Company Update

Info-Tech Systems Ltd

Singapore | Information Technology

Lai Gene Lih, CFA
Equity Research

Growth runway intact

Rating	**BUY** (as at 27 October 2026)
Last Close	SGD 0.79
Fair Value	SGD 1.35

- 9M26 revenue (+20% YoY) fell short of our expectations on lower-than-expected 3Q26 Academy revenue. We trim FY26E revenue / Adj. PATMI by 6% to realign our Academy run-rate expectations.
- Singapore and Malaysia Subscription growth was in line. Info-Tech Systems (ITL) is optimistic about growth over the next 12 months.
- Unchanged fair value (FV) estimate of SGD1.35, based on 16x FY27E price-to-earnings (P/E) multiple. ITL currently trades at an attractive 9.3x FY27E P/E and 5.3% FY27E dividend yield. Reiterate BUY.

Investment thesis

We see ITL as a beneficiary of artificial intelligence (AI) rather than being negatively impacted by it. ITL's core subscription business is anchored in small and medium enterprises (SMEs) across Singapore, Malaysia, Hong Kong and India, with attractive runway where affordability, local compliance know-how and deep integration into human resource (HR), payroll and workflow processes make switching relatively difficult. At the same time, Academy gives ITL a direct route to monetise AI-readiness demand through individual and corporate training programmes. Backed by a capital-light model and robust free cash flow, we view ITL as an attractive dividend compounder.

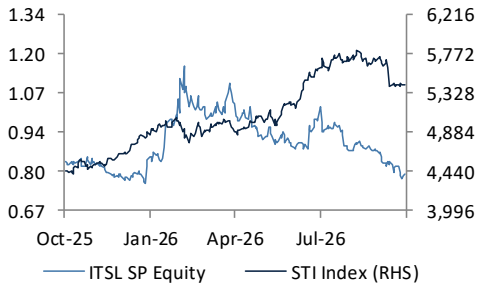
Investment summary

- **Lower-than-expected 9M26 revenue –** 9M26 revenue grew 20% YoY to SGD42.6m and accounted for 67% of our FY26E forecasts. This was primarily due to our overestimation of sequential Academy growth in 3Q26.
- **Subscription dynamics healthy –** On 9M26 basis, Singapore/ Malaysia subscription grew 6%/26% YoY respectively. To us, this is encouraging as the refocusing on Singapore Subscription has continued to bear fruit, whereas the execution in Malaysia remains robust.
- **Tough 4Q26E comparison for Academy due to high base effect –** We trim FY26E revenue by 6% to reflect 3Q26 Academy revenue, alongside our revised estimate for 4Q26. Our new estimate infers a

Security information

Ticker	ITSL SP EQUITY
Market Cap (SGD b)	0.20
Daily turnover (SGD m)	0.57
Free Float	35.6%
Shares Outstanding (m)	258
Top Shareholder	Dilip Babu Setin Sub 41.42%

Price performance chart



Financial summary

SGD m	FY25	FY26E	FY27E
Revenue	56.5	59.6	70.9
Adj EBITDA	24.1	24.3	28.0
Adj. PATMI	18.0	18.5	21.8
Adj. EPS (S cents)	7.0	7.2	8.5
DPS (S cents)	3.5	3.8	4.2

Key ratios

	FY25	FY26E	FY27E
Revenue growth	29.2	5.4	19.1
Adj. EBITDA margin	42.7	40.8	39.4
Adjusted net margin	31.9	31.1	30.7
Adj. EPS growth	N.M.	3.0	17.6
Dividend yield	4.4	4.8	5.3
P/E (x)	11.3	11.0	9.3

Source: Bloomberg, Company, OCBC Group Research

potential decline of Singapore Services revenue (where Singapore Academy is parked) to the tune of 59% YoY in 4Q26E. This is due to high-base effects from the SGD500 SkillsFuture Credit top-up expiry in 4Q25. Longer-term, management sees Academy as a growth driver. ITL intends to launch Academy in Malaysia before the end of the year to capture opportunities arising from growing demand for AI-related skills development.

