INFO-TECH SYSTEMS | SGX:ITS

Good 9M Results, but Expect a Stronger 4Q

BUY

Price:	**$ 0.775**
Fair Value:	**$ 2.00**
Upside:	**+ 158%**

ITS reported 9M26 revenue of $42.6mil (+20% YoY), **slightly below 1H26's** +22%, reaching just 51% of our $83mil RHTC FY26F estimate. ITS did not disclose 2Q revenue; against the 1H quarterly average of $13.65mil, 3Q grew a solid ~12.1% QoQ (~57.9% annualised). We maintain FY26F forecasts, expecting strong 4Q contributions from Services (Training) and Subscription. Consensus also expects a strong 4Q26: its $64.3mil FY26F revenue forecast implies +59% QoQ (vs the $13.65mil average).

Malaysia led the recurring expansion with Subscription growth of 26% YoY in 9M versus 6% for Singapore. Employment in Malaysia stood at 16.87mil in August, up 28,800 on the month, with a record-low unemployment rate of 1%. Malaysia represents a bigger addressable market than Singapore for HRMS software and AI training.

Risks to FY26F forecasts. Despite management stating that Services revenue has normalised, RHTC expects a significant pickup in SME Corp training demand, driven by Singapore government subsidies and the Info-tech Academy launch in Malaysia before FY26-end. HRD Corp-approved courses allow eligible employers to seek funding. Weaker 4Q26 results would affect our Intrinsic Value.

Valuation gap vs Peer group has increased. ITS trades at a significant valuation discount at 7.4x FY26F PE, 0.12x PEG and 3.0x EV/EBITDA vs global SaaS peers [Paycom, Paylocity and Workday] with an average FY26F PE of 17x and EV/EBITDA of 19.1x.

RHTC's valuation framework is a Total Shareholder Returns approach: At current levels, Div Yield 8.4%, FCF Yield 22%, **ITS expected Intrinsic Value at $2, an upside of 158%.**

Paul SCHYMYCK
Head of Research
Paul.Schymyck@rhtgoc.com

Augustine LIU
Research Director
Augustine.Liu@rhtgoc.com

Mkt cap: $200 mil

[$0.775 2-Nov-26]

Intrinsic Value: $2.00

52-week range: $0.76 – $1.16

Singapore

Software & Services [4510]

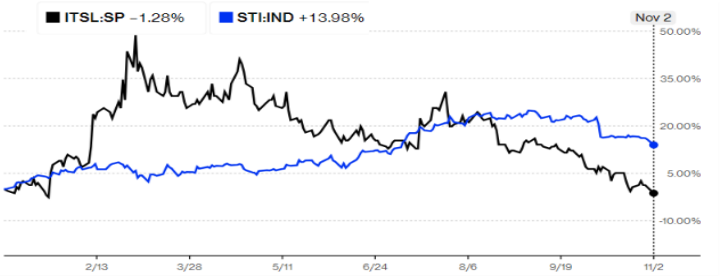
ITS Forecast $mil	2024	2025	2026F	2027F
Revenue	44	56	83	102
EBITDA	17	21	36	44
Profit After Tax	12	15	27	34
EPS ($ cts)	0.048	0.058	0.105	0.131
P/E (x)	16.2	13.3	7.4	5.9
PEG (x)			0.09	0.24
ROAE (%)		68.5	60.2	59.5
Div Yield (%)		4.52	8.39	10.32
FCF Yield (%)	8.82	7.92	21.89	22.23
Gearing - D/E (%)	89.0	10.0	2.7	2.3
- D/TA (%)	8.9	4.8	1.2	1.0
Intrinsic Value				**2.00**
% Upside				**158%**

Industry Valuation	2026F P/E(X)	2026F EV/EBITDA	2026F DY(%)
ITS	7.4	3.00	8.39
Paylocity	18.4	17.6	n.m.
Paycom	19.9	14.2	0.6
Workday	15.0	31.4	n.m.
Salesforce	14.7	13	0.8
Peer Average	17.0	19.1	0.7
% ITS/ Avg.	-57%	n.a.	1098%
STI	16.8	11.4	3.69
% ITS/ STI	-56%	-74%	129%

Source: YahooFinance, SGX

BUY

Price $0.775 2-Nov-26



Top shareholders (Est Free Float 35.63%)

#	Beneficial Owner	Total Shares mil	Est o/s
1	Setin Subramanian Dilip Bab	106.9	41.42%
2	Peter Lee Kim Heng	49.6	19.23%
3	Yeoh Sin Yee	9.6	3.72%
	Free Float	(as 28 Apr 2026)	35.63%

