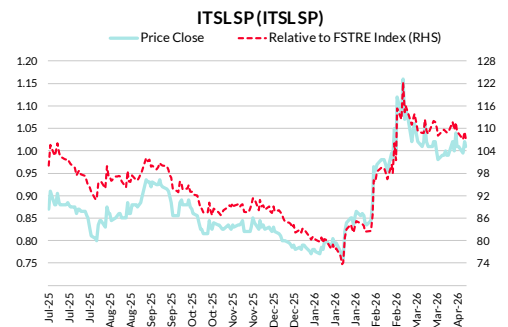
#### Analyst

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#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	29.5	(1.0)	27.8	22.4	0.0
Relative	29.5	(1.7)	31.7	20.0	0.0
52-wk Price low/high (SGD)				0.76	-1.16



Source: Bloomberg

Forecasts and Valuation	Dec-24	Dec-25	Dec-26F	Dec-27F	Dec-28F
Total turnover (USDm)	44	56	66	71	76
Recurring net profit (USDm)	13	18	21	23	25
Recurring net profit growth (%)	19.5	43.6	17.8	10.0	9.1
Recurring P/E (x)	16.34	11.38	9.66	8.78	8.04
P/B (x)	51.4	5.1	4.1	3.3	2.7
P/CF (x)	11.16	11.84	6.20	7.03	7.02
Dividend Yield (%)	na	4.4	5.2	5.7	6.2
EV/EBITDA (x)	10.29	6.50	4.11	3.28	2.64
Return on average equity (%)	296.0	68.5	46.9	41.4	37.2
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

**Overall ESG Score: 3.1 (out of 4)**

**E Score: 3.3 (EXCELLENT)**

**S Score: 3.0 (GOOD)**

**G Score: 2.7 (GOOD)**

Please refer to the ESG analysis on the next page

## Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-23	Dec-24	Dec-25	Dec-26
Info-Tech does not disclose its greenhouse gas (GHG) emissions.	Scope 1	-	-	-	na
	Scope 2	-	-	-	na
	Scope 3	-	-	-	na
	Total emissions	na	na	na	na

Source: Company data, RHB

## Latest ESG-Related Developments

The CEO has made various donations to charities such as St.Andrew's Autism Center and The Straits Times School Pocket Money Fund.

The group is implementing SGX-mandated sustainability reporting using GRI standards and provides detailed financial documents through the SGX portal.

## ESG Unbundled

**Overall ESG Score: 3.1 (out of 4)**

**Last Updated: 9 April 2026**

**E Score: 3.3 (EXCELLENT)**

The group was listed on 4 July 2025. In accordance with Rule 711A and Practice Note 7.6 of the SGX-ST, ITSL will issue its first Sustainability Report in respect of FY26, being its first full financial year after listing.

**S Score: 3.0 (GOOD)**

The group has in place a whistle-blowing policy which provides a channel for employees and other persons to raise their concerns in confidence directly to the Audit and Risk Committee Chairman on possible improprieties, misconduct or wrongdoings concerning financial reporting or other matters.

**G Score: 2.7 (GOOD)**

Over 50% of its board are independent directors. However, there is only one female director sitting in the board.

16 April 2026

Technology | Software &amp; Services

## Financial Exhibits

<b>Asia</b>	<b>Financial summary (USD)</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
Singapore	Recurring EPS	0.05	0.07	0.08	0.09	0.10
Technology	DPS	-	0.04	0.04	0.05	0.05
<b>Info-Tech Systems</b>	BVPS	0.02	0.15	0.20	0.24	0.29
ITSL SP	Return on average equity (%)	296.0	68.5	46.9	41.4	37.2
Buy						
	<b>Valuation metrics</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
<b>Valuation basis</b>	Recurring P/E (x)	16.34	11.38	9.66	8.78	8.04
15.5x FY27F P/E	P/B (x)	51.4	5.1	4.1	3.3	2.7
	FCF Yield (%)	8.8	8.0	14.6	12.7	12.7
<b>Key drivers</b>	Dividend Yield (%)	-	4.4	5.2	5.7	6.2
i. Higher penetration rate in the SME market;	EV/EBITDA (x)	10.29	6.50	4.11	3.28	2.64
ii. New complementing products and market expansion;	EV/EBIT (x)	11.74	7.26	4.49	3.61	2.90
iii. Government grants and incentives for digitalisation and upskilling.						
	<b>Income statement (USDm)</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
<b>Key risks</b>	Total turnover	43.7	56.5	65.5	71.3	76.2
i. Dependence on government grants for market penetration;	Gross profit	37.4	48.1	55.6	60.2	64.1
ii. SME-specific vulnerabilities;	EBITDA	17.0	21.2	28.9	31.9	34.9
iii. Intense competition due to low barriers of entry.	Depreciation and amortisation	(2.1)	(2.2)	(2.5)	(2.9)	(3.1)
	Operating profit	14.9	18.9	26.4	29.1	31.7
<b>Company Profile</b>	Net interest	(0.0)	0.1	0.1	0.1	0.1
Info-Tech Systems (ITSL) is a technology company principally involved in providing software-as-a-service (SaaS) solutions such as Human Resource Management System (HRMS), accounting software and Customer Relationship Management (CRM) software. ITSL also provides training courses for upskilling and payroll outsourcing services.	Pre-tax profit	14.9	19.1	26.5	29.2	31.8
	Taxation	(2.6)	(4.0)	(5.3)	(5.8)	(6.4)
	Reported net profit	12.3	15.0	21.2	23.3	25.5
	Recurring net profit	12.5	18.0	21.2	23.3	25.5
	<b>Cash flow (USDm)</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
	Change in working capital	4.3	(0.9)	9.0	2.5	0.2
	Cash flow from operations	18.4	17.3	33.0	29.1	29.2
	Capex	(0.4)	(1.0)	(3.2)	(3.2)	(3.2)
	Cash flow from investing activities	(3.1)	0.1	(3.2)	(3.2)	(3.2)
	Dividends paid	(2.0)	(5.3)	(10.6)	(11.7)	(12.7)
	Cash flow from financing activities	(3.3)	21.9	(10.5)	(11.6)	(12.6)
	Cash at beginning of period	17.8	29.7	67.3	86.1	100.0
	Net change in cash	12.0	39.3	19.3	14.4	13.3
	Ending balance cash	30.0	69.2	86.6	100.5	113.3
	<b>Balance sheet (USDm)</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
	Total cash and equivalents	29.7	67.3	86.1	100.0	112.8
	Tangible fixed assets	4.3	5.0	5.7	5.9	6.0
	Total assets	39.7	83.9	105.0	120.2	133.9
	Total liabilities	35.7	44.0	54.6	58.0	59.0
	Total equity	4.0	39.9	50.5	62.2	74.9
	Total liabilities & equity	39.7	83.9	105.0	120.2	133.9
	<b>Key metrics</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Dec-26F</b>	<b>Dec-27F</b>	<b>Dec-28F</b>
	Revenue growth (%)	14.8	29.2	16.0	8.7	7.0
	Recurrent EPS growth (%)	19.5	43.6	17.8	10.0	9.1
	Gross margin (%)	85.6	85.2	84.9	84.5	84.1
	Operating EBITDA margin (%)	38.9	37.5	44.1	44.8	45.7
	Net profit margin (%)	28.2	26.6	32.4	32.7	33.4
	Dividend payout ratio (%)	0.0	60.1	50.0	50.0	50.0
	Capex/sales (%)	0.9	1.7	4.9	4.5	4.2
	Interest cover (x)	44.1	53.8	66.0	72.7	79.3

