Impact Capital Holdings Berhad (IMPACT)

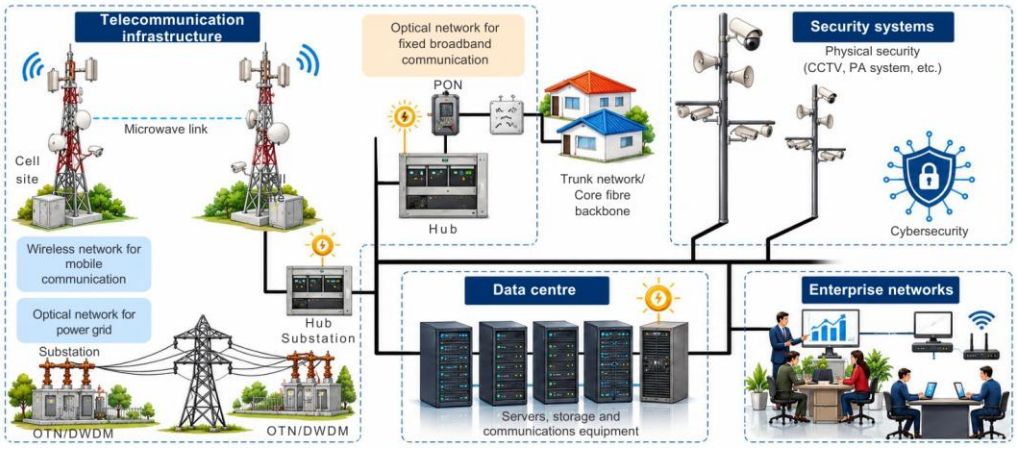
Wiring Sarawak's Digital Backbone

- **Impact Capital Holdings Berhad is a Sarawak-based ICT systems integrator with a 21-year operating history, designing, integrating and maintaining ICT equipment and systems for critical infrastructure — telecommunications networks, enterprise networks, data centres and security systems — primarily for state government bodies and utility providers. ICT integration contributed 72.7% of FY26 revenue, while Sarawak accounted for 75.1%.**
- **We project core PATMI to expand at a 17.3% CAGR to reach RM10.7m, RM12.3m and RM15.1m in FY27–FY29, respectively. This growth is underpinned by (i) order book replenishment of RM200–250m a year, (ii) the continued build-up of higher-margin recurring maintenance and software income, and (iii) margin expansion as the mix shifts towards services and in-house delivery. The RM169.9m order book, including RM133.7m scheduled for recognition by June 2027, provides visibility over FY27.**
- **We assign a fair value of RM0.36 per share for IMPACT, indicating a 63.6% upside from the IPO price of RM0.22. Our valuation is derived by ascribing a target P/E multiple of 15.2x to mid-FY28 core EPS of 2.39 sen, in line with the peer average forward P/E of 15.2x.**

Investment highlights

Sarawak's leading critical-infrastructure integrator. Impact Capital is the largest telecommunications equipment integrator among the industry players benchmarked by Vital Factor, with FY26 revenue of RM154.7m, ahead of listed peers Binasat (RM118.2m), Hextar Capital (RM84.8m) and Divfex (RM82.0m). Its standing rests on delivery at scale. Since 2021, it has secured four government-initiated projects worth more than RM50m each, including SMART 600, its largest contract to date, under which 426 rural tower sites have been installed and accepted, and POP 2, a fibre broadband rollout across c.681 rural sites. It is also a long-standing integrator for SEB Group, Sarawak's power utility, having upgraded its power-grid optical transmission network since 2020 with multiple orders for additional sites each year. These credentials are backed by a CIDB G7 registration with no tender limit, a UPKJ Category A registration to bid for Sarawak government contracts, Huawei Diamond status since 2021 and 15 other technology partnerships. With 21 years of track record in networks where reliability matters more than price, we see Impact Capital as the partner of choice for the next phase of Sarawak's digital infrastructure.

Fig #1 Coverage of IMPACT's scope of work



Source: Impact Capital Holdings Berhad

IPO Note – Not rated

Research Team
research@msec.com.my
(603) 2201 2100

Non-Rated

Share price	**RM0.22**
Target price	**RM0.36**
Previous TP	-
Capital upside	63.6%
Dividend return	-
Total return	63.6%

Company profile

A Sarawak-based integrator of ICT equipment and systems for critical infrastructure, covering telecommunications, enterprise networks, data centres and security systems, alongside the supply of ICT hardware and software and maintenance services. Founded in Kuching in 2005, its core customers are state government bodies and utility providers.