- **Management is optimistic of its business outlook –** ITL remains confident of its outlook over the next 12 months. Fundamental drivers such as robust SME demand for HRMS (human resource management system) and favourable government support in Singapore remain in place. ITL continues to expect new customer wins, renewals and its track record of customer retention above 90% to support growth.
- **Valuations are undemanding –** Our FY27E and FY28E PATMI forecasts, as well as our FV estimate of SGD1.35 (16x FY27E P/E) remain unchanged. The stock has pulled back c.19% since the release of 2Q26 results, which we attribute to i) challenging market sentiment; and ii) lack of short-term catalysts due to the tough 4Q26E revenue comparison. In our view, valuation is attractive at 9.3x FY27E P/E with FY27E dividend yield of 5.3%. Stronger-than-expected dividend payout, enabled by robust cashflow generation, is a rerating catalyst. For context, while ITL does not have a formal dividend policy, it intends to distribute at least 50% of adjusted net profit as dividends in FY26. Reiterate our BUY rating.

Potential catalysts

- Acceleration of growth in Singapore Subscription, particularly human resource management software (HRMS), evidencing that Singapore remains a market with attractive runway
- Expansion of solutions suite in line with customers' needs, spurring new customer wins or improving customer stickiness
- Return of excess cash / free cash flow via higher dividends / dividend payout ratio

Investment risks

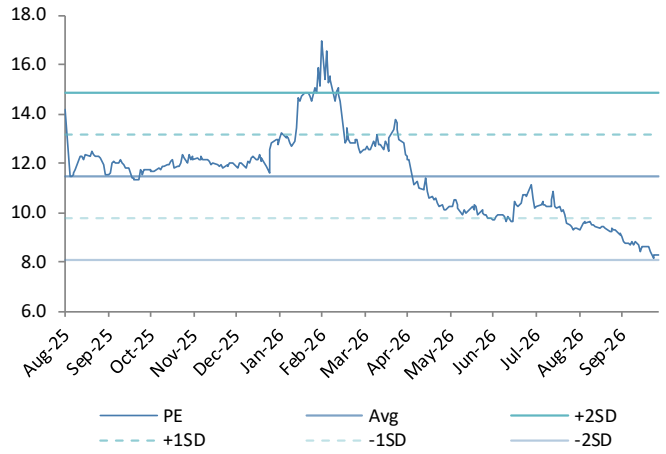
- Slower-than-expected growth in Malaysia Subscription and Academy
- Failure to retain existing customers due to inability to respond to changing customer preferences or deteriorating macroeconomic conditions
- Data security and/or cloud computing infrastructure downtime could impact operations and result in regulatory fines

Valuation analysis

	Price/Earnings (x)		Price/Book (x)		EV/EBITDA (x)		Dividend Yield (%)		ROE (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INFO-TECH SYSTEMS LTD (ITSL SP Equity)	9.1	8.1	4.0	3.3	9.9	9.3	4.7	5.4	47.7	43.3
HUMANICA PCL (HUMAN TB Equity)	11.0	8.8	1.1	1.0	NA	NA	7.0	8.6	10.0	12.0
PAYCHEX INC (PAYX US Equity)	19.9	18.6	11.1	9.8	14.1	13.0	4.1	4.5	57.6	51.4
WORKDAY INC-CLASS A (WDAY US Equity)	18.9	15.8	7.3	5.6	13.2	10.7	0.0	0.0	26.1	22.2
PAYLOCITY HOLDING CORP (PCTY US Equity)	20.0	18.3	2.0	4.4	14.1	14.0	0.0	0.0	30.3	25.7

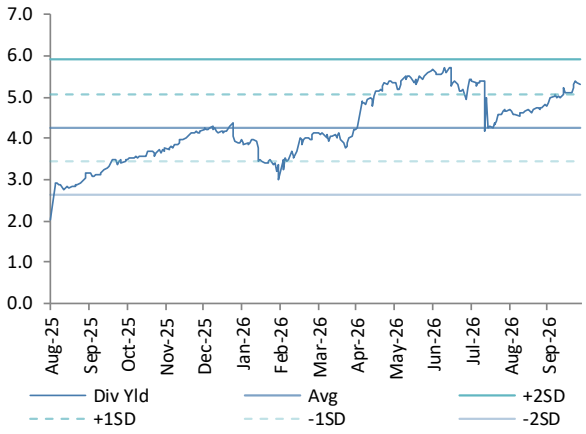
Source: Bloomberg

Price/Earnings chart (x)