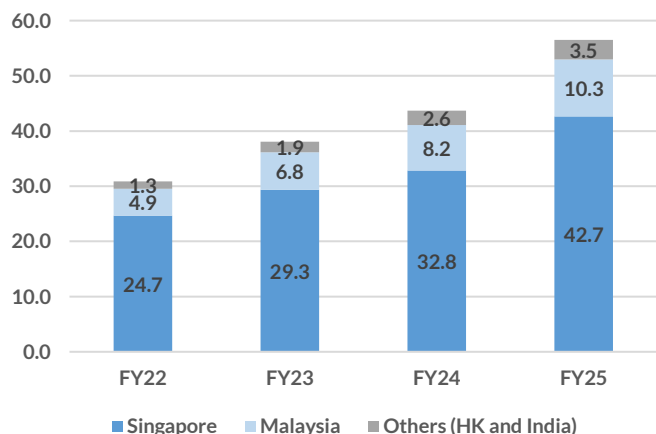
Source: Company data, RHB

## Investment Thesis

### Leading player in the underserved market, with a proven growth record

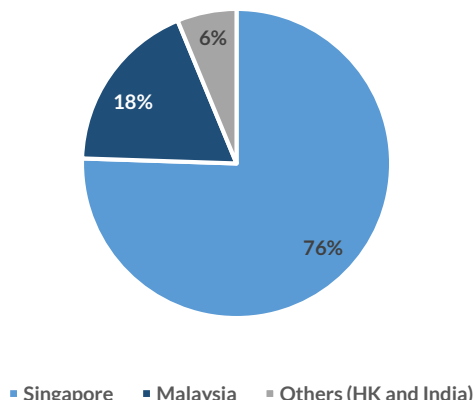
Since its inception, ITSL has demonstrated a superb growth track record with its total user base expanding at a CAGR of 18% for the last three years, while revenue CAGR expanded 22% in the same period. Besides Singapore, the group has expanded its footprint into Malaysia, Hong Kong, and India. In each market, its platform is tailored to best meet the local demands, ie local language options, statutory compliance obligations, and local operational norms. We believe this represents a meaningful barrier to entry, as replicating such platform infrastructure would require years of development and regulatory expertise.

Figure 1: Revenue breakdown by geography (SGDm)



Source: Company data

Figure 2: FY25 revenue breakdown by geography (%)

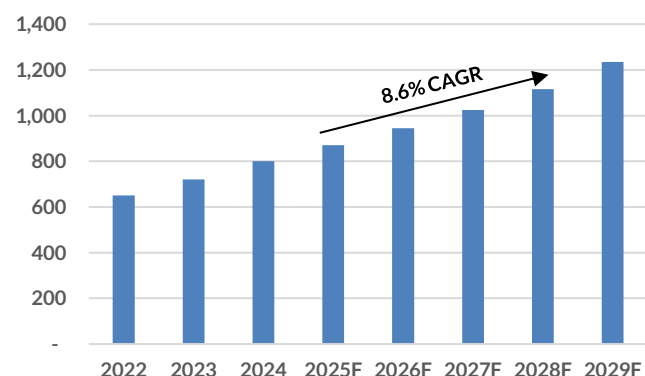


Source: Company data

ITSL's success in expanding its business is evidenced from its growing revenue base in the last four years, mainly from countries outside Singapore which recorded a higher CAGR of 31%. Independent research firm Converging Knowledge reported that Malaysia's SaaS cloud-based SME HRMS and accounting software market size was estimated to be USD870m in 2025 (vs 2022: USD650m) - representing a 3-year CAGR of 10.2%. ITSL, on the other hand, managed to penetrate the Malaysia SME market at a faster rate with a CAGR of 28%. This is also seen in ITSL's performance in Hong Kong and India, where the SME market sizes were estimated to grow at a 3-year CAGR of 14.5% and 11.5% in 2025, while ITSL grew its revenue base in these two countries with a combined CAGR of 39%.

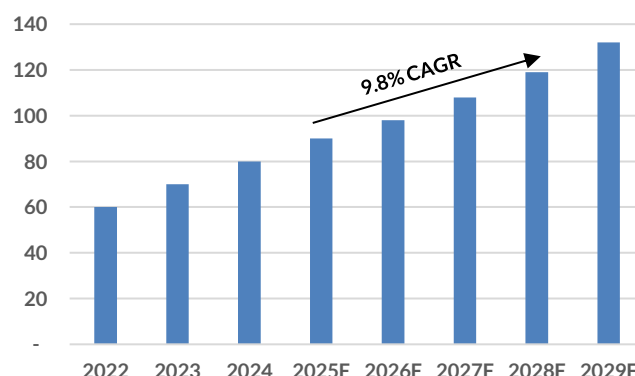
♦ Malaysia's SaaS cloud-based SME HRMS and accounting software market size was estimated to be USD870m in 2025, at a 3-year CAGR of 10.2%. ITSL managed to penetrate the market at a faster rate with a CAGR of 28%.

Figure 3: Malaysia's cloud-based SaaS SME HRMS and accounting software (USDm)



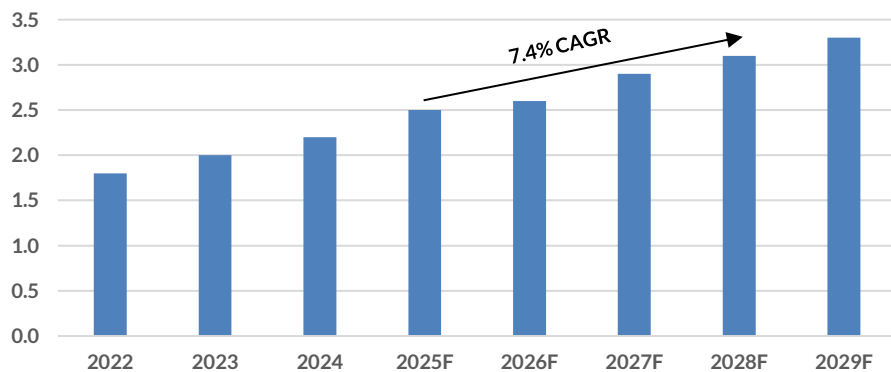
Source: Converging Knowledge

Figure 4: Hong Kong's cloud-based SaaS SME HRMS & accounting software (USDm)



Source: Converging Knowledge

Figure 5: India's cloud-based SaaS SME HRMS & accounting software (USDbn)



Source: Converging Knowledge

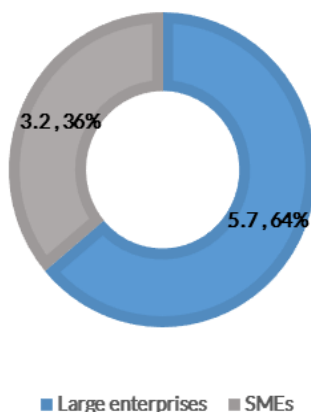
Based on Converging Knowledge data, the SaaS cloud-based SME HRMS and accounting software market size of the countries which ITSL currently operates in is estimated to increase from USD3.69bn in 2025 to USD4.65bn in 2028, representing a CAGR of 8.0%. Over the same period, we forecast ITSL will generate revenue at a higher CAGR of 10.5%, which is possible due to ITSL's own platform architecture as well as attractive pricing.

**SME-centric, modular platform driving high retention**

SMEs are the dominant form of business organisations globally, including in ITSL's core markets. According to the World Economic Forum, SMEs are estimated to encompass c.90% of all companies, 70% of total employment, and contribute up to 70% of global GDP. Despite the grand scale, SMEs have historically been underserved by enterprise HR software vendors. Established vendors, ie SAP, Oracle, Workday and ADP, typically offer platforms built for large organisations with more complex organisational structures, and have pricing structures that tend to be less accessible to smaller businesses.

According to Mordor Intelligence, Asia-Pacific human capital management software (HCMS) market in 2025 was valued at USD8.9bn, with large enterprises accounting for 63.9% of the revenue while SMEs, though the fastest-growing adopter segment, have historically been underserved. Although SMEs are the fastest-growing adopter group, their market remain under-penetrated, creating a gap for SME-native platforms such as ITSL.

Figure 6: Asia-Pacific HCMS market share by organisation in 2025 (USDbn)



Source: Mordor Intelligence

◆ The market size across ITSL's operating countries is expected to exceed USD4.6bn by 2028 (8.0% CAGR), while ITSL is forecasted to outgrow the market with a 10.5% revenue CAGR, supported by its platform architecture and competitive pricing.

◆ Large enterprises captured 63.9% of revenue of the APAC HCMS market in 2025, while SMEs, though the fastest-growing adopter segment, have historically been underserved. This creates a gap in the market that modular, SME-native platforms like ITSL are positioned to fill.