Stock information

Bursa Code	0483
Bloomberg ticker	IMPACT MK
Listing market	ACE
Share issued (m)	480.0
Market Cap (m)	105.6
Shariah compliant	Yes
MITI allocation	No

Major shareholders	%
IGE	65.0
Chyr Ye Hong	2.9
Winston Chai	1.9

Earnings snapshot

FYE (Jun)	FY26	FY27f	FY28f
PATMI (m)	9.4	10.7	12.3
EPS (sen)	1.9	2.2	2.6
P/E (x)	11.3	9.9	8.6

Timetable of IPO

Opening of application	27 Oct
Closing of application	6 Nov
Balloting of application	12 Nov
Allotment of the IPO shares	19 Nov
Listing on the ACE market	24 Nov

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A multi-year runway, with FY27 already covered. Sarawak's digital build-out is far from finished. By the Sarawak government's own count, the state had 4,217 operational towers in November 2023 against around 7,000 needed by 2030 for full coverage of populated areas, 5G reaches 63.8% of its populated areas versus 82.4% nationally, and only 34.0% of its households have fixed broadband against 48.0% nationwide. Funding is in place to close these gaps: Sarawak's 2026 budget allocates RM450m to the SMART projects and MySRBN, Budget 2027 sets aside RM5bn for JENDELA, and Budget 2026 allocated RM770m to the PoP Phase 2 rollout, with 1,362 of its 3,693 planned sites nationwide still outstanding at end-2025. Near-term earnings are well covered. The RM169.9m order book as at 30 September 2026, or 1.1x FY26 revenue, includes RM133.7m scheduled for October 2026 to June 2027, leaving only c.RM21m to be filled to match FY26 revenue. New wins continue to come through, including a RM6.2m OTN contract for several substations, network projects for educational institutions and the railway sector, and the KL International Airport maintenance contract, all secured in 2026.

Fig #2 Order book as at 30 September 2026 by expected timeline of recognition

RM'm	Order book	FYE27*	FYE28	FYE29	FYE30 onwards
Integration of ICT equipment and systems	129.98	117.33	6.92	2.84	2.90
Provision of ICT and other services	36.89	13.57	13.99	6.42	2.91
Supply of ICT hardware and software	3.00	2.84	0.15	0.01	-
Total	**169.87**	**133.74**	**21.06**	**9.27**	**5.81**

*Source: Impact Capital Holdings Berhad. *From 1 October 2026 to 30 June 2027*

Fig #3 Major ongoing ICT integration projects as at 30 September 2026

Project	Customer	Value (RM'm)	Remaining (RM'm)	Expected completion
SMART 600 (rural 4G towers)	SDEC	304.35	65.91	April 2027
POP 2 (rural fibre broadband)	Utility provider	65.97	34.36	December 2026
OTN & network equipment (substations)	Utility provider	6.23	6.23	December 2032
OTN equipment & maintenance	Utility provider	9.71	5.29	December 2032
Private cloud infrastructure	Utility provider	12.69	2.81	December 2030
Others (55 projects)	-	-	15.38	Various
Total ICT integration			**129.98**	

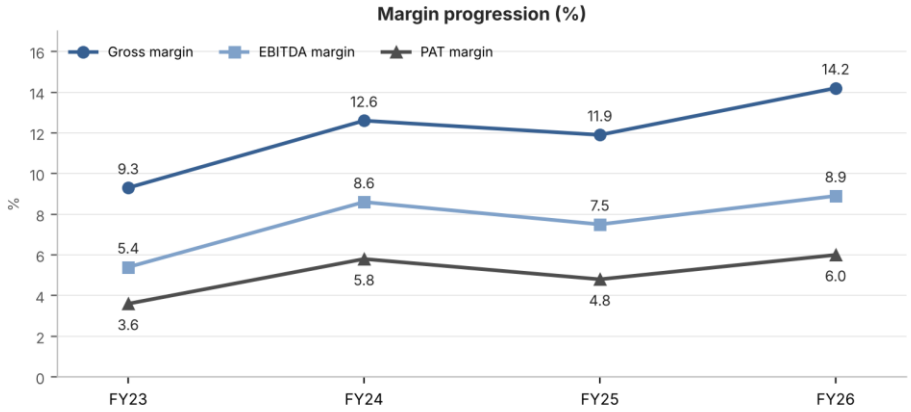
Source: Impact Capital Holdings Berhad (as at 30 September 2026). Project values exclude SST

Recurring income is compounding. Integration contracts typically bundle three to five years of software subscriptions, often with matching maintenance and support, and this annuity is now building. Recurring revenue rose 73.4% to RM33.1m in FY26, lifting its share of group revenue to 21.4% from 13.1% a year earlier, as maintenance renewals added RM7.2m and software subscriptions RM6.3m. The services order book grew 37.9% to RM36.9m in the ten months to September 2026 and stretches to 2030 and beyond. With hundreds of SMART 600 and POP 2 sites moving into their support phase, and the KL International Airport contract showing the Group can sell maintenance on a standalone basis, we expect recurring income to keep rising as a share of earnings, smoothing the lumpiness of project revenue.

