

Company Initiation

Info-Tech Systems Ltd

Singapore | Information Technology

Rating BUY (as at 29 August 2025)
Last Close SGD 0.860
Fair Value SGD 1.00

Debit cloud revolution, credit HR meets cutting-edge technology

- **Quality provider of cloud-based software-as-a-service (SaaS) human resource management software (HRMS) with a strategic focus on small and medium enterprises (SMEs)**
- **Accessible price points, as well as comprehensive after-sales service and customer support allow the company to differentiate itself from its competitors amidst a global movement toward SaaS offerings**
- **Initiate coverage with a BUY rating and a fair value (FV) estimate of SGD1.00**

Investment thesis

Headquartered in Singapore, Info-Tech Systems Ltd (ITL) is a leading provider of cloud-based HRMS designed for SMEs in Singapore, Malaysia, Hong Kong, and India. The company primarily offers two product lines, namely cloud-based HRMS and Info-Tech Accounting Software. ITL's HRMS specifically targets the fast-growing SME segment, addressing bottlenecks in digital adoption through its all-in-one software solutions. These are scalable, allowing ITL to expand alongside SME customers' fast-growing businesses, and offered at an accessible price point, which can be particularly attractive to cost-sensitive SMEs that are just embarking on their digitalisation journeys and are first-time users of HRMS. ITL also prides itself on its comprehensive after-sales service and customer support. We think these customer-centric features allow it to differentiate from its competitors, positioning it well to benefit from a global movement towards SaaS offerings amidst policy support to transition towards digital economies.

Investment summary

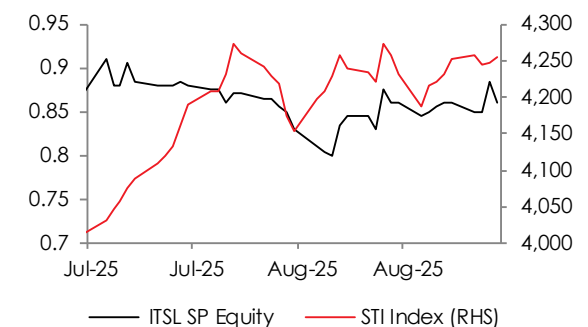
- **Favourable secular growth trends** – According to Converging Knowledge, the SME market for cloud-based SaaS HRMS and Accounting Software for Singapore, Malaysia, Hong Kong, and India combined was estimated at USD3.3b in 2024, which is 100 times of ITL's FY24 revenue. These geographies are also expected to grow at compound annual

Ada Lim, CESGA

Security information

Ticker	ITSL SP
Market Cap (SGD b)	0.2
Daily turnover (SGD m)	0.9
Free Float	26%
Shares Outstanding (m)	258
Top Shareholder	Dilip Babu Setin Sub 41.42%

Price performance chart



Financial summary

	FY24	FY25E	FY26E
Revenue	48.8	53.6	57.9
Gross profit	37.4	41.7	45.9
Profit after tax	12.9	16.5	18.1
EPS (\$ cents)	5.0	6.4	7.0
DPS (\$ cents)	3.1	3.5	3.9

Key ratios

%	FY24	FY25E	FY26E
Revenue growth	11.5	9.9	8.1
Gross profit margin	76.7	77.9	79.2
Net income margin	26.5	30.8	31.2
EPS growth	5.0	27.5	9.4
Dividend yield	3.6	4.1	4.5

Source: Bloomberg, Internal estimates

growth rates (CAGR) of 11.9%, 9.2%, 10.0%, and 7.2%, respectively, from 2025 to 2029, underscoring ITL's significant runway for growth. Given its focus on customer centricity, we think ITL is well-positioned to benefit from secular growth trends such as a global movement towards SaaS offerings (amidst growing digital transformation efforts across various industries and increasing policy support for digitalisation); rising strategic importance of human resource (HR) and finance departments; and a growing need for companies to stay compliant and mitigate regulatory risks, even as they continue to drive operational efficiency.

- **Sequential improvements in 1H25 results** – ITL's 1H25 revenue grew 4.7% year-on-year (YoY) to SGD22.4m, led by faster growth from overseas markets. This was underpinned by a 15% and 28% growth in the number of HRMS users and Accounting customers respectively since the end of FY24. The company was also able to improve its gross customer retention rate by another 3 percentage points (ppt) to 94% over the period. Higher labour costs due to an increase in research and development (R&D) headcount were offset by lower selling and distribution (S&D) costs and tax expense, resulting in a 9% YoY increase in adjusted net profit to SGD7.2m. ITL declared an interim dividend of 1.55 Singapore cents per share, in line with its commitment to a payout ratio of not less than 50% of its net profit after tax for FY25 and FY26. Management is guiding for stronger growth in 2H25, driven by intensified marketing efforts as the company continues to focus marketing spend on initiatives with higher returns on investment (ROI).
- **Initiate coverage with FV estimate of SGD1.00** – To value the company, we apply a target price-to-earnings (P/E) multiple of 16x to our forecasted FY26 earnings per share (EPS) of 6.4 Singapore cents. Our target P/E multiple is derived from applying a 20% discount to the average P/E of the company's peers, taking into account ITL's focus on Asia and relatively smaller market capitalisation versus some of its peers, and notwithstanding its industry-leading profit margins. We see deeper penetration of existing markets and the launch of new products as key near-term growth catalysts. Downside risks include a sudden intensification of competition given the fragmented market landscape that ITL operates in, as well as deteriorating macroeconomic conditions which may impact SMEs disproportionately and increase credit risk for the company.

Potential catalysts

- Higher than expected growth in number of customers and/or stronger than expected pricing power
- Expansion of solutions suite in line with customers' needs, spurring new customer wins or improving customer stickiness
- Entry into a new geographic market and/or accretive acquisitions or partnerships

Investment risks

- Failure to retain existing customers due to inability to respond to changing customer preferences or deteriorating macroeconomic conditions
- Data security and/or cloud computing infrastructure downtime could impact operations and result in regulatory fines
- Failure of expansion plans into new geographies and/or product lines

Valuation analysis

	Price/Earnings		Price/Book		EV/EBITDA		Dividend Yield (%)		ROE (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
HUMANICA PCL (HUMAN.BK)	15.9	14.3	N.A	N.A	9.1	8.3	4.7	5.3	10.2	11.4
HRNETGROUP LTD (HRNE.SI)	14.4	14.3	1.8	1.7	7.3	6.9	5.9	5.9	11.9	11.9
WORKDAY INC (WDAY.O)	25.9	22.5	6.0	4.7	18.3	15.7	0.0	0.0	17.4	17.2
PAYLOCITY HOLDING CORP (PCTY.O)	24.8	22.7	6.7	5.3	15.8	14.4	0.0	0.0	25.7	22.7

Source: Refinitiv

Info-Tech Systems Ltd: Award-Winning HRMS Provider

Headquartered in Singapore, ITL is a leading provider of cloud-based HRMS designed for SMEs in Singapore, Malaysia, Hong Kong, and India. The company primarily offers two product lines, namely cloud-based HRMS and Info-Tech Accounting Software. These are deployed via a SaaS model that generates high levels of recurring subscription revenues. It also offers complementary services such as access control and data collection hardware systems, as well as payroll outsourcing services. Its latest products and services include the Academy and Jobs Lah, and the company envisions expanding its solutions suite to include, amongst others, Customer Relationship Management (CRM) and Point of Sales (POS) systems.