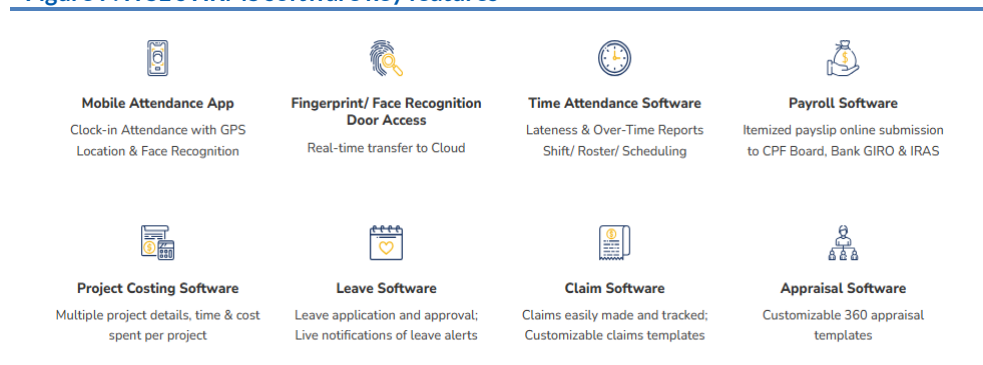
16 April 2026

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While cloud-based HRMS platforms are abundant in the market, ITSL purpose-built its HRMS and accounting software to cater to the needs of SMEs. With SMEs facing resource constraints such as HR manpower, IT budget, and technical knowledge, on top of regulatory compliance, ie for payroll, leave, and statutory submissions, ITSL sees these pain points as an opportunity to provide solutions. This is evidenced by the HRMS modules which ITSL offer under a single app – covering services from basic time attendance and leave management to AI-driven performance appraisal and applicant tracking system which are accessible through web browsers and mobile applications at an affordable price. While Singapore-based customers are offered an all-in-one HRMS software with attractive pricing, clients in overseas markets with relatively lower purchasing power can select only the modules relevant to their needs.

- ◆ ITSL has purpose-built its HRMS and accounting software to cater to the needs of SMEs, viewing their pain points as an opportunity.

Figure 7: ITSL’s HRMS software key features

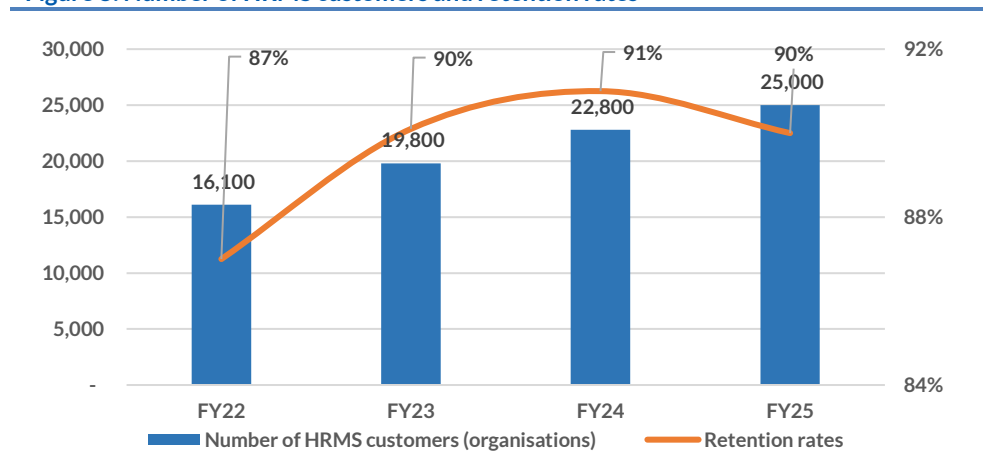


Source: Company data

Given the abundance of HRMS platforms in the market resulting in tight competition, one key metric closely monitored by SaaS providers is retention rate. Based on this measure, we believe ITSL’s performance has been exceptional. ITSL’s retention rate (based on the number of clients) has risen from 87% in FY22 to 90% in FY25 – higher than the industry average of 70-85%. The primary reason for the churn rates recorded, albeit declining, was mainly due to closure of business, rather than competition from other HR or accounting software providers. On top of rising retention rates, ITSL’s total user base has also grown, at a 16% 3-year CAGR. This signifies customer stickiness to ITSL’s offerings despite a competitive landscape in the fragmented SaaS market.

- ◆ Retention rate has risen over the years to 90% in FY25, higher than industry average of 70-85%. The churn rates recorded was mainly due to closure of business, rather than competition from other software providers.

Figure 8: Number of HRMS customers and retention rates



Source: Company data

**Affordable product offerings**

We believe one of ITSL's key selling points is the affordability of its software, which directly addresses SMEs' key concern – cost. SMEs tend to be highly cost-conscious due to their smaller scale and ongoing operating cost pressures. As mentioned earlier, enterprise SaaS providers such as SAP, Oracle, Workday and ADP are typically designed for larger and more complex organisations, and often entail significant implementation and customisation costs. Industry estimates suggest that adoption costs for mid-market organisations can run into hundreds of thousands of USD, while large enterprise deployments can amount to several millions of USD. This pricing and cost structure created a gap in the market for comprehensive yet affordable HRMS solutions, which ITSL is well positioned to address.

For the first year of subscription, ITSL is most price-competitive at the micro-SME level, offering HRMS software at 7-19% lower than its peers. However, packages for larger headcounts are more expensive relative to peers, as ITSL offers more comprehensive professional services for bigger organisations to ensure seamless data migration and software setup. However, it stands out as one of the more value-for-money options among local HRMS providers when it comes to subscription renewals. Based on our analysis, ITSL's monthly subscription fee from the second year onwards is approximately SGD4 per employee, which is c.21% lower than the average pricing of local peers. While it is not the cheapest solution in the market, we view this pricing as highly competitive given the breadth of its full HRMS and payroll suite.

◆ While not the cheapest solution in the market, ITSL's pricing is highly competitive given the breadth of its full HRMS and payroll suite.

**Figure 9: Price comparison between ITSL and Productivity Solutions Grant (PSG)-approved HRMS providers**

PSG-approved HRMS solution providers	First-year subscription, in SGD					Subscription renewal
	Up to 25 employees	Up to 50 employees	Up to 100 employees	Up to 150 employees	Up to 200 employees	Estimated monthly rate (SGD per employee)
Info-Tech	5,700	9,300	16,800	24,400	31,200	4.00
JustLogin	10,800	10,800	16,800	25,800	31,200	5.00
Adaptive Pay	8,820	8,820	12,300	17,980	17,980	6.00
Briohr	4,640	8,020	11,600	16,200	n.a.	12.00
Carbonate HR	9,600	9,600	16,800	21,600	26,400	8.00
CuteOffice ERP	6,200	9,900	13,600	19,800	n.a.	2.00
Employment Hero	9,420	9,420	26,600	47,120	n.a.	4.00
Payadvisor mobile	5,600	7,650	11,150	16,450	20,550	3.00
Payboy	8,400	13,200	20,800	30,400	30,400	3.00
PayDay!	5,200	6,800	11,600	14,800	22,000	1.50
PeopleCentral	4,600	8,000	14,800	21,600	27,600	5.00
Swingvy	8,020	8,020	14,480	n.a.	n.a.	11.00
Zealys	6,200	10,800	17,600	24,400	32,000	3.00
<b>Average</b>	<b>7,076</b>	<b>9,981</b>	<b>16,015</b>	<b>22,267</b>	<b>25,312</b>	<b>5.04</b>
ITSL's price vs average	(19%)	(7%)	5%	10%	23%	(21%)

Source: RHB

**Figure 10: Features offered by PSG-approved HRMS providers**

PSG-Approved HRMS vendor	Essential features (payroll, leave, attendance, feedback appraisal, claims and benefits)	Access via mobile app	API integration with IRAS and CPF	Training Management	Meeting room booking	Recruitment/ applicant tracking system	Feedback Management
Info-Tech	✓	✓	✓	✓	✓	✓	✓
JustLogin	✓	✓	✓	X	X	✓	X
Adaptive Pay	✓	✓	✓	X	X	X	X
BrioHR	✓	✓	X	✓	X	✓	X
Carbonate HR	✓	✓	✓	X	X	✓	X
CuteOffice ERP	✓	✓	✓	X	X	X	X
Employment Hero	✓	✓	X	X	X	✓	✓
PayAdvisorMobile	✓	✓	X	X	X	X	X
Payboy	✓	✓	X	✓	X	X	✓
PayDay!	✓	✓	X	X	X	X	X
PeopleCentral	✓	✓	X	X	X	✓	✓
Swingvy	✓	✓	X	X	X	✓	X
Zealys	✓	✓	✓	X	X	X	X

Source: RHB

### Customer experience as a driver of long-term value creation

Beyond SME-friendly software and affordable pricing, ITSL's success is underpinned by strong operational execution that prioritises customer experience and support. While purpose-built software offerings and competitive pricing can be effective in attracting new customers, these factors alone are insufficient to ensure customer retention amid intense competition and the abundance of similar software solutions in the market.