Margins are widening as the mix shifts. Gross margin has risen from 9.3% in FY23 to 14.2% in FY26, and the drivers are structural. Integration margin improved to 12.3% from 7.8% in FY23, with the latest step-up from 10.8% in FY25 driven by higher-margin

data centre work, including a private cloud project for a power utility. Services, the highest-margin segment at 25.9%, rose to 23.8% of group gross profit from 16.3% in FY25, while bringing software configuration in-house lifted supply margin to 13.5%. FY26 showed what this mix can do: PAT rose 33.3% to RM9.4m on revenue growth of only 6.4%, even as SMART 600 revenue eased and integration revenue fell 6.5%. The planned recruitment of in-house M&E engineers and project managers is also intended to reduce reliance on subcontractors, which account for 65.6% of cost of sales, offering a further lever on margins.

Fig #4 IMPACT's margin progression



Source: Impact Capital Holdings Berhad, M+Global Research

Expanding beyond Sarawak and up the value chain. The Group is broadening both its footprint and its offering. Peninsular Malaysia rose to 23.5% of FY26 revenue from 18.5% in FY25, and recent wins such as the KL International Airport maintenance contract and a railway network project extend that reach. IPO proceeds will fund a larger Klang Valley office, permanent offices in Bintulu and Kota Kinabalu and a new office in Johor Bahru, alongside c.60 new hires over 2027–2029. In parallel, the Group is moving into software. It has subscribed to Raychange's digital twin platform since December 2025 and, in 2026, secured two proof-of-concept POs in Sarawak, for a water treatment plant and for disaster situational awareness. A July 2026 MOU with KeenData adds data and AI foundational software for telcos and utilities, and a RM2.1m Digital Innovation and Solutions Centre will showcase these solutions. Sold by subscription or followed by maintenance contracts, they offer a path to higher-margin recurring revenue on top of the infrastructure the Group has already built.

A cash-generative, asset-light balance sheet funds growth. The business needs little capital, with capex of just RM0.6m in FY26, yet generated a ROE of 29.7%. Operating cash flow recovered to RM10.1m, exceeding PAT, and the Group ended FY26 with net cash of c.RM28.8m. The Public Issue adds RM21.3m of gross proceeds, and the Group has a further RM40.2m of unutilised banking facilities, giving it ample capacity to fund working capital, its expansion plans and larger contracts without stretching the balance sheet. The Group paid out 56.5% of FY25 earnings as dividends and, although there is no fixed dividend policy, its cash generation leaves room for distributions as earnings grow.

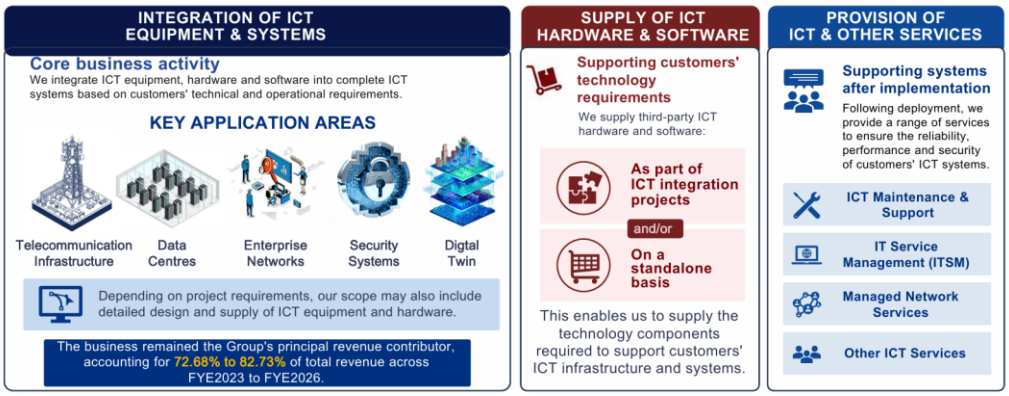
Company background

Impact Capital traces its roots to 2005, when Winston Chai, Kok Teck Kuan and Chyr Ye Hong set up Impact Business Solutions ("IBS") in Kuching. The early plan was modest — computer accessories and IT consultancy. The turning point came in 2006, when the team won its first ICT project, an enterprise network and security system for a

government ministry. From there, the business grew into an integrator of mission-critical networks, adding Impact Energy Solutions ("IES") in 2010 for ICT systems in the renewable energy space and, in January 2024, software house Voculus, which IES acquired from Chyr for RM0.5m.