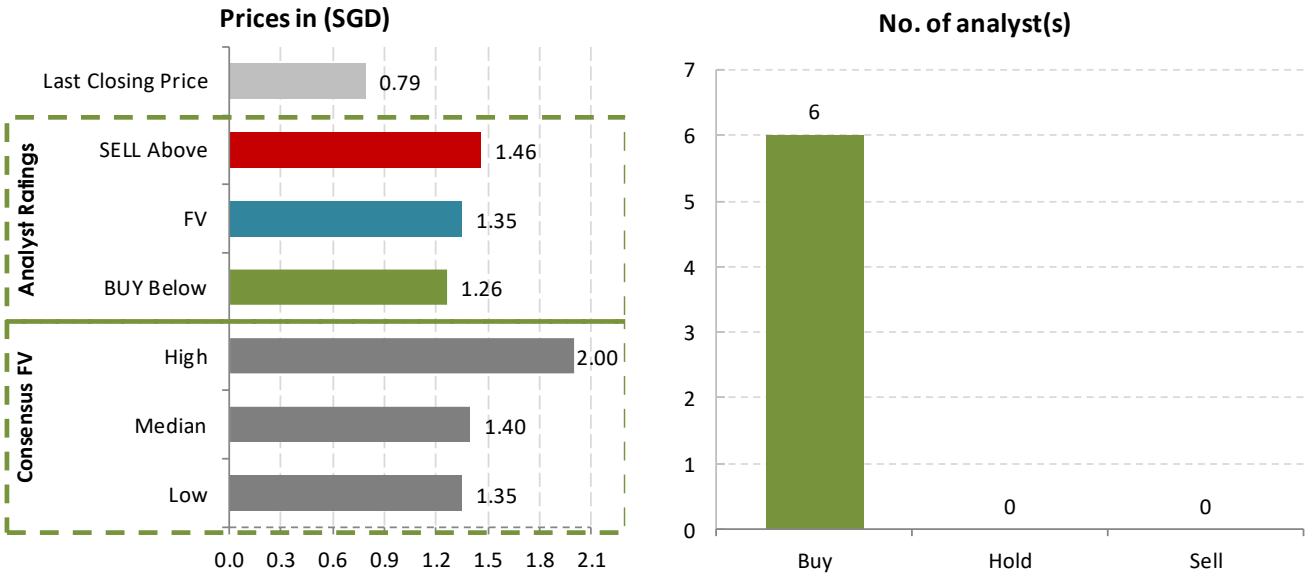
Source: Bloomberg

Dividend Yield chart (%)



Source: Bloomberg

Analyst ratings vs street ratings



Source: Bloomberg, OCBC Group Research

Company overview (as of 2 March 2026)

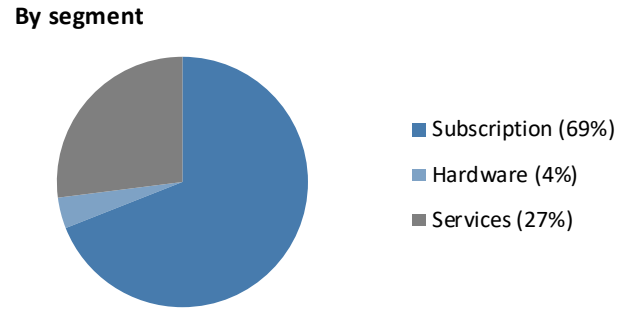
Company description

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 software-as-a-service (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.

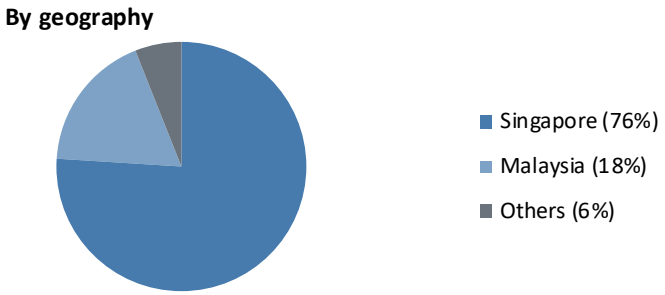
ITL was listed on the Mainboard of the Singapore Exchange (SGX) in July 2025.

FY25 revenue breakdown



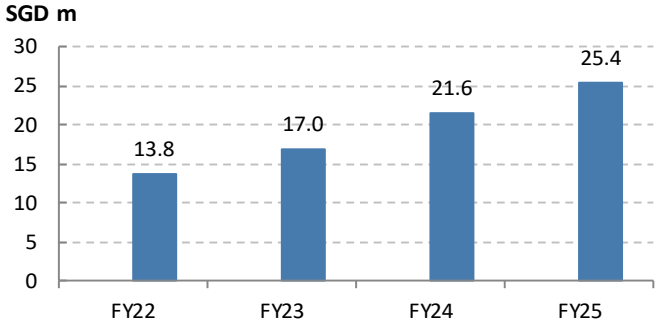
Source: Company

FY25 revenue breakdown



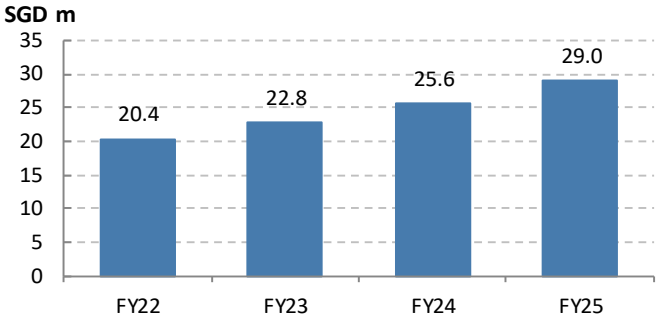
Source: Company

Annual recurring revenue



Source: Company

Orderbook



Source: Company

Note: Annual recurring revenue is the annualised value of recurring subscription revenue as at the reporting date

Company financials

Income statement				
Year Ended 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Revenue	43.7	56.5	59.6	70.9
Cost of sales	-6.3	-8.4	-8.9	-10.5
Gross profit	37.4	48.1	50.6	60.4
EBITDA	17.0	21.2	25.3	28.0
Adj. EBITDA	17.0	24.1	24.3	28.0
Operating profit	14.9	18.9	22.8	25.4
Profit before tax	14.9	19.1	23.0	25.7
Tax expenses	-2.6	-4.0	-3.4	-3.8
PATMI	12.3	15.0	19.5	21.8
Adj. PATMI	12.3	18.0	18.5	21.8

Balance sheet				
As at 31 Dec (SGD m)	FY24	FY25	FY26E	FY27E
Plant, property and equipment	4.3	5.0	5.4	5.7
Total non-current assets	6.1	7.3	7.5	7.8
Cash	29.7	67.3	76.9	88.5
Total current assets	33.6	76.6	86.7	100.2
Total assets	39.7	83.9	94.2	108.0
Current liabilities ex debt	29.9	37.3	39.1	43.2
Debt (incl. leases)	3.5	4.0	2.7	1.4
Total liabilities	35.7	44.0	44.5	47.4
Shareholders equity	4.0	39.9	49.7	60.6
Total equity and liabilities	39.7	83.9	94.2	108.0

Key rates & ratios	FY24	FY25	FY26E	FY27E
Revenue growth (%)	14.8	29.2	5.4	19.1
Adj. EBITDA growth (%)	12.4	41.9	0.8	15.0
Adj. PATMI growth (%)	17.7	45.9	3.0	17.6
Adj. Earnings per share (S cents)	-	7.0	7.2	8.5
Dividend per share (S cents)	-	3.5	3.8	4.2
Dividend yield (%)	-	4.4	4.8	5.3
ROE (%)	296.0	68.5	43.7	39.6
ROA (%)	32.6	24.3	21.9	21.6

Source: Company, OCBC Group Research

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