ITS Per Share

Per Share Data	2023	2024	2025	2026F	2027F
EPS	0.041	0.048	0.058	0.105	0.131
DPS			0.035	0.065	0.080
payout ratio			60.1%	61.8%	61.1%

Ratios & Valuations

(x)	2024	2025	2026F	2027F
ex-cash PE	13.80	8.83	3.93	2.49
PE	16.20	13.31	7.37	5.91
consensus PE			12.04	11.49
PEG			0.09	0.24
Intrinsic Value			2.00	
(potential upside)			158%	
Div Yield		3.6%	6.6%	8.2%
PFCF	11.34	12.62	4.57	4.50
PB	50.21	5.01	3.98	3.15
ex-cash PB	42.75	3.33	2.12	1.33
EV/Sales			1.30	0.84
EV/EBITDA			3.00	1.92

Balance Sheet *($mil)*

$mil Dec-yr end	2024	2025	2026F	2027F
Cash & CE	30	67	93	116
Trade receivables	4	9	12	13
Inventories	0	0		
Current Assets	34	77	105	129
PPE	4	5	6	6
Intangible assets	0	0	0	0
Deferred Tax Assets	2	2	2	3
Non-current assets	6	7	8	10
Total Assets	**40**	**84**	**113**	**139**
Trade payables	4	7	10	12
Contract liabilities	23	27	41	51
Lease liabilities	1	1	1	1
Curr tax liabilities	2	3	5	6
Current liabilities	**31**	**38**	**58**	**70**
Contract liabilities	2	2	4	5
Lease liabilities	2	3	0	0
Provision for reinstatement	0	0	0	0
Deferred tax liabilities	0	0	0	1
LT liabilities	**5**	**6**	**5**	**6**
Share capital	0	27	27	27
Retained earnings	4	13	23	36
Reserve	0	0	0	0
Total Equity	**4**	**40**	**50**	**63**

Growth & Margins (%)

YoY (%)		25/24	26F/25	27F/26F
Revenue growth		29.2	46.8	22.5
EPS growth		21.7	80.6	24.6
DPS growth		nm	85.7	23.1
(%)	**2024**	**2025**	**2026F**	**2027F**
Gross margins	85.6	85.2	85.4	85.6
EBITDA margin	38.9	37.5	43.4	43.8
EBIT margins	34.1	33.5	40.3	41.0
PBT margins	34.1	33.7	40.5	41.1
Net margins	28.2	26.6	32.7	33.3
FCF margin	40.3	28.0	52.8	43.8
Rule of 40	38.9	66.7	90.2	66.3

Source: Company data, RHTC estimates

Income Statement *($mil)*

$mil Dec-yr end	2024	2025	2026F	2027F
Revenue	44	56.5	83	102
Subscription	36	39	61	74
Services	5	15	19	25
Hardware	2	2	2	2
COGS	(6)	(8)	(12)	(15)
Gross Profit	37	48	71	87
Total Opex	(23)	(29)	(38)	(46)
EBITDA	**17**	**21**	**36**	**44**
Depreciation	(2)	(2)	(2)	(2)
Amortization	(0)	(0)	(0)	(0)
EBIT	**15**	**19**	**33**	**42**
Net Finance costs	(0)	0	0	0
PBT	**15**	**19**	**34**	**42**
Tax	(3)	(4)	(6)	(8)
tax rate (%)	*17.2*	*21.2*	*19.1*	*19.0*
PAT	**12**	**15.0**	**27**	**34**
S$				
EPS	0.048	0.058	0.105	0.131
EPS consensus			0.081	0.085
% RHTC/consensus			29.2%	53.7%
DPS		0.035	0.065	0.080
Consensus Rev			62.45	67.14
% RHTC/consensus			*32.8%*	*51.3%*

Cash Flow *($mil)*

$mil	2024	2025	2026F	2027F
PBT	14.9	19.1	33.5	41.7
WC changes	4.3	-0.9	15.6	9.2
Cash from ops	21.4	20.2	51.7	53.8
Tax paid	-3.3	-3.4	-4.8	-6.0
Operating CF	**18.0**	**16.8**	**46.9**	**47.9**
Purchase PPE	-0.4	-1.0	-2.8	-3.1
Others	-2.7	1.1	0.0	0.0
Investing CF	**-3.1**	**0.1**	**-2.8**	**-3.1**
Payment of lease	-1.1	-1.3	-1.2	-1.2
Dividends paid	-2.0	-5.3	-16.8	-20.6
Interest paid	-0.2	-0.2	-0.2	-0.2
Share issuance		28.7		
Insurance costs		-1.5		
Financing CF	**-3.3**	**20.5**	**-18.2**	**-22.1**
Net chg in cash	**11.6**	**37.4**	**25.9**	**22.7**
FX	0.3	0.2		
Cash beg period	17.8	29.7	67.3	93.2
Cash end period	29.7	67.3	93.2	115.9

EXECUTIVE SUMMARY

Revenue Growth Stayed Strong in 3Q

The main takeaway from the 9M results was that revenue growth stayed strong at 20% YoY to $42.6mil, and 3Q26 revenue rose 18% YoY to an estimated $15.3mil, slowing slightly from 22% YoY in 1H. ITS didn't publish a 2Q figure but based on the 1H quarterly average of $13.65mil 3Q revenue grew by a solid ~12.1% QoQ (~57.9% on an annualised basis), which puts ITS on a solid footing going into 4Q26 and FY2027.