Today, the Group runs from its Kuching headquarters and a Petaling Jaya office, with smaller teams in Bintulu and Kota Kinabalu, and employs 109 staff. It operates as a prime integrator: hardware comes from technology principals, civil and remote-site installation is subcontracted, and the in-house team concentrates on design, configuration, commissioning and support. This keeps the asset base light, with property, plant and equipment of only RM2.5m, and means the IPO is essentially an investment in people, offices and technology capability rather than physical capacity. Impact Capital Holdings Berhad ("Impact Capital" or "the Group") was incorporated in July 2024 as the listing vehicle and completed its acquisition of IBS and IES in August 2026.

Fig #5 Business model



Source: Impact Capital Holdings Berhad

Fig #6 Corporate milestones



Source: Impact Capital Holdings Berhad

Industry overview

Impact Capital plays in a niche without a clean market size. Vital Factor uses the gross value added of computer programming, consultancy and related activities as a proxy — an estimated RM24.5bn in 2025 — against which the Group's share is below 1%. These figures say more about the breadth of the category than about the Group's competitive standing. The more useful read-through is momentum: the information and communication services industry grew 7.4% in 2025, and the ICT sector is projected to expand by 7.8% in 2026 and 7.9% in 2027, helped by digital connectivity, cloud computing and the operationalisation of data centres.

For Impact Capital, the demand that matters is public spending on digital infrastructure, particularly in Sarawak, where the state's 2026 budget totals RM14.9bn, 62.4% of it for development. Within this, RM450m goes to the SMART projects and MySRBN and RM20m to rural broadband subsidies. At the federal level, Budget 2027 allocates RM83.0bn to development expenditure, with the public utilities allocation up 10.5%, and RM5bn under JENDELA to extend coverage to indigenous settlements, roads and railways and to link Peninsular and East Malaysia by submarine cable. The connectivity gap in Sarawak remains wide, with fixed broadband reaching 34.0% of households against 48.0% nationally and 5G covering 63.8% of populated areas against 82.4%. Smart city blueprints, the 13th Malaysia Plan's push into digital twins and data infrastructure, and approved ICT investments of RM103.3bn in 1H26 (+68.2% YoY) add to demand for telecommunications, network, data centre and security integration.

Barriers to entry are generally low, as there is no stringent licensing and integrators buy rather than build the technology. Competition therefore turns on track record, engineering talent and principal relationships, which favours established players with large reference projects. Among the players benchmarked by Vital Factor, Impact Capital is the largest telecommunications equipment integrator by revenue. Its gross margin improved to 14.2% in FY26, above listed telecom integrators Binasat (9.0%) and Hextar Capital (10.1%), though still below the likes of Divfex (28.2%), Sarawak Information Systems (29.5%) and Cloudpoint (28.4%), leaving room for further improvement as services and software grow.

Substantial Shareholders and Key Management

1. Winston Chai Fung Chun – Promoter, Substantial Shareholder and Managing Director
Responsible for the Group's overall strategic direction, including sales, marketing and business development. A Bachelor of Engineering graduate of McMaster University, Canada, he began his career in 1997 as a failure analysis engineer at Seagate in Singapore, before systems, field engineering and project management roles at SoftSource Solutions, Clarent Singapore and MediaRing.com, and a consultancy stint with Verso Technologies. He co-founded IBS in 2005, serving as Sales Director before becoming Managing Director in 2010. Post-IPO, he holds a 1.9% direct interest and a 65.0% indirect interest via IGE, in which he owns 52.0%.

2. Kok Teck Kuan – Promoter, Substantial Shareholder and Non-Independent Executive Director
Oversees the Group's operations, human resources and administration. He holds a Diploma in Science from Tunku Abdul Rahman College and a Bachelor of Science from Campbell University, USA. He set up IT infrastructure at Applied Materials' Kuching and Kulim offices, then served as an Information System Officer at Sarawak Electricity Supply Corporation, a subsidiary of Sarawak Energy, from 2001 to 2005, before co-founding IBS. Post-IPO, he holds a 1.0% direct interest and a 65.0% indirect interest via IGE (24.0%).