Successful adoption and sustained usage of SaaS platforms also depend on the ongoing support offered by the vendors. Hence, ITSL maintains a policy of assigning dedicated support staff members to each customer. This provides familiarity for both the customer and support personnel, which facilitates faster and more effective resolution of issues. The support function also operates closely with the software development team by channelling customer insights into product enhancements and new feature development, hence creating a continuous feedback loop.

ITSL has also consistently invested in R&D to enhance its solution offering, with annual R&D expenditure of SGD3-4m, making up c.7-9% of revenue. These investments support the software development team in incorporating feedback provided by the customer support function. This enables continuous development of new modules and solutions, enhancements, and upgrades of existing software, and timely bug fixes. This approach ensures ITSL's products and solutions are closely aligned with customer expectations and the requirements of HR and accounting stakeholders. To support successful adoption of products in new markets, the software development team also prioritises localising its existing offerings for customers in their respective markets.

ITSL also adopts a policy of responding to customers within four hours to ensure inquiries and issues are addressed and resolved promptly. This contrasts with its competitors, with most vendors relying on chatbots and standardised support channels to provide response times ranging from 24 hours to several working days. Shorter resolution time not only improves customer satisfaction but also signals excellent operational execution and commitment to client success – an important factor in competitive markets.

To further enhance customer stickiness, ITSL focuses on addressing gaps within the SME SaaS market beyond HRMS. This is evidenced by its expansion of offerings, which include accounting software since 2022, introduction of customer relationship management (CRM) software in 2026 as well as provision of training courses approved by Singapore Workforce Skills Qualifications (WSQ), ie its Infotech Academy training. While HRMS subscription revenue still makes up the lion's share of revenue, its share has reduced over the years as the non-HRMS subscription revenue, especially academy training and accounting software, has risen significantly in recent years.

- ◆ ITSL has also consistently invested in R&D to enhance its solution offering, with annual R&D expenditure of SGD3-4m, making up c.7-9% of revenue.
- ◆ ITSL also adopts a policy of responding to customers within four hours to ensure that customer inquiries and issues are addressed and resolved promptly.
- ◆ To further enhance customer stickiness, ITSL focuses on addressing gaps within the SME SaaS market beyond HRMS.

**Favourable industry tailwinds and policy support**

ITSL benefits from multiple long-term industry trends that drive demand for cloud-based HR systems, creating strong and sustained growth for its solutions. Multiple global studies show continued, broad-based adoption of SaaS and cloud-based enterprise software, particularly for core functions like HR, payroll, finance, and collaboration. While overall SaaS spending growth has moderated since the 2021-2022 boom, the migration away from on-premise systems is still ongoing, especially in HR and payroll where cloud solutions are now the default for new deployments. According to IT think-tank Capgemini Research Institute, 77% of executives view cloud scalability and performance as critical to business growth, with the share of on-demand technologies in IT budgets expected to rise materially.

In Singapore, the policy environment is supportive and actively designed to drive SME adoption of the very solutions ITSL offers. Singapore’s digital economy expanded SGD12bn in 2024 to reach SGD128.1bn, representing 18.6% of national GDP (from 14.9% in 2019). This growth is driven by not just the technology sector, but also through digitalisation across non-technology industries, highlighting the broad-based expectation for businesses of all types to adopt digital tools. Transition to digitalisation has been made easier for SMEs in Singapore, thanks to various initiatives implemented by the Government to reduce the burden of such switch. One of the initiatives is the Productivity Solutions Grant (PSG), which provides funding support for SMEs to adopt pre-approved IT solutions, including HRMS. The grant lowers upfront adoption costs and shortens payback periods, hence encouraging SMEs to digitalise core business functions. As a result, PSG has played a key role in accelerating HRMS adoption among SMEs, supporting sustained user base growth for PSG-approved HRMS providers like ITSL.

- ◆ PSG provides funding support for SMEs to adopt pre-approved IT solutions, including HRMS, by lowering upfront adoption costs. As a result, PSG has played a key role in accelerating HRMS adoption among SMEs, supporting sustained user base growth for PSG- approved HRMS providers like ITSL.

**Figure 11: PSG details**

Productivity Solutions Grant (PSG)	
Objective	For local SMEs looking for IT solutions and equipment to improve business productivity
Eligibility	Eligible for businesses registered and operating in Singapore; Has at least 30% local equity Group annual sales turnover of not exceeding SGD100m or staff count not exceeding 200 employees
Grant amount	50% of eligible costs, with a cap of SGD30,000 per annum
Other relevant details	The grant is intended for the first-year subscription and initial adoption costs

Source: GoBusiness Singapore, RHB

Government-led policies in digitalisation go beyond IT systems and work processes, as they also encourage employees to upskill and be future-ready with evolving technologies. For example, SkillsFuture Credit alleviates the burden of upskilling, by partly subsidising fees of approved courses. Singapore citizens aged 25 and above were given an opening credit of SGD500, plus a top-up of another SGD500 back in 2020. The top-up, which expired end-2025, resulted in ITSL recording higher registrations for its learning courses in FY25, with c.15k registrations recorded. A similar scheme at enterprise level is also offered by the Government, eg SkillsFuture Enterprise Credit (SFEC), where a one-off SGD10k is provided to Singapore-registered businesses to encourage enterprise and workforce transformation. This allows the enterprises to offset up to 90% of their out-of-pocket expenses related to upskilling employees. Given that SFEC is expected to expire in Nov 2026, we forecast ITSL to see high course registrations in FY26 and expect a 26% jump in services revenue. Post expiry, the SFEC will be redesigned from the “reimbursable” to an “online wallet” model, with another SGD10k credited into the wallet and can be utilised within three years for eligible enterprises. After a big 184% jump in FY25 revenue and another 26% increase expected in FY26, we impute a conservative revenue growth assumption of 8% in FY27 and FY28.

- ◆ Given that SFEC is expected to expire in Nov 2026, we forecast ITSL to see more higher course registrations in FY26, which we expect a 26% jump in services revenue.

16 April 2026

Technology | Software &amp; Services

Figure 12: SFEC details

	Existing SFEC	Redesigned SFEC
Funding method	Reimbursement basis	Immediate offset via online wallet
Grant amount	SGD10k to offset up to 90% of out-of-pocket costs	A fresh SGD10k credit to offset expenses at point of purchase
Other details	Unused balance from the current SFEC will not carry over to the redesigned model Expected to expire in Nov 2026	Credit expected to expire in Nov 2029 (three years)

Source: GoBusiness Singapore, RHB

Beyond Singapore, regulatory complexity across ITSL's operating markets acts as a structural and recurring demand driver. Strict labour laws, mandatory statutory contributions, and evolving data protection frameworks create a compliance burden that SMEs are increasingly unable to manage manually. Singapore's 2025 Central Provident Fund (CPF) changes and Malaysia's global minimum tax rules exemplify the pace of policy turnover, with governments continuing to digitalise tax collection and social contributions and forcing employers to automate filings, or risk fines. Regulatory changes effectively become one of the key reasons for ITSL's customers to remain on a continuously updated, compliant platform rather than revert to manual processes. According to Converging Knowledge, the combined SME market size across Singapore, Malaysia, Hong Kong, and India reached USD3.3bn in 2024 against a total addressable market of USD17.3bn, with market growth rates of 8.4-11.9% CAGR forecast through 2029. Critically, this growth reflects the ongoing conversion of existing businesses from manual or on-premise processes to cloud-based SaaS, a transition still in its early stages across much of Asia Pacific and in which ITSL, with its localised, compliance-first platform and established brand, is exceptionally well placed to participate.