Exhibit 1: Overview of ITL's products and geographical availability

	 Singapore	 Malaysia	 Hong Kong	 India
HRMS	✓	✓	✓	✓
Accounting	✓	✓	✓	
Academy	✓			
Jobs Lah	✓	✓		
Hardware & Other Services	✓	✓	✓	

Source: Company

Product offerings

ITL's **HRMS** (78.7% of FY24 revenue) was launched in 2016 and consists of nine modules which are essential to the HR function of its clients. It is designed to be simple and easy to use to minimise software and hardware integration complications, and to reduce the complexity of training to be provided to customers. Customers have the option of subscribing to a tailored suite of HRMS modules and related services to suit their HR requirements, with the flexibility to seamlessly add modules as their needs change. ITL has also launched a simplified version of its HRMS branded as DigiSME in Singapore and Malaysia, which is targeted at micro-SMEs that do not require the full suite of ITL's HRMS modules during the early stages of their growth. In 1H25, ITL managed to grow its number of HRMS users by 15% to 906k users.

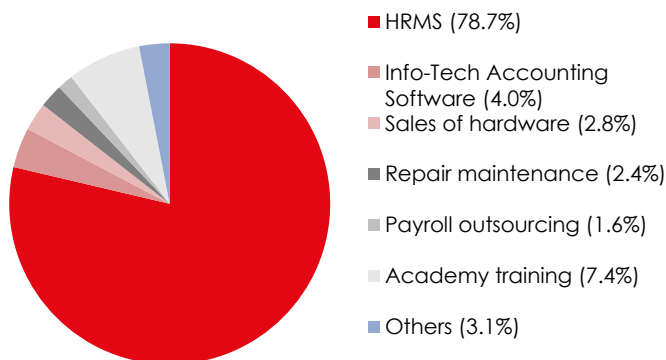
ITL's **Info-Tech Accounting Software** (4.0% of FY24 revenue) is meant to complement HRMS, providing customers with a real-time picture of their financial situation. Its features include bank reconciliation, inventory management, quotations, billing, invoicing, accounts receivable, accounts payable, GST/SST, financial report, and management of expense claims – and these are seamlessly integrated with HRMS. The platform is also integrated with various third-party business tools and sources (e.g. bank feeds) which allows direct entry of data into the system. This saves significant time and moves customers into real-time accounting. The platform is localised to each jurisdiction in which the company operates and is fully customisable and scalable. Although Info-Tech Accounting Software was only launched in 2022, it has generated a healthy

base of customers and is currently used by over 1,400 organisations across multiple industries in Singapore, Malaysia, and Hong Kong.

Separately, ITL also sells **access control and data collection hardware systems**, including RFID card readers, biometric fingerprint readers, and facial recognition systems. Its hardware systems are seamlessly integrated and can be synced in real time with HRMS. Since 2022, ITL has been handling **payroll processing and related services** for over 100 companies, from calculating employee salary to filing tax returns. The service encourages businesses which outsource their payroll services to ITL to eventually take up the company's HRMS and payroll module if they decide to bring payroll operations in-house, as the company offers a seamless transition.

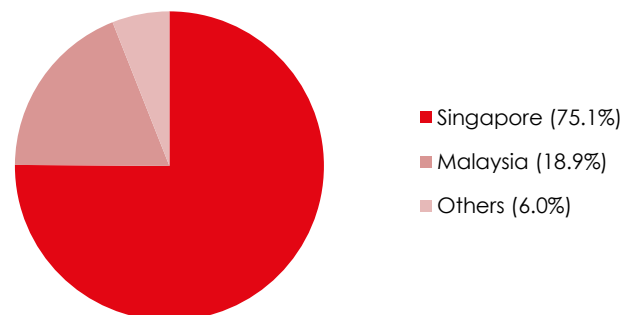
ITL launched in 2023 its **Academy** for Singapore Workforce Skills Qualifications (WSQ) training courses and its artificial intelligence (AI) driven jobs portal, **Jobs Lah**. Year-to-date (YTD), ITL has introduced five additional courses on its Academy, bringing the total number of courses to 12. This has supported an increase in the number of registrations by ~1,200 to more than 4,000 by the end of 1H25. Based on the company's initial public offering (IPO) prospectus, Jobs Lah had a database size of over 80,000 jobs seekers and over 5,000 employers in Singapore and Malaysia, which serves as a database of contacts for potential cross-selling opportunities.

Exhibit 2: FY24 revenue breakdown by segment



Source: Company

Exhibit 3: FY24 revenue breakdown by geography



Source: Company

Exhibit 4: Selected notable clients



Source: Company

Management team

Exhibit 5: ITL is a founder-led company managed by highly experienced personnel

Name (Role)	Biography
Peter Lee (Chairman)	Mr Lee is a highly accomplished leader within the tech industry, widely recognised for his exceptional innovation and business acumen. With around 40 years of extensive working experience, Mr Lee co-founded ITL with a clear mission in mind: to empower businesses by providing them with a comprehensive HRMS solution. Mr Lee holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore.
Babu Dilip (Chief Executive Officer (CEO))	Mr Babu co-founded ITL in 2007 and is, today, the driving force behind the company. He helped to transform the old legacy DOS and Windows-based systems into the current highly successfully cloud-based HRMS and Accounting System. Mr Babu holds a Bachelor of Engineering (Agriculture) from Tamil Nadu Agricultural University.
Keith Gan (Chief Financial Officer (CFO))	As CFO, Mr Gan helps to ensure ITL's compliance with financial regulations and standards. Mr Gan has around 25 years of experience in accounting, financial, treasury, and corporate services functions. He graduated with a Master in Business Administration from the University of San Francisco.
Torrance Yeoh (Chief Operating Officer (COO))	Ms Yeoh first joined ITL as an admin in 2007. Since then, she has assumed the mantle of General Manager and now COO, and ensures smooth operations, growth, and achievement of business goals. Ms Yeoh holds a Professional Diploma in Accounting and Business Finance from Kaplan Higher Education Institute.
Mr Dinesh Kamal Somanchi (Chief Technology Officer (CTO))	Mr Dinesh is a Technology Executive with a career spanning over 15 years. Since joining ITL in 2015 as a programmer, his extensive technical knowledge and expertise have played a pivotal role in enhancing the company's product development journey. Mr Dinesh was appointed CTO in 2020. He holds a BTech in Computer Science and Engineering from Jawaharlal Nehru Technological University, as well as a MSc in Enterprise Systems Professional from Sheffield Hallam University.