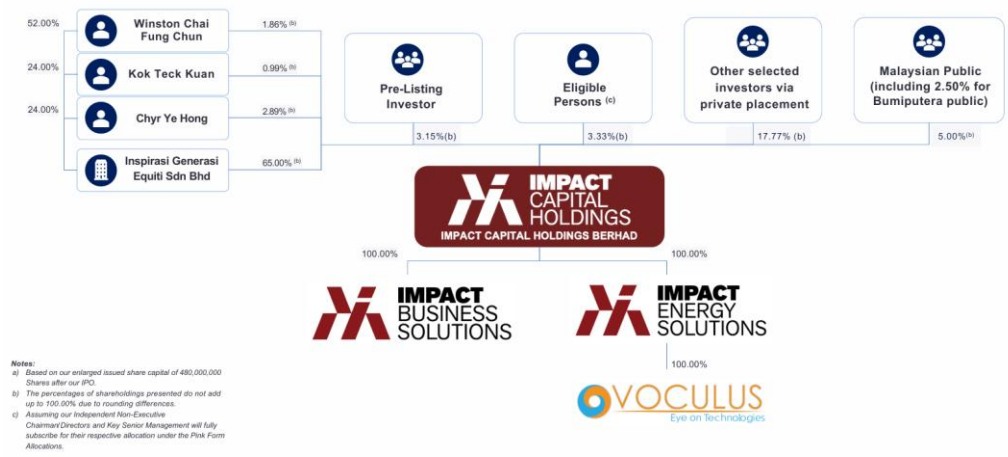
3. Chyr Ye Hong – Promoter, Substantial Shareholder and Non-Independent Executive Director
Responsible for strategic innovation and development. He holds Bachelor's and Master's degrees in Electrical and Electronic Engineering from the University of Canterbury, New Zealand, and began his career in radio frequency engineering and telecommunications equipment testing. After co-founding IBS in 2005, he also served as an engineering consultant at Syabas Technology from 2014 to 2024 and set up Voculus in 2014, which IES acquired in January 2024. Post-IPO, he holds a 2.9% direct interest and a 65.0% indirect interest via IGE (24.0%).

4. Datu William Anak Patrick Nyigor – Independent Non-Executive Chairman
Appointed in November 2025, he spent nearly four decades in public service and state ICT planning, including roles at MAMPU and Sarawak Information Systems, before establishing and leading the Sarawak ICT Unit from 2001 and the State Service Modernisation Unit from 2015. He retired in 2019 as Permanent Secretary of the Sarawak Ministry of Education, Innovation and Talent Development. He holds a Master of Science in Business Information Technology Systems from the University of Strathclyde and chaired AZAM Sarawak until June 2026.

5. Ting Mee Ming – Chief Financial Officer
Oversees the Group's finance and accounting functions. A member of MIA with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, she began in audit at Richard Kiew & Company and PKF, before seven years at Mary Kay (Malaysia), leaving as Senior Accountant. She joined IBS as Finance Manager in 2011, became Financial Controller in August 2024 and was promoted to CFO in October 2025.

6. Jonathan Ang Teck Meng – Service Delivery Manager
Leads the IT service delivery team, from solution design and implementation through customer acceptance and post-sales support. He holds an International Diploma in Computer Studies from Informatics College and held IT support roles at Sarawak Information Systems, Solsis (M) and Isola Asia Pacific (Kuching). He joined IBS in 2011 as a System Engineer, progressing to Technical Manager in 2020 and Service Delivery Manager in July 2025.

Fig #7 Post-IPO structure



Source: Impact Capital Holdings Berhad

Fig #8 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Expansion of offices	4.7	22.0	Within 36 months
Expansion of workforce and business development initiatives	4.5	21.3	Within 36 months
Enhancement of technological capabilities	2.1	9.9	Within 12 months
Working capital requirements	5.2	24.3	Within 12 months
Estimated listing expenses	4.8	22.6	Within 1 month
Total	21.3	100.0	

Source: Impact Capital Holdings Berhad

Business overview

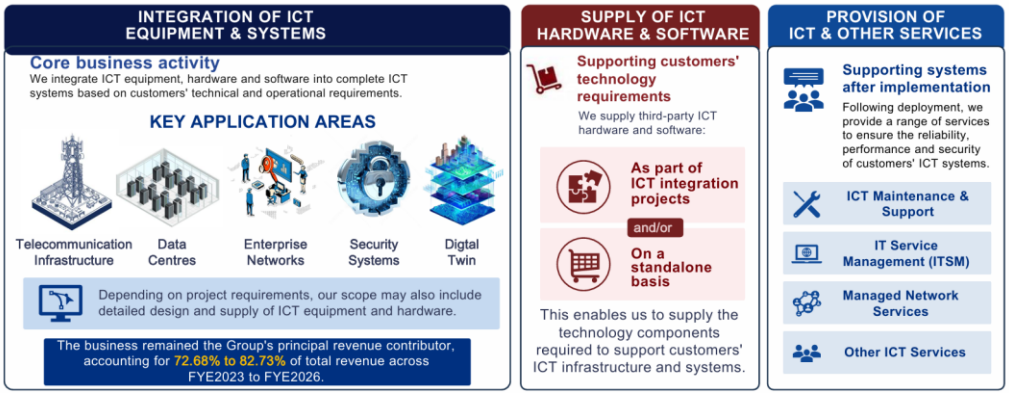
Integration of ICT equipment and systems — 72.7% of FYE26 revenue. The core business. Impact Capital designs, installs, configures and commissions the active equipment that makes critical infrastructure work: cell-site radios and backhaul for

mobile networks, optical transmission for power grids and fibre broadband, enterprise LAN and WAN, data centre servers and storage, and CCTV and cybersecurity systems. It does not erect towers or lay fibre; its role is to bring the equipment to life and keep it running. Contracts are fixed lump-sum and typically bundle three to five years of software subscriptions, often with maintenance and support for the same period.