### Other key rerating catalysts

**CRM launch.** ITSL launched its integrated CRM in Feb 2026, extending its platform beyond HRMS and accounting into the commercial operations of its SME customers. The CRM software offers various features, ie end-to-end sales workflow, integrated digital advertising and communications, payment gateway, and integration with its HRMS software. Considering its existing customer base of over 25,000 organisations, we believe this serves as an opportunity for cross-selling and further reinforces platform stickiness. Due to the lack of details at this juncture, our forecasts do not impute any assumptions on this new product launch.

**Potential beneficiary of Johor-Singapore Special Economic Zone (JS-SEZ).** The JS-SEZ, launched in Jan 2025, is projected to generate c.20,000 skilled jobs across Singapore and Malaysia, driving demand for HRMS platforms capable of managing cross-border payroll compliance simultaneously. ITSL could benefit from this collaborative initiative, being the market leader on both sides of the causeway for cloud-based HRMS provider, with CPF, Employees Provident Fund (EPF), Social Security Organisation (SOCSO), and Enterprise Innovation Scheme (EIS) compliance natively embedded in a single platform. Its existing base of Singapore-headquartered SME customers expanding into Johor represents a natural, low-cost channel for new Malaysian subscriber growth, and the JS-SEZ's anchor sectors of manufacturing, logistics, and professional services are precisely the large shift-based workforces that benefit most from ITSL's core modules.

**Inorganic growth optionality.** ITSL's net cash of SGD67.3m and cash conversion ratio of 1.1x should provide the group a meaningful acquisition firepower in a market which remains highly fragmented. The total addressable market across its four geographies is estimated at USD3.7bn in 2025, which dwarfs its FY25 revenue of SGD56.5m – implying a vast opportunity for inorganic expansion. We believe Singapore is the most likely market for this strategy, being ITSL's most familiar geography. Management has explicitly flagged acquisitions as part of its post-IPO strategy, and any credible announcement is likely to serve as a meaningful rerating event.

**Dubai expansion.** ITSL's incorporation of a wholly-owned subsidiary in Dubai marked its first foray outside Asia Pacific. The United Arab Emirates (UAE) is home to over 550,000 SMEs contributing over 60% of non-oil GDP, and the emphasis on digital transformation and workforce formalisation under the "We the UAE 2031" vision is similar to what drove ITSL's Singapore success. We believe the group will replicate its localisation-led strategy from existing markets and deploy it in Dubai given its execution track record.

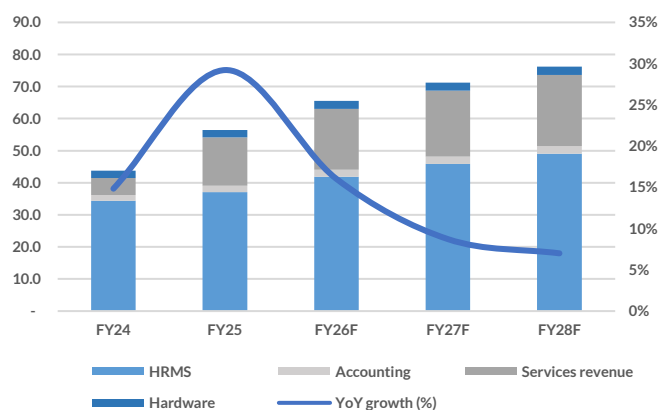
## Financial Overview

Forecasting a 3-year (FY26-28F) core earnings CAGR of 12.3%. We forecast healthy earnings growth of 17.8%, 10%, and 9.1% for FY26-28. This is on the back of a 3-year revenue CAGR of 10.5%, supported by increased user base for the HRMS platform and accounting software, as well as higher registration for learning courses under its academy training offerings, offset by declining average subscription rates. The decline in the latter rate reflects an anticipated drop in blended subscription pricing as the proportion of non-Singapore revenue increases to account for lower purchasing power when compared with Singapore, given the lower pricing structures offered in overseas markets.

**Subscription revenue.** We forecast the HRMS platform to continue contributing the lion's share of ITSL's revenue, accounting for 67-68% of FY26-28 topline. HRMS subscription revenue is expected to rise 13% YoY to SGD 41.9m in FY26, driven by an expanding user base. This growth will be partially offset by a c.5% decline in average subscription rate per user, in our view, reflecting a higher proportion of users from overseas markets, which typically command lower pricing. User base expansion is expected to remain supported by the Government's PSG, alongside deeper penetration in Malaysia, Hong Kong, and India. Overall, we forecast HRMS revenue to grow at a 3-year CAGR of 9.7%. In comparison, accounting software revenue is projected to grow at a slower 6% CAGR, largely due to its pricing model which is one per organisation basis – this limits scalability relative to HRMS, which benefits directly from increases in employee count.

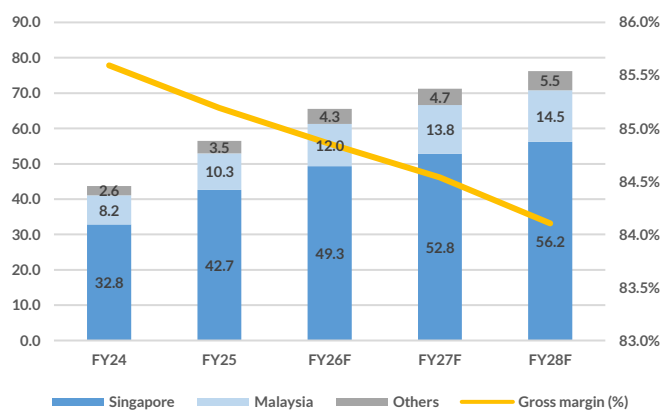
**Services revenue** is expected to chart the highest growth, at a 3-year CAGR of 13.8%, mainly contributed by higher registrations for the Infotech Academy training segment. We forecast services revenue to jump 26% YoY in FY26 on the back of higher learning course registrations ahead of the expiry of the SkillsFuture Enterprise Credit (SFEC) at the end of the year. Note: In late 2026, a redesigned SFEC under a new initiative – the Enterprise Workforce Transformation Package (EWTP) – is expected to be implemented. After a big 184% jump in FY25 revenue and another 26% climb expected in FY26, we impute a conservative revenue growth assumption of 8% each for FY27 and FY28.

Figure 13: Revenue forecasts by segment (SGDm)



Source: RHB

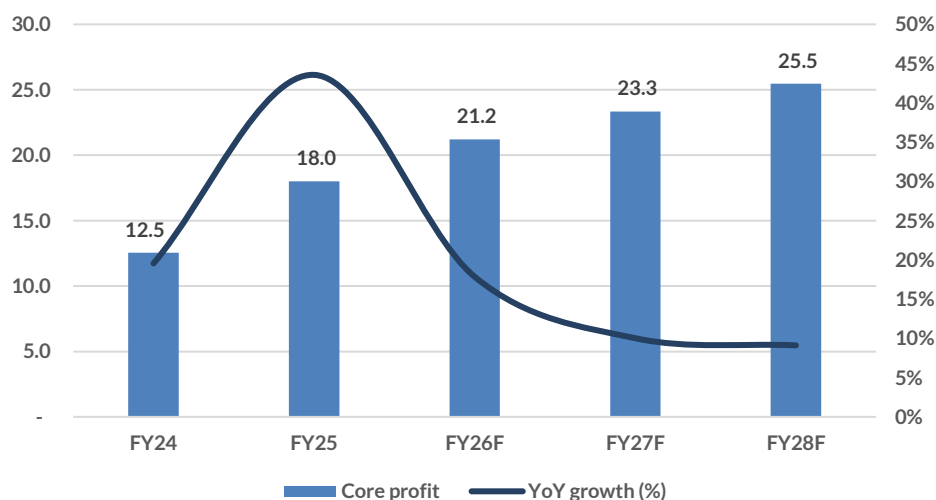
Figure 14: Revenue forecasts by geography and gross margins (SGDm)



Source: RHB

**Operating costs and core profit margins expectation.** Overall, we expect revenue to grow at a 3-year CAGR of 10.5%, with foreign markets contributing a higher CAGR of 13.1% vs Singapore’s 9.7%. As the share of lower-margin non-Singapore revenue rises, we expect a slight gross margins compression over the forecast period, from 85.2% in FY25 to 84.9% (FY26), 84.5% (FY27), and 84.1% (FY28). However, given its asset-light business model and operating leverage, we expect core profit margins to expand 32.4%, 32.7%, and 33.4% in FY26-28 from 31.9% in FY25 as revenue outpaces operating cost increases. In line with ITSL’s policy of having dedicated support teams for each customer, we forecast that the increase in operating costs will largely be driven by increasing staff costs, at a 3-year CAGR of 9.2%. Overall, we expect the group’s earnings to grow 17.8% YoY in FY26F, moderating to 10% and 9.1% in FY27 and F28. The deceleration is mainly due to the high base effect, as ITSL has delivered a 3-year earnings CAGR of 35%.

Figure 15: Core profit forecasts (SGDm)



Source: Company data

**Healthy balance sheet.** ITSL is in a net cash position, with SGD67.3m worth of cash sitting on its balance sheet with zero debt. This strong cash position is made possible due to its upfront subscription business model, where customers pay for the software subscription for 12 months upfront. This virtually eliminates its need for short-term borrowings to finance its working capital.

**Dividend.** ITSL does not have a fixed dividend policy. However, the group previously mentioned that it intends to pay at least 50% of net profit after tax for FY25 and FY26. Note: In FY25, ITSL paid a total DPS of 3.5 SG cents. This marks its first dividend payment after its listing in 2025, which translates to a core payout of 50.2%. We forecast a fixed payout ratio of 50% over the forecast horizon.

**Our forecasts vs consensus.** Our earnings forecasts are 7-11% higher than consensus, signalling our more bullish view on ITSL. We believe the difference is mainly due to less optimism by Street on the margins and the group’s operating leverage. We believe ITSL can deliver our forecasted earnings CAGR of 12.3%, considering its FY25 core earnings delivery of SGD18m, which beats consensus’ estimates of SGD14m by 28%.

Figure 16: RHB forecasts vs consensus

	FY26F	FY27F	FY28F
<b>Net profit (SGDm)</b>			
RHB	21.2	23.3	25.5
Consensus	19.9	21.2	22.9
Variance	6.8%	10.1%	11.2%
<b>Net margin</b>			
RHB	32.4%	32.7%	33.4%
Consensus	31.3%	30.9%	32.8%
Variance (in percentage points)	1.1%	1.8%	0.6%

Source: Company data

16 April 2026

Technology | Software &amp; Services

## Valuation

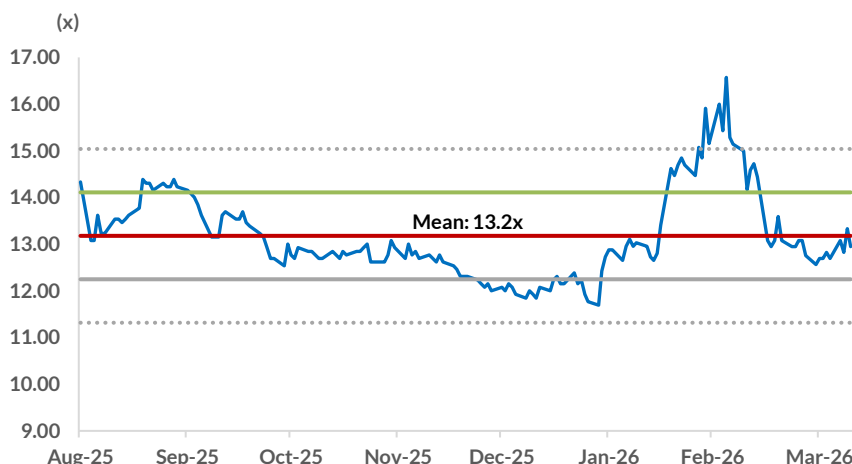
Initiate coverage with a **BUY** and **TP of SGD1.40**, represents a c.39% upside. We favour ITSL for its asset-light business with solid execution track record in expanding its business beyond Singapore, healthy balance sheet and core profit CAGR of 12% over the forecast horizon. Our TP is based on target PE of 15.5x applied to FY27F core profit of SGD23.4m. The target multiple represents a 15% discount to the global peers' average of 18.3x, which we believe is justifiable, taking into account ITSL's smaller size and relatively lower ROE. However, comparing this counter to its regional peers, the group has higher earnings growth prospects and better ROE, which we believe is likely due to its capital-efficient business model.

Figure 17: Peer comparison (valuation metrics)

Company	FYE	Country	Price		Mkt cap (USDm)	P/E (x)			Div. yld (%)		ROE (%)		EV/ EBITDA		NP growth (%)	
			10-Apr-26 (Local currency)			Actual	1 FY	2 FY	1 FY	2 FY	1 FY	2 FY	1 FY	2 FY	1 FY	2 FY
ITSL	Dec	SG	1.01		260.6	14.5	12.3	11.1	4.1	4.5	47.0	6.2	5.2	18.0	10.3	
<b>Regional</b>																
FPT Corp	Dec	VN	75,900.00		4,920.5	14.4	12.0	11.0	2.9	2.9	24.7	7.6	6.4	20.4	8.8	
Humanica	Dec	TH	4.50		117.7	11.2	9.6	8.5	8.1	8.1	11.6	5.2	4.8	16.6	12.9	
HRnetGroup	Dec	SI	0.72		551.7	14.1	13.8	12.6	5.6	5.6	12.4	7.0	6.3	1.9	9.5	
Chinasoft International	Dec	CN	3.96		1,383.9	30.9	12.6	10.8	3.1	3.1	6.5	7.6	6.4	145.8	16.0	
Ramssol Group	Dec	MY	0.83		84.2	18.6	11.3	9.7	-	-	20.5	7.2	6.2	64.3	16.8	
Beisen Holding	Mar	CN	4.66		436.2	(21.4)	(314.1)	33.6	-	-	(1.0)	130.5	9.5	(93.2)	(1,034.8)	
Dmall	Dec	CN	7.23		848.6	45.6	22.7	15.6	-	-	27.4	19.2	13.3	101.0	45.85	
Visional	Jul	JP	7,299.00		1,854.0	17.3	17.0	14.6	-	-	24.3	8.3	7.1	1.6	16.5	
Recruit Holdings	Mar	JP	6,700.00		66,175.4	24.7	21.9	19.2	0.39	0.4	27.8	14.3	12.6	12.6	14.16	
<b>International</b>																
Workday	Jan	US	148.14		38,072.0	54.9	13.8	11.8	-	-	35.4	7.5	6.4	298.6	17.1	
Intuit	Jul	US	473.67		130,993.4	33.9	20.1	17.6	1.3	1.3	33.1	11.3	10.2	68.4	14.4	
Sage Group	Sep	GB	841.80		10,547.6	21.9	17.1	15.1	2.7	2.7	63.7	12.1	11.0	28.0	13.1	
Xero	Mar	NZ	83.42		9,976.7	73.7	72.6	66.8	-	-	11.0	15.3	13.2	1.5	8.8	
AvePoint	Dec	US	11.02		2,374.4	68.2	26.9	21.2	-	-	18.5	14.9	12.4	154.1	26.7	
Paycom Software	Dec	US	138.25		7,503.5	16.5	13.6	12.4	1.3	1.3	31.9	5.3	4.8	21.7	9.6	
Paychex	May	US	98.30		35,286.5	21.3	17.8	16.7	5.0	5.0	48.0	11.5	10.7	19.5	6.6	
Automatic Data Processing	Jun	US	223.04		89,805.8	22.0	20.3	18.8	3.3	3.3	71.7	12.7	11.7	8.7	7.9	
Monday.com	Dec	IL	81.06		4,115.7	34.7	18.9	15.3	-	-	17.4	8.1	6.4	83.0	24.0	
Oracle	May	US	151.56		435,451.6	35.0	19.9	18.2	1.4	1.4	104.2	13.8	10.0	75.6	9.28	
Salesforce	Jan	US	198.79		183,483.2	24.6	14.8	13.2	0.8	0.8	20.9	8.8	8.03	65.8	12.13	
<b>Peers' average (regional)</b>						<b>23.8</b>	<b>18.9</b>	<b>18.3</b>	<b>0.6</b>	<b>0.6</b>	<b>26.9</b>	<b>14.2</b>	<b>11.9</b>	<b>15.7</b>	<b>8.2</b>	
<b>Peers' average (international)</b>						<b>31.7</b>	<b>20.4</b>	<b>18.2</b>	<b>1.6</b>	<b>1.6</b>	<b>57.6</b>	<b>12.2</b>	<b>10.0</b>	<b>61.3</b>	<b>12.0</b>	
<b>Mkt. cap weighted average</b>						<b>31.3</b>	<b>20.3</b>	<b>18.2</b>	<b>1.6</b>	<b>1.6</b>	<b>55.7</b>	<b>12.3</b>	<b>10.1</b>	<b>58.6</b>	<b>11.8</b>	

Source: Bloomberg, RHB

Figure 18: 2-year forward P/E



Source: Company data

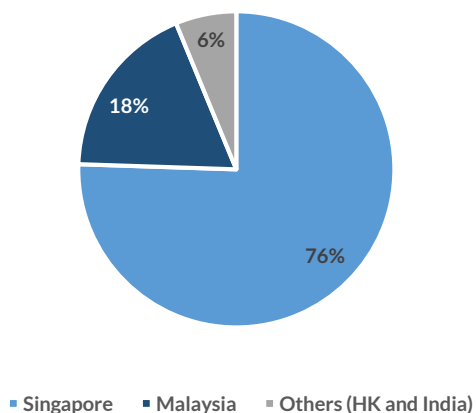
## Company Overview

ITSL is a Singapore-headquartered technology company incorporated on 27 Jun 2007 and listed on the Singapore Exchange in Jul 2025. The group was co-founded by Executive Chairman Peter Lee Kim Heng and CEO Setin Subramanian Dilip Babu, both of whom have extensive experience in the software solutions industry of over 25 years. ISTL is a SaaS solutions provider that sells cloud-based business software primarily to SMEs. Its key products are a HRMS platform, accounting software, and the recently launched CRM software. ITSL also provides training courses and payroll outsourcing services. The group currently operates across four offices in Singapore, Malaysia, Hong Kong, and India, supported by a workforce of more than 500 employees. Its HRMS platform serves over 25,000 organisations spanning various industries and has more than 970,000 active users.

ITSL's revenue can be categorised in three segments:

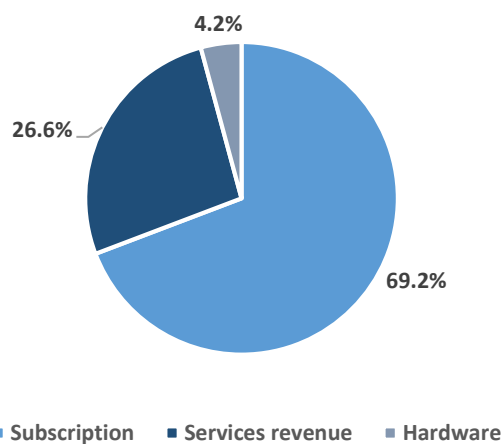
- i. Subscription – mainly HRMS and accounting software;
- ii. Services – academy training, payroll outsourcing services, and other ancillary service revenues;
- iii. Hardware – sales of hardware products such as closed-circuit television, access control device, face recognition, and fingerprint reader to customers.

Figure 19: Revenue breakdown (FY25) by geography



Source: RHB

Figure 20: Revenue breakdown (FY25) by segment



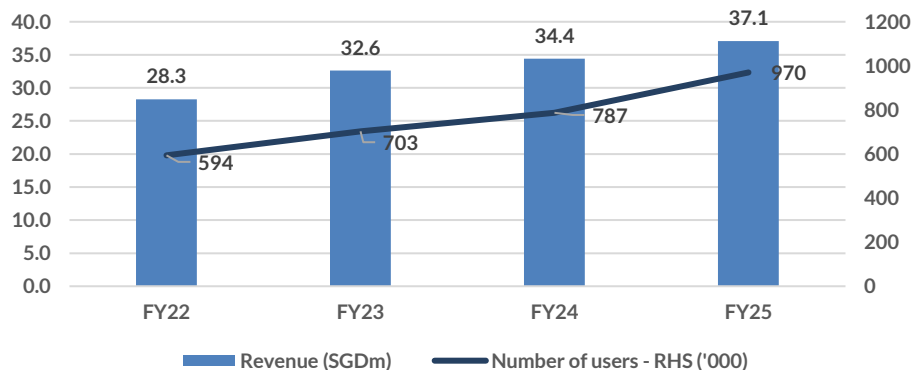
Source: RHB

**HRMS**

ITSL's largest and core business product under its subscription segment is its cloud-based SaaS HRMS, which accounted for 66% of total group revenue in FY25, generating SGD37.1m. This HRMS is a fully proprietary platform developed in-house by the group's internal software development team, covering nine modules: HR software, time attendance, payroll, leave management, claims management, e-scheduling software, performance appraisal, project costing, and applicant tracking system.

Designed specifically for SMEs, it is deployed via a cloud infrastructure that enables scalable, cost-effective, and flexible delivery. Customers typically enter into 12-month contracts and are billed annually in advance, with subscription fees determined by the number of modules adopted as well as the size of the customer's workforce.

**Figure 21: HRMS revenue and user base**

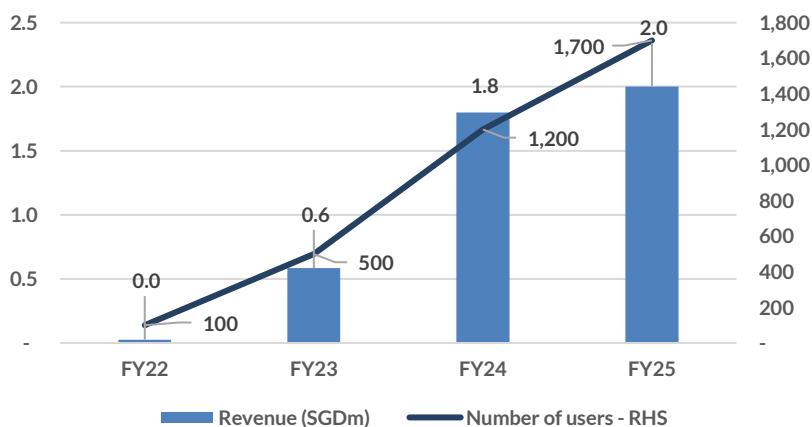


Source: Company data

**Accounting software**

The group's second key offering is Info-Tech Accounting Software, a cloud-based SaaS accounting solution launched in 2022 to complement its core HRMS offering. The segment accounted for 4.0% of total group revenue in FY25 at SGD2.0m, though it is the fastest-growing segment, having grown at a 3-year CAGR of 178%. Unlike the HRMS platform, this accounting software is not modular in nature and is priced at a fixed subscription fee, regardless of the number of employees, making it straightforward to adopt. The software covers a full suite of core accounting functions which include bank reconciliation, inventory management, invoicing, accounts receivable and payable, GST/sales & service tax or SST compliance and financial reporting. It is also seamlessly integrated with ITSL's HRMS platform. As of end FY25, the software is used by c.1,700 organisations.

**Figure 22: Accounting software revenue and user base**



Source: Company data

### CRM software

The group's newest offering is CRM, which was launched in Feb 2026. This software offers various features such as end-to-end sales workflow, integrated digital advertising and communications, payment gateways, and integration with ITSL's HRMS software. Management expects this product to meaningfully contribute to the group's revenue starting 2H26.