Source: Company

Corporate History

Exhibit 6: A timeline of key events and milestones

Year	Milestone
2007	ITL was co-founded by Mr Peter Lee and Mr Babu Dilip, starting off as a Windows-based HR system.
2014	The company's flagship product evolved from Windows-based software to cloud-based HRMS. This was successfully launched in Singapore in 2014.
2018	ITL entered the market in Malaysia.
2019	ITL expanded its geographical footprint into Chennai, India. The company was also one of the winners for "Singapore Prestige Brand Award (SPBA) – Established Brands" award.
2021	ITL entered the Hong Kong market.
2022	ITL launched its cloud-based Info-Tech Accounting Software.
2023	ITL launched Academy and Jobs Lah.
2024	ITL clinched 4 Golds for Attendance Automation System, Applicant Tracking System, HR Management System, and Best Recruitment Portal, along with 2 Bronzes for Best Remote Work Solution and HR Enterprise at the 2024 HR Vendors of the Year Awards.
2025	ITL successfully listed on the Mainboard of the Singapore Exchange (SGX) on 4 Jul 2025.

Source: Company

SWOT Analysis

Exhibit 7: We conducted a SWOT analysis to better understand ITL's internal capabilities and external operating environment

Strengths	Weaknesses
1. Scalable offerings and integrated platform allow ITL to grow with SME customers. 2. Customer-centric pricing and comprehensive customer support boost high retention rates. 3. Subscription-based model provides high levels of recurring revenue and strong cash conversion.	1. Heavy reliance on SMEs, which may be more cost sensitive and susceptible to economic downturns. 2. Relatively small market share outside of Singapore, especially in markets like India and Hong Kong.
Opportunities	Threats
1. Government grants (e.g. Productivity Solutions Grant (PSG) in Singapore) support uptake of ITL's product offerings. 2. Establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) may present new opportunities for ITL to deepen its market penetration in Singapore and Malaysia.	1. Highly fragmented and competitive operating environment. 2. Compliance with constantly evolving regulatory requirements across various jurisdictions. 3. Technological disruptions may render ITL's product offerings obsolete.

Source: Internal estimates, Various news sources

Financials

ITL's 1H25 revenue grew 4.7% YoY to SGD22.4m. Singapore as the company's core market was relatively stable, as revenue slipped 2.5% YoY to SGD15.9m. Meanwhile, overseas markets continued to enjoy sustained growth momentum, with revenue from Malaysia/Others (Hong Kong and India) growing 29%/23% to SGD4.9m/SGD1.6m, respectively.

During the period, ITL continued to manage its operating expenses prudently. R&D expenses rose to 9.4% of revenue due to an increase in R&D headcount, while S&D costs declined to 17.8% of revenue, primarily from reduced marketing spend on products that have passed their incubation phase. Marketing efforts for HRMS remain a core focus for the company. After adjusting for one-off expenses (comprising listing-related expenses of SGD2m and SGD0.1m to relocate an office in Malaysia), ITL's adjusted EBITDA grew 2.2% YoY to SGD9.5m, translating to a 1 ppt compression in EBITDA margins to 42.3%.

Together with lower net finance costs and tax expense, ITL's adjusted net profit grew 9% YoY to SGD7.2m, translating to a 1.4 ppt improvement in margins to 32.4%. The company has declared an interim dividend of 1.55 Singapore cents per share, representing a 55% payout ratio. We also note that ITL has a net cash position of SGD33.7m, which excludes proceeds from its IPO.

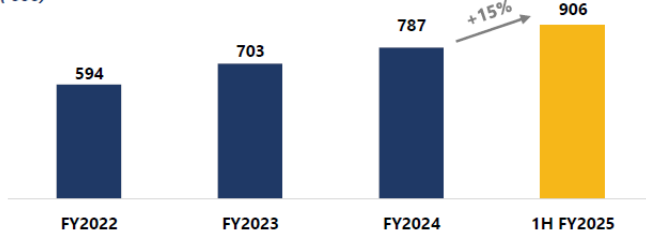
Exhibit 8: Summary of 1H25 financials

SGD'm	1H24	1H25	YoY Change	HoH Change
Revenue	21.4	22.4	4.7%	0.4%
Cost of sales	-2.8	-3.3	16.4%	-3.9%
Gross profit	18.6	19.1	2.9%	1.2%
Adjusted operating profit	8.3	8.4	1.6%	26.5%
Adjusted EBITDA	9.3	9.5	2.2%	22.3%
Adjusted profit before tax	8.2	8.3	1.7%	24.2%
Adjusted profit after tax	6.6	7.3	9.4%	27.2%

Source: Company; Note: HoH refers to half-on-half comparison between 1H25 and 2H24.

Exhibit 9: Number of HRMS users

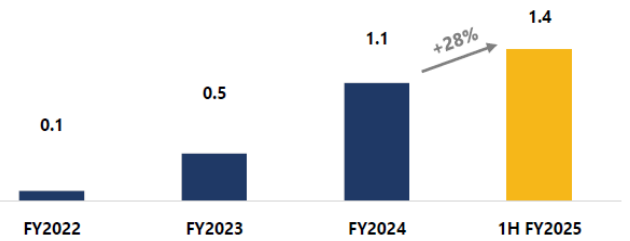
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Source: Company

Exhibit 10: Number of Accounting customers

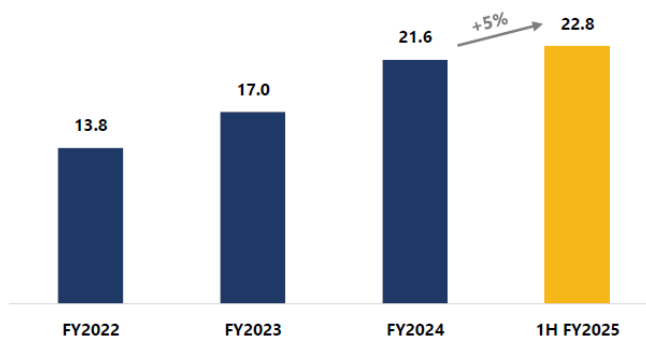
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Source: Company

Exhibit 11: Annual recurring revenue

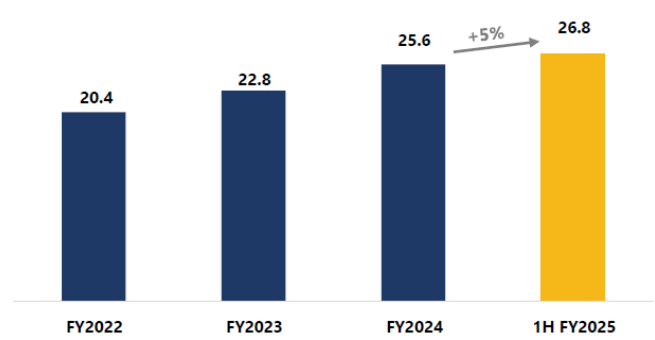
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Source: Company

Exhibit 12: Orderbook

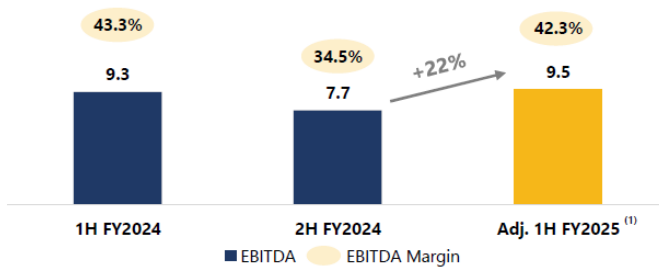
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Source: Company

Exhibit 13: Adjusted EBITDA

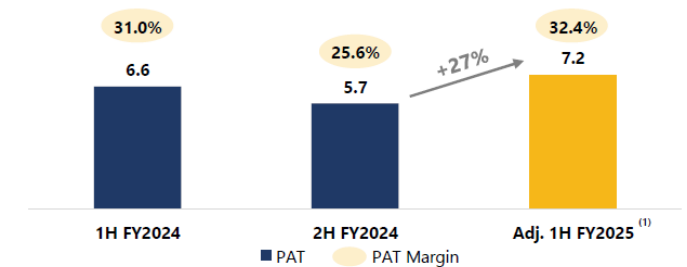
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Source: Company

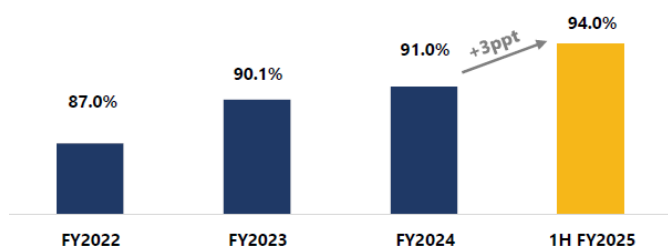
Exhibit 14: Adjusted profit after tax

(\$ m)



Source: Company

Exhibit 15: Gross customer retention rate



Source: Company

Investment Highlights

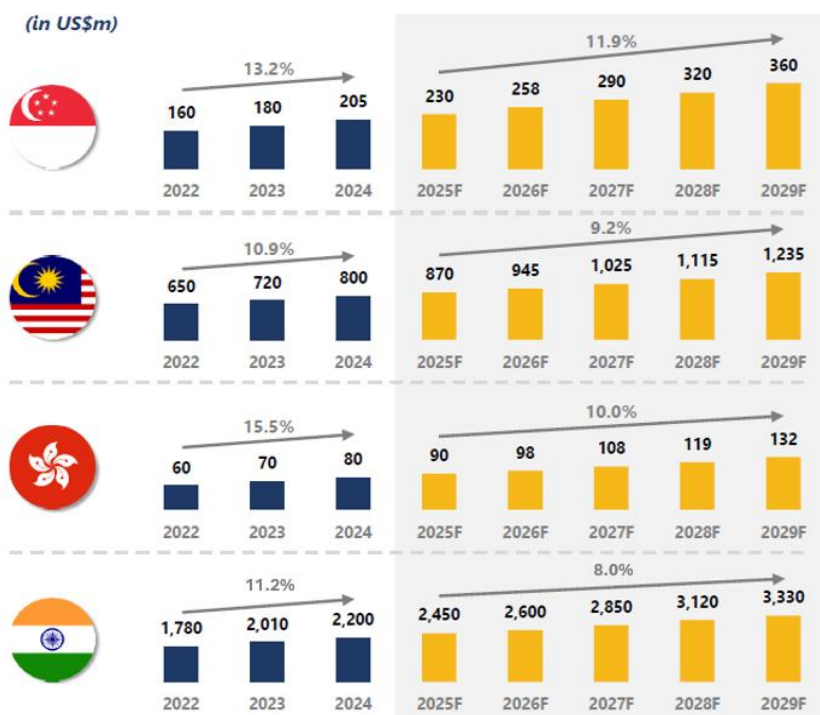
1) Strategic focus on fast-growing SME segment

Companies globally are moving towards SaaS offerings due to the increase in digital transformation efforts across various industries, the adoption of remote and hybrid working, as well as affordability of business tools and solutions. In markets like Singapore and Hong Kong, strict labour laws, tax regulations, and a growing emphasis on data protection further fuel the demand for accounting and HR-related software solutions, as not only do they improve operational efficiency through the automation of tasks, but they also help businesses stay compliant and mitigate regulatory risks.

According to Converging Knowledge, the global cloud-based SaaS HRMS and Accounting Software industry was estimated at USD33.9b in 2024. This is expected to expand by double-digit growth rates annually, with SMEs being the key impetus for growth. SMEs typically have a strong preference for cloud-based HRMS due to the ease of implementation, cost-effectiveness, and ability to scale as compared to legacy on-premise solutions. SMEs are also typically nimbler in adopting new SaaS solutions, unlike large companies which may already have onboarded a legacy provider. Moreover, SMEs typically operate very lean teams and require the bulk of their resources to be focused on the commercial aspects of their business; hence, they tend to rely heavily on digital productivity solutions to optimise manpower costs for HR/finance departments and to increase efficiency.

ITL's HRMS specifically targets SMEs, which – according to the World Economic Forum – accounts for approximately 90% of all firms globally. Based on Converging Knowledge estimates, the total addressable market (TAM) for cloud-based SaaS HRMS and Accounting Software for SMEs is worth SGD17.3b, reflecting the market's significant growth potential. In particular, the TAM for Singapore, Malaysia, Hong Kong, and India stood at USD3.3b in 2024, which is 100 times that of ITL's FY24 revenue. Exhibit 16 shows Converging Knowledge's CAGR forecasts for the various SME markets in which ITL has a footprint, underscoring ITL's potential to deepen its market penetration and to accelerate growth.

Exhibit 16: HRMS & Accounting Software Market Size (2022-2029E)



Source: Converging Knowledge

2) Customer-centric approach to development and continuous innovation of platform enables ITL to forge strong, lasting relationships with customers

ITL adopts a dual-pronged approach to innovation by leveraging its insights into industry developments while proactively integrating feedback from its customers. The company prides itself on its comprehensive after-sales service and customer support; according to Converging Knowledge, ITL offers an industry-leading turnaround time of four hours in Singapore (versus the industry norm of one to three working days) from the time an enquiry is made. At the same time, it has also implemented a customer feedback collection system where it considers some of the more frequently suggested enhancements to improve its software. By actively engaging customers to understand their needs and the challenges that they face, ITL ensures that its platform evolves in alignment with their expectations. Management believes this collaborative approach to continuous innovation enables it to quickly adapt to market changes and emerging trends, while enhancing user satisfaction, building trust and loyalty, and ensuring its solutions remain relevant and effective. According to management, non-renewing customers leave ITL due to business closure (rather than switching to a competitor).

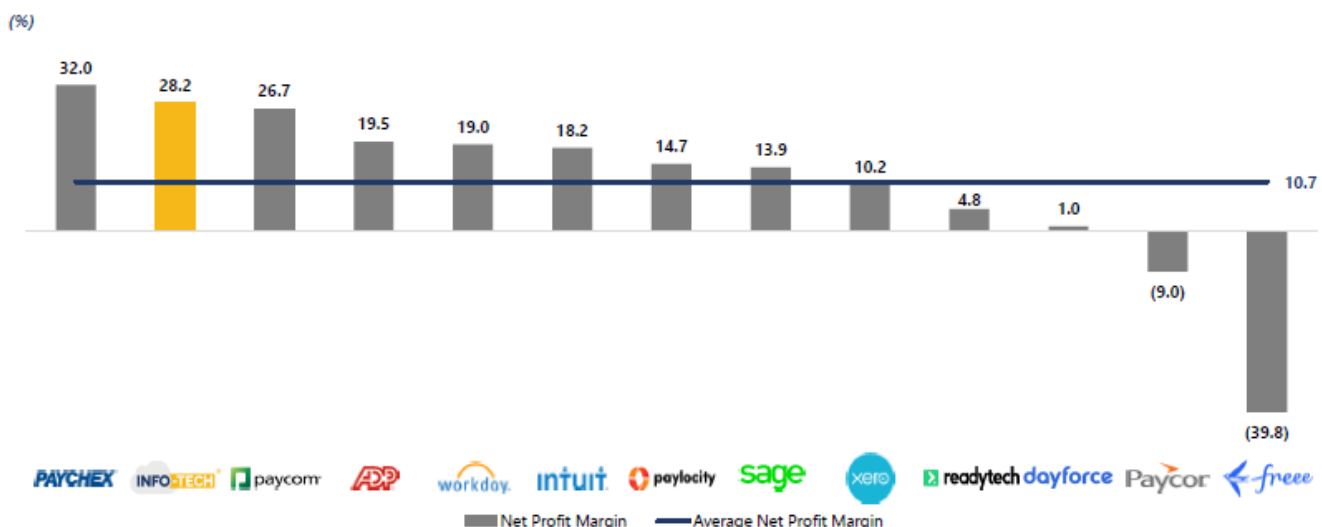
Together with ITL's customer-focused pricing strategy, the company's customer-centric approach allows it to differentiate itself from its competitors and provide a complete end-to-end service. ITL has garnered numerous accolades through the years, including the 2018 Enterprise 50 Award and "Gold" awards for its HR Management System, Attendance Automation System, and Applicant Tracking System.

3) Attractive earnings growth profile underpinned by recurring revenue and industry-leading margins

ITL's business model benefits significantly from the recurring nature of its subscription revenue, which grows with its customer base, providing the company with stable and predictable subscription revenue (see Exhibit 11). As the proportion of existing customers grow in relation to new customers, its recurring revenue streams should increasingly make up more of its total revenue, further strengthening its financial profile.

ITL is able to deliver on industry-leading EBITDA and net profit margins by operating a support hub model. Support staff based in India and Malaysia are strategically employed to handle and assist in, among other things, after-sales technical support, R&D, and various administrative tasks. This allows the company to optimise its cost structure while leveraging the technology and multilingual skills of international talent.

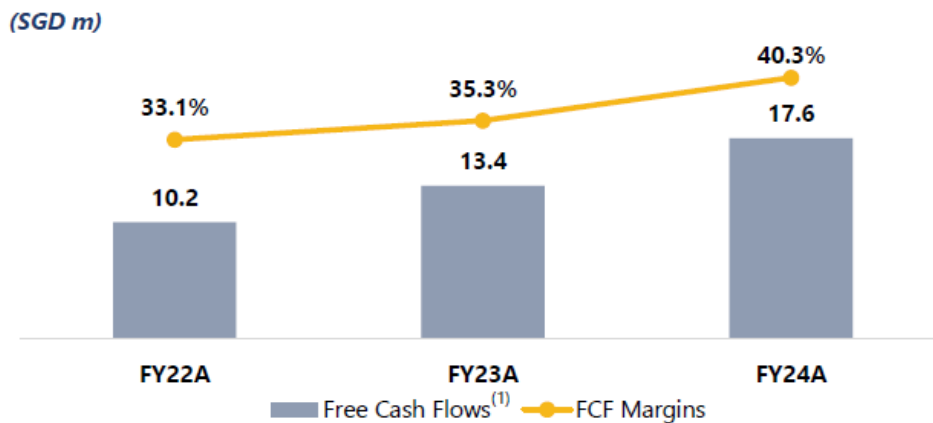
Exhibit 17: ITL enjoys industry leading margins as compared to internationally known SaaS HRMS & Accounting Software brands



Source: Converging Knowledge; Note: The benchmark above is based on the audited FY24 financial statements of leading players in the industry, where the financials are publicly available. Figures are sorted top-down based on FY24 net profit margin figures. The benchmark is not meant to be exhaustive, but rather for illustrative purposes.

Finally, a subscription-based business model means the majority of customers pay upfront for a subscription period, resulting in a significant portion of deferred revenue being recorded as a contract liability. Coupled with low inventory needs, this results in strong cash flow generation and a highly efficient cash conversion cycle. The cash generative nature of ITL's business enables it to fund its operations and growth initiatives without relying heavily on external financing, underscoring its strong financial position and ability to sustainably manage short-term obligations.