Supply of ICT hardware and software — 14.3% of FYE26 revenue. Standalone sales of servers, storage, networking gear, security platforms and software licences, drawing on authorised partnerships with 16 brands including Huawei, Cisco, Dell Technologies and HPE, and increasingly software subscriptions. Management noted that the segment also serves as an entry point, with some customers starting with a hardware purchase before engaging the Group for broader integration work.

Provision of ICT and other services — 13.0% of FYE26 revenue. The recurring layer: maintenance and support for systems the Group has deployed, IT service management platforms and managed network services through its network operations centre, plus training and equipment rental. Billed periodically under service agreements, it carries the steadiest earnings profile in the Group.

Fig #9 Principal business activities and services provided



Source: Impact Capital Holdings Berhad

Fig #10 SWOT analysis of IMPACT

Strength	Weakness
• **Sarawak track record.** 21 years of operations and a 19-year relationship with SEB Group support repeat state and utility awards. • **Principal access.** Huawei Authorised Diamond Reseller status and 15 other brand partnerships underpin tender eligibility. • **Net cash.** Cash and deposits of RM32.9m against borrowings of RM4.2m at FY26.	• **Concentrated revenue.** SDEC contributed 41.3% of FY26 revenue; top three customers 64.1%. • **Thin margins.** FY26 gross margin of 14.2%, with subcontractors at 65.6% of cost of sales. • **Single-principal reliance.** Huawei was 44.0% of FY26 purchases; 76.0% of revenue involved Huawei products.
Opportunity	**Threat**
• **State digital spending.** RM450m allocated to the SMART projects and MySRBN under Sarawak Budget 2026.	• **Order book roll-off.** Only RM21.1m of the order book falls in FY28 as SMART 600 completes by April 2027.

• **Maintenance tail.** Recurring revenue reached 21.4% of FY26 revenue as site acceptances feed support contracts. • **Software layer.** Digital twin and data/AI software open subscription-based income on top of integration work.	• **Costs ahead of revenue.** Expansion adds c.RM7.2m a year in operating costs, much of it before new revenue arrives. • **Principal and geopolitical risk.** Restrictions on Huawei or loss of partner status could affect supply and contract eligibility.

Source: M+Global Research

Financials

Revenue and earnings. The past four years tell the SMART 600 story. Revenue jumped 41.5% to RM160.2m in FY24 as the project moved into full deployment, before easing 9.2% to RM145.4m in FY25 amid delays in cell-site possession. FY26 marked a step up in earnings quality. Revenue rose 6.4% to RM154.7m even as integration revenue fell 6.5%, with software subscriptions and hardware sales lifting the supply segment by 73.7% and maintenance renewals lifting services by 62.1%. That richer mix, together with a higher-margin private cloud data centre project, software configuration brought in-house and maturing maintenance contracts, drove gross margin to 14.2% from 11.9%. Core PATMI rose 33.3% to RM9.4m, despite a 25.4% increase in administrative expenses to RM8.5m that included RM0.9m of listing expenses. The effective tax rate eased to 26.0% from 28.6%, closer to the statutory 24%. We see FY26 as a better guide to underlying earnings power than the SMART 600-heavy FY24, although the project still contributed 41.0% of revenue.

Balance sheet. The balance sheet is clean. The Group ended FY26 with c.RM32.9m in cash and deposits, of which RM3.0m was pledged or on longer tenure, against RM4.2m of borrowings, a net cash position of c.RM28.8m before IPO proceeds. Receivables are the item to watch. At RM44.1m, they were flat year-on-year, but receivable days held at 95, the past-due share rose to 13.9% from 1.6%, and the Group booked a RM0.4m impairment on two customers with long-outstanding balances. Collections since have been reasonable, with 87.5% of the FY26 balance received by 30 September 2026, while payable days eased to 99 from 104 as supplier invoices were settled. Total equity stood at RM36.2m, rising to a pro forma NA of RM0.11 per share after the Public Issue.

Cash flow. Cash generation is lumpy but improving. Operating cash flow swung from -RM0.8m in FY23 to RM16.4m in FY24 and RM3.0m in FY25, before recovering to RM10.1m in FY26, or 1.1x PAT, as contract cost assets unwound and contract liabilities rose. Over the four years, cumulative operating cash flow of RM28.7m was broadly in line with cumulative PAT of RM29.8m, which we consider reasonable for a milestone-billed project business. With capex negligible, free cash flow closely tracks operating cash flow, and the RM3.97m FY25 dividend was paid in September 2025.