### Academy training

ITSL's biggest offering under its services segment is its academy training, which offers training courses under Singapore's Workforce Skills Qualifications (WSQ) framework. WSQ is a national credential system administered by SkillsFuture Singapore that trains, assesses, and certifies workforce skills and competencies. It is a continuing education and training framework designed to promote lifelong learning and workforce development, and is accessible to all workers without academic prerequisites. Upon completion of each WSQ module, learners are awarded a Statement of Attainment, a nationally recognised certification. Courses are funded and quality-assured by SkillsFuture Singapore, which means learners can tap on government subsidies to offset course fees, making it an accessible and cost-effective training pathway. Note: This offering is only available in Singapore for now.

### Payroll outsourcing

As part of its services revenue, ITSL also offers a suite of payroll-related services – from calculating employee salary to filing tax returns – allowing organisations to focus on their core operations. This segment intends to attract businesses who outsource their payroll processes to eventually take up the group's HRMS and payroll module if such firms decide to bring payroll operations in-house.

### Hardware

Hardware revenue relates to direct sales of hardware products, such as closed-circuit television, access control devices, and face recognition and fingerprint readers to customers. This segment is incidental to ITSL's SaaS offerings, mainly HRMS.

## Key Management

**Peter Lee Kim Heng, Executive Chairman.** As co-founder and executive chairman of ITSL since Feb 2020, Lee is responsible for providing strategic leadership, overseeing executive management, ensuring financial stewardship, driving product development initiatives, and fostering strong relationships with key stakeholders. His career began as a product manager at Dicklin Corp from 1986 to 1993 before serving as sales & marketing manager at Time Access International from 1994 to 1995. Between 1996 and 2007, he was actively involved in developing and selling Microsoft Windows-based HR solutions, laying the groundwork for what would eventually become ITSL. He holds a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

**Setin Subramanian Dilip Babu, Executive Director and CEO.** As co-founder and CEO of ITSL since 2007, Setin oversees the group's core business functions, including profit & loss management, marketing strategy, and the innovation and expansion of new products. Under his leadership, ITSL successfully transitioned from a Windows-based system to a cloud-based architecture, launching its flagship cloud-based HRMS in 2016. Setin has also spearheaded the group's geographic expansion into Malaysia, Hong Kong, and India, while introducing complementary offerings such as the Info-Tech Accounting Software and the Jobs Lah recruitment portal. Prior to co-founding ITSL, he held roles at Nivetha Software Services & Consultants, EPS Computer Systems, and Info-Tech Systems International from 1996 to 2006. Setin holds a Bachelor of Engineering (Agriculture) from Tamil Nadu Agricultural University.

**Yeoh Sin Yee, Executive Director and Chief Operating Officer.** Yeoh has served as chief operating officer since Feb 2020, overseeing cross-functional teams spanning marketing, sales, support, and product development. Her journey with ITSL began in Jan 2003 when she joined as an administrative executive, before steadily rising through the ranks to office manager in 2004 and general manager in 2007. In her current role, Yeoh is responsible for driving ITSL's internal growth and operational excellence, ensuring alignment and cohesion across the organisation. She holds a professional diploma in Accounting and Business Finance from the Kaplan Higher Education Institute.

**Dinesh Kamal Somanchi, Chief Technology Officer.** Dinesh joined ITSL in Jun 2015 as a software programmer and has since risen to his current role as CTO, which he has held since Feb 2020. Dinesh is responsible for defining the group's products strategy, overseeing technological innovation, and managing the enhancement and support of ITSL's full suite of solutions. He played a pivotal role in the group's transition from on-premise HR systems to a cloud-based SaaS model. Prior to joining ITSL, Dinesh served as associate development manager at Tenxlabs Technologies in India from 2010 to 2015. He holds a Master of Science in Enterprise Systems from Sheffield Hallam University and Bachelor of Technology in Computer Science and Engineering from Jawaharlal Nehru Technological University, Hyderabad.

**Chow Yee Juan, Chief Financial Officer.** Chow joined ITSL in Feb 2026, bringing over 35 years of experience in finance and corporate leadership. He oversees the group's finance, treasury, compliance, and investor relations functions, ensuring disciplined financial management and strong governance standards. Chow works closely with the executive leadership team to align financial strategy with ITSL's long-term growth ambitions, with a focus on disciplined capital allocation, strengthening governance and compliance frameworks, and enhancing transparency in reporting to shareholders and stakeholders. He holds a Master of Business Administration and professional accounting qualifications.

## Key Risks

**SME customer concentration and PSG dependency.** Approximately 90% of ITSL's customers in Singapore are SMEs, and roughly 66% of new SME customers for its HRMS and accounting software in FY24 were recipients of the Government's PSG, which subsidises up to 50% of first-year adoption costs. The PSG is only available to each customer in the first year of their subscription and is not applicable upon renewal, creating a structural question mark over retention rates among cost-sensitive SMEs who signed up primarily because of the grant subsidy. On top of that, the PSG is renewed on an annual basis at vendor level, meaning ITSL must maintain its approved vendor status each year across its HRMS and accounting software products. While the group does not foresee difficulty in renewing, any failure to do so, or a policy-level reduction or discontinuation of the PSG scheme by Enterprise Singapore, would remove a critical demand catalyst that currently underpins the majority of new customer acquisitions in Singapore.

**Technology and cybersecurity risk.** ITSL's entire SaaS delivery model is dependent on Microsoft Azure, which hosts all customer data and powers the cloud infrastructure for both the group's HRMS platform and accounting software. ITSL does not disclose a secondary cloud provider arrangement, meaning a prolonged Azure outage, a unilateral change in Azure's commercial terms, or a cybersecurity breach at the data centre level would simultaneously impair services delivery for the entire customer base with limited ability to switch or restore on an alternative platform in the near term. Beyond infrastructure risk, the group's platforms are also exposed to threats that include malware, ransomware, and cyberattacks. Hence, reputational damage from a material service disruption could accelerate customer churn and deter new acquisitions in a market where trust in data security is a key consideration.

**Geographic concentration in Singapore and Malaysia.** Revenue from Singapore and Malaysia accounted for c.94% of total group revenue in FY25, a proportion that has remained largely unchanged over the past three years. While ITSL has operations in Hong Kong and India, and recently incorporated a subsidiary in Dubai, these markets collectively represent a small fraction of current earnings. This concentration means that any adverse macroeconomic conditions or regulatory changes specific to Singapore or Malaysia – eg changes to the regulatory framework governing payroll compliance or the removal of SME support schemes – would have a direct impact on group revenue, with limited offset from other geographies.

**Rising employee costs and labour law changes.** Staff costs are the single largest expense line for ITSL, consistently representing c.40-43% of total revenue across FY22-FY25. The group's headcount grew 61% between FY22 and FY24, and the business model requires continued investment in sales staff, software developers, and customer support personnel to sustain growth. While the support hub model, which concentrates certain operational roles in lower-cost geographies such as India and Malaysia, the core sales force and management team are predominantly based in Singapore, where wage inflation and competition for skilled technology talent remain persistent. Hence, any mandatory increase in minimum wages or broader labour law reforms across Singapore and Malaysia could further compress operating margins.

**SME customer vulnerability to business closure or budget cuts.** The underlying vulnerability of the SME customer base itself represents a standalone risk. SMEs, by their nature, operate with larger financial constraints than large enterprises and are disproportionately exposed to economic cycles, credit conditions, and sector-specific downturns. In a recessionary environment, or a period of sustained cost pressure, ITSL's clients may downgrade their software subscriptions, reduce the number of modules adopted, or opt not to renew entirely.

**FX.** ITSL reports in SGD, but generates a portion of its revenue through subsidiaries whose functional currencies are MYR, HKD, and INR. Malaysia, the largest foreign market, contributed c.18% of FY25 revenue, with Hong Kong and India together adding a further 6%. Currency movements affect both the translation of subsidiary earnings into SGD for consolidation. A sustained depreciation of these foreign currencies against SGD would reduce the SGD value of foreign-sourced revenues and profits.

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<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	Stock is not within regular research coverage

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