Exhibit 18: Strong cash flow generative business



Source: Company; Note: Free cash flow (FCF) is defined as cash flow from operations less purchase of plant, property and equipment (PPE) and intangible assets.

4) Policy support provides an impetus for SMEs to adopt ITL's offerings

Digitalisation incentives to promote the adoption of enterprise productivity solutions can create an environment that encourages the use of ITL's solutions to enhance business operations. These incentives will encourage SMEs to adopt such solutions as they further reduce upfront costs. For example, in Singapore, there are various grants by the Singapore government for SMEs, including subsidies for up to 50% of first-year costs (subject to an annual cap of SGD30,000), when SMEs take up pre-approved packages for ITL's HRMS and Info-Tech Accounting Software. Singapore also has policies in place to encourage lifelong learning and workplace transformation, which benefits training academies focused on workforce upskilling.

In Malaysia, the Smart Automation Grant (SAG) aims to encourage SMEs and mid-tier companies, particularly local manufacturers and service providers, to adopt automation. Eligible firms are able to receive a one-for-one grant on eligible expenditures (including automation software), up to a cap of MYR1m. Other policy support such as the Malaysia Digital Economy Blueprint (MyDigital) may also provide additional impetus for companies to adopt cloud-based/SaaS solutions.

Given ITL's leading position in Singapore and strong growth in Malaysia, the company also anticipates that it might benefit from the upcoming JS-SEZ. According to Converging Knowledge, the JS-SEZ is projected to generate approximately 20,000 skilled jobs in both Singapore and Malaysia. For companies expanding their operations beyond Singapore and vice versa, the implementation of cloud-based SaaS HRMS and Accounting Software solutions would provide simplify (financial) data transfer and consolidation across cross-border operations. Therefore, opportunities would likely abound for cloud-based SaaS HRMS and accounting software vendors, especially those with ready and tried-and-tested products like ITL.

5) Clear growth strategies to drive expansion and retention of customers

ITL has laid out five growth strategies to drive continued expansion of its business. In the near term, the company's strategic priority is to focus on deepening its penetration of existing markets, growing its existing playbook of offerings to provide a more comprehensive end-to-end solution, and harnessing synergies across its platforms.

Exhibit 19: Growth strategies

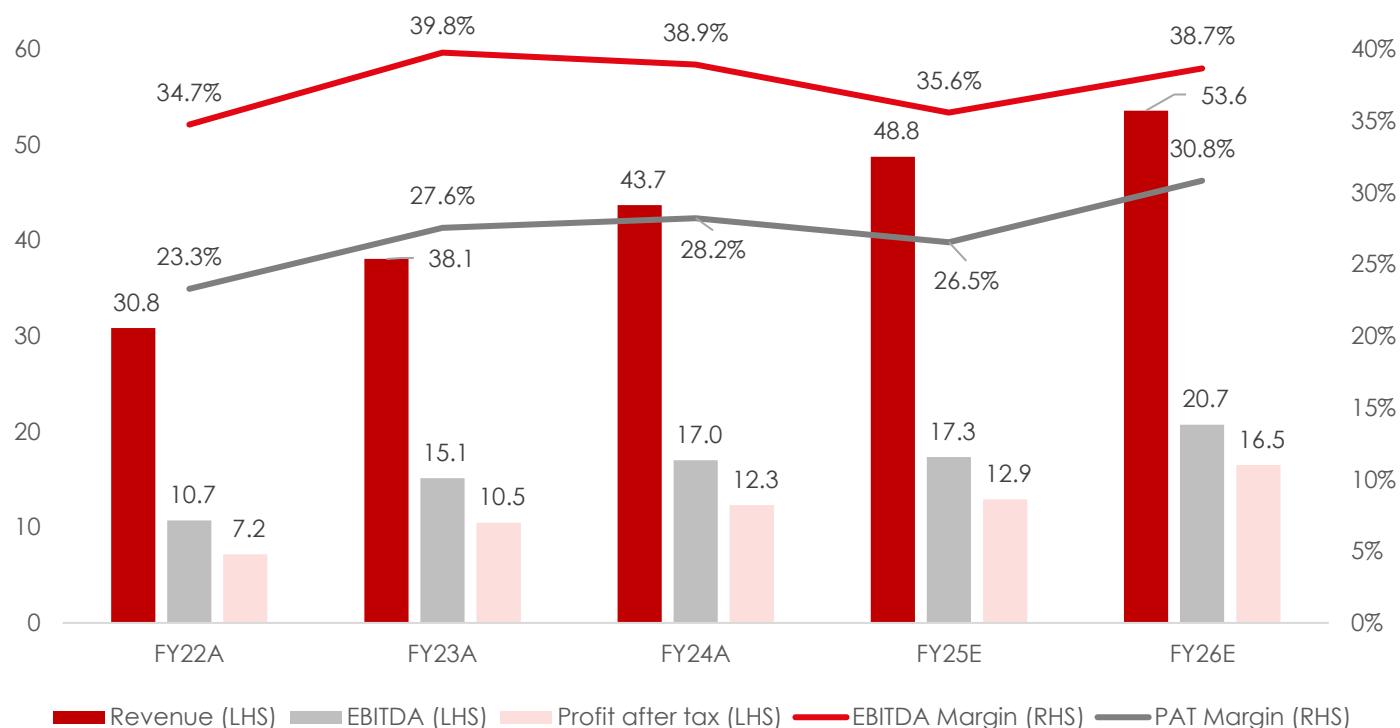
Strategy	Description
Expand market penetration	ITL seeks to grow its market share in existing markets and further deepen its market penetration by boosting its distribution channels and marketing initiatives, as well as growing third party collaborations. To do so, the company plans to invest in its dedicated in-house sales and marketing team to deepen personalised engagement with potential customers, shorten the sales cycle, and more effectively penetrate offline SME markets. At the same time, ITL is actively building strategic collaborations with financial institutions and tertiary education institutions to extend its market reach and reinforce its reputation as a trusted solutions provider.
Expand solutions portfolio	ITL is in the process of developing a CRM software – which is progressing well with a soft launch planned for 1H26 – and is also exploring the possibility of developing a POS system to complement its HRMS and Info-Tech Accounting Software to allow customers to streamline inventory, sales, HR and accounting functions. At the same time, the company is strengthening its HRMS through the development of modules such as Learning Management Software (LMS), AI-driven scheduling systems, AI Talent Acquisition, and Onboarding HR Solution, offering SMEs a comprehensive suite of tools to manage their businesses effectively.
Harness synergies	Given its current product portfolio, there are significant opportunities for ITL to enhance its customer value through cross-selling. For example, as it scales job postings on Jobs Lah, the substantial database of corporates can be monetised as potential leads for its products.
Expand geographic presence	Alongside ongoing growth in Malaysia, Hong Kong, and India, ITL is diligently assessing the feasibility of entering new geographies to strengthen its market position and tap into new opportunities. Furthermore, regional expansion can drive business growth as it allows ITL to expand alongside its customers. For instance, ITL has facilitated the adoption of its HRMS by affiliated entities of a number of long-standing customers outside of Singapore.
Strategic inorganic opportunities	ITL intends to explore acquiring start-ups / competitors for greater technological access and market share gains, where opportunities present clear strategic and commercial value. This includes acquisitions in adjacent markets which may allow the company to diversify its offerings, increase its customer base, strengthen its competitive edge, gain valuable intellectual property, and integrate innovative solutions into its existing offerings.

Source: Company

Valuation

We are forecasting YoY revenue growth of 11.5% and 9.9% in FY25E and FY26E, respectively. Malaysia is expected to be the fastest growing market, followed by Hong Kong/India (Others) in FY25E, and finally Singapore given that it is the most mature market for ITL. In terms of product lines, we expect Info-Tech Accounting Software revenues to grow at a faster pace than HRMS in FY25E given that it is a relatively newer product offering for the company. On the bottom line, we are forecasting profit after tax (PAT) growth of just 4.9% YoY in FY25E. The 1.7 ppt compression in PAT margin from 28.2% in FY24 to 26.5% in FY25E is driven by one-off listing and relocation expenses of SGD2.1m incurred in 1H25. Adjusted PAT would have grown 19.4% YoY. PAT growth is expected to recover to 26.7% in FY26E, translating to an expansion of margins to 30.6%. We note that management has committed to a payout ratio of not less than 50% of its net profit after tax (excluding exceptional items) for the period from its listing date to 31 Dec 2025 and for FY26.

Exhibit 20: Key financial projections (SGD'm)



Source: Internal estimates

To value the company, we apply a target P/E multiple of 16x to our forecasted FY26 EPS of 6.4 Singapore cents. Our target P/E multiple is derived from applying a 20% discount to the average P/E of ITL's peers (see Exhibit 21), taking into account ITL's focus on Asia/Emerging Markets (EM) and its relatively smaller market capitalisation versus some of its peers, notwithstanding its superior profitability. **As such, we initiate coverage on ITL with a BUY rating and a FV estimate of SGD1.00.**

Exhibit 21: Peer comparison table

Company name	Currency	Share Price (Local)	Market Cap (USDb)	P/E		EV / EBITDA (x)		Div. yield (%)	FY25 Revenue Growth (%)
				2025E	2026E	2025E	2026E		
BEIJING CAREER INTERNATIONAL-A	CNY	31.90	0.8	22.4	18.3	13.7	12.0	-	24.1
SHANGHAI FOREIGN SERVICE H-A	CNY	5.59	1.6	18.9	17.5	-	-	2.7	14.9
VISIONAL INC	JPY	12,190.00	2.5	33.7	28.5	-	-	-	18.4
HUMANICA PCL	THB	7.10	0.2	16.1	14.5	-	-	4.6	10.3
HRNETGROUP LTD	SGD	0.70	0.5	14.9	14.3	8.1	7.5	5.9	2.3
TEAMLEASE SERVICES LTD	INR	1,830.50	0.4	22.9	17.7	17.5	13.5	-	9.9
KANZHUN LTD - ADR	USD	22.84	8.5	21.6	19.3	19.3	15.8	-	12.6
QUESS CORP LTD	INR	275.00	0.6	18.0	15.2	14.7	12.8	-	(25.1)
AUTOMATIC DATA PROCESSING	USD	307.95	125.6	28.2	25.8	19.6	18.0	2.0	6.3
WORKDAY INC-CLASS A	USD	221.27	72.5	24.9	21.6	28.3	14.2	-	11.8
PAYCHEX INC	USD	140.81	54.8	25.8	23.9	20.1	17.1	3.1	16.6
TRINET GROUP INC	USD	69.00	4.1	16.2	14.1	9.5	8.7	-	(9.9)
SAGE GROUP PLC/THE	GBP	1,101.00	16.6	26.1	23.1	18.5	15.7	-	6.6
PAYCOM SOFTWARE INC	USD	233.89	14.9	25.1	22.9	13.9	12.1	0.7	9.1
PAYLOCITY HOLDING CORP	USD	182.31	11.0	25.1	22.9	19.5	16.5	-	10.2
Average				22.7	20.0	16.9	13.7	3.2	7.9
Median				22.9	19.3	18.0	13.8	2.9	10.2

Source: Internal estimates, Bloomberg; Data as at 25 Aug 2025

Investment Concerns and Potential Risks

1) Failure to retain existing customers and/or to attract new customers

The success of ITL's business depends on its ability to attract new customers and to retain and increase revenue from existing customers; in turn, this depends on many factors such as the capability, cost-effectiveness, pricing, customer support, and value of its products as compared to other competitors' offerings. We note that ITL participates in a highly competitive and fragmented market. While the company dedicates resources to R&D, there is no guarantee that such investments will be successful. Inability to hire and develop a sufficient number of productive sales personnel will also hurt the execution of its sales and marketing strategy.

Some of ITL's SME customers rely on business grants from the Singapore government, such as the PSG in Singapore which provides them with up to 50% support for the initial adoption of ITL's HRMS and Info-Tech Accounting Software in the first year. More cost-sensitive customers may choose not to renew their subscriptions for the company's products without the cost savings provided by the PSG after the grant lapses.

2) Exposure to customers' credit risk

ITL's customers may fail to pay the company in accordance with the terms of their agreements, which would negatively impact the company's cash flows. We note that SMEs accounted for approximately 90% of the ITL's total customers in Singapore during FY24, and caution that SME customers may be more vulnerable to factors such as cessation of business or budget constraints. We posit that this risk is especially pronounced in the face of ongoing economic headwinds from geopolitical tensions and trade uncertainty, notwithstanding potential support from the government. Furthermore, the company may need to incur additional costs to enforce contract terms, including potential litigation.

3) System failures and other system-related risks

Although ITL has security measures in place to protect customers' confidential and proprietary information, there remains the risk of cyberattacks resulting in the unauthorised release and use of customer data. This could result in reputational damage to the company, as well as third party lawsuits and/or regulatory fines. Separately, ITL's cloud computing infrastructure is predominantly supported by Microsoft Azure. Upon contract expiry, there is no guarantee that ITL will be able to renew this under the same terms, and higher hosting expenses would weigh on the company's profitability. There is also a risk that these systems may be adversely affected by service outages, leading to a prolonged disruption to ITL's platforms that weigh on its business and prospects.