Earnings forecasts. Moving forward, we forecast core PATMI to grow at a three-year CAGR of 17.3% to RM15.1m by FY29f, underpinned by increases of 14.4% to RM10.7m in FY27f and 15.0% to RM12.3m in FY28f. Revenue is expected to expand at an 11.1% CAGR to RM212.3m, driven primarily by order book replenishment, supported by (i) Sarawak's ongoing digital infrastructure build-out, and (ii) the Group's expansion into Peninsular Malaysia and digital twin solutions. FY27f is anchored by the RM133.7m of the order book scheduled for recognition by June 2027, while we assume order book replenishment of RM200–250m a year over FY27–29f. A richer mix of services and software should lift PBT margin to 9.4% by FY29f from 8.2% in FY26. We assume an effective tax rate of c.24%, in line with the statutory rate, as non-deductible listing expenses fall away. We do not assume any dividends over the forecast period, as the Group has no fixed dividend policy.

Fig #11 Financial Highlights

FYE Jun (RM m)	FY25	FY26	FY27f	FY28f	FY29f
Revenue	145.4	154.7	166.2	181.4	212.3
EBITDA	12.2	14.1	15.1	17.3	21.1
EBIT	10.1	13.3	14.3	16.4	20.2
PBT	9.8	12.6	14.0	16.2	19.9
PAT	7.0	9.4	10.7	12.3	15.1
PATMI – Core	7.0	9.4	10.7	12.3	15.1
PATMI – Reported	7.0	9.4	10.7	12.3	15.1
% change YoY – Core PATMI	-21%	33%	14%	15%	23%
Core EPS (sen)	1.5	1.9	2.2	2.6	3.2
P/E (x)	15.1	11.3	9.9	8.6	7.0
EV/EBITDA (x)	5.9	5.0	4.7	4.1	3.4
DPS (sen)	-	-	-	-	-
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS (RM/share)	0.1	0.1	0.2	0.2	0.2
P/B (x)	3.9	2.9	1.2	1.0	0.9
ROE (%)	27.7%	29.7%	17.1%	12.9%	13.9%
Net Gearing (x)	CASH	CASH	CASH	CASH	CASH

Source: Company, M+Global Research

Valuation

We ascribe a fair value of RM0.36 to Impact Capital, pegging a 15.2x P/E to mid-FY28f core EPS of 2.39 sen, implying 63.6% upside to the IPO price of RM0.22. Our target multiple is in line with the 15.2x forward P/E average of its Bursa-listed ICT integration peers (Cloudpoint, Infoline Tec, Pentech and OGX), which trade at 16.0x historical earnings. At the IPO price, Impact Capital is priced at only 11.3x FY26 and 8.6x FY28f earnings, a steep discount to the basket that we believe is unwarranted given what sets it apart. First, its returns are superior, with FY26 ROE of 29.7% against the peer average of 24.4%, achieved on a net cash balance sheet. Second, its 6.0% net margin is already broadly in line with the basket's 6.5% and is improving as services and software subscriptions, its highest-margin businesses, gain share. Third, it offers earnings visibility few peers can match, with a RM169.9m order book covering most of FY27, RM200–250m of annual replenishment in our forecasts and recurring income that now makes up 21.4% of revenue. Finally, as Sarawak's leading critical-infrastructure integrator, it has a long runway in a state that, by the Sarawak government's estimate, needs around 7,000 towers by 2030, against 4,217 in operation in 2023, backed by well-funded connectivity programmes. Catalysts for a re-rating include new contract wins, further maintenance and digital twin contracts, and progress in Peninsular Malaysia. On the downside, should the Group fail to secure sizeable replacement contracts after SMART 600, a 30% discount to the peer average (10.6x) would still value Impact Capital at RM0.25, above the IPO price.

Fig #12 Peers comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
Impact Capital Holdings Berhad	**ACE**	**Jun**	**0.22**	**105.6**	***11.3**	****8.6**	***29.7**	***6.0**
Cloudpoint Technology Bhd	MAIN	Dec	0.50	265.8	15.0	16.1	20.1	11.8
Infoline Tec Group Bhd	MAIN	Dec	0.20	70.4	18.6	n/a	6.2	1.4
Pentech Holdings Bhd	ACE	May	0.32	195.3	n/a	14.3	39.3	4.5
OGX Group Bhd	ACE	Dec	0.45	333.8	14.4	n/a	32.0	8.1
Avg ex-Impact Capital Holdings Berhad				**216.3**	**16.0**	**15.2**	**24.4**	**6.5**

Source: M+ Research (*FY26, **FY28f)

Investment risks

Replacing SMART 600. SMART 600 contributed 41.0% of FY26 revenue and is scheduled to complete by April 2027, while SDEC can terminate the contract without cause on 30 days' notice. Only RM21.1m of the order book falls in FY28, and the Group has historically won contracts above RM50m only four times since 2021, all government-initiated. If no comparable award is secured before the project winds down, revenue and earnings could step down meaningfully from FY28.