There was a further revenue mix shift with another significant contribution from Services, which increased 82% YoY to $8.6mil in 9M (lifting its share of revenue to 20.2% from 17.9%). Based on the 1H quarterly average of $2.45mil 3Q Services revenue grew by a robust ~51% QoQ. The growth was driven by strong demand for AI-related courses in Singapore at the Info-Tech Academy, supported by Singapore government funding for SME digitisation and AI adoption.

Figure 1-1: By Product Line, (% YoY and % QoQ)

$m	1H26	% YoY	9M26	% YoY	3Q26*	% YoY*	% QoQ^
Subscription	21.2	+12%	32.2	+11%	11.0	~+10%	~3.8%
Services	4.9	+116%	8.6	+82%	3.7	~+54%	~51.0%
Hardware	1.2	+3%	1.7	+1%	0.5	n.m.	n.m.
Total	27.3	+22%	42.6	+20%	15.3	~+18%	~12.1%

^ 3Q26 vs. 1H quarterly average.*
*Source: ITS 9M Results, *RHTC estimates.*

Figure 1-2: By Product Line, (% Share)

$m	1H26	% Share	9M26	% Share	3Q26*	% Share*
Subscription	21.2	77.7%	32.2	75.6%	11.0	~71.9%
Services	4.9	17.9%	8.6	20.2%	3.7	~24.2%
Hardware	1.2	4.4%	1.7	4.0%	0.5	~3.3%
Total	27.3	100%	42.6	100%	15.3	100%

*Source: ITS 9M Results, *RHTC estimates.*

Subscription Growth

Subscription (HRMS, accounting and CRM), still the core (75.6% of revenue), grew 11% YoY to $32.2mil — comparable to 1H's 12% pace, indicating the core SaaS book stayed healthy with customer retention metrics still holding at over 90%. ITS disclosed Subscription growth for only two regions, Singapore and Malaysia. Malaysia led the recurring expansion with Subscription growth of 26% YoY in 9M versus 6% for Singapore. However, Singapore is still currently the larger market, so its slower growth held Subscription growth below Malaysia's pace.

Sequential QoQ growth of ~3.8% in 3Q (annualised rate of ~16.1%), signalled robust SME demand for HRMS in Singapore and Malaysia and a growing order book though there was no updated figure to the $30.4mil reported in 1H26.

Figure 1-3: By Geography, (% YoY and % QoQ)

$m	1H26	% YoY	9M26	% YoY	3Q26*	% YoY*	% QoQ^
Singapore	19.3	+21%	30.5	+20%	11.2	~+18%	~16.1%
Malaysia	6.1	+26%	9.4	+24%	3.3	~+21%	~8.2%
Others	1.8	+13%	2.7	+12%	0.9	~0%	~0%
Total	27.3	+22%	42.6	+20%	15.3	~+18%	~12.1%

^ 3Q26 vs. 1H quarterly average.*
*Source: ITS 9M Results, *RHTC estimates.*

Figure 1-4: By Geography, (% Share)

$m	1H26	% Share	9M26	% Share	3Q26*	% Share*
Singapore	19.3	70.7%	30.5	71.6%	11.2	~73.2%
Malaysia	6.1	22.3%	9.4	22.1%	3.3	~21.6%
Others	1.8	6.6%	2.7	6.3%	0.9	~5.9%
Total	27.3	100%	42.6	100%	15.3	100%

*Source: ITS 9M Results, *RHTC estimates.*

Services Growth

ITS had already flagged that Academy/Services revenue is seasonally backloaded into 2H (as it was in 2HFY2025) at the 1H26 results briefing, so 2H is structurally the stronger half for Services. In an update, management expects training demand to normalise in 4Q after the exceptional 4Q25 surge due to the expiry of the $500 SkillsFuture Credit top-up in 4Q25.

However, Info-Tech Academy is due to launch in Malaysia before the end of FY26, with courses approved by Human Resource Development Corp, a Malaysian government agency, eligible employers can seek funding to pay for the courses. It plays a similar enabling role to the SkillsFuture funding that supports Academy demand in Singapore.

By Geography – Malaysia in the Driver's Seat

ITS's second major market Malaysia ($9.4mil or 22.1% of revenue and growth of 24%) stayed strong growing about 21% YoY in 3Q, while Singapore slowed to about 18% as Academy growth cooled. HK and India were roughly flat y-o-y in 3Q, though the base is small. With the Info-Tech Academy due to launch in Malaysia before the end of FY26, Malaysia should remain the key driver for revenue growth in 4Q and 2027.

Favourable Macro Backdrop

The macro backdrop for ITS in its core Singapore market ($30.5mil or 71.6% of revenue and growth of 20% YoY in 9M) remains very supportive. Singapore grew a preliminary 5.4% YoY in 3Q with the full year GDP growth forecast raise to 4.5-5.5% on strong AI-related demand. The robust GDP growth in 3Q was reflected in strong employment growth of 27,700 in 3Q (more than double the 11,400 in 2Q and 25,100 in 3Q25). This will underpin revenue for ITS's HRM SaaS business model in 4Q which is based on employee numbers on HRMS platforms.

Malaysia, ITS's second main market, shows similar momentum: 9M26 growth was 5.5% versus 4.8% a year earlier, with government forecasting 2026 GDP growth of 4.8–5.3%. August employment reached 16.87mil, up 28,800 from July, with record-low unemployment of 1%. Its larger workforce versus Singapore's 4.18mil offers ITS a bigger addressable market for HRMS software and AI training.

Significant Valuation Discount

ITS trades at a significant valuation discount at 7.4x FY26F PE, 0.12x PEG and 3.0x EV/EBITDA vs global SaaS peers [Paycom, Paylocity, Salesforce and Workday] with an average FY26F PE of 17x and EV/EBITDA of 19.1x, and to the broader Singapore market (FY26F PE of 16.8x).

We Reiterate our Buy Recommendation

Longer-term re-rating potential exists as ITS scales into the enterprise segment. We estimate FY26F Total Shareholder Return (TSR) of approximately +158%, implying an Intrinsic Value of $2.00. We reiterate our BUY recommendation with potential 158% upside.

VALUATION RISKS

Risks to RHT Capital's View and Intrinsic Value

1. Better/ worse execution in pursuing new market shares that would pose an upside/ downside risk to our estimates and valuation.
2. Faster/ slower-than-expected organic growth would pose an upside/ downside risk to our estimates and valuation.
3. A better/ worse-than-expected macro/ trade environment that may provide upside/ downside risk to growth across business lines.

Valuation Method and Risk Statement

Investing in the technology sector entails above-average risk given low sales visibility, rapid pace of innovation and technological change, intense competition, frequent M&A, and low barriers to entry in many markets.

ITS Intrinsic Value based on 2026F PEG and EV/EBITDA. Risks include macroeconomic environment, competition [incumbent SaaS], growth initiative traction, and potential float income contraction.

Growth would be curtailed by a slowdown in employment on the SaaS portfolio given ITS' employee-based PEPM pricing model and the general HRMS market's exposure to macroeconomic conditions. Additionally, larger HRMS providers could become more competitive down market and constrain ITS' growth.

Intrinsic Value is based on 2026F forecasts. We view the derived intrinsic value/target price as fair given macroeconomic and geopolitical uncertainty, which could potentially fuel further downward estimate revisions.

Our Intrinsic Value is based on Total Shareholder Return framework with 1-year holding period premised on our FY26 estimates.

Risks

- Macroeconomic environment
- Reliance on government grants
- SME cyclicality
- Data security exposure

SWOT ANALYSIS

SWOTs	Description
Strengths	• 90% customer retention rate (well above 70-85% industry avg). • Fully integrated ecosystem spanning HR, Accounting, and CRM. • Dual-agent dedicated customer support with 4-hour SLA. • Debt-free balance sheet with robust 42.3% adjusted EBITDA margins. • Highly localised compliance engines.
Weaknesses	• Heavy concentration of revenue generated from a single geography (Singapore). • Asset-light model and SME focus may lead to heightened vulnerability during severe economic downturns that disproportionately impact small businesses.
Opportunities	• Cross-selling potential from the newly launched 2026 CRM product • Conversion of micro-SMEs from the simplified DigiSME tier to full enterprise suites. • M&A expansion targeting localised software providers or adjacent technologies. • Large runway in geographically expanding markets (India, Hong Kong, Middle East).
Threats	• Wage inflation impacting the cost of skilled IT/development staff in its India/Malaysia hubs. • Persistent risk of cyberattacks and data breaches handling sensitive financial/HR data. • Emergence of disruptors or aggressive pricing from global enterprise players pivoting down-market.

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