Company overview (as of 25 August 2025)

Company description

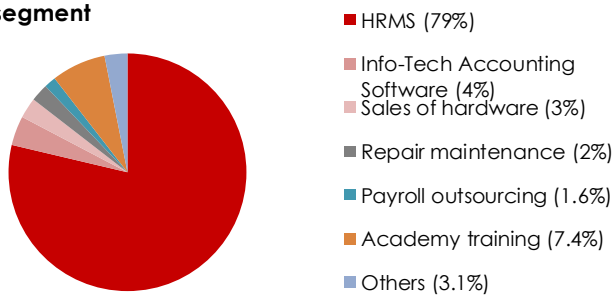
Info-Tech Systems Ltd (ITL) was co-founded by Mr Peter Lee and Mr Babu Dilip in 2007. Since then, the Singapore-headquartered company has grown into a leading provider of cloud-based human resource management system (HRMS) software designed for small and medium enterprises (SMEs) in Singapore, Malaysia, Hong Kong, and India.

ITL primarily offers two product lines, namely cloud-based HRMS and Info-Tech Accounting Software. These are deployed via a SaaS model that generates high levels of recurring subscription revenues. The company also offers complementary services such as access control, data collection hardware systems, and payroll outsourcing services. Its latest products and services include the Academy and Jobs Lah.

ITL was listed on the Mainboard of the Singapore Exchange (SGX) in July 2025.

FY24 Revenue Breakdown

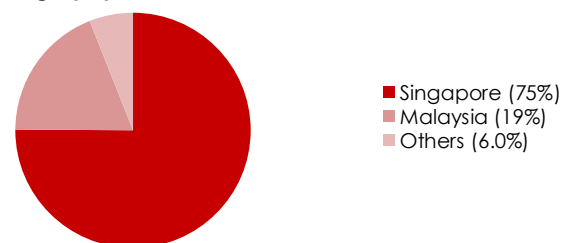
By segment



Source: Company, Internal estimates

FY24 Revenue Breakdown

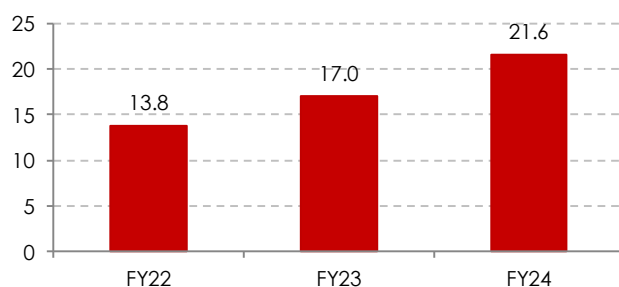
By geography



Source: Company, Internal estimates

Annual recurring revenue

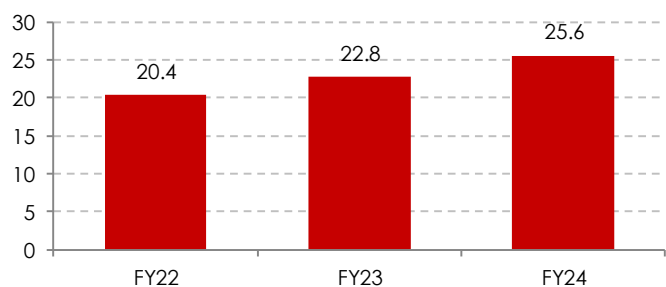
SGD m



Source: Company, Internal estimates

Orderbook

SGD m



Source: Company, Internal estimates

Company financials

Income Statement

In Millions of SGD except Per Share	FY 2022	FY 2023	FY 2024
12 Months Ending	31/12/2022	31/12/2023	31/12/2024
Net Revenue	30.8	38.1	43.7
- Cost of revenue	4.3	4.9	6.3
Gross Profit	26.5	33.1	37.4
+ Other operating income	0.4	0.2	0.1
- Operating expense	17.4	20.1	22.6
Operating Income or Losses	9.5	13.2	14.9
- Net interest expense	--	--	--
- Foreign exchange losses (gains)	--	--	--
- Net non-operating losses (gains)	0.1	0.2	0.0
Pretax Income	9.4	13.0	14.9
- Income tax expense (benefit)	2.2	2.5	2.6
Income Before XO Items	7.2	10.5	12.3
- Extraordinary loss net of tax	--	--	--
- Minority/Non controlling interests (credits)	--	--	--
Net Income/Net Profit (Losses)	7.2	10.5	12.3
Net Inc Avail to Common Shareholders	7.2	10.5	12.3
Abnormal losses (gains)	--	--	--
Tax effect on abnormal items	--	--	--
Normalized Income	7.2	10.5	12.4
Basic Earnings per Share	--	--	--
Basic Earnings per Share	32.7	(2.3)	6.6
Basic Weighted Avg Shares	--	--	--
Basic Weighted Avg Shares	3,022	3,107	3,126
Diluted EPS Before Abnormal Items	--	--	--
Diluted EPS Before XO Items	--	--	--
Diluted EPS	--	--	--
Diluted EPS Before Abnormal Items	31.8	(2.2)	6.5
Diluted EPS Before XO Items	31.8	(2.2)	6.5
Diluted EPS	31.8	(2.2)	6.5

Profitability Ratios

	FY 2022	FY 2023	FY 2024
12 Months Ending	31/12/2022	31/12/2023	31/12/2024
Returns			
Return on Common Equity	—	406.7	296.0
Return on Assets	—	32.2	32.6
Return on Capital	—	198.8	172.5
Return on Invested Capital	—	156.1	142.2
Margins			
Operating Margin	30.8	34.8	34.1
Incremental Operating Margin	—	51.5	29.7
Pretax Margin	30.4	34.2	34.1
Income before XO Margin	23.3	27.6	28.2
Net Income Margin	23.3	27.6	28.2
Net Income to Common Margin	23.3	27.6	28.2
Additional			
Effective Tax Rate	23.3	19.4	17.2
Dvd Payout Ratio	--	--	--
Sustainable Growth Rate	—	406.7	296.0

Credit Ratios

	FY 2022	FY 2023	FY 2024
12 Months Ending	31/12/2022	31/12/2023	31/12/2024
Total Debt/EBIT	0.3	0.2	0.2
Net Debt/EBIT	(0.9)	(1.1)	(1.8)
EBIT to Interest Expense	63.9	54.0	44.1
Long-Term Debt/Total Assets	6.8	4.7	6.1
Net Debt/Equity	(1,111.5)	(345.4)	(657.3)

Source: Bloomberg

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