Huawei dependency. Huawei supplied 44.0% of FY26 purchases, down from 56.7% in FY25, but about half of revenue still came from SMART 600 and customers directed to the Group by Huawei as its Authorised Diamond Reseller. The relationship is longer-standing than the annual paperwork suggests, spanning roughly eight years with tier upgrades in 2020 and 2021, but the current sales framework agreement runs only to 31 December 2026 and Diamond validity to February 2027. Any downgrade in partner status, or wider restrictions on Huawei products, would hurt both procurement terms and access to similar contracts.

Fixed-price execution and delays. Most projects are on fixed lump-sum terms, and subcontractors account for 65.6% of cost of sales, so cost overruns fall straight to the bottom line. At a 14.2% gross margin, every 1ppt of slippage costs about RM1.5m in gross profit, or roughly 13% of FY26 PAT after tax. Delays are a recurring feature too: four major projects required extensions of between one and four years. None attracted liquidated damages, but future extensions are not guaranteed, and a 10% slippage in the RM117.3m of integration revenue scheduled to June 2027 would defer about RM1.1m of PAT.

Working capital and receivables. Receivable days have held at 95 for two years, above normal 30–60-day credit terms, and the past-due share of receivables rose to 13.9% at FY26 from 1.6%, prompting a RM0.4m impairment on two customers. With payable days still at 99, a normalisation of supplier terms or slower collections from public-sector customers could absorb a meaningful portion of the RM5.2m of IPO proceeds earmarked for working capital.

Expansion costs ahead of revenue. The expansion programme adds c.RM7.2m a year in staff, business development and rent on a straight-line basis, against FY26 PAT of RM9.4m, and RM13.9m of the RM17.9m salary bill over 2027–2029 is to be funded internally or by borrowings rather than IPO proceeds. The launch of the new Klang Valley and Kota Kinabalu offices and the solutions centre have also slipped to 3Q2027. At the FY26 gross margin, the Group would need c.RM50m of additional annual revenue, or equivalent subcontractor savings, to cover these costs, so hiring ahead of contract wins could weigh on earnings just as SMART 600 rolls off.

Governance and share overhang. The founders will control 70.7% of the Group post-IPO, with two of them also selling 28.6m shares under the offer for sale. Their shares are fully locked up for six months, after which 45.0% of the enlarged share capital remains under moratorium for a further six months and can then be released at one-third a year. That said, the founders intend to hold their stake to keep IBS's UPKJ registration for Sarawak government tenders, tempering selling pressure. The pre-listing investor's 3.15% stake is subject to a six-month moratorium. Several past related-party transactions were not conducted at arm's length, including a debt settled through IBS shares issued at RM1.00 each when NA per share was about RM6.79, and the prospectus describes the Borneo Restu Group, a top-five customer, as owned by related parties without further detail, which we would seek to clarify.

Environmental, Social and Governance (ESG) Practices

Environmental

- **Light footprint, light disclosure.** As an asset-light integrator, the Group's direct environmental footprint is small. Its disclosed practices — motion-sensor lighting, a paperless workflow and disposal of end-of-life IT equipment through licensed e-waste collectors — are sensible but qualitative, with no energy or emissions data yet. The solar and hybrid power systems it installs at rural cell sites belong to customers rather than reducing its own emissions.

Social

- **Workplace safety and digital inclusion.** A Safety and Health Committee oversees compliance with the Occupational Safety and Health Act 1994, relevant given field installation at remote sites carried out largely by subcontractors. All 109 employees are local, with no industrial disputes reported. SMART 600 and POP 2 extend 4G and fibre connectivity to rural Sarawak, although these benefits accrue through customer programmes rather than Group-level initiatives.

Governance

- **Board oversight.** Four of seven directors, including the chairman, are independent, and the audit and risk management committee is chaired by a practising auditor. The independent directors were appointed in November 2025, so their oversight of related-party matters and capital allocation should be assessed through future conduct rather than committee existence alone.
- **Policies and related-party history.** Code of ethics, anti-bribery, whistleblowing and personal data protection policies are disclosed. The Board states that non-arm's-length transactions of the debt-settlement type will not recur, and directors' personal guarantees on banking facilities are to be replaced by corporate guarantees upon listing, subject to lender approvals. Policies alone do not eliminate the influence of a concentrated promoter shareholding